

A woman with long dark hair is posing on a beach at sunset. She is wearing a white, ruffled, long-sleeved dress and white sneakers with black accents. She is holding a zebra-print bag with a white top. The background shows the ocean and a sunset sky.

CCC

**ANNUAL
STATEMENTS
ON OPERATIONS
OF CCC S.A.
FOR 2019**

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DEAR SHAREHOLDERS,

I submit to you this report of the Management Board on the activities of the CCC Group in 2019, in which we summarise the most important tasks we carried out during this period.

This is my first letter to you as President of the Management Board of CCC S.A., which I am proud to represent. Over the last three years, first as Chief Financial Officer and then as Chief Executive Officer, I have closely followed and participated in the process of the CCC Group's remarkable transformation from a stable, well-established entity, successfully competing for customers, especially in the CEE region, into a modern organisation which invests in advanced technologies and digital sales channels, and with management practices based on data collected from all areas of its business.

This road has not been easy and has required of lot of sacrifices, hard work and capital. But the efforts have brought about a significant change in the Group's business model, redefined the values guiding its employees and prepared the organisation well for the challenges of an ever-changing industry.



Marcin Czyczerski

CEO and President of the Management Board

In the last three years, the CCC Group has invested nearly PLN 1.5bn in laying down the foundations for its further growth, which included significant expansion of the capacity of its e-commerce logistics centre, investments in IT aimed at increasing the productivity and efficiency of the organisation, expansion of retail space in locations offering the highest growth potential, and M&A transactions, most of which quickly proved to be successful.

One of the most pronounced projects of the CCC Group in 2019 was the expansion in the e-commerce segment, with eobuwie.pl as the pillar of the segment's growth, responsible for 93% of its revenues. In August of last year, the platform was rolled out into Switzerland, its 15th market. However, the key online sales project was the launch of ccc.eu, our e-commerce – a fully functional service channel offering the delivery of CCC products directly to our customers' homes. The next, natural stage in the development of this channel was the launch of the CCC mobile application. And thus we embarked on the omnichannel path. Since its debut, the application has been downloaded over 1.4m times and has become the main point of contact with our online customers, accounting for over 60% of CCC's e-commerce

transactions. Outside of Poland, the CCC online channel also operates in the Czech Republic and Slovakia, and will soon launch in Romania, Austria and Hungary. An important element of the e-commerce segment is also the rapidly growing MODIVO concept – an online platform offering high-end brand clothing. The project, created by eobuwie.pl, opened in the second quarter of last year, and at the end of December it was already present on 10 European markets. As a sales channel complementary to eobuwie.pl, MODIVO is based on full-look sales and cross-selling synergies, and our GO.22 strategy assumes it will be responsible for more than 10% of revenue in the eobuwie Group. Last but not least, the CCC Group e-commerce projects also include DeeZee, which in its online leg grows nearly 100% year on year. It was launched last year in Ukraine, its first foreign market, and there are plans to roll out the project into further four locations in 2020.

But the online sales channels also give us a great insight into customers, their preferences and shopping habits. The integration of the club card with the CCC mobile application allowed us to analyse customers' needs more thoroughly and present a personalised offer, including attractive promotions. The CRM team was established last year with the challenging task of generating additional incremental margin.

Last year, the most important project supporting the development of e-commerce channels at the CCC Group was the construction of a new logistics centre for eobuwie.pl, with capacity over three times larger than the capacity of the existing site. The facility, equipped with state-of-the-art technology, such as order picking robots, will provide back-to-back support to all of the Group's online channels, and help reduce logistics cost per order.

In 2019, eobuwie.pl significantly expanded its chain of hybrid stores, doubling in size year on year, to 19 showrooms across Poland. This unique store concept, a combination of brick-and-mortar and Internet commerce, is very popular, attracting crowds to eobuwie.pl stores. In 2020, we will open our first foreign hybrid store in Prague, the Czech Republic. The store will serve customers from the capital city and the metropolitan area, with delivery times as short as three hours. The esize.me project – developed by eobuwie.pl and employing innovative 3D scanners to precisely measure the customer's foot and help choose perfectly fitted shoes – was rolled out last year to include

nearly 200 CCC stores in Poland. The in-store devices also serve as another sales channel, allowing customers to buy shoes in a model or colour that is not currently available in the store. Esize.me is one of several aspects of the changing role of our stores, which are becoming increasingly attractive for customers. We still believe in the brick-and-mortar part of our business, but we also believe that apart from a well-structured product offering the stores must also have additional functionalities. Therefore, we will soon be adding internet kiosks, to be followed by self-service checkouts, to further improve the shopping experience.

The changing face of the CCC Group is also visible in our communication with customers. In 2019, we began collaboration with influencers to promote CCC products among the youngest customers on social media platforms. With the Internet celebrities and the industry media in mind, in the middle of last year we opened Creative City Concept, a CCC Group showroom in Warsaw. It is a place where we showcase our most fashionable products and allow customers to borrow them or even use our professional photo studio. This is a part of the Group's new marketing strategy, which will gain momentum in 2020. We will be promoting our most valuable brands, with influencers featuring in the marketing communication.

However, marketing is all about product, and we are constantly improving our products across the CCC Group. The product portfolio available in CCC stores was expanded in 2019 to include new private labels, branded sports shoes, suitcases and accessories. Particularly noteworthy is the DeeZee brand, which, as a traditional online business model, debuted in CCC brick-and-mortar stores last year with record sales of 1.3 million pairs of shoes, thus becoming the Group's best-selling brand at first prices. Another interesting proposition launched at CCC stores last year was Gino Rossi, a higher-end product outstanding for its quality and classic style. Its total sales in the traditional channel were about 400 thousand pairs in 2019, based on the brand's autumn-winter collection only. But we have much greater aspirations for Gino Rossi.

LETTER OF MANAGEMENT BOARD PRESIDENT

eobuwie.pl also expanded its product offering by acquiring the Rage Age brand, launching the Eva Longoria footwear collection, and developing the MODIVO project. The wide availability of a variety of attractive products is expected to allow the CCC Group to restore its record-high sales levels per square metre of retail space.

We found 2019 to be a challenging year, with several one-off events that affected our results and prevented the CCC Group from releasing its full potential. In particular, we experienced problems during the roll-out of new IT systems which had a temporary adverse impact on in-store stockholding levels, which resulted in less than optimal sales of the spring-summer 2019 collection. We also made important decisions concerning the Group's presence on the markets of Western Europe – the prevailing theme across those markets is pursuit of profitability through scaling back the retail chain and focusing on the most promising stores. In the case of Karl Voegele, our Swiss subsidiary, the changes go even deeper and involve elimination of local logistics processes or centralization of corporate functions – all to release enormous cost savings. In 2019, our business model was still vulnerable to changing weather conditions. More so than we would have liked. It was a challenging year, but we also scored several significant successes. The aging of inventories, their volume per square metre and, consequently, the inventory cycle significantly improved. By the end of the year, the cash conversion cycle dropped to a record low of 110 days, and the demand for working capital was consistently decreasing.

The activities carried out by the CCC Group in the last few years became the subject of a strategic review in 2019. Findings of the review, combined with an analysis of the business environment and trends determining the future of the retail sector, served as the basis of GO.22, the CCC Group's strategy for 2020-2022 published in January 2020. The deep-reaching process, involving all of the key departments in the organisation, led to the definition of the pillars of this customer-centric Strategy. It concentrates on omnichannel development, expansion of the product range, enhancing the productivity and efficiency of the organisation, and strengthening its financial stability. We are also focused on sustainable development, supported by modern technologies and data-based management. Our goal for 2022 is to lead in omnichannel sales, with a business model adapted to new challenges, and to return to the operating profitability we had before the transformation.

At the end of 2019, the CCC Group was present in 29 countries. In 23 of them we operated more than 1,200 traditional stores and had an online presence in 15 countries. Last year, our customers purchased over 50 million pairs of shoes in all CCC sales channels. All these achievements are the result of the hard work of 15,618 employees of the CCC Group, whom I would like to thank for their contribution to building the foundations for the Group's future development.

I would also like to thank you, our shareholders, who believe in the Management Board's strategic vision of the Company. I would like to thank our contractors, business partners, market competitors and customers, who invariably, every day, motivate us to continue to improve.

Yours faithfully,

CEO and President of the Management Board
Marcin Czaczyński

ABOUT THE ANNUAL REPORT ON THE OPERATIONS OF THE CCC S.A.

The annual report on the operations of the CCC S.A. for 2019 contains financial and non-financial data, presenting the results and the market position of the Company CCC S.A. and the Group in Poland and Europe. The report is published in PDF format, available in Polish and English. The report includes the logo and photos of the registered private label products available in CCC stores.

The report covers a full financial year, from 1 January 2019 to 31 December 2019. In order to keep the information as accurate as possible, the report includes events after the balance sheet date up to the date of publication of the report.

CCC IN NUMBERS

24%

increase in sales revenues

49%

increase in sales revenues
from e-commerce

25%

share of e-commerce
revenue

2.5 mln

number of pairs of shoes manufactured
in CCC Capital Group factories

52 mln

number of pairs
of shoes sold

29 markets

offline: 23
online: 15

50

number of sales platforms *
33 desktop / **17** mobile app

* **Online-sales platform** – an online sales channel distinguished by the domain resulting from the business line of the CCC Group, as well as the language version dedicated to a given market. In this sense, the mobile applications of the websites are treated as separate sales platforms.

**1.
SELECTED FINANCIAL AND OPERATING
DATA OF THE COMPANY CCC S.A.**

CCC



SELECTED FINANCIAL AND OPERATING DATA OF THE COMPANY CCC S.A.

FINANCIAL ACTIVITY	IN PLN MLN		IN EUR MLN	
	01.2019-12.2019	01.2018-12.2018	01.2019-12.2019	01.2018-12.2018
Selected data from the standalone statement of comprehensive income				
Sales revenue	2 270,0	2 135,6	527,7	500,5
Gross profit (loss) on sales	693,7	661,9	161,3	155,1
Profit (loss) on operating activity	55,2	(20,4)	12,8	(4,8)
Profit (loss) before tax	(35,6)	(31,7)	(8,3)	(7,4)
Net profit	(50,9)	(40,3)	(11,8)	(9,4)
Selected data from the standalone statement of financial position				
Non-current assets	1 925,6	1 697,8	452,2	394,8
Current assets, including:				
Inventories	650,8	574,6	152,8	133,6
Cash and cash equivalents	345,5	303,8	81,1	70,7
TOTAL ASSETS	2 576,4	2 272,4	605,0	528,5
Non-current liabilities, including:	746,3	706,4	175,2	164,3
Debt liabilities	210,0	210,0	49,3	48,8
Current liabilities, including:	871,1	524,1	204,6	121,9
Debt liabilities	111,4	7,1	26,2	1,7
TOTAL LIABILITIES	1 617,4	1 230,5	379,8	286,2
EQUITY	959,0	1 041,9	225,2	242,3

FINANCIAL ACTIVITY	IN PLN MLN		IN EUR MLN	
	01.2019-12.2019	01.2018-12.2018	01.2019-12.2019	01.2018-12.2018
Selected data from the standalone statement of cash flows				
Net cash flows from operating activities	593,8	442,3	138,0	103,7
Net cash flows from investing activities	(467,4)	(359,9)	(108,7)	(84,3)
Net cash flows from financing activities	(135,3)	(278,5)	(31,5)	(65,3)
TOTAL CASH FLOWS	(8,9)	(196,1)	(2,2)	(46,0)

SELECTED FINANCIAL AND OPERATING DATA OF THE COMPANY CCC S.A.

		IN PLN MLN			
OPERATIONAL DATA	2019-12-31	2018-12-31			
Number of stores CCC	473	466			
Floor space of stores (thousand m ²)	312,3	285,8			
		IN PLN MLN		IN EUR MLN	
	01.2019-12.2019	01.2018-12.2018	01.2019-12.2019	01.2018-12.2018	
Capital expenditures (in mln)	(129,5)	(209,5)	(30,1)	(49,1)	
Average revenue per m ² of floor space	7,3	7,5	1,7	1,8	

[1] The revenue per square meter of the floor space is calculated by the quotient of the value of revenue for the period of 12 months of a given year by the number of m² of retail space as at the balance sheet date.

Selected data from the standalone statement of profit or loss and other comprehensive income, standalone statement of financial position and the standalone statement of cash flows were calculated into euro in accordance with the prevailing conversion method:

- individual items of assets and liabilities in the standalone statement of financial position were calculated at the exchange rate effective on the last day of the reporting period:
 - exchange rate on 31.12.2019 amounted to 1 EUR – 4,2585 PLN
 - exchange rate on 31.12.2018 amounted to 1 EUR – 4,3000 PLN

- individual items of the standalone statement of profit and loss and other comprehensive income and standalone statement of cash flows were calculated at exchange rates representing the arithmetic average of exchange rates announced by the Polish National Bank for EUR prevailing on the last day of each month during the reporting period:

- the average exchange rate in the period 01.01.2019 – 31.12.2019 amounted to 1 EUR – 4,3018 PLN
- the average exchange rate in the period 01.01.2018 – 31.12.2018 amounted to 1 EUR – 4,2669 PLN

The conversion was made in accordance with the previously indicated exchange rates by dividing the values expressed in millions of zlotys by the exchange rate.

2. OPERATIONS OF THE CAPITAL GROUP CCC

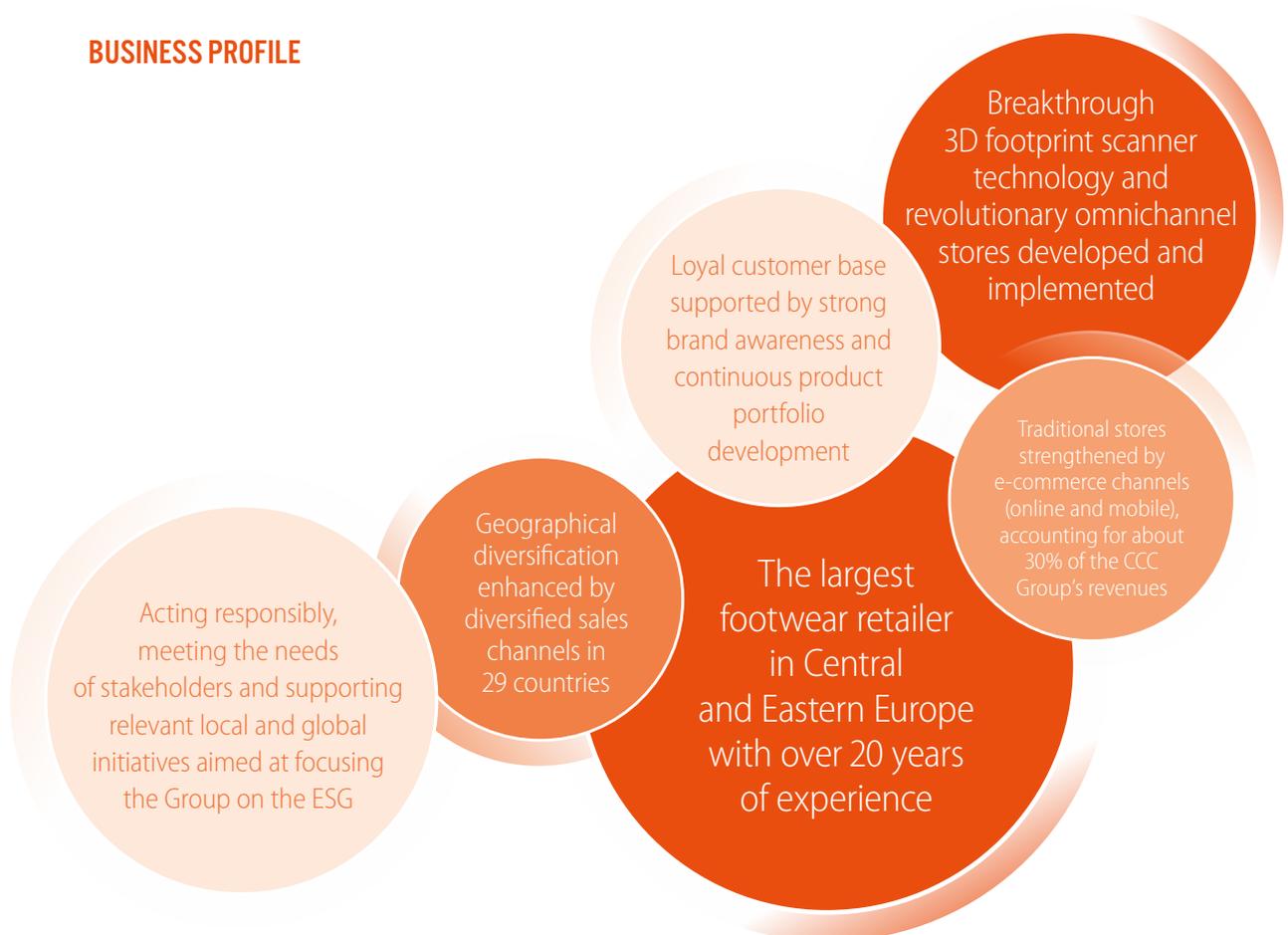
CCC



2.1 GENERAL INFORMATION

2.1.1 GENERAL INFORMATION ABOUT THE GROUP

BUSINESS PROFILE



CCC S.A. is the leader of Polish footwear retail market and its largest producer in Poland. It has over 473 CCC stores located in modern shopping centers and malls in Poland, employs nearly 6.5 thousand employees and sells over 25 million pairs of shoes per year. In January 2016, the company acquired a controlling stake in eobuwie.pl S.A. and gained the ultimate competence in e-commerce for the Group, thus enabling the sale of its goods in the online channel.

CCC S.A. has been listed on the Warsaw Stock Exchange S.A. since 2004. Since December 2015 it has been included in the index of the largest companies, WIG 20. In December 2018, the company entered the group of socially responsible companies and belongs to the portfolio of companies listed in the RESPECT index. The company's capitalization at the end of 2019 amounted to nearly PLN 5 billion.

The Company's business activities after the organizational restructuring in 2014 include the following areas:

- retail sales of footwear, handbags, accessories and small accessories through its own distribution chain in Poland,
- sublease of commercial space,
- holding activities and logistics and accounting services for CCC.eu sp. z o.o.

2.1.2 FACTORS AND EVENTS EFFECTING THE ACHIEVED RESULTS OF CCC S.A.

Macroeconomic development in Poland

CCC S.A. operates on the Polish market. The main factors that influenced the financial results in the presented period were:

- Change in the value of the footwear market
- Change in consumers' disposable income
- Change in the propensity to consume
- Change in GDP
- Non-commercial Sundays in Poland
- Announcement of a change in the minimum wage in Poland
- Inflation

For a long time, Poland has been recording economic growth. Throughout 2019, the recorded result was 4.0% (data according to preliminary estimates of the Central Statistical Office). Respectively for 2018 and 2017, economic growth in Poland was 5.1% and 4.8%. The government's GDP growth forecast for 2020, recorded in the budget act, is 3.7%. The World Bank and European Commission forecasts for Poland's GDP in 2020 are 4.0% and 3.3% respectively.

Important macroeconomic factors affecting the Company's results due to the specificity of operations were consumer behaviour, in particular a steady increase in the propensity to consume. The economic growth was favourable to the development of trade – customers were willing to spend more money on consumer goods.

KEY TRENDS FOR THE SHOE MARKET:

- multi-channel customer access,
- changing functions of stores,
- direct relationship with customers
- growing competition,
- access and popularization of fashion
- development of the sports shoe segment,
- climate changes, a flattening of the weather cycles,
- conscious responsibility in relation to the environment

STRATEGY ADAPTED TO MARKET DEVELOPMENTS:

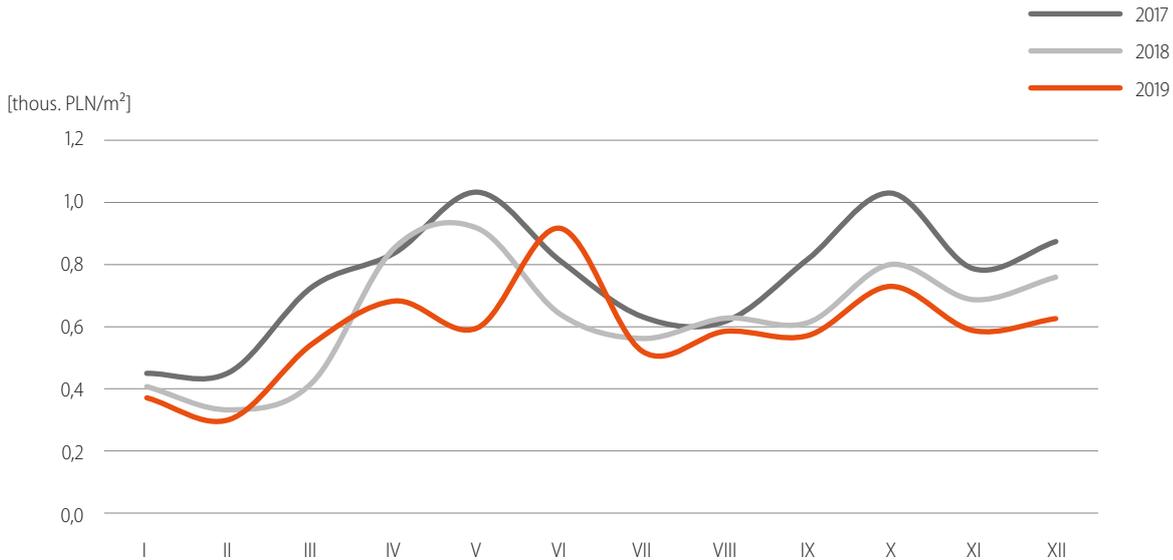
In response to the changing market, the CCC Group has developed a strategy according to which the Group

- continues to develop the overlapping distribution channels (online platforms: eobuwie.pl, gino-rossi.com, ccc.eu, DeeZee.pl, CCC mobile application), intensifies the marketing pressure,
- adjusts its stores to the needs of its customers, forming part of the ecosystem, not the main distribution channel,
- personalizes customer relations,
- constantly develops the e-commerce channel, staying competitive,
- invests in brands focused on fast changing fashion,
- develops a portfolio of sports footwear, not only online, but also in CCC stores,
- adjusts the offer to fading weather seasons,
- acts responsibly towards the environment, the main element was a complete withdrawal of plastic bags in stores

SEASONALITY AND WEATHER

The weather and seasonality had a significant influence on the proportion of sales during the financial year (peak demand is spring and autumn). A disturbance of weather conditions may result in clients postponing purchase decisions or shortening the highest sales season.

SEASONALITY OF REVENUES IN THE CCC CHAIN



CHANGES OF EXCHANGE RATES

Part of the costs of CCC S.A. is denominated in foreign currencies, the exchange rates of USD and EUR have an impact on the structure of costs of sales. The Company also grants foreign currency loans, therefore the exchange rates of EUR, TRY, BGN, USD will have an impact on the presentation of exchange differences in the profit or loss statement.

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-12.2019	4,0154	3,7243	3,7977	3,7618
01.2018-12.2018	3,8268	3,3173	3,7597	3,6117

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-12.2019	4,3891	4,2279	4,2585	4,2999
01.2018-12.2018	4,3978	4,1423	4,3000	4,2617

In the opinion of the Issuer's Management Board, in the reporting period there were no factors and events of an untypical character, having a significant impact on the operations of the Company.

3. STRATEGY OF THE GROUP CCC – EXECUTION AND DEVELOPMENT PLANS

CCC



3.1 MISSION AND STRATEGY

3.1.1 STRATEGY OF DEVELOPMENT

In 2019 The Group worked on a comprehensive strategy for the entire CCC Group, which was completed and adopted in January 2020. – Strategy GO.22 (see current report 4/2020)

The Group's strategy is focused on current and future customers. It consists of five pillars: omnichannel, product, efficiency and effectiveness, financial stability and sustainability. The objectives set in each area will be implemented with the support of new technologies and data analysis.



1. 100% of our decisions are taken based on data (as much as 75% of them being informed by advanced analytics)
2. Non-IFRS 16 I net profit before minority interests

PILLAR I: OMNICHANNEL WITH THE CUSTOMER IN THE CENTER

The unique omnichannel trade ecosystem includes complementary channels for reaching customers (e.g. offline stores, hybrid stores, Internet platforms, mobile applications, esize.me scanners, etc.) through which the Group wants to offer its products in every way expected by customers.

Within the Strategy perspective, the Group plans a selective expansion of the stationary store channel involving active management of its portfolio of stationary stores and their digitalization through, among others, self-service cash registers, tablets or esize.me scanners. The assumptions of the strategy assume an increase in the floor space of the Group's stores to 2022 by no more than 120,000 m² net (compared to 725,000 m² at the end of 2019), mainly on the Romanian and Russian markets.

Additionally, the Group plans further strong development of digital channels, especially eobuwie.pl and ccc.eu, deezee.pl, gino-rossi.pl or the MODIVO platform launched in 2019. The Group's strategic goal is to achieve a 35%-40% share of e-commerce sales in total sales in 2022.

PILLAR II: PRODUCT

The Group continues to develop its product targeted at customer needs and changeable weather. In accordance with the adopted changes course being a part of its strategy, the Group focuses on strengthening its core 5-6 brands, including Lasocki, Gino Rossi, Sprandi, Jenny Fairy and Dee Zee improving product quality, sneakering, expanding its fashion offer, wider e-commerce only and offer, expanding other categories (e.g. accessories).

Product changes will be accompanied by a change in the way of communication strengthening the identity of individual brands – e.g. building shopping opportunities through communication of microseasons in offline stores as well as online, or extensive use of social media channels.

PILLAR III: EFFICIENCY AND EFFECTIVENESS

For effective implementation of the Group's key objectives, the strategy includes improvement and optimization of certain internal processes. This applies in particular to the wide application of new technologies, modern IT solutions and data analysis.

The strategy includes, among others, optimization in the process of supply chain management, product life-cycle management, implementation of a shared service centre for the Group, or improvement of financial supervision through such tools as SAP or BI implementations.

An important element of the Strategy is also the development of the organisational culture, e.g. through the implementation of the Group's key values in the organisation, i.e.: focus on the customer and product; dynamics, enthusiasm and commitment; openness and cooperation; responsibility and personal development.

PILLAR IV: FINANCIAL STABILITY

The Group plans its financial policy aiming at the stability and financial security of the Group. The strategy involves increasing profitability of the Group up to 8.5 – 9.5% and net profitability up to 7.0 – 8.0% in 2022. The Group also aims at increasing the efficiency of working capital use by improving the cash conversion cycle below 100 days. Capital expenditure in the years 2020-2022 shall amount annually to an average of PLN 150-200 million compared with PLN 700 million a year earlier. CCC's strategic goal is to achieve a low net debt to EBITDA ratio of 0-1x (compared to 2.9 at the end of 2019).

PILLAR V: SUSTAINABLE DEVELOPMENT

The Group implements a sustainable development plan and minimizes the impact of its operations on the environment and supports pro-environmental and pro-social activities. In the next three years, CCC will develop its offer of environmentally friendly products by, among other things, introducing more ecological product lines, increasing the share of ecological leathers in production and cooperating only with suppliers who sign the so-called CCC Code of Conduct, containing environmental and social obligations. CCC Group is also the first global partner of UNICEF from Poland. The money provided is used to save the lives of children in the world and support education in developing countries.

3.2 OBJECTIVES FOR 2020

In 2020, the Group's objectives are based on the Group's strategy GO.22 adopted in January 2020. In 2020, the Group plans to strengthen its position as a leading player on the footwear markets in Europe, in particular in the CEE region. As part of the implemented strategy and strategic objectives in the 2022 perspective, the Group defines specific objectives in particular areas for 2020:

OMNICHANNEL

Continuation of building a unique ecosystem of footwear sales, including in particular its scale-up in other Central and Eastern European countries.

The Group's objectives for 2020 include, among others, launching:

- CCC.EU internet platform in Romania, Austria, Hungary, as well as an presence in the online channel in Russia;
- the CCC mobile application in Czech Republic, Romania, Austria, Slovakia and Hungary;
- eobuwie.pl platform and mobile application eobuwie.pl in Croatia;
- the first hybrid eobuwie.pl store in Czech Republic;
- MODIVO platform in further markets, including: Croatia, Ukraine, Switzerland;
- DeeZee mobile application;

The Group also plans to further scale-up and popularize its unique footprint scanning solution esize.me.

As far as offline stores are concerned, the Group anticipates a net opening of up to approximately 60 thousand square meters and the implementation of new technological solutions to the existing stores, i.e. tablets for online orders or self-service checkouts.

PRODUCT

The Group plans further development of its key private labels (primarily Lasocki, Gino Rossi, Jenny Fairy, DeeZee and Sprandi) and their widespread, refreshed communication.

In 2020, the Group's new product collections will continue to meet the changing fashion trends and customers' expectations in the best possible way, including such areas as sneakerisation and eco-line products. The Group plans to continue expanding its product range with new accessory categories and dedicated collections available only in online channels.

The Group's objective for 2020 will also include further development of MODIVO internet platform, launched in 2019, offering a wide range of premium clothing of the most prestigious brands in the world.

EFFICIENCY AND EFFECTIVENESS

The Group's objectives include further optimization of processes and implementation of new tools in order to achieve business strategic objectives even more efficiently. This concerns, among others, logistic processes involving the launch of a new e-commerce warehouse in the neighbourhood of Zielona Góra, or the implementation of new tools for process measurement and supply chain management (e.g. TMS – transport management system), as well as the implementation of new tools from the financial areas such as SAP, Power BI or the launch of the Shared Services Centre for the Group.

The Group also intends to develop an organizational culture based on values: customer and product focus; dynamics, enthusiasm and commitment; openness and cooperation; responsibility and personnel development.

FINANCIAL STABILITY

In terms of financial policy, the objectives for 2020 include providing the Group with security and flexibility to respond to the market reality. The specific objectives include

- To increase the Group's profitability
- Reduction of debt level (net debt/EBITDA ratio)
- Further improvement in working capital turnover
- After a period of significant investment, reduction in investment levels in 2020

SUSTAINABILITY

The Group implements a sustainable development plan and minimizes the impact of its operations on the environment and supports pro-environmental and pro-social activities. In 2020 The Group plans, among others, to:

- Increase the use of organic leather from certified tanneries during the production process.
- Launch an organic product line
- implement employee volunteering projects or educational projects
- Continue the successful partnership with UNICEF

3.3 DEVELOPMENT PROSPECTS

In 2020 The Group expects further growth of the European footwear market by approx. 3-4% (in terms of value), including a dozen or so percent increase in online footwear sales. The key trends in the environment, which the Group expects to continue in 2020:

- Development of multi-channel formats regarding customer relations
- The changing function of stores towards more and more engaging components of multi-channel customer relationships
- Personalization of customer relations
- Growing competition, in particular in online sales
- Further promotion of fashion products
- Development of the sports footwear segment – significantly faster growth than the entire shoe market
- Climate change in the form of further blurring boundaries between seasons
- Increasing role of environmental aspects in the activities of the clothing and footwear industry

4. ORGANIZATION OF CCC CAPITAL GROUP

CCC



4.1 STRUCTURE OF CAPITAL GROUP

4.1.1 DESCRIPTION/ORGANIZATIONAL SCHEME OF CCC GROUP WITH CORPORATE AFFILIATION

The company CCC S.A. is the parent company in the CCC Capital Group. As at the balance sheet date, CCC S.A. held, directly and indirectly, 100% shares in capital 16 out of 20 subsidiaries located in Poland, Central and Eastern Europe, Western Europe and in other countries. In eobuwie.pl S.A., CCC Russia, Karl Vögele AG and DeeZee Sp. z o.o., CCC S.A. holds, directly and indirectly, share in capital: 74.99%, 75%, 70% and 51%, respectively. The results of the above companies are consolidated 100%. The diagram below presents the organizational structure of the CCC Group together with capital links.

[1] CCC.eu sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (99.75%) and a subsidiary of CCC S.A. (0,25%)

[2] Shoe Express S.A. is a subsidiary of CCC Shoes & Bags Ltd. (95%) and subsidiary of NG2 Suisse GmbH Switzerland (5%)

[3] Karl Voegele AG is a subsidiary of NG2 Suisse S.a.r.l. (70%)

[4] DeeZee sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (51%)



4.1.2 CHANGES IN ORGANIZATION AND MANAGEMENT IN THE CAPITAL GROUP CCC

CHANGES IN ORGANIZATION OF THE CAPITAL GROUP CCC IN 2019.

Zgodnie z informacją opublikowaną w RB nr 5/2019 z 31.01.2019 r. w dniach 30-31.01.2019 r., po spełnieniu warunków zawieszających przewidzianych w umowach, nastąpiło zamknięcie transakcji (i) nabycia przez CCC S.A. mniejszościowego pakietu udziałów w spółce HR Group Holding S. à r.l. z siedzibą w Luksemburgu („HR Group”) oraz (ii) zbycia 100% udziałów w spółce zależnej CCC S.A., CCC Germany GmbH. Wraz z zamknięciem transakcji w dniu 31 stycznia 2019 r. weszły w życie pozostałe umowy transakcyjne zawarte przez Spółkę, o których Spółka informowała w raporcie bieżącym nr 52/2018 z dnia 24 listopada 2018 r., tj. umowa wkładu operacyjnego (ang. Operational Contribution Agreement), umowa wspólników oraz umowa opcji. Dodatkowo, w wykonaniu umowy wkładu operacyjnego w dniu 31 stycznia 2019 r. Spółka zawarła z HR Group umowę pożyczki, na podstawie której wysokość pożyczki udzielonej HR Group wyniesie do 41.500.000,00 euro i będzie oprocentowana 8% w skali roku. HR Group wykorzysta te środki na przeprowadzenie integracji CCC Germany GmbH z HR Group, polegającej na zamknięciu wybranych, nierentownych sklepów prowadzonych przez CCC Germany GmbH, rebrandingu wybranych sklepów prowadzonych dotychczas przez CCC Germany GmbH pod marką „CCC” na markę „RENO”, które będą kontynuowały działalność oraz integracji pozostałej działalności CCC Germany GmbH z HR Group. Pożyczka będzie wypłacana w transzach, zgodnie z warunkami przewidzianymi przez strony w umowie wkładu operacyjnego oraz umowie pożyczki. W wyniku transakcji Spółka nabyła łącznie 30,55% udziałów w kapitale zakładowym HR Group, uprawniających do łącznie 30,55% ogólnej liczby głosów na Zgromadzeniu Wspólników.

Zgodnie z informacją opublikowaną w RB nr 9/2019 z 25.02.2019 r. Zarząd CCC S.A. poinformował o zakończeniu w dniu 15.02.2019 r. przyjmowania zapisów na sprzedaż akcji spółki Gino Rossi S.A. z siedzibą w Słupsku. Spółka ogłosiła wezwania do zapisywania się na sprzedaż 50.333.095 akcji zwykłych na

okaziciela, tj. wszystkich akcji wyemitowanych przez Spółkę, uprawniających do 100% ogólnej liczby głosów na walnym zgromadzeniu Spółki, po cenie 0,55 PLN (pięćdziesiąt pięć groszy) za każdą akcję, ogłoszonego na podstawie art.74 ust.1 ustawy z dnia 29 lipca 2005 r. o ofercie publicznej i warunkach wprowadzania instrumentów finansowych do zorganizowanego systemu obrotu oraz o spółkach publicznych (Dz.U.z 2018 r., poz.512) oraz zgodnie z rozporządzeniem Ministra Rozwoju i Finansów z dnia 14 września 2017 r.w sprawie wzorów wezwań do zapisywania się na sprzedaż lub zamianę akcji spółki publicznej, szczegółowego sposobu ich ogłaszania oraz warunków nabywania akcji w wyniku tych wezwań (Dz.U.z 2017 r., poz.1748).

W dniu 12 lipca 2019 r. nastąpiło rozliczenie przymusowego wykupu akcji Gino Rossi Spółka Akcyjna należących do wszystkich akcjonariuszy mniejszościowych Gino Rossi ogłoszonego w dniu 9 lipca 2019 r. w trybie art. 82 ust. 1 ustawy z dnia 29 lipca 2005 r. o ofercie publicznej i warunkach wprowadzania instrumentów finansowych do zorganizowanego systemu obrotu oraz o spółkach publicznych (Dz.U. z 2018 r., poz. 512, ze zm.) Tym samym Spółka CCC S.A. jest właścicielem 100% akcji Gino Rossi Spółka Akcyjna.

According to the press release on 7 November 2019 CCC signed an agreement on the exercise of the option to acquire another 24% of shares in the subsidiary DeeZee for PLN 7 million. As a result, CCC will increase its stake to 75% in the brand, which is expected to generate significantly over 100 million PLN of sales in online and offline channels this year. The initial arrangements for further increasing the shareholding of CCC, up to 100% within the next 5 years, remain unchanged.

More information on the above transactions in the Consolidated Financial Statements in chapter 6.2

CHANGES IN THE ORGANIZATION OF THE CCC CAPITAL GROUP AFTER THE BALANCE SHEET DATE

Did not occur.

CHANGES IN MANAGEMENT PRINCIPLES OF THE CAPITAL GROUP CCC

On 28 February 2019, Mr. Dariusz Miłek resigned from the position of the President of the Management Board and from membership in the Management Board of the Company, effective at the moment of opening the Extraordinary General Meeting of the Company held until 30.06.2019, The agenda of the meeting will include adopting a resolution on appointing a Member of the Supervisory Board of the Company.

On 8 March 2019, the Supervisory Board of the Company adopted a resolution on appointing Mr. Marcin Czyczerski (current Vice-President of the Management Board of the Company) as President of the Management Board, with the reservation, that he will perform the function of President from the appointment of Mr. Dariusz Miłek as President of the Supervisory Board of the Company, which finally took place on 11 April 2019.

On 11 April 2019, pursuant to resolutions of the Extraordinary General Meeting of the Company, Mr. Jerzy Suchnicki was dismissed from the Supervisory Board and Mr. Wiesław Oleś was dismissed from the position of the Chairman of the Supervisory Board. Simultaneously, the membership of the Company's Supervisory Board for the term of office 2017-2019 was increased to six members, and Mr. Dariusz Miłek – as the Chairman of the Supervisory Board and Mr Filip Gorczyca – as a Member of the Supervisory Board were appointed to the Company's Supervisory Board.

The Supervisory Board at the meeting on 9 May 2019 adopted a resolution on appointing the Management Board of the Company for the next VI term of office for 2019-2021, commencing on the date of the General Meeting of Shareholders approving the financial statements for 2018, in the current composition of three persons, including the following persons:

- Mr. Marcin Czyczerski – the President of the Management Board;
- Mr. Mariusz Gnych – as Vice-President of the Management Board;
- Mr. Karol Półtorak – as Vice-President of the Management Board.

By Resolution No. 17/ZWZA/2019 of 18 June 2019 The General Meeting of Shareholders defined the number of members of the Supervisory Board of the new term as 5 persons. The composition of the Supervisory Board was determined by the General Meeting by resolutions no. 18 to 22/ZWZA/2019 of 18 June 2019:

- Zofia Dzik
- Dariusz Miłek
- Wiesław Oles
- Waldemar Jurkiewicz
- Filip Gorczyca

By Resolution No. 23/ZWZA/2019 of June 18, 2019 Mr. Dariusz Miłek was appointed the Chairman of the Supervisory Board.

4.2 PRODUCTS AND BRANDS

OFFER OF THE COMPANY

CCC S.A. offers its customers a range of products aimed at a broad group of consumers. Apart from women's, men's and children's footwear, we also sell handbags, shoe care products and products classified in the assortment structure as other, where we can distinguish jewellery, accessories and even cycling accessories.

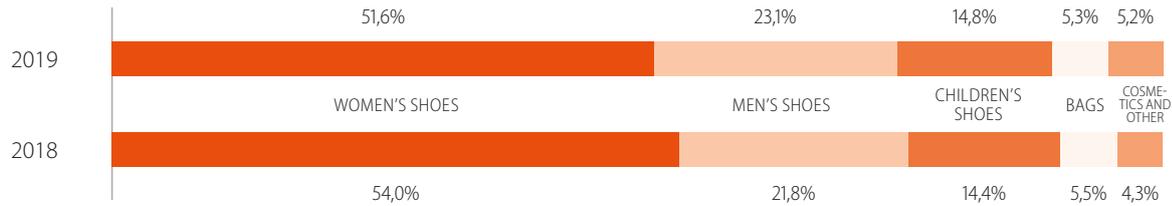
Footwear is the basic product of the Company. Customers visiting offline and online stores and mobile application as well have a selection of shoes for every occasion – including everyday, sports and elegant shoes. The assortment offered to customers is sold by the Company under own, premium and licensed brands in various price ranges – a detailed description of the brands offered is presented later in this section

PRODUCT STRUCTURE

The assortment structure of sales remains constant over the years – in 2019 women's footwear accounted for about 52% of sales in value, men's shoes for 23% and children's shoes for 15%. Apart from footwear, which is the main product, handbags and cosmetics and others account for 5% of sales each year. The Group's assortment structure is continuously expanded, and the variety of products offered allows the customers to find a product meeting their expectations, which increases sales revenue.

The chart below presents a detailed structure of retail sales in particular assortment groups in 2019 and 2018:





PORTFOLIO OF BRANDS

WOMEN'S SHOES

As part of the „Women's shoes“ range the Group offers to its customers:

- ballerinas,
- boots,
- flip-flops,
- sports shoes,
- derby,
- sandals,
- high heels,
- and sneakers.

Lasocki, Gino Rossi, DeeZee, Jenny Fairy, Sprandi, Sketchers, Adidas, Reebok, Puma, New Balance

MEN'S SHOES

Within the range of men's shoes the Group offers to its customers:

- boots,
- sports shoes,
- derby,
- sandals,
- sneakers.

Lasocki, Gino Rossi, Sprandi, Rieker, Sketchers, Cesare CCave, Vapiano, Ottimo, Adidas, Puma, New Balance, Reebok, Crocs

CHILDREN'S SHOES

As part of its range of children's footwear, the Group offers its customers footwear for boys and girls for every season.

Lasocki Kids, Lasocki Young, Adidas, Nelli Blu, Crocs, Reebok, Sprandi, Puma, Magic Lady, Ottimo, Spiderman

BAGS

Within this assortment group the Group offers to its customers bags made of:

- synthetic materials,
- natural leather.

Lasocki, Gino Rossi, DeeZee, Jenny Fairy, Adidas, Lanetti, Sprandi, Nylon Red

COSMETICS AND OTHER

Within the assortment of „Other“ the Group sells, among others:

- cosmetics,
- jewelry,
- leather goods
- cycling accessories.

ORGANIZATION OF CCC CAPITAL GROUP

KEY BRANDS

WOMEN

MEN

LASOCKI
— SINCE 1954 —

**FOUNDATION OF THE CCC
BRAND PORTFOLIO**

CLASSICS

UNIVERSAL DESIGN

- age approx. 20-55 years
- medium and high income
- open, active, healthy lifestyle
- looking for classics
- value quality, style, comfort
- price is of secondary importance

- age approx. 25-75 years
- average and higher income
- self-confident, care about their appearance and „contents of the wardrobe“, escape from the „poor quality“, value high quality, style and comfort
- make rational choices – weighing the quality/price ratio

gino rossi

PREMIUM PRODUCT

TOP QUALITY

STYLE AND ELEGANCE

- age approx. 20-55 years
- medium and high income
- open, active, healthy lifestyle
- looking for exceptional-ity, originality
- who value style and comfort
- quality is of prime importance

- age about 25-75 years
- average and higher income
- confident, looking for classic fashion
- quality and brand oriented

DeeZee
GIRLS DO IT BETTER

LATEST TRENDS

FASHION AND TASTE

**UNIQUE COLOUR
AND DESIGN**

- age under 30 years
- lower and average income
- following trends
- looking for exceptional-ity, originality and unusual solutions
- value and emphasize individuality
- price is important

4.3 BUSINESS MODEL

4.2.1 MANUFACTURING AND SUPPLIERS

The Company CCC.eu Sp. z o.o. is the supplier of goods to CCC Group. The company sources goods from domestic and foreign suppliers and from its own factory (CCC Factory Sp. z o.o.). More information about deliveries can be found in section 1.3.3. of the Annual Report on the activities of the Capital Group CCC S.A. for 2019.

4.2.2 LOGISTICS

Development of the company, the increase in demand for its products and increasing performance requirements of distribution contributed to the realization of the largest in the history of the Group's investment – the building of the Logistics Centre, located in the Legnica Special Economic Zone (SEZ) in Polkowice. Logistic Centre is a modern complex of large-format objects.

The most important object of the Logistics Center is a fully automated high-storage warehouse, type mini-load, with a total area of 23.1 thousand m², which is able to accommodate a minimum of 5 million pairs of shoes, or over 500,000 cardboard boxes of various dimensions. It is the largest object of this type in Central Europe. The investment in 40% was financed from EU funds through the Innovative Economy program.

The new Distribution Center, in conjunction with the existing sorting facility, is able to service over 100,000 cartons (approx. 1.1 million pairs of footwear) during two working shifts. The mechanization process provides support for future development and provides a basis for further development of logistics processes. In addition, it allows optimizing the storage space, which currently amounts to 82.3 thousand m².

The result of the organizational restructuring of CCC S.A. and the CCC Group is to leave the logistic service in the parent company and provide logistic services to the affiliated entity.

In January 2019, the expansion of one of the warehouses was completed, which concerned the installation of rack storage on additional floor space. The additional storage space allows to store about 10 million pairs of shoes (50% capacity increase).

ORGANIZATION OF CCC CAPITAL GROUP**4.2.3
DISTRIBUTION****MARKET ENVIRONMENT**

The current economic situation in Poland is stable, with medium development prospects. In 2019 Poland's GDP growth amounted to 4.0%. Respectively for 2018 and 2017, the economic growth in Poland amounted to 5.1% and 4.8%. The unemployment rate is at the lowest level since 1991 at 5.1%. In the presented period there were no changes in tax rates concerning the Group's products. In connection with the above macroeconomic data and the government's social policy (numerous social programs, including the 500+ program), it is expected that consumers' disposable income will increase. In Poland, Deichmann is the key competitor of the Group.

RETAIL SALES

Retail sales are carried out within the network of own and agency stores on the territory of Poland.

The total number of own and agency stores as at 31 December 2019 amounted to 473. The average floor space of these stores increased by 46 m² to 660 m² (613 m² in 2018). The total floor space of own and agency CCC stores as at 31 December 2019 amounted to 312.3 thousand m² and increased by 9% compared to 2018

Retail sales revenues increased by 4.1% to PLN 2,113.7 million (PLN 2,030.7 million in 2018) and accounted for 93.1% of total sales.

Retail sales revenue per m² amounted to PLN 7.06 thousand (PLN 7.11 thousand in 2018). The main reason for the decrease were unfavorable weather conditions, in particular the warmer fourth quarter, which adversely affected the sales of the autumn collection at the first price.

CHAIN	TYPE	2015-12-31		2016-12-31		2017-12-31		2018-12-31		2019-12-31	
		m ²	NUMBER								
CCC	Own	170 346	370	194 641	396	222 947	409	285 244	465	312 275	473
CCC	Agency ^[1]	16 434	40	17 601	40	20 892	39	538	1	—	—
BOTI	Own	712	5	427	3	—	—	—	—	—	—
LASOCKI	Own	433	3	—	—	—	—	—	—	—	—
Total		187 925	418	212 669	439	243 839	448	285 782	466	312 275	473

[1] on 1 July, CCC S.A. acquired control over the network of agency stores owned by Adler International Sp. z o.o., sp. k.

OTHER SALES

CCC S.A. provides logistic and accounting services to CCC. eu. In 2019, the Company also resold goods as part of intra-group transactions.

ONLINE SALES

Goods sold in CCC stores are also available online (sales carried out by the online store CCC S.A., mobile application CCC, eobuwie.pl and DeeZee).

5. ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

CCC



5.1 ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA

5.1.1 FINANCIAL RESULTS OF CCC S.A.

5.1.1.1 STANDALONE STATEMENT OF COMPREHENSIVE INCOME

Sales revenue, cost of goods sold and gross sales profit

HOW WE DEFINE PARTICULAR ELEMENTS OF THE RESULT

The **sales revenues** recognize revenues from sales of goods, products and services of a sublease obtained in the normal course of business and revenue from sale of logistical services, accounting services served for CCC.eu sp. z o.o.

As the **cost of goods sold**, the Company recognizes: the value of goods sold, the value of packages sold, the cost of reserves for claims, the cost on sublease services, logistic services, accounting services, inventory impairments.

Gross sales profit is calculated as the difference between sales revenue and cost of goods sold and gross profit margin is the ratio of gross profit to sales revenue from external customers.

In addition, in the analysis we use the size of **revenue per m² of floor space** and **like-for-like sales** – definitions of these measures are included in the particular tables.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Our sales revenues were as follows:

	SALES REVENUE ^[1]			REVENUE PER 1M ² OF FLOOR SPACE (IN THOUSAND PLN) ^[2]	
	01.2019-12.2019	01.2018-12.2018	CHANGE %	01.2019-12.2019	01.2018-12.2018
Retail activities	2 113,7	2 030,7	4,1%	7,06	7,11
E-commerce	32,3	—	100,0%		
Other activities	124,0	104,9	18,2%		
Total	2 270,0	2 135,6	6,3%		

[1] Sales revenues refer only to sales to external customers.

[2] Revenue per 1 m² of floor space is calculated by dividing the value of revenue for the 12-month period of a given year by the number of m² of floor space as at the balance sheet date.

In 2019, sales revenue amounted to PLN 2,270.0 million, up by PLN 134.4 million (+6.3%) on the previous year.

Retail sales increased by 4.1%, with an average floor space increase of CCC Stores of 17.4%. In June 2019, sales in the e-commerce channel on the Polish market were launched, which accounted for PLN 32.3 million in sales revenue. Other sales include sales of logistics and accounting services to CCC.eu and sales of other services.

Revenue per 1m² of floor space in CCC in 2019 amounted to 7.06 thousand PLN and was lower by 0.7% compared to the previous year. The value of sales per m² is influenced by the increase in the floor space of opened stores (the average area of CCC stores at the end of 2019 amounted to 660 m² and was higher by 7.6% compared to the previous year).

Revenues from retail sales in 2019 amounted to PLN 2,113.7 million, which was an increase of PLN 83.0 million (+4.1%) compared to the previous year. In the same period CCC stores with a total floor space of 46.5 thousand m² were opened and enlarged in Poland, while 7.5 thousand m² were closed. In 2019 in Poland the net floor space of the CCC chain increased by 39.0 thousand m². The change in revenue of PLN +83.0 million compared to the previous year was influenced by sales in like-for-like stores¹ CCC 1,543.8 million (-1.7%) and sales in other stores 2 569.9 million PLN (+24.0%).

Data concerning the division of sales by continuing operations and newly opened or closed outlets are as follows:

	LICZBA	SALES REVENUE ^[1]			REVENUE PER 1M ² OF FLOOR SPACE (IN THOUSAND PLN) ^[2]	
		01.2019-12.2019	01.2018-12.2018	CHANGE %	01.2019-12.2019	01.2018-12.2018
Poland	351	1 543,8	1 571,2	-1,70%	569,9	459,5

[1] Like-for-like stores are those operating continuously during 2018 and 2019.

[2] All other stores, including: stores newly opened in the current or previous year; stores closed in the current or previous year; and stores that had a break in operation.

SALES RESULTS

Consolidated gross sales profit in 2019 amounted to PLN 693.7 million and was PLN 31.8 million higher (+4.8%) than in the corresponding period of previous year. Part of the gross sales margin, which until the restructuring in 2014 was

shown in CCC S.A., was transferred to CCC.eu in exchange for the implementation of functions that were taken over by the newly formed company, resulting in a gross margin rate of 30.6% (2018: 31%).

COSTS OF OPERATING STORES

HOW WE DEFINE PARTICULAR ELEMENTS OF THE RESULT

Cost of operating stores include the cost of maintenance of stores. This item includes mainly fees under operating lease of premises in which stores are operated; amortization of tangible fixed assets; amortization of intangible assets; the costs of external services; the cost of remuneration for employees of stores; other flat costs.

Costs of operating stores were as follows:

	01.2019-12.2019	01.2018-12.2018	CHANGE %
Remuneration and employee benefits	-190,6	-176,8	7,8%
Agency services	0	-21,5	-100,0%
Lease costs	-93	-83	12,0%
Amortization and depreciation	-240,1	-216,4	11,0%
Taxes and fees	0	-0,1	-100,0%
Consumption of materials and energy	-13,3	-19,7	-32,5%
Other flat costs	-27,4	-16	71,3%
Total	-564,4	-533,5	5,8%

Costs of operating stores increased by PLN 30.9 million in 2019 and amounted to PLN 564.4 million, an increase of 5.8%, with an average increase of floorspace of CCC stores by 7.6%. The most significant items in the costs of operating stores were rental and depreciation costs and salary costs, which represented 59.0% and 33.8% respectively.

THE IMPACT OF OTHER INCOME AND COSTS

HOW WE DEFINE PARTICULAR ELEMENTS OF THE RESULT

Other cost of sale include the costs of organizational units supporting sale and development of the sales network, including cost of expansion division, regional managers, the cost of logistics division, marketing.

Administrative expenses include expenses relating to management of all operations of the Group (the cost of financial and accounting divisions, administration, costs of the Management Board) and general expenses.

Other operating income and operating costs include income and expenses from non-core business activities of the operating units, e.g. profit or loss on disposal of tangible fixed assets, penalties and fines, donations, etc.

Finance income includes the following items: interest income from current account and others; the result on exchange rate differences and other financial income.

Finance costs includes the following costs: interest on loans; commissions paid and other financial costs.

Income tax includes accrued tax and deferred tax.

Other costs of sales and administrative expenses in 2019 amounted to PLN 75.7 million, down by PLN 10.9 million year-on-year. The decrease results, among others, from a PLN 11.1 million change in the cost level of the incentive program and capitalization of previous years' costs of the incentive program.

Other operating net costs and income accounted for PLN 1.6 million on the income side as compared to PLN 62.1 million in the previous year on the cost side. The main reason for the change was the creation of a provision amounting to PLN 76.4 million for the negative fair value of the German company in 2018.

As a result of the aforementioned factors, CCC achieved an operating result in 2019 of PLN 55.2 million, which was PLN 75.5 million higher than in the same period in 2018.

FINANCIAL REVENUES AND COSTS

In 2019, financial income amounted to PLN 35.4 million, up by PLN 18.1 million on the previous year. The main items of financial income in the reporting period were credit guarantees (39% of total financial income), which amounted to PLN 16.7 million – in the corresponding period of the previous year it amounted to PLN 12.0 million and interest income, which in 2019 amounted to PLN 11.8 million (2018: PLN 4.6 million).

In 2019, other financial costs amounted to PLN 126.2 million, up by PLN 97.5 million from the previous year. The main component of financial expenses in the reporting period was the valuation of the option to redeem non-controlling interests of PLN 103.6 million for HR Group.

Income tax in 2019 amounted to PLN 15.3 million [including PLN 0.5 million of deferred part].

Including financial income and costs and income tax, the net loss amounted to PLN 50.9 million and was higher by PLN 10.6 million compared to the corresponding period of the previous year.

5.1.1.2 STANDALONE STATEMENT OF FINANCIAL POSITION (OVERVIEW OF MAIN ITEMS)

An overview of the main items in our statement of financial position is as follows:

	31.12.2019	31.12.2018	CHANGE %
Fixed assets, and including:	1 925,6	1 697,8	13,4%
Tangible fixed assets	575,8	537,7	7,1%
Right of use assets	686,9	615	11,7%
Deferred tax assets	9,6	8,4	14,3%
Current assets, and including:	650,8	574,6	13,3%
Inventories	345,5	303,8	13,7%
Cash and cash equivalents	95,4	104,3	-8,5%
TOTAL ASSETS	2 576,4	2 272,4	13,4%
Non-current liabilities, and including:	746,3	706,4	5,6%
Debt liabilities	210	210	0,0%
Current liabilities, and including:	871,1	524,1	66,2%
Debt liabilities	111,4	7,1	>100%
Trade liabilities and other liabilities	545,5	258,3	>100%
TOTAL LIABILITIES	1 617,4	1 230,5	31,4%
EQUITY	959,0	1 041,9	-8,0%

FIXED ASSETS

HOW WE DEFINE PARTICULAR ELEMENTS OF THE ASSETS

Tangible fixed assets include: investments in external fixed assets (namely, outlays in leased premises used for retail sales of goods); fixed assets used in the manufacturing and distribution activity and other.

Deferred tax assets and liabilities are recognized (i) as a result of a discrepancy between the book values of assets and liabilities and the corresponding tax values, and (ii) in respect of unsettled tax losses.

Fixed assets as at 31 December 2019 consisted of tangible fixed assets (PLN 575.8 million), intangible assets (PLN 1.4 million), loans granted (PLN 78.0 million), goodwill (PLN 48.8 million), investments in subsidiaries (PLN 511.8 million), other financial assets (PLN 13.3 million), and deferred tax assets (PLN 9.6 million). The value of fixed assets increased by 13.4% to PLN 1,925.6 million as compared to 31 December, 2018, mainly due to an increase in investments in tangible fixed assets and associated rights of use (+ PLN 71.9 million) and an increase in long-term investments in subsidiaries by PLN 70.7 million.

CURRENT ASSETS

HOW WE DEFINE PARTICULAR ELEMENTS OF THE ASSETS

Inventories are recognized at cost of purchase or production or net selling price, depending on which of these amounts is lower.

In the event of circumstances as a result of which there was a decrease in the value of inventories, **impairment loss** is made in cost of goods sold.

Cash and cash equivalents include cash in hand and bank deposits payable on demand.

Current assets as at 31 December 2019 amounted to PLN 650.8 million and consisted of inventories (PLN 345.5 million), cash and cash equivalents (PLN 95.4 million), loans granted (PLN 172.6 million), receivables from customers (PLN 4.9 million), and other receivables (PLN 32.4 million). The value of current assets increased by 13,3 % from PLN 574,6 million on 31 December 2018, mainly due to an increase in loans granted by PLN 82,6 million.

In 2019, the Company created a write-down on inventories in the stores in the amount of PLN 5.5 million, whereas a write-down of PLN 4.3 million was used.

CASH AND CASH EQUIVALENTS

As at 31 December, 2019, cash and cash equivalents of the Company amounted to PLN 95.4 million, down by PLN 8.9 million compared to the end of 2018. At the end of 2019, 34% of the cash was held on hand and in a bank account and 66% on short-term deposits.

EQUITY AND DEBT LIABILITIES

HOW WE DEFINE PARTICULAR ELEMENTS OF THE ASSETS

Equity is recognized in the accounting books by their following types: basic capital (share capital); reserve capital; retained earnings; and other capitals.

Debt liabilities consist mainly of bank loans and issued bonds.

Trade liabilities are classified as current liabilities if payment is due within one year. Otherwise, liabilities are recognized as non-current. Trade liabilities are valued at the amount due.

As of 31 December 2019, the equity of CCC decreased by PLN 82.9 million (-8.0%) compared to the end of 2018, mainly due to the payment of a dividend for 2018 of PLN 19.8 million and a loss of the current year.

Long-term liabilities as at 31 December, 2019 amounted to PLN 746.3 million, up by PLN 39.9 million (+5.6%) compared to 31 December, 2018. The total long-term liabilities as at end 2019 consisted mainly of debt of PLN 210 million, lease liabilities of PLN 509.0 million, liabilities to employees of PLN 5.5 million, provisions of PLN 2.8 million and subsidies received, which amounted to PLN 19.0 million.

Short-term liabilities as at 31 December 2019 amounted to PLN 871.1 million, increasing by PLN 347.0 million (+60.2%) from PLN 524.1 million as at 31 December 2018. The total short-term liabilities as at the end of 2019 consisted of debts of 111.4 million PLN; liabilities to suppliers, which amounted to 456.5 million PLN (an increase of 272.1 million PLN as compared to 31.12.2018); other liabilities of 89.0 million PLN (an increase of 15.1 million PLN as compared to 31.12.2018); income tax liabilities of 9.2 million PLN; provisions, which amounted to 1.2 million PLN and grants of 2.4 million PLN.

Debt liabilities are described in chapter 5.2.1. „Debt and liquidity of the CCC S.A.”

5.1.1.3 STANDALONE STATEMENT OF CASH FLOWS (OVERVIEW OF MAIN ITEMS)

	01.2019-12.2019	01.2018-12.2018	CHANGE %
Gross profit before tax	(35,6)	(31,7)	12,3%
Adjustments	390,0	324,7	20,1%
Income tax paid	(9,9)	17,8	-165,7%
Cash flows before changes in working capital	340,4	310,8	10,3%
Changes in working capital	253,4	131,5	91,0%
Cash flows from operating activities	593,9	442,3	34,3%
Cash flows from investing activities	(467,4)	(359,9)	29,9%
Cash flows from financing activities, including:	(135,3)	(278,5)	51,5%
Proceeds from loans and bonds issued	(19,7)	(94,7)	-79,2%
Total cash flows	(8,9)	(196,1)	-95,5%

NET CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flows from operating activities in 2019 amounted to PLN 593.8 million and were PLN 151.5 million higher than in 2018. This increase resulted from positive changes in working capital, mainly due to an increase in short-term liabilities.

NET FLOWS FROM INVESTMENT ACTIVITY

Net flows from investment activities in 2019 amounted to PLN – 467.4 million. This amount consisted of among others, an increase in expenses for tangible fixed assets related to the implementation of the expansion strategy in Poland, which amounted to 129.5 million PLN, and the acquisition of investments in associates in the amount of 118.4 million PLN.

NET CASH FLOWS FROM FINANCING ACTIVITIES

Net cash flows from financing activities in 2019 amounted to PLN – 135.3 million. The main reason for the change from PLN – 278.5 million at the end of 2018 was the inflow of PLN 111.0 million from taking out credits and loans.

More information on the net cash flows from financing activities was presented in chapter 5.2.1. „Debt and liquidity of CCC S.A.“.

Taking into account the above discussed cash flows, CCC Company ended year 2019 with a cash level of 95.4 million PLN, which meant a decrease of 8.9 million PLN (-8.5%) compared to 31.12.2018.

5.1.2 PUBLICATION OF FINANCIAL FORECASTS

No forecasts were published for 2019.

5.2 MANAGEMENT OF FINANCIAL RESOURCES AND LIQUIDITY

5.2.1 DEBT AND LIQUIDITY OF THE COMPANY CCC S.A.

CCC S.A. finances its activity with equity and foreign capital, which consists of credits, loans and issued bonds.

CREDITS, LOANS AND BONDS

At the end of 2019 the Company had long-term debt liabilities at the amount of PLN 210 million, which consisted entirely of bond issue.

As at the end of 2019, the short-term debt item consisted of loans amounting to PLN 111.4 million. This item increased by PLN 104.3 million compared to the end of 2018.

Below is detailed information on loan agreements and limits for guarantees effective in 2019:

BANK	COMPANY	TYPE	DATE OF CONCLUSION	MATURITY DATE	AMOUNT (MILLION)	USE (MILLION)	CURRENCY
Credit agreements							
mBank	CCC S.A.	Bonds	2018-06-21	2021-06-29	210,0	210,0	PLN
Limit on bank guarantees							
PKO BP	CCC S.A.	Limit on bank guarantees	2019-11-21	2022-11-21	45,0	41,9	PLN
mBank	CCC S.A.	Limit on bank guarantees	2012-11-04	09.11.20120	34,0	26,0	PLN
Santander	CCC S.A.	Limit on bank guarantees	2009-03-31	2020-03-31	65,0	61,1	PLN
Santander	CCC S.A.	Limit on bank guarantees	2018-04-11	2019-12-31	17,0	17,0	PLN
BNP Paribas Bank Polska S.A.	CCC S.A.	Limit on bank guarantees	2011-05-04	2020-09-30	50,0	26,8	PLN
Societe Generale	CCC S.A.	Limit on bank guarantees	2017-07-06	unspecified	20,0	4,9	PLN

INFORMATION ON BONDS

In June 2014, The Company carried out the first issue of CCC S.A. Bonds series 1/2014, under the Bond Issue Program up to PLN 500 million.

The Bonds were issued in Polish zloty, as bearer securities, dematerialized, coupon securities. The agent of the issue was mBank S.A.

In June 2018, The Company carried out the second issue of CCC S.A. Bonds series 1/2018, combined with the earlier redemption of Bonds series 1/2014.

Both series were issued with the following conditions of issue:

1. The nominal value of one Bond – 1,000;
2. Issue Price: equal to the nominal value of one Bond;
3. Number of Bonds: 210,000 in series 1/2014 and 210,000 in series 1/2018;
4. Total nominal value of Bonds: PLN 210 million in Series 1/2014 and PLN 210 million in Series 1/2018;
5. Redemption of Bonds – a one-off redemption at the nominal value of Bonds on 10 June 2019 for series 1/2014 and on 29 June 2021 for series 1/2018;
6. Interest rate on the coupon bonds: according to a variable interest rate, based on WIBOR 6M, increased by a fixed margin; interest shall be paid in half-year periods;
7. Listing in the alternative trading system on Catalyst – series 1/2014 bonds listed from 16.10.2014. Series 1/2014 bonds were registered on 20 July 2018 by the National Securities Depository S.A.

After the issue of 210,000 Series 1/2018 Bonds and the redemption of 210,000 Series 1/2014 Bonds, 210,000 Series 1/2018 Bonds are currently on the market.

INFORMATION ON COVENANTS

Under the terms of the bond issue agreement and the loan agreements, the CCC Group is required to comply with the following covenants (calculated based on consolidated data):

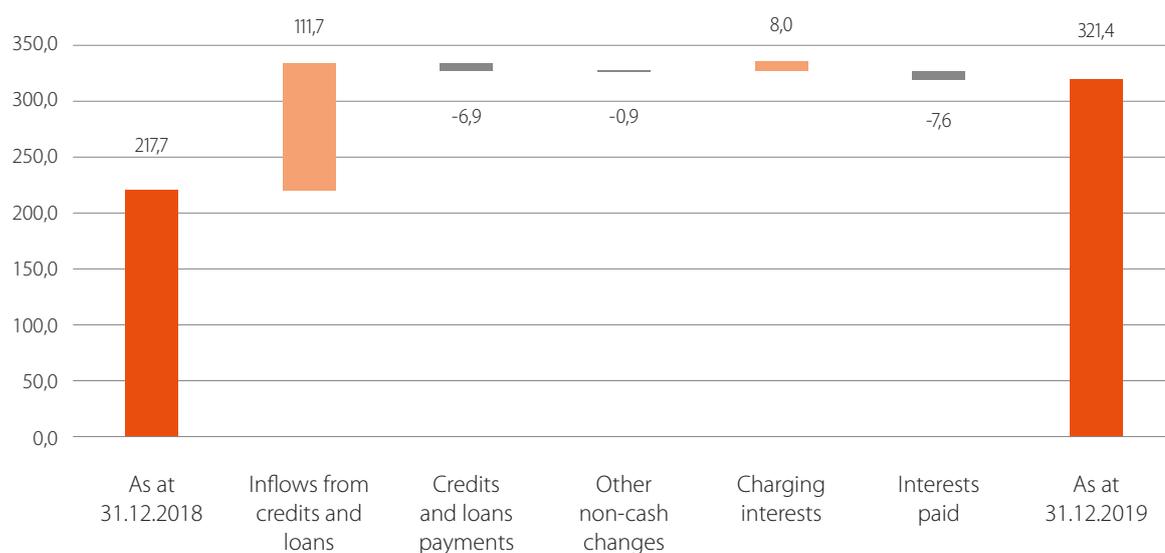
- a) Ratio 1, i.e. [net financial debt / EBITDA ratio] not higher than 3.5
- b) Indicator 2, i.e. [interest coverage ratio] not less than 5.0
- c) Indicator 3 i.e. c) Ratio 3 i.e. [dividend payout ratio] not higher than 40.0% (ratio calculated for full-year data)

As at 31 December 2019, the ratios were as follows:

- a) the net financial debt/EBITDA ratio (excluding the impact of IFRS16 and the incentive program) was 3.0 (1.2 as at 31 December 2018),
- b) the interest coverage ratio (excluding the impact of IFRS16) was 8.2 (16.8 as at 31 December 2018),
- c) the dividend payout ratio was 35% (31% as at 31 December 2018).

As at 31 December 2019, during the reporting period and until the date of approval of the report for publication, there were no violations of covenants included in the above-mentioned agreements.

The following chart shows the change in the level of debt (according to note 4.2 „Debt“ to the standalone financial statements):



NET CASH FLOWS FROM FINANCING ACTIVITIES

In 2019, cash flows from loans contracted and repaid amounted to PLN 111.0 million. In addition, a dividend of PLN 19.7 million was paid to shareholders in 2019 (down by PLN 75.0 million from 2018). Interest paid in 2019 amounted to PLN 16.3 million, up by PLN 1.2 million compared to the previous year.

Considering the changes in financing activities described above, standalone net cash flows from financing activities in 2019 amounted to PLN -135.3 million, compared to PLN -278,5 million in 2018.

DEBT RATIOS

The Management Board of CCC S.A. uses the general debt ratio and the EBITDA debt ratio to analyze the debt level. Below is a review of both ratios.

The general debt ratio is calculated as the ratio of net debt to total capital employed. Net debt is calculated as the sum of credits and loans (including current and non-current credits and issued bonds indicated in the consolidated statement of financial position) less cash and cash equivalents. The total value of capital employed is calculated as equity shown in the consolidated statement of financial position plus net debt. The calculation of the debt ratio is presented below:

	31.12.2019	31.12.2018
Net debt		
Loan liabilities	111,4	0,3
(+) Bonds liabilities	210,0	216,9
= Debt liabilities	321,4	217,1
(-) Cash and cash equivalents	95,4	104,3
= Net debt	226,0	112,8
Debt ratio		
Total equity	959,0	1 041,9
(+) Net debt	226,0	112,8
= Capital employed	1 185,0	1 154,7
The debt ratio (net debt/capital employed)	19,1%	10,0%

The debt ratio as at 31.12.2019 amounted to 19.1% and increased by 9 p.p.p. compared to 31.12.2018, mainly due to the increase of credit liabilities by PLN 111.1 million.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

CURRENT LIQUIDITY RATIO

This ratio is calculated by dividing current assets by the value of current liabilities and current provisions. The calculation of the ratio is presented below:

	01.2019-12.2019	01.2018-12.2018
Inventories	345,5	303,8
(+) Trade and other receivables	37,3	76,5
(+) Cash and cash equivalents	95,4	104,3
Loans granted	172,6	90,0
= Current assets	650,8	574,6
Current debt liabilities	111,4	7,1
(+) Trade liabilities and other liabilities	554,7	265,0
(+) Provisions	3,6	79,7
(+) Lease liabilities	201,4	172,3
= Current liabilities	871,1	529,6
Current liquidity ratio (current assets/current liabilities)	0,7	1,1

The current ratio of the CCC Group as at 31 December 2019 was 0.7 and was 0.4 lower than in 2018, mainly due to the slower growth of current assets (13.3% growth) compared to current liabilities (64.5% growth).

The balance sheet of the Company CCC S.A. as at 31.12.2019 discloses current assets of 650.8 million PLN. The main items are: inventories PLN 345.5 million, cash and cash equivalents PLN 95.4 million, receivables PLN 37.3 million. Liabilities include short-term liabilities, which amount to PLN 871.1 million, including: loans of PLN 111.4 million, trade and other liabilities of PLN 554.7 million and lease liabilities of PLN 201.4 million.

The excess of short-term liabilities over fixed assets is PLN 220.3 million. This situation is largely due to the fact that inventories are presented at purchase price, while the value of inventories at sales prices would be about PLN 300 million higher with current sales margins.

Therefore, based on the knowledge available as at the date of this report, in the opinion of the Company's Management Board, taking into account the Group's growing sales revenues, both in terms of value and quantity, this situation does not affect the ability to settle liabilities on a current basis.

5.2.2 FINANCIAL INSTRUMENTS

As at the balance sheet date, the Issuer did not use hedging instruments to secure the risks it is exposed to during business operations. A detailed description of the financial instruments used is presented in the financial statements in Note 6.1.

5.2.3 ISSUANCE OF SECURITIES AND USE OF PROCEEDS FROM THE ISSUE

On 25 July 2018, 4,000 series E shares of a par value of PLN 0.1 were registered in the National Depository for Securities (KDPW), issued as part of the share capital increase, the total number of shares amounts to 41,168,000. As a result of the conversion of subscription warrants issued under the incentive program for 2013-2015.

5.2.4 FEASIBILITY OF INVESTMENT PLANS

The Group intends to finance investment projects with its own and external capital. In the opinion of the Management Board, there are no major risks that could negatively affect the implementation of investment plans in the future.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

5.3 INFORMATION ON AGREEMENTS CONCLUDED BY THE COMPANIES OF CCC GROUP

5.3.1 LOANS GRANTED

In the reporting period, the CCC Group concluded the following loan agreements:

PARTY TO AN AGREEMENT (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	CONTRACT DATE	MATURITY DATE	AMOUNT (MLN)	CURRENCY	INTEREST
CCC S.A.	CCC AUSTRIA Ges.m.b.H.	2018-04-11	2023-04-30	20,0	EUR	1,80%
CCC S.A.	CCC.EU Sp. z o.o.	2014-12-17	2020-12-31	9,31	USD	1,50%
CCC S.A.	CCC Shoes Bulgaria EOOD	2014-12-14	2020-12-31	4,0	BGN	6,00%
CCC S.A.	EOBUWIE.PL S.A.	2019-03-15	2020-12-31	20,0	PLN	3M WIBOR + 1,0%
		2016-09-22	2020-12-31	0,1		
		2016-11-18	2020-12-31	0,1		4,00%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	2016-12-09	2020-12-31	0,1	EUR	
		2017-02-09	—	0,4		—
		2017-03-13	—	0,4		
CCC S.A.	NG2 Suisse S.a.r.l.	2018-08-29	2020-09-30	2,0	CHF	0,50%
CCC S.A.	Karl Vogele AG	2019-01-02	2020-12-31	10,0	CHF	0,75%
		2019-03-19	2020-12-31	8,0		
				10,0		
CCC S.A.	HR Group Holding S.a.r.l.	2019-01-31	2029-12-31	25,0	EUR	8,00%
				6,5		
CCC S.A.	CCC Obutev d.o.o	2019-02-18	2020-02-17	0,8	EUR	1,30%
CCC S.A.	CCC Hrvatska d.o.o.	2019-02-28	2020-02-27	3,8	HRK	1,30%
CCC S.A.	HR Group GmbH & Co. KG	2019-02-13	2020-07-31	2,0	EUR	3,00%
		2018-12-18	2022-05-20	22,08		WIBOR 3M + 1,65%
		2018-12-18	2020-05-31	0,39		WIBOR 1M + 1,4%
CCC S.A.	Gino Rossi S.A.	2018-12-18	2020-05-31	31,42	PLN	WIBOR 1M + 1,3%
		2018-12-18	2020-05-31	9,53		WIBOR 1M + 1,4%

5.3.2 SURETIES, GUARANTEES AND OTHER CONTINGENT LIABILITIES GRANTED

In the reporting period, the Company CCC granted the following sureties and guarantees:

GUARANTEES GRANTED IN CONNECTION WITH THE SIGNING OF FLOOR SPACE LEASE AGREEMENT

	NUMBER OF SURETIES	DEBTOR	VALUE OF SURETY OR GUARANTEE (MILLION)	CURRENCY
CCC S.A.	27	CCC Czech	25,4	CZK
CCC S.A.	15	CCC Czech	0,6	EUR
CCC S.A.	1	CCC Slovakia, s.r.o.	55	CZK
CCC S.A.	16	CCC Slovakia, s.r.o.	0,6	EUR
CCC S.A.	37	CCC Hungary Kft.	4,4	EUR
CCC S.A.	15	CCC Hungary Kft.	162,5	HUF
CCC S.A.	59	CCC Germany GmbH	3,3	EUR
CCC S.A.	10	CCC Austria	0,4	EUR
CCC S.A.	7	CCC Hrvatska	0,3	EUR
CCC S.A.	12	CCC Slovenia	0,4	EUR
CCC S.A.	36	Shoe Express	0,9	EUR
CCC S.A.	1	Shoe Express	0,08	RON
CCC S.A.	1	Karl Voegelé AG	0,01	CHF

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

OTHER SURETIES AND GUARANTIES

Granted by CCC S.A. to Polish subsidiaries:

COMPANY	BANK	DEBTOR	SECURITY TYPE	PERIOD OF VALIDITY		VALUE OF INDEMNITIES OR WARRANTIES (MILLION)	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Millenium	CCC.eu Sp. z o.o.	Surety to reverse factoring agreement	2019-12-12	2024-04-28	240,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Pekao S.A.	CCC.eu Sp. z o.o.	Surety for a multi-purpose credit limit agreement	2019-12-20	—	480,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Pekao S.A.	CCC.eu Sp. z o.o.	Surety for a revolving credit agreement	2019-10-31	2024-12-31	6,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy	CCC.eu Sp. z o.o.	Surety for a multi-purpose credit limit agreement	2019-02-13	3 years	121,2	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy	CCC.eu Sp. z o.o.	Surety for an overdraft agreement	2019-02-13	3 years from the due date of the claim	121,2	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy	CCC.eu Sp. z o.o.	Surety for derivative and forward contracts	2018-02-20	3 years from the due date of the claim	60,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy	CCC.eu Sp. z o.o.	Surety for credit cards agreement	2016-12-08	3 years from the due date of the claim	0,6	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy	CCC.eu Sp. z o.o.	Surety for a confirming-agreement	2018-08-02	3 years from the due date of the claim	120,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o. and CCC.eu Sp. z o.o.)	Millenium	CCC Factory Sp. z o.o.	Surety to reverse factoring agreement	2019-12-12	2024-04-28	80,0	PLN

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Received by CCC S.A.:

COMPANY	BANK	DEBTOR	SECURITY TYPE	PERIOD OF VALIDITY		VALUE OF INDEMNITIES OR WARRANTIES [MILLION]	CURRENCY
				BEGINNING	END		
CCC.eu (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.)	mBank	CCC SA	surety for a bank guarantee agreement	2018-10-31	—	34,0	PLN
CCC.eu (Surety granted jointly with CCC Factory Sp. z o.o.)	Societe Generale	CCC SA	surety for a bank guarantee agreement	2019-01-29	2020-10-31	26,0	PLN
CCC.eu (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.)		CCC SA	surety for bonds	2018-06-21	2021-06-30	750,0	PLN

Granted by CCC S.A. to foreign subsidiaries:

COMPANY	BANK	DEBTOR	SECURITY TYPE	PERIOD OF VALIDITY		VALUE OF INDEMNITIES OR WARRANTIES [MILLION]	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o. and CCC Factory Sp. z o.o.)	AO CITIBANK	CCC Russia	surety for a credit agreement	2019-12-20	2024-12-31	24,0	USD
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o. and CCC Factory Sp. z o.o.)	ZAO CITIBANK	CCC Russia	Surety for derivative and forward contracts	2017-12-19	2021-12-31	0,4	USD
CCC.eu Sp z o.o. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o., CCC S.A. and CCC Factory Sp. z o.o.)	Citibank Europe	CCC Czechy	surety for a bank guarantee agreement	2017-12-12	2021-01-31	90,0	CZK

Information on material off-balance sheet items is presented in Note 27 „Contingent assets and liabilities” to the consolidated financial statements.

5.3.3 SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED ENTITIES

Based on the Group's best knowledge, no significant transactions have been concluded between the Group and its related parties on other than market conditions. Information on transactions with related entities is presented in the consolidated financial statements in paragraph 6.2. „Transactions with related entities“.

5.3.4 DESCRIPTION OF SIGNIFICANT AGREEMENTS

LOAN AGREEMENTS AND LIMIT AGREEMENTS FOR BANK GUARANTEES

1. Annex of 13 February 2019 to the revolving credit and overdraft agreement of 3 March 2009 concluded with Bank Handlowy w Warszawie Spółka Akcyjna.
2. Annex of 24 April 2019 to the multi-purpose credit limit agreement of 24 April 2019 with Bank Polska Kasa Opieki Spółka Akcyjna.
3. Annex of 9 May 2019 to the multi-purpose credit limit agreement of 26 October 2017 with Bank Polska Kasa Opieki Spółka Akcyjna.
4. Agreement of 24 May 2019 on the acquisition of shares in the increased share capital of Gino Rossi S.A.
5. Annexes of 24 May 2019 with PKO BP S.A. to the credit agreement in the form of a multi-purpose credit limit.
6. Annex no. 12 of 28 June 2019 to the renewable credit agreement of 03.03.2009 between CCC.EU and Bank Handlowy w Warszawie S.A.
7. Annex no. 14 of 28 June 2019 to the overdraft agreement of 03.03.2009 between CCC.EU and Bank Handlowy w Warszawie S.A.
8. Annex no. 1 of 27 September 2019 to the agreement on bank guarantees of 25.08.2018. between CCC S.A. and Bankiem Polska Kasa Opieki S.A.
9. Overdraft agreement of 21 October 2019 between CCC S.A. and Karl Vogele AG and Bank BNP Paribas Bank Polska S.A.
10. Annex no. 16 of 22 October 2019 to the bank guarantee agreement of 14.11.2012 between CCC SA and mBank SA.
11. Annex no. 8 of 31 October 2019. to the agreement on multi-purpose credit limit of 15.10.2014 between CCC. EU and Bank Polska Kasa Opieki S.A.
12. Multi-purpose credit limit agreement of 21 November 2019 between CCC S.A., CCC.EU, Gino Rossi S.A., eObuwie. pl S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.
13. Annex no. 7 of 21 November 2019 multi-purpose credit limit agreement of 30.05.2016 between CCC.EU and Powszechna Kasa Oszczędności Bank Polski S.A.
14. Annex no. 10 of 02 December 2019 to the credit agreement in the form of a multi-purpose credit limit of 28.10.2010r. between CCC.EU and Powszechna Kasa Oszczędności Bank Polski S.A.
15. Annex no. 12 of 10. December 2019 to the debt limit agreement of 04.05.2011 between CCC.EU and BNP Paribas Bank Polska S.A.
16. Annex no. 148 of 19 December 2019 to the agreement on a multi-purpose and multicurrency credit line of 31.03.2009 between CCC S.A. and Santander Bank Polska Spółka Akcyjna.
17. Credit agreement of 20 December 2019 between CCC Russia Ltd and AO Citibank.

6.
CORPORATE GOVERNANCE



6.1

THE APPLIED SET OF CORPORATE GOVERNANCE PRINCIPLES

6.1.1

STATEMENT OF THE MANAGEMENT BOARD ON THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

Since 1 January 2016 CCC S.A. has been subject to new rules of corporate governance, which were introduced by the Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange (WSE) of 13 October 2015, „ Good Practices of Companies Listed on WSE 2016”. (hereinafter: Good Practices 2016).

The document is available on the WSE website: www.corp-gov.gpw.pl.

Starting from the reporting year 2017, the Company publishes a non-financial CSR report.

6.1.2

INFORMATION ON NON-COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES

CCC S.A. complies with the recommendations and principles contained in the Good Practices 2016.

The full statement of CCC concerning the application of DPSN 2016 can be found on the website of the Company in the section dedicated to corporate governance: <https://corporate.ccc.eu/lad-korporacyjny>.

6.1.3

INFORMATION POLICY OF THE CCC GROUP

CCC S.A. runs a corporate website which is a reliable and useful source of information about the Company for the capital market representatives. The Investor Relations service (<https://corporate.ccc.eu/relacje-inwestorskie>) operates especially for the Company's shareholders, investors and stock market analysts. Its content is prepared in a transparent, fair and complete manner so as to enable investors and analysts to make decisions based on the information presented by the Company. Corporate website service is run in Polish and English.

CCC Group provides equal access to information concerning the Company through the fulfilment of the information obligations arising from the operation of the Company on the regulated market; application of the principles of corporate governance and keeping communication with all capital market participants based on the best standards and market practices.

Actions taken in the field of information policy are addressed to specific participants of the capital market, including, among others, investors (individual and institutional), shareholders of CCC S.A., entities related to the regulated market (Polish Financial Supervision Authority, Warsaw Stock Exchange), and stock market analysts.

Having regard to the proper fulfilment of the information obligations, CCC S.A. publishes:

- information required by the provisions of law applicable to companies listed on the Warsaw Stock Exchange and in accordance with the Best Practices of WSE Listed Companies 2016
- financial results and interim reports within the deadlines set by applicable laws. The company strives to make this term as short as possible;
- information about significant events affecting the price of the shares of the Company immediately after their occurrence, if the law does not provide otherwise, of the required deadline
- information on significant transactions with related entities based on the applicable laws.

The tools used for communicating with capital market participants are as follows:

- Electronic System for Information Transfer (ESPI) – to execute the information obligations resulting from share trading on the regulated market;
- Electronic Information Database (EIB) – to distribute reports on application of corporate governance;
- Investor Relations service on the website of the company (<http://firma.ccc.eu/pl/3,relacje-inwestorskie.html>), where there are all the information about the Company, such as current reports, presentations, financial reports, information on authorities of the Company, current shareholder structure, contact information, etc.;
- Result conferences for analysts and media broadcasted live, each time after the publication of financial results (video footage from the conference is available on the Investor Relations website);
- Teleconferences for domestic and foreign investors and analysts;

- Meetings of representatives of the Management Board and Investor Relations with individual and institutional investors and analysts, including the organization of the Open Days and the Days of the Investor in the Company's headquarters;
- Participation of representatives of the Management Board and the Investor Relations team at investor conferences in Poland and abroad;
- The availability of the Investor Relations team for capital market participants by phone and e-mail. The Company endeavours to reply to the questions provided immediately upon receipt, but no later than within 3 working days. The deadline may be extended, in exceptional cases and circumstances beyond the control of the Company;
- Sharing materials from General Meetings of Shareholders on Investor Relations available, including video materials.

The Investor Relations website at <https://corporate.ccc.eu/relacje-inwestorskie> is subject to periodic reviews and verifications to ensure that its content meets the information needs of capital market representatives as fully as possible.

6.2 RISK MANAGEMENT

6.2.1 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The financial statements and consolidated financial statements are prepared in accordance with:

- International Financial Reporting Standards, approved by European Union.
- Accounting Act of 29 September 1994, (unified text – Journal of Laws of 2013, item 330, as amended)
- Articles of Association of the Company CCC S.A.
- Accounting standards existing in CCC S.A. and the standards existing in the subsidiaries,
- internal accounting records procedures.

The process of drawing up reports is covered by a system of internal control and risk management system, which contributes to maintaining the credibility and reliability of financial reporting and compliance with laws and internal regulations.

The internal control system includes:

- controlling activities carried out by employees of the companies of CG CCC S.A. on their assigned tasks and responsibilities,
- controlling function, implemented by the supervision over subordinate organizational units by all employees in managerial positions,
- controlling carried out by the internal audit, the aim of which is to make an independent and objective evaluation of risk management and internal control

Risk management in the process of preparing financial statements is based on the identification and assessment of risks along with defining and undertaking measures to minimize them or their total elimination. Chief Accountant and the Vice-President for the Financial Affairs of the Company supervise the preparation of the financial statements who financial and accounting services are subject to. The risk management process begins at the lowest levels of the Group so as to ensure the fulfilment of its assumed objectives. Risk management in the Group CCC is a process supervised by the Management Board and key management personnel. Moreover, independent audits of internal financial and accounting processes are carried out. The correctness of financial reporting is also verified by the members of the Audit Committee of the Supervisory Board. In order to confirm that the data contained in the financial statements is consisted with the facts and accounting records maintained by the Company, the report is subject to a certified audit by an independent certified auditor, who issues opinions on the subject. All actions taken by the company are aimed at ensuring compliance with the law and the current condition, and early identification and elimination of potential risks so that they cannot affect the reliability and accuracy of presented financial data.

6.2.2 SCOPE OF RISK MANAGEMENT SYSTEM IN THE GROUP

The main objectives of risk management:

- ensuring the safety of operations of the Company,
- ensuring effectiveness of undertaken decisions aimed at maximizing profits at an acceptable level of risk

Risk Management Policy in the Group CCC, defines main objectives, principles, risk factors and ways to reduce them to ensure the control of risks that could adversely affect the Group CCC. This policy is required and followed by all companies of the Group CCC. The risk management policy is still being developed and supplemented by detailed regulations covering individual areas of risk in the Group, including:

- The remuneration policy of the Management Board,
- Code of Ethics,
- Supplier Code of Conduct,
- Purchasing policy,
- Security Policy of IT systems
- Health and safety policy,
- Environmental policy

6.2.3 BODIES RESPONSIBLE FOR RISK MANAGEMENT IN THE GROUP

Below are the bodies responsible for risk management in the CCC Group and their duties:

MANAGEMENT BOARD OF CCC S.A:

- Acceptance of the Risk Management Policy in the CCC Group, based on which the Risk Management System is implemented.

AUDIT COMMITTEE:

- Monitoring the effectiveness of the risk management system having a significant impact on the functioning of the Company, including the effectiveness of corrective actions taken. The responsibilities are further described in section 7.4.3.

SUPERVISORY BOARD

- Periodic verification of the correctness and effectiveness of the Risk Management Policy, which aims to ensure that all major risks are identified and appropriate corrective actions are implemented.

INTERNAL AUDITOR

- Periodic report on the effectiveness of the systems and their functions as regards: implementation and maintenance of effective internal control systems, risk management, regulatory compliance and internal audit functions.

FINANCIAL DIVISION:

- Implementation of the Risk Management System in the CCC Group,
- Supervising the staff responsible for risk management in the CCC Group,
- Continuous accumulation of knowledge and techniques to improve the effectiveness of risk management systems,
- Monitor the Risk Management System and ensure its integration into the CCC Group processes.

MANAGEMENT:

- Raising awareness of the importance of the Risk Management System,
- Management of available resources, in order to implement and ensure the highest efficiency of the Risk Management System,
- Verification of plans and assumptions concerning development of the Risk Management System.

6.2.4 RISK LEVELS ACCEPTABLE BY THE GROUP

Group CCC is based on the fundamental criteria that are used to identify, assess and determine the validity of risk, which are based on the concept of risk tolerance. A very important factor in the operation of the management of the Group is to determine the strategy and acceptable level of risk, which must take into account the value of risk that the Group is willing to accept to be acceptable to ensure the realization of its objectives. This level is regularly updated, and changed whenever the Group CCC changes operation strategy.

6.2.5 SIGNIFICANT RISK FACTORS

CCC S.A. identified the following risks, which are presented below, along with their description and actions taken to minimize their effects.

RISKS OF STRATEGY IMPLEMENTATION

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Strengthening of own sales chain	If these objectives are not achieved, the Group may reduce its market share to its competitors, which will translate into lower revenues. At the same time, in case of network development inconsistent with the market demand, the Group may incur higher than expected and necessary costs.	In order to minimize the risks associated with the strengthening of own sales chain, the Group introduced the following solutions: <ul style="list-style-type: none"> • monitoring the activities of competitors, • monitoring the situation in the industry, • monitoring of the macroeconomic situation, • creating a detailed plan and a dedicated team responsible for the implementation of the objectives connected to the development of own sales chain.
Activities aimed at increasing brand recognition and value of the brand	Increase of brand recognition and its value can contribute to the increase in keeping regular customers, as well as to increased growth in new customers. The result will lead to an increase in market share and revenue. In case of fall in brand recognition and its value the outflow of customers may occur and a drop in market share and ultimately a drop in revenue.	Group in order to ensure further increase in brand recognition and value of the brand has undertaken the following actions: <ul style="list-style-type: none"> • the introduction of appropriate instruments and advertising – promotion media, • the introduction of interesting interior of stores • presence of stores in prestigious locations.
Location of commercial facilities	The location of commercial facilities is an important factor in the attractiveness of the brand to consumers. Inappropriate choice of location, may lead to low profitability calculated per m ² , and thus to lower profitability of the Group. Strengthening the market position by the dynamic development of the chain of commercial facilities may be associated with the risk of an unfortunate location of the store, and with a limited number of new, attractive locations.	The Group in order to ensure the appropriate choice of location of commercial facilities, conducts a detailed analysis of the location before deciding to sign a lease agreement, and bases their decisions on historical data.

CORPORATE GOVERNANCE

EXTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Exchange rate risk	Companies of the CCC S.A. Capital Group realize revenues in PLN, EUR, CZK, HUF, HRK, BGN, RSD, RUB, CHF. Most of the costs are incurred in foreign currencies. As a result, CZK, HUF, HRK, BGN, RSD, RUB, CHF, USD and EUR exchange rates (virtually all of the imports are denominated in USD and EUR, and a large percentage of rental costs in EUR) will affect the structure of revenues and expenses group. The main supply market for the CCC S.A. Capital Group is the Chinese market and, consequently, the CNY exchange rate in relation to the major world currencies may also have a significant impact on the Group's costs. Appreciation of CNY may worsen import conditions and, as a result, increase costs for consumers.	The Group has taken the following actions aimed at limiting the effects of the exchange rate risk: <ul style="list-style-type: none"> • continuous monitoring of changes in the exchange rates significant for the Group, • Introducing a natural hedging strategy
The risk of changes in interest rates	The Capital Group CCC S.A. is exposed to the risk of changes in interest rates, in connection with the loan agreements. These loans bear interest at a variable interest rate based on WIBOR or BLR. Increase in interest rates will affect the amount of interest paid on loans.	The Group has taken the following actions aimed at limiting the effects of interest rate risk: <ul style="list-style-type: none"> • diversification of sources of capital, • monitoring key interest rates
The risk of the overall economic situation	The Capital Group CCC S.A. conducts business activity primarily on the Polish, Czech, Hungarian and Slovak markets, so for the Group's consumer purchasing power and propensity to consume is important. The economic downturn could have a negative impact on results of operations and financial position of the Group. Group CCC also operates in several other foreign markets (i.e.: Germany, Austria, Croatia, Slovenia, Bulgaria, Serbia, Russia).	The Group has taken the following actions aimed at limiting the effects of risk of the overall economic situation: <ul style="list-style-type: none"> • diversification in terms of countries where the Group operates (decrease of economic situation correlation between countries) • monitoring the economic situation in the world and in the countries important for the Group, as well as suitable adjustment to the Group's strategy, • monitoring of important economic indicators in selected countries (unemployment rate, GDP per capita, CPI).
Sezonowość sprzedaży i warunki pogodowe	The sales and value of stocks depend on the seasonality of demand (the peak demand is in spring and autumn). Disturbance of weather conditions may result in delayed purchase decisions by customers or shortening the season of highest sales.	The factor that allows to reduce the sensitivity of the CCC S.A. Capital Group to seasonal and weather factors is own production capacity. The Group is able to quickly adjust production and deliver to the stores goods in line with expectations and current weather conditions.
Trends in fashion and unsuccessful collections	The CCC S.A. Capital Group is exposed to the risk associated with unsuccessful collections.	The factor allowing to limit this risk is the long-term market experience of the dominant entity, constant observation of trends in European and world fashion (participation in international shoe fashion fairs in, among others, Milan, Garda, Dusseldorf).

INTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Credit risk	The source of this risk is uncertainty as regards whether and when the receivables will be settled. Within the wholesale segment, sales with a deferred payment is also conducted, which exposes the CCC S.A. Capital Group to the risk of financing customers. In order to maintain its leading position in the footwear market, the CCC S.A. Capital Group applies a trade credit instrument, which additionally increases the attractiveness of the company for the wholesale contractors.	The Group has taken the following actions aimed at limiting the effects of credit risk: <ul style="list-style-type: none"> • continuous verification of financial situation of counterparties, • continuous study of the history of cooperation with counterparties

REPORTING CALENDAR

6 March 2020	Standalone and Consolidated Annual Report for 2019
5 May 2020	Consolidated quarterly report for Q1 2020
25 August 2020	Consolidated report for 1H 2020
27 October 2020	Consolidated quarterly report for Q3 2020

**7.
SHARES OF CCC S.A. ON
THE WARSAW STOCK EXCHANGE**

CCC



SHARES OF CCC S.A. ON THE WARSAW STOCK EXCHANGE

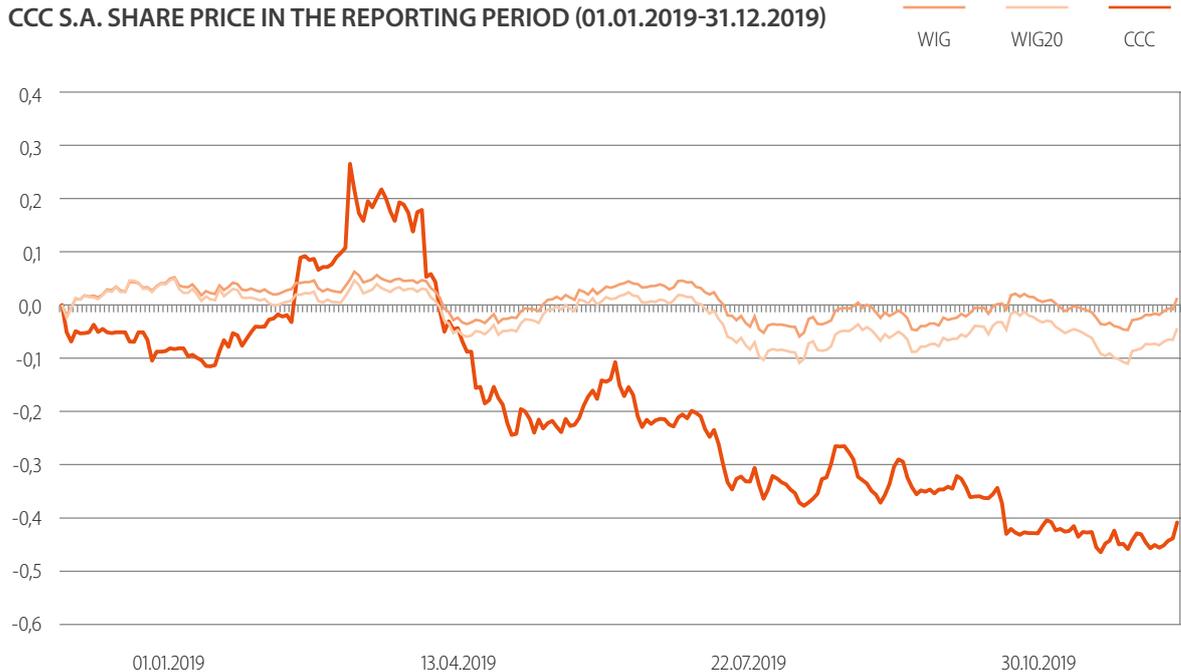
7.1 LISTING OF SHARES ON THE WARSAW STOCK EXCHANGE

Since 2 December 2004, the shares of CCC S.A. have been listed on the main market of the Warsaw Stock Exchange in the continuous trading system and are currently included in the most important indices: WIG, WIG20, WIG30, WIG-Poland, WIG-Div, WIG-Odzież.

As at 31 December 2019, one CCC share was valued at PLN 110.00, which resulted in the capitalization of the CCC Group of almost PLN 4.7 billion. The highest price in the year (according to the closing price) was 247.11 PLN, while the lowest was 104.90 PLN. The maximum transaction price in 2019 was PLN 257.87, while the minimum price was PLN 103.50 Shares of CCC S.A. on the Warsaw Stock Exchange.

18 June 2019 The Ordinary General Meeting of the Company adopted a resolution on compensating the loss for 2018 in the amount of PLN 40 365 817.81 from the capital reserve and on allocating part of the capital reserve in the amount of PLN 19 760 640.00 to be distributed to shareholders in the form of a dividend payment.

CCC S.A. SHARE PRICE IN THE REPORTING PERIOD (01.01.2019-31.12.2019)



VALUATION OF CCC S.A. SHARES ON THE WARSAW STOCK EXCHANGE

Selected information on the valuation of shares of CCC S.A. in 2018-2019 is presented below:

DATA	2019-12-31	2018-12-31	CHANGE %
Consolidated net profit attributable to shareholders [in PLN mln]	(27,4)	59,3	-146,2%
Standalone net profit attributable to shareholders [in PLN mln]	(50,9)	(40,3)	26,3%
Consolidated net profit per share [PLN]	0,5	5,4	-91,7%
Standalone net profit per share [PLN]	(1,2)	(0,9)	26,5%
The highest share price [PLN]	247,1	305,9	-19,2%
The lowest share price [PLN]	104,9	167,0	-37,2%
The share price at end of the period [PLN]	110,0	193,0	-43,0%
The average share price in the period [PLN]	157,9	232,5	-32,1%
P / E ratio average	350,8	42,8	719,3%
P / E ratio at the end of the period	244,4	35,5	587,7%
Number of shares on the stock exchange at the end of the period	41 168 000	41 168 000	0,0%
Free float at the end of the period	52,9%	54,7%	-3,4%
Capitalization at the end of the period [in PLN mln]	4 528,5	7 958,0	-43,1%
Dividend per share [PLN]	4,8	2,3	108,7%

INVESTOR RELATIONS

Investor Relations Office of the Group CCC is responsible for the implementation of Group Information Policy (See Section 6.1.3 „Information Policy of the Group CCC”) whose main objective is to provide equal access to information and effective communication and building the confidence of capital market participants, and in particular individual and institutional investors from Poland and abroad. The people responsible for creating investor relations make

use of best practices in communicating with individual investors based on their expectations and best practices for operating in foreign markets, which is reflected in receiving the certificate „10 out of 10 – Investors Friendly Company” granted by the Association of Individual Investors, under the honorary auspices of the educational campaign „Civic Shareholding. Invest consciously.”

SHARES OF CCC S.A. ON THE WARSAW STOCK EXCHANGE**BROKERAGE HOUSES THAT ISSUE
RECOMMENDATIONS FOR SHARES OF CCC S.A.**

NAME OF BROKERAGE HOUSE	CONTACT DETAILS	
Wood & Company	Łukasz Wachelko	<i>lukasz.wachelko@wood.com</i>
UBS	Michał Potyra	<i>michal.potyra@ubs.com</i>
JP Morgan	Michał Kuźawiński	<i>michal.kuzawinski@jpmresearchmail.com</i>
Goldman Sachs International	Yulia Gerasimova	<i>yulia.gerasimova@gs.com</i>
Ipopema Securities	Michał Bugajski	<i>michal.bugajski@ipopema.pl</i>
Haitong	Konrad Księżopolski	<i>kksiezopolski@haitongib.pl</i>
Citi	Rafał Wiatr	<i>rafal.wiatr@citi.com</i>
Brokerage House BOŚ SA	Sylvia Jaśkiewicz	<i>s.jaskiewicz@bossa.pl</i>
Raiffeisen Centrobank AG	Jakub Krawczyk	<i>jakub.krawczyk@rcb.at</i>
Brokerage House BZ WBK SA	Tomasz Sokołowski	<i>tomasz.sokolowski@bzwbk.pl</i>
Unicredit CAIB	Małgorzata Kloka	<i>malgorzata.kloka@caib.unicredit.eu</i>
Trigon	Dariusz Dziubiński	<i>dariusz.dziubinski@trigon.pl</i>
PKO BP	Włodzimierz Giller	<i>wlodzimierz.giller@pkobp.pl</i>
Brokerage House Bank BPS SA	Marcin Stebakow	<i>marcin.stebakow@dmbps.pl</i>
Erste	Marek Czachor	<i>marek.czachor@erste.com</i>
Brokerage House mBank S.A.	Piotr Bogusz	<i>piotr.bogusz@mdm.pl</i>
Brokerage House Millenium S.A.	Marcin Palenik	<i>marcin.palenik@millenniumdm.pl</i>
Brokerage House BDM SA	Adrian Górniak	<i>adrian.gorniak@bdm.pl</i>
BGŻ BNP Paribas SA	Michał Krajczewski	<i>michal.krajczewski@bgzbnpparibas.pl</i>

DIVIDEND POLICY

Taking into account the financial results achieved by the Company and the intention to share the profits generated by the Company with the Shareholders, the Management Board of CCC S.A. on 28 April 2015 adopted a dividend policy (the dividend policy was updated by a resolution of the Management Board on 17.03.2017).

DIVIDEND POLICY OF CCC S.A.

1. The Management Board of CCC intends to submit to the General Meeting of Shareholders a proposal for payment of dividend in the amount of 33% to 66% of the consolidated net profit of the Capital Group CCC (attributable to shareholders of the dominant entity), assuming that the ratio of net debt to EBITDA at the end of the year, to which the distribution of profit relates, will be below 3.0.

2. When recommending the distribution of profit generated in the CCC Capital Group, the Management Board of the Company will take into account the financial and liquidity situation of the Group, existing and future liabilities (including potential restrictions related to credit agreements and the issue of debt instruments) and the evaluation of prospects of the CCC Capital Group in certain market and macroeconomic conditions
3. The new dividend policy is applicable from the Group's consolidated net profit for the financial year ended 31 December 2016.

There are no dividend preference shares within the Company CCC S.A.

DIVIDEND HISTORY

FISCAL YEAR	% OF CONSOLIDATED NET PROFIT ALLOCATED TO DIVIDEND	DIVIDEND TOTAL (MLN PLN)	DIVIDEND PER SHARE
2018	35%	19,76	0,5
2017	33%	94,68	2,3
2016	33%	101,43	2,6
2015	33%	86,02	2,2
2014	27%	115,2	3
2013	49%	61,44	1,6
2012	58%	61,44	1,6
2011	50%	61,44	1,6
2010	49%	57,6	1,5
2009	46%	38,4	1
2008	37%	38,4	1
2007	0%	—	—
2006	72%	38,4	1
2005	88%	38,4	1

[1] as a result of elimination of one-off events from net profit, the dividend amounted to 50.0% of net profit

7.2 SHARE CAPITAL AND SHAREHOLDERS

7.2.1 SHARE CAPITAL OF CAPITAL GROUP CCC AND SHAREHOLDING STRUCTURE

As at 31 December 2019, the share capital of CCC S.A. amounted to PLN 4,116,800.00 and was divided into 41,168,000 shares with a nominal value of PLN 0.10 each.

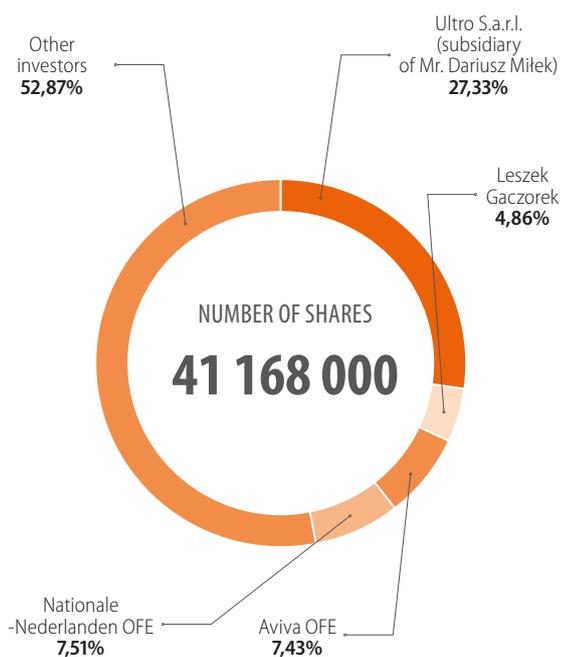
SERIES/ISSUE	TYPE OF SHARES	TYPE OF PREFERENCE	NUMBER OF SHARES	VALUE OF SERIES / ISSUE IN NOMINAL VALUE (PLN)	MANNER OF CAPITAL COVERAGE
„A1”	registered preference shares	2 votes from one share	6.650.000	665.000	cash contributions
„A2”	ordinary bearer shares	na.	13.600.000	1.360.000	cash contributions
B	ordinary bearer shares	na.	9.750.000	975.000	cash contributions
C	ordinary bearer shares	na.	2.000.000	200.000	cash contributions
D	ordinary bearer shares	na.	6.400.000	640.000	cash contributions
E	ordinary bearer shares	na.	768.000	76.800	cash contributions
H	ordinary bearer shares	na.	2.000.000	200.000	cash contributions
Total			41.168.000	4.116.800	

7.2.2 SHAREHOLDERS OF CCC S.A. HOLDING SUBSTANTIAL BLOCKS OF SHARES

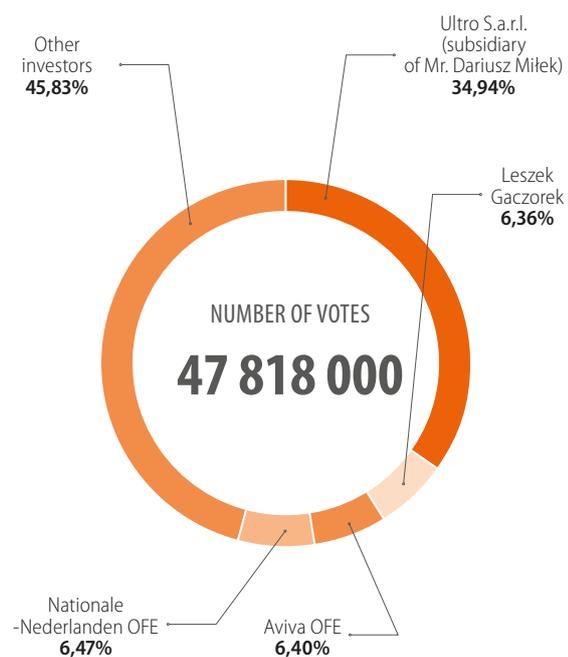
According to information available by the Company, the shareholders holding at least 5% of the total number of votes at the General Meeting of CCC S.A. on 31 December 2019 were:

- ULTRO S.a r.l., a subsidiary of Mr. Dariusz Miłek and Mr. Dariusz Miłek, who held 11,250,000 shares of the Company, representing 27.33% of share capital of the Company and giving right to 34.94% of votes at the General Meeting of the Company,
- Leszek Gaczorek, who held 2,000,000 shares of the Company, representing 4.86% of the share capital of the Company and giving right to 6.36% of votes at the General Meeting of the Company,
- Aviva OFE, which held 3,059,136 shares in the Company, representing 7.43% of share capital of the Company and giving right to 6.40% of votes at the General Meeting of the Company,
- Nationale-Nederlanden OFE, which held 3,092,586 shares in the Company, representing 7.51% of share capital and giving right to 6.47% of votes at the General Meeting.

SHAREHOLDING STRUCTURE BY NUMBER OF SHARES



SHAREHOLDING STRUCTURE BY NUMBER OF VOTES



SHARES OF CCC S.A. ON THE WARSAW STOCK EXCHANGE

LIST OF SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF SHARES OF CCC S.A.				
SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
Ultron S.a.r.l. (subsidiary of Mr. Dariusz Miłek)	11 250 000,00	27,33%	16 710 000,00	34,94%
Leszek Gaczorek	2 000 000,00	4,86%	3 040 000,00	6,36%
Aviva OFE Aviva Santander	3 059 136,00	7,43%	3 059 136,00	6,40%
Nationale-Nederlanden OFE	3 092 589,00	7,51%	3 092 589,00	6,47%
Other investors	21 766 275,00	52,87%	21 916 275,00	45,83%
Total	41 168 000,00	100%	47 818 000,00	100%

7.2.3 SHARES OF THE PARENT COMPANY AND RELATED ENTITIES HELD BY MANAGING AND SUPERVISING PERSONS

SHAREHOLDER	NUMBER OF SHARES AT THE SUBMISSION DATE OF THE REPORT [PCS]	THE NOMINAL VALUE OF THE SHARES AT THE SUBMISSION DATE OF THE REPORT [PLN]
Ultron S.a.r.l. (subsidiary of Mr. Dariusz Miłek) ^[1]	11 250 000	1 125 000
President Marcin Czyczerski	5 100	510
Vice-President Mariusz Gnych	207 112	20 711
Vice-President Karol Półtorak	5 500	550

[1] indirectly as a parent company in ULTRO Sp. z o.o.

The other members of the Management Board and the Supervisory Board did not hold shares of CCC S.A. The members of the Management Board and the Supervisory Board did not hold any shares in the entities related to CCC S.A.

7.2.4 SHAREHOLDERS OF THE COMPANY HAVING SPECIAL CONTROL RIGHTS

According to the Articles of Association of the Company, the shares of CCC S.A. are divided into two types:

- ordinary bearer shares, with one vote per share at the General Meeting of the Company,
- registered preference shares as to voting in such manner that each share entitles to two votes at the General Meeting of the Company.

A LIST OF SHAREHOLDERS HOLDING PREFERENCE SHARES (AS OF THE DATE OF SUBMITTING THE ANNUAL REPORT)

SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
Ultro S.a.r.l. (subsidiary of Mr. Dariusz Miłek)	5 460 000	13,26%	10 920 000	22,84%
Leszek Gaczorek	1 040 000	2,53%	2 080 000	4,35%
Lech Chudy	50 000	0,12%	100 000	0,21%
Renata Miłek	50 000	0,12%	100 000	0,21%
Mariusz Gnych	50 000	0,12%	100 000	0,21%
TOTAL	6 650 000	16,15%	13 300 000	27,82%

Shareholders holding, directly or indirectly, significant blocks of shares were indicated in chapter 4.2.2, including the number of shares and votes at the General Meeting.

7.2.5 INDICATION OF ANY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS IN THE ISSUER'S COMPANY

There are no restrictions on the exercise of voting rights.

7.2.6 INDICATION OF ANY RESTRICTIONS CONCERNING THE TRANSFER OF OWNERSHIP OF THE ISSUER'S SECURITIES

The shareholders of the parent company have the pre-emptive right to purchase registered preference shares held for sale. If this right is not exercised for the whole or part of shares, the transfer of ownership of these shares requires the approval of the Partnership Board.

7.2.7 DESCRIPTION OF THE PRINCIPLES OF AMENDING THE ISSUER'S ARTICLES OF ASSOCIATION

The regulations of the Commercial Companies Code shall apply accordingly to changes in the Issuer's Articles of Association

An amendment to the Company's Articles of Association requires a resolution of the General Meeting of Shareholders adopted by a majority of $\frac{3}{4}$ votes and a registration in the National Court Register. The Company's Supervisory Board may, in accordance with the authorization granted by the General Meeting, determine the consolidated text of the amended statute or introduce other editorial changes specified in the resolution of the General Meeting.

A resolution to amend the statute shall be effective from the moment of its registration in the National Court Register.

7.2.8 SYSTEM OF CONTROL OF EMPLOYEES SHARES PROGRAM

INCENTIVE PROGRAM FOR YEARS 2013-2015

As part of the Incentive Program 2013-2015, one of the persons entitled holding Series A registered personal subscription warrants entitling to subscribe for Series E ordinary bearer shares („Shares”), on 29 June 2018 filed a statement to the Company regarding acquisition of 4,000 (in words: four thousand) Shares at PLN 61.35 (sixty one zlotys, PLN 35/100) for one Share, i.e. a total of PLN 245,400.00 (in words: two hundred forty five thousand four hundred zlotys).

As at 3 December 2018, all eligible persons included in the Program exercised the right to convert subscription warrants into Shares within the framework of the 2013-2015 Carrying Program in a total of 768,000 (in words: seven hundred and sixty-eight thousand).

INCENTIVE PROGRAM FOR YEARS 2017-2019

On 8 June 2017, the Ordinary General Meeting of Shareholders adopted a resolution regarding conditional increase of the Company's share capital and issuance of subscription warrants as a result of which the incentive program (Program) will be launched including current and future members of the Management Board, current and future members of the Management Boards of subsidiaries and management of subsidiaries .

The main objectives of the program are to provide additional, long-term motivation of the CCC Capital Group managers to implement the Group's strategy in 2017-2019 and take actions and efforts aimed at further development of the Group and its perspectives for 2020 and subsequent – as a consequence of increasing the value of the Company's shares and shareholder value. The Program assumes the issue of no more than 1,174,920 Warrants and no more than 1,174,920 Series F shares. The persons entitled to participate are members of the Management Board, members of the Management Board of Subsidiaries, members of the management of the Company, members of the management of subsidiaries, however warrants cannot be offered to persons directly or indirectly holding at least 10% of the Company's shares. The condition for granting the rights to subscribe for the Warrants is that the persons concerned obtain positive results of its work in 2017-2019. The total number of persons entitled under the incentive program will not exceed 149 people. The program assumes minimum EBITDA thresholds (which condition the launch of the Program tranches) at PLN 550, 650 and 800 million, respectively for 2017, 2018 and 2019, i.e. in total not less than PLN 2 billion in this period. The vesting date was 26 August 2017.

7.2.9 AGREEMENTS CONCERNING POTENTIAL CHANGES IN THE SHAREHOLDERS STRUCTURE

Management Board of the Group CCC is not aware of any agreements (including those concluded after the balance sheet date), which may result in future changes in the proportions of shares held by existing shareholders and bondholders.

7.3 GENERAL MEETING OF CCC S.A.

7.3.1 OPERATIONS OF THE GENERAL MEETING OF CCC S.A. AND ITS MAIN POWERS AND THE RIGHTS OF SHAREHOLDERS WITH THEIR EXECUTION METHOD

The General Meeting of Shareholders is the ultimate body of the company, intended to satisfy the shareholders' rights. General Meetings of the CCC S.A. are conducted on the basis of the provisions of the Code of Commercial Companies, the Articles of Association of the Company and the Rules of Procedure of the General Meeting of the CCC S.A. taking into account the Good Practices in public companies.

The powers of the General Meeting include all matters related to the activities of the Company and reserved to its competence by the provisions of the Code of Commercial Companies and the Statute. Through the General Meetings, the shareholders realize their corporate rights.

Appointing and dismissing the General Meeting of shareholders

This point describes the principles for appointing and dismissing the General Meeting of Shareholders of the Company:

- The General Meeting of Shareholders may be convened as ordinary or extraordinary.
- The General Meeting of Shareholders is held at the headquarters of the Company, in Warsaw or in Wrocław, in the time and venue indicated in the notice on convening the General Meeting.
- The Ordinary General Meeting is held annually within six months after the end of a fiscal year.
- Information on convening the General Meeting together with the venue and date (day and time) the Management Board provides in the form of a current report and publishes on the Company's website.

POWERS OF THE GENERAL MEETING OF SHAREHOLDERS

Competence of the General Meeting are beyond all matters related to the activities of the Company and the matters specified in the laws, with the exception of the acquisition and disposal of real property, perpetual usufruct or shares in real estate:

- Selection and dismissal of members of the Supervisory Board
- Approval of the Regulations of the Supervisory Board
- Setting the rules for remuneration of the Supervisory Board
- Determining the amount of remuneration for the members of the Supervisory Board.

POWERS OF THE GENERAL MEETING ARE SET FORTH IN THE DOCUMENTS:

- Articles of Association of the Company, which is available on the Company's website
- Regulations of the General Meeting CCC S.A., which is available on the Company's website <https://corporate.ccc.eu/lad-korporacyjny>)
- Code of Commercial Companies
- Taking into account the „Code of Best Practice for WSE Listed Companies”.



PARTICIPATION IN THE GENERAL MEETING OF SHAREHOLDERS

The members of the Management Board and the Supervisory Board may attend The General Meeting. The certified auditor should be present if the agenda includes the Company's financial matters.

The Management Board may also invite other experts to participate in the session and consultants in order to provide participants of the General Meeting with opinions on the matters on the agenda. CCC S.A., in compliance with the law and regarding the Company's interests, enables media representatives to attend the General Meetings. The members of the Management Board and the Supervisory Board and the certified auditor of the Company, within of their competence and to the extent necessary to resolve the matters discussed by the General Meeting, shall provide the participants of the meeting with explanations and information concerning the Company. Answering questions from the participants of the General Meeting is made taking into account the legal rules governing the functioning of the capital market, and such giving of information cannot be made by means other than resulting from these regulations.

A shareholder may participate in the Ordinary General Meeting of CCC SA and exercise their right to vote in person or by proxy. The power of attorney to vote shall be granted in writing or in electronic form. Granting power of attorney in electronic form does not require a secure electronic signature verified by a valid qualified certificate.

The shareholder is obliged to send information to the Company on granting the power of attorney in an electronic form together with powers of attorney to the address wza@ccc.eu. In case of granting the power of attorney to further proxy, it is necessary to submit an uninterrupted sequence of powers of attorney together with documentation showing the power of attorney to act on behalf of previous proxies.

Commencing from the year 2016 it is possible to participate in the General Meeting of Shareholders using electronic means of communication, provided that in the announcement

on a given General Meeting the information about the existence of such possibility is given. Such participation includes in particular:

1. transmission of the General Meeting in real time,
2. bilateral real-time communication whereby shareholders will be able to speak during the General Meeting of Shareholders being in a place other than the venue of the meeting,
3. exercising personally by the shareholder or by the proxy the voting right during the General Meeting.

VOTING DURING THE GENERAL MEETING OF THE COMPANY

Presented below are the voting rules at the General Meeting of the Company, which are in line with the provisions of the Regulations of the General Meeting, Articles of Association and the Commercial Companies Code:

- Voting at the General Meeting is open. A secret ballot is made for elections and motions for dismissal of members of the bodies of Company to hold them accountable, as well as in personal matters. In addition, secret ballot is made at the request of at least one shareholder or its representative.
- The General Meeting can choose the Scrutiny Commission, whose duties include ensuring the proper conduct of each voting, supervising the computer service (in case of voting using electronic technology) and determining voting results and transmitting them to the Chairman of the General Meeting.
- Each share gives right to one vote at the General Meeting. In case of preferred shares Series A1 (registered privileged share) one share gives the right to two votes.
- Chairman of the General Meeting shall announce the voting results, which are then brought to the minutes of the meeting

7.4.2 GENERAL MEETING IN 2019

In 2019, one Ordinary General Meeting of CCC S.A. was held on 18 June 2019 and two Extraordinary General Meetings on 11 April and 26 September 2019.

The Extraordinary General Meeting on 11 April 2019 adopted a resolution on increasing the membership of the Supervisory Board for the term 2017-2019 and appointing Mr. Dariusz Miłek to the Board and entrusting him with the function of the Chairman of the Supervisory Board. The General Meeting adopted a resolution on dismissing a member of the Supervisory Board Mr. Jerzy Suchnicki and appointing Mr. Filip Gorczyca.

During the Ordinary General Meeting, the shareholders approved the annual reports on the operations of the Company and the CCC Group and the financial statements for 2018.

The Ordinary General Meeting of the Company adopted a resolution to cover the loss for 2018 in the amount of PLN 40,365,817.81 from the capital reserve and to allocate part of the capital reserve in the amount of PLN 19,760,640.00 to be distributed to the shareholders in the form of a dividend payment.

On 26 September 2019, the Extraordinary General Meeting of Shareholders adopted a resolution to change the Company's financial and tax year so that the Company's financial and tax year will constitute a period lasting 12 consecutive full calendar months and will begin on 1 February of a given calendar year and end on 31 January of the following calendar year.

7.4 MANAGEMENT AND SUPERVISORY AUTHORITIES AND THEIR COMMITTEES IN CCC S.A.

7.4.1 MANAGEMENT BOARD

COMPOSITION OF MANAGEMENT BOARD

In 2019 and as of the date of submitting the report, the Management Board of the Company was composed as follows:

NAME AND SURNAME OF THE MANAGEMENT BOARD MEMBER	POSITION
Marcin Czyczerski	President
Mariusz Gnych	Vice-President
Karol Półtorak	Vice-President



- Supervision over the works of the Management Board
- Sales
- Investments
- Finance and Accounting (SSC)
- Controlling
- Investor Relations
- IT
- HR
- Management Office

MARCIN CZYCZERSKI PRESIDENT OF THE MANAGEMENT BOARD

Appointed to the position of President of the Management Board on 8 March 2019.

Marcin Czyczerski graduated from his PhD studies at the Wrocław University of Economics, previously graduated from the Faculty of Informatics and Management of the Wrocław University of Technology (major: financial management), as well as studies at the University of Wrocław at the Faculty of Social Sciences (major: political marketing).

He has many years of management experience. Since 2004 associated with the Volkswagen Group. In the years 2010-016 he worked for the Volkswagen Group as a Managing Director of Sitech Sp. z o.o., headquartered in Polkowice, acting simultaneously as a proxy. In the Company he was responsible for management in the areas of finance, accounting, controlling, HR, IT and administration. Previously in the Company he worked as a Logistics Director and a Financial Manager.

Since 1 January 2017, he has been a member of the Management Board of CCC S.A. as Vice-President of the Management Board responsible for Finance and supervising all issues of finance, HR and IT, and since 8 March 2019 he has been the President of the Management Board. **Pan Marcin Czyczerski zasiada również w licznych zarządach i radach nadzorczych spółek zależnych CCC S.A.**

In the years 2006-2017 he was a lecturer at the Wrocław University of Economics and the Jan Wyżykowski University in Polkowice.



MARIUSZ GNYCH

VICE-PRESIDENT OF THE MANAGEMENT BOARD

Appointed to the position of Vice-President on 15 June 2004.

He graduated from the Wrocław University of Economics with a PhD degree; previously he graduated from study at the Faculty of Computer Science and Management at Wrocław University of Technology (faculty: organization and management), as well as the University of Banking in Poznań (Tax Consultancy) and studies at the Faculty of Law and Administration of the University of Wrocław (Investment Law). He has been related to Capital Group CCC since 2000, in 2004 he was appointed the President of the Management Board of CCC Factory Sp. z o.o. and management board member of the CCC S.A, and since 2007 – Vice-President of the Management Board. Previously, he worked as the deputy mayor of Polkowice Commune, he had a seat in the board of Polkowice Housing Association Sp.z o.o. and Municipal Company Sp.z o.o.. Mariusz Gnych is entitled to sit on the supervisory boards of one-person companies of the State Treasury.

- Domestic and International Logistics
- Manufacturing process



KAROL PÓŁTORAK

VICE-PRESIDENT OF THE MANAGEMENT BOARD

Appointed to the position of Vice-President of the Management Board on 1 December 2016.

From 2014 until March 2016 he was a Vice-President of the Warsaw Stock Exchange. Previously, in the years 2011-2014 he worked for the Citibank Group as the Vice President of the Management Board of Dom Maklerski Banku Handlowego (Stockbrokerage House). Between 2000 and 2011 he worked for UniCredit CAIB (Warsaw and London) where he performed ECM and M&A transactions in various sectors of the economy, including the retail sector. Mr. Karol Półtorak's previous professional experience includes his position as an auditor at PwC (1999-2000), for Deutsche Bank Securities (formerly ProCapita) (1999), and Grant Thornton in London (1998).

A graduate of Warsaw School of Economics (SGH) and the University of Derby.

Currently a member of the Supervisory Board of eObuwie.pl SA, Karl Voegelé AG, member of the Advisory Board of the Hamm Reno Group. Previously, he was a member of the supervisory board of the National Depository for Securities, the Stock Exchange Centre and other entities.

- Strategy and Development
- E-commerce
- CRM
- Supervision over Subsidiaries
- Legal Department
- Innovations

Functions under the individual supervision of the Chairman of the Supervisory Board:

- Purchasing and Product Management
- Marketing strategy
- Expansion

PRINCIPLES GOVERNING THE APPOINTMENT AND DISMISSING MANAGING PERSONS AND THEIR RIGHTS, ESPECIALLY THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

Members of the Board of the Issuer shall be appointed and dismissed by the Supervisory Board. The powers and principles of operation the Management Board of CCC S.A. are set out in the documents:

- Commercial Companies Code.
- Articles of Association of the Company, which is available on the Company's website (<http://firma.ccc.eu>)
- Regulations the Management Board, which is available on the Company's website (<http://firma.ccc.eu>)
- Scheme of division of responsibilities for different areas of the Company's operations between the members of the Management Board (<http://firma.ccc.eu>)

The issue of new shares may take place after the adoption of the resolution by the General Meeting of the Company and it results in increasing the share capital of the Company. The regulations of the Commercial Companies Code and the provisions of the Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies are in force for the issuance of new shares and repurchase of shares.

POWERS OF THE MANAGEMENT BOARD

The Management Board of the Company is authorised in particular to:

- establish internal regulations of the Company and other normative acts of the Company;
- submit proposals to the Supervisory Board in matters of profit distribution and loss coverage;
- conclude employment contracts with Company employees who are not members of the Management Board;
- grant power of attorney;
- adopt resolutions on the establishment and closure of the Company's branches;
- submitting proposals on all other matters to the Supervisory Board and the General Meeting;
- convening General Meetings.

The Management Board is obliged to perform all obligations imposed upon it by law and the Company's Articles of Association.

The President of the Management Board shall manage the work of the Management Board, in particular shall coordinate, supervise and organise the work of the Management Board members.

Each member of the Management Board has the right to bring any matter concerning the competence of the Management Board to a meeting of the Management Board and demand that a meeting of the Management Board be convened for that purpose. § 7 Prohibition of competition and own interests. A Management Board member must not, without the consent of the General Meeting of Shareholders, engage in competitive business or participate in a competitive company as a partner in a civil law partnership, partnership or as a member of a body of a capital company, or participate in another competitive legal person as a member of a body if the Management Board member holds at least 10% of the Company's shares.

If the Company's interests conflict with the interests of a Management Board member, his spouse, relatives by affinity up to the second degree and persons with whom he is personally related, the Management Board member should refrain from participating in the resolution of such matters and may request that this be noted in the minutes of the Management Board meeting.



ORGANISATION OF THE MANAGEMENT BOARD'S WORK

The Management Board is headed by the President of the Management Board, who coordinates and manages the work of the Management Board.

In the absence of the President of the Management Board, his competences in the organization of the work of the Management Board are exercised by the Vice-President to whom the Finance Division is directly subordinate, followed by the Vice-President to whom the Logistics and Production Division is directly subordinate.

Members of the Management Board perform their functions in person.

The competences of individual members of the Management Board with respect to ordinary management issues have been divided into areas of activity in which individual members of the Management Board play a leading role. As part of their functions, each of them has been assigned an appropriate scope of responsibility for conducting the Company's affairs, as described above.

7.4.2 SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD

NAME AND SURNAME OF SUPERVISORY BOARD MEMBER	ROLE
Dariusz Miłek	Chairman of the Supervisory Board (elected on 11.04.2019 – I term office)
Wiesław Oleś	Deputy Chairman of the Supervisory Board (elected on 26.06.2015 – II term office)
Waldemar Jurkiewicz	Member of the Supervisory Board (elected on 02.06.2016 – II term office)
Filip Gorczyca	Member of the Supervisory Board (elected on 11.04.2019 – I term office)
Zofia Dzik	Member of the Supervisory Board (elected on 18.06.2019 – I term office)

MEETINGS OF THE MANAGEMENT BOARD

Meetings of the Management Board shall be held on dates depending on the Company's needs.

Other invited persons may participate in the meetings of the Management Board with the consent of all members of the Management Board.

The meetings of the Management Board shall be convened and chaired by the President of the Management Board or, in his absence, by the Vice-President of the Management Board, with the reservation of specific provisions of these Regulations.

Furthermore, the President of the Management Board is obliged to convene a meeting of the Management Board at the written request of another member of the Management Board. The meeting should then take place at the latest within 7 days from the date of filing the application, unless the applicant indicates another date.

Composition of the Supervisory Board of CCC S.A. in 2019 and as of the date of publication of the report:



DARIUSZ MIŁEK
CHAIRMAN OF THE SUPERVISORY BOARD

Mr. Dariusz Miłek in the years 1993-2003 conducted business activity under the name of Firma Handlowa „MIŁEK” in Lubin, and since 1995 in Chróstnik. In 1999-2004 he worked in CCC Sp. z o.o. with its registered office in Polkowice as a proxy, and from 1.07.2002 as the President of the Management Board.

Since 2004 he was the President of the Management Board of CCC S.A. Winner of many prestigious competitions in the field of management. In 2007, Mr. Dariusz Miłek was awarded the Entrepreneur of the Year 2007 and the opportunity to represent Poland in the competition for the World Entrepreneur of the Year in Monte Carlo, in 2014 he was awarded the Kisiel prize in the entrepreneur category, winner of the „Bulls and Bears” prize – Parkiet Press as the best President of 2014, also awarded as the Ambassador of Sport of Free Poland.

- Purchasing and Product Management
- Strategy and Development
- Marketing strategy
- Expansion



WIESŁAW OLEŚ **DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD**

Mr. Wiesław Oleś is the founder of „Oleś & Rodzynekiewicz” Advocates and Legal Counsel, limited partnership, and Forum TSI SA, completed law studies at the Faculty of Law and Administration of the Jagiellonian University in Cracow. Following the completion of judge’s training period, he passed the judge examination in 1991, and obtained legal counselor’s rights in 1993. Following the completion of studies, Wiesław Oleś was i.a., member of the Board of the Regional Accounting Chamber in Cracow, consultant for the programs of the United States Agency for International Development (USAID) and has cooperated with i.a.: Harvard Institute for International Development; member of Lesław Paga Foundation Council. He practices law in „Oleś & Rodzynekiewicz” Advocates and Legal Counsel by specialising in the issues of the capital market and investment funds. Wiesław Oleś was also, among others, the Chairman of the Supervisory Board and the President of the Management Board of TFI SA, and member of the Supervisory Board of Black Red White SA, Raport SA and Member of the Supervisory Board of CPD SA.



WALDEMAR JURKIEWICZ MEMBER OF THE SUPERVISORY BOARD

Experienced manager, managing teams from 50 to 500 employees, working in Management Boards and as the General Director of IT companies. Completed studies at the Wrocław University of Science and Technology at the Faculty of Computer Science and Management and prestigious programs of executive education types at the ICAN Institute and „Harvard Business Review Polska.” he completed multiple postgraduate studies at the Wrocław University of Science and Technology and courses and trainings on i.a.: project management, human resources management and new technologies and information technology products. He gained his rich experience in management in information technology trade and start-up development while working in many IT companies. He started his professional career in the years 1986-1991 as a computer system designer in the „Lumel” Research and Development Center of Electric Metrology. In 1991 he was the co-founder of Max Elektronik SA, being its President of the Management Board up to 2011. He created from an organisation of 150 persons from the basics, which he was managing in the areas of marketing and sales, technology, execution and back office. In the years 2003-2007 Max Elektronik joined EMAX Capital Group where, besides being the President of Max Elektronik, he was the General Director of the Software Production Center, managing a team of over 500 persons in all companies of the Group throughout the area of the entire country. He was also the Management Board Advisor of eobuwie.pl SA during the years 2006-2015 (earlier: traf private partnership, Traf General Partnership), supporting the Management Board i.a. in the process of obtaining investors and IPC project. In the years 2015-2016 he was he was the Chairman of the Supervisory Board of eobuwie.pl SA. He was actively participating in the process of negotiating the conditions for the fusion with the strategic investor: CCC SA. Since 2016 he is a member of the Supervisory Board of eobuwie.pl SA and a member of the Supervisory Board of the publically quoted CCC SA company.



FILIP GORCZYCA MEMBER OF THE SUPERVISORY BOARD

Vice-President of the Management Board of Alior Bank responsible for Finance Department from June 2017 to January 2019. Before that, during the years 2016-2017 he was the Senior Investment Director in medicover Group, where he was responsible i.a. for the process of initial public offering, completed with a successful debut at the Stockholm Stock Exchange. During the years 2004-2016 he was working for PwC, the international advisory company, where, starting from 2011, he was responsible for services within the scope of capital markets and financial reporting in the Central-Eastern Europe. Graduate of manager program at Harvard Business School in Boston and Finances and Banking field of study at the Main Commerce School. Chartered auditor and ACCA certificate (FCCA).

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Graduate of Economic Academy (AE) in Cracow, University of Illinois in Chicago, University of Social Sciences and Humanities In Warsaw and Executive Programs at Stanford and INSEAD Business School, possesses the MBA title of Manchester Business School; mentor, certified member of the Association for Project Management (APMP), explorer of the subject of leadership and certified member of the John Maxwell Team, the leading international organisation bringing together prominent coaches, trainers and speakers in term of leadership.

Advisor in Arthur Andersen and Andersen Business Consulting companies during the years 1995-2003, also responsible for projects for the financial services industry within the scope of: strategy, scalability of business, connections, omnichannel, reorganisation and finances.

Since 2003 connected with Intouch Service Group (RSA Group) acting in fintech area, where during the years 2004-2007 she was the President of the Management Board of Link4 Insurance Company SA – the first direct insurer in CEE countries (start-ups, brand creation, CRM, process automation, individual risk assessment, new technologies agile, innovative distribution channels, leadership, man in work, talent management, succession); in the years 2007-2009 she was the member of Intouch Insurance B.V. management board in the Netherlands and CEO for Central and Eastern Europe of Intouch Insurance Group. When acting on this position she was responsible for the development of new markets: she was chairwoman of the Supervisory Boards of companies: TU Link4 SA (member of the board up to July 2015) and Direct Insurance Shared Services in Poland, Intouch Strachowanie in Russia (start-up) and Direct Pjistovna in the Czech Republic (start-up) and vice-chairwoman of the supervisory board of The Insurance Company for Life Link4 Life SA.

During the years 2006-2008 she was a member of the management board of the Polish Chamber of Insurances. During the years 2007-2010 she was a member of the supervisory board of the Guarantee Security Fund. During the years 2010-2016 she held the position of an independent member of the supervisory boards of the following companies: KOPEX SA – mining equipment producer, Polish Energy Partners SA (PEP SA), renewable energy company, 2014-2016 FSCD (Digital University), 2015-2016 member of the supervisory board and the audit committee of AmRest SE – leading operator in the QSR sector in Europe, over 1000 restaurants – own brand of brandy and franchising for Starbucks, Pizza Hut, KFC; 2012-2016 PKOBP SA – leading universal bank in CEE, where she was also the vice-chairwoman of the audit commission and the nomination committee and was part of the risk committee; 2015-2017 InPost – courier and parcel station operator, where she was also the chairwoman of the audit commission, 2011-2018 ERBUD SA, the leading construction company in Poland. Benefit Systems SA – innovative integrator of benefit services for employees and sports infrastructure operator.

Since 2010 she is an investor and social innovator, President of the Management Board of Humanites, think&Do social think-tank, combining the subject of Man and Technology, the goal of which is a systematic support of social transformation, construction of social capital and quality development of the society in four areas: Family, Education, Work Environment and World of Culture and Media, mentor, autor of „Cohesive Leadership™” model, program for the development of leaders constructing engaging organisations, giving the employees the space for an integrated life and for invigorating internal motivation; founder and director of the Leadership Academy for Education Leaders; Currently also an independent member of supervisory boards of the following companies: BRW SA – the leading producer and distributor of furniture in Poland and Europe (vice-chairwoman), PKP CARGO SA, the leading European logistic operator and cargo hauler in terms of railroad transport (member of the audit commission, chairwoman of the nomination committee), Sanok Rubber SA – international producer of products made of rubber.

THE RULES GOVERNING THE APPOINTMENT AND DISMISSAL OF SUPERVISORY PERSONS

Members of the Supervisory Board of CCC S.A. are appointed for a joint two-year term of office. Individual members of the Management Board and the entire Supervisory Board may be dismissed at any time before the end of the term of office. The General Meeting of CCC S.A. appoints the Chairman of the Supervisory Board from the members of the Supervisory Board. The Supervisory Board of CCC S.A. consists of five to seven members.

Members of the Supervisory Board are appointed and dismissed by the General Meeting. The Ordinary General Meeting of CCC S.A. appointed members of the Supervisory Board for a new term of office on 18 June 2019 (CR 40/2019).

Pursuant to the Articles of Association of CCC S.A. and in accordance with the Best Practices of WSE, at least two members of the Supervisory Board should meet the criteria of independence. Independent board members should meet the independence criteria set out in the Commission Recommendation of 15 February 2005 on the role non – executive directors or being members of supervisory of listed companies and supervisory board committee (2005/162 / EC) with regard to the Code of Best Practice for WSE Listed Companies in 2016.

In connection with the appointment by the Ordinary General Meeting of Shareholders on 18 June 2019 of the Supervisory Board for a new two-year term of office, consisting of 5 members, the Supervisory Board at its meeting on 8 August, 2019 assessed the submitted statements on the fulfilment of independence criteria and adopted a Resolution No. 02/08/2019/RN on a number of members of the Supervisory Board meeting the independence criteria, stating that in a five-member composition, three members of the Board meet the independence criteria.

While staying in the Supervisory Board of the Company in 2019, none of its members reported any changes in the scope of changing the status of independence and personal, factual and organizational links with shareholders of CCC S.A.

POWERS OF SUPERVISORY BOARD

The Supervisory Board takes appropriate steps to obtain from the Management Board regular and thorough information on all important matters concerning the activities of CCC S.A. and on the risk related to the business activities and ways of managing such risks. Specific powers and rules of operation of the Supervisory Board of CCC S.A. are set out in the following documents:

- Articles of Association of the Company, which is available on the Company's website (<https://corporate.ccc.eu/lad-korporacyjny>)
- Rules of the Supervisory Board, which is available on the Company's website (<https://corporate.ccc.eu/lad-korporacyjny>)
- Resolutions of the General Meeting,
- Commercial Companies Code and other applicable laws.



DESCRIPTION OF OPERATIONS AND ORGANIZATION OF THE SUPERVISORY BOARD

Mode of operation of the Supervisory Board is determined by the Company's Articles of Association and Regulations of the Board. The Supervisory Board performs its duties collectively, but may delegate its members to temporarily perform certain supervisory activities independently. The Supervisory Board shall meet as needed, not less than three times a year.

The meetings are convened at least one week in advance by fax, registered mail or e-mail. The Supervisory Board meetings shall be convened by its Chairman on his own initiative, at the request of the other members of the Supervisory Board or the Management Board. In case of submitting a Chairman of the Supervisory Board of application referred to above the Board meeting should be held within two weeks from the date of filing the application. Without formally convening of a meeting the Supervisory Board the resolution may be adopted, if all members of the Supervisory Board agree to its adoption. Each member of the Supervisory Board may apply for placing certain matters on the agenda of the next meeting of the Supervisory Board, provided that date is no later than three days before the meeting of the Supervisory Board.

The Supervisory Board may adopt a resolution only if at least half of the members of the Board is present at the meeting and all its members are invited. A resolution adopted contrary to the requirements laid down in this provision is invalid.

Members of the Supervisory Board may adopt resolutions in writing or using means of direct remote communication. The resolution is valid if all the Supervisory Board members received notification of the draft resolution.

7.4.3 COMMITTEES

The Supervisory Board of CCC S.A. may appoint permanent committees or ad hoc acting as its collective advisory and opinion bodies.

The first-term Audit Committee was appointed in the Company on 2 June 2016, due to the end of the term of the Supervisory Board and the Ordinary General Meeting of Shareholders (hereinafter: „AGM”) on 8 June 2017. The Supervisory Board for the next term (term of office 2017-2019), the Supervisory Board at the next meeting after the GMS, on 17 August 2017, appointed the Second Term Audit Committee from among the Supervisory Board members, in accordance with the requirements of the Act of 11 May 2017 on statutory auditors, auditing companies and public supervision .

As part of the existing Audit Committee, Mr. Filip Gorczyca is a member with knowledge and skills in accounting or auditing, while Mr. Waldemar Jurkiewicz has knowledge and skills in the field of the Company.

For independent members of the Audit Committee, in accordance with the provisions of the Act on Auditors, Audit Firms and Public Supervision and Annex II to the Commission Recommendation of February 15, 2005 regarding the role of non-executive directors or supervisory board members of listed companies and supervisory board committees, and requirements specified in the Code of Best Practice for WSE Listed Companies, Ms. Zofia Dzik and Mr. Filip Gorczyca and Mr. Jerzy Suchnicki were recognized.

POSITION AND ROLE OF THE AUDIT COMMITTEE

The Audit Committee is a regular committee of the Supervisory Board of CCC S.A.

The Committee performs the tasks and competences foreseen for the Audit Committee in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (hereinafter: Act on chartered auditors) and other regulations regarding public companies, as well as from resolutions of the Supervisory Board, Of the Regulations and other internal regulations of the Company.

The Committee meets the recommendations of „Best Practices of WSE Listed Companies”, which in relation to committees operating in the Supervisory Board, they require the application of Annex I to the recommendation of the European Commission of February 15, 2005 regarding the role of non-executive directors or supervisory board members of listed companies and committees of the (supervisory) board.

The Committee performs the expert function for the Supervisory Board and supports it in order to ensure the correct and effective application by the Company of the financial reporting, internal control and cooperation with the Company’s auditors.

Concepts that have not been defined in the Regulations have the meaning adopted in generally applicable legal regulations.

APPOINTMENT AND COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee shall consist of at least three members, including the Chairman of the Audit Committee, appointed by the Supervisory Board for the term of its office from among its members.

The Supervisory Board elects the Committee members, including the Chairman, at its first meeting of a given term of office.

In the composition of the Committee, the majority of members, including the Chairman of the Committee, should

have the status of an independent member of the Audit Committee, in accordance with generally applicable laws.

At least one of the members of the Audit Committee should have qualifications and experience in accounting or financial audit.

At least one member of the Audit Committee has knowledge and skills in the Company’s industry or individual members in specific areas have knowledge and skills within this industry.

To the extent of meeting the conditions of independence of members of the Audit Committee, the provisions of Article 129 (3) (1-10) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Journal of Laws, item 1089) and Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the supervisory board shall apply accordingly.

If the number of members of the Committee decreases, the Supervisory Board shall immediately supplement its composition by convening a meeting of the Supervisory Board as soon as possible.

POWERS AND COMPETENCES OF THE AUDIT COMMITTEE

The Audit Committee supports the Supervisory Board in the performance of its statutory control and supervisory duties in the scope of:

1. monitoring the financial reporting process at CCC S.A. and its Capital Group,
2. monitoring the effectiveness of internal control systems in the Capital Group CCC S.A. and risk management systems,
3. monitoring the effectiveness of the internal audit function in the CCC S.A. Capital Group, including in the field of financial reporting,

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4. monitoring the proper functioning of risk identification and management systems,
5. monitoring the independence of internal and external auditors,
6. monitoring the financial audit process.

The Supervisory Board may entrust the Audit Committee with supporting the Supervisory Board in the scope of performing also other supervisory activities.

As part of supervision activities related to financial reporting, the Audit Committee in particular:

1. monitors the financial reporting process, including the opinion on the accounting policy adopted by the Company and the applied rules for preparing financial statements,
2. analyses annual, semi-annual and quarterly financial statements together with the Company's authorities,
3. monitors the performance of auditing activities, in particular conducting an audit by the audit firm, including all requests and findings of the Audit Oversight Commission resulting from audits carried out in the audit firm, including the results of the annual and consolidated financial statements,
4. informs the Supervisory Board about the results of the audit and explains how the audit contributed to the reliability of financial reporting in CCC S.A., and what was the role of the Audit Committee in the audit process,
5. submit recommendations aimed at ensuring the reliability of the financial reporting process in CCC S.A.,
6. provides opinions on the Management Board's report on the operations and the Management Board's conclusions regarding the distribution of profit / loss coverage, and presents recommendations to the Supervisory Board regarding their assessment,
7. provides opinions on relevant financial information published by the Company.

As part of supervision activities related to internal control, the Audit Committee, in particular:

1. examines the adequacy of identification and monitoring systems operated by the Management Board and reducing threats to the Company's operations,
2. monitors the effectiveness of the Company's internal control system, including the effectiveness of corrective actions taken,
3. oversees the operation of the internal audit, including by monitoring his work plans and results of this work and resource assessment,
4. monitors the compliance of the Company's operations with the provisions of law and other regulations

As part of the supervision over risk management, the Audit Committee, in particular:

1. monitors the effectiveness of the risk management system having a significant impact on the functioning of the Company,
2. gives its opinion on the draft principles of prudent and stable management as well as acceptable risk levels in the areas of the Company's operations,
3. gives opinions on projects of significant regulations and changes in the Company's regulations regarding compliance with standards, including compliance risk policy,
4. assesses the implementation of information procedures by the relevant Company's units about irregularities in the Company.

As part of ensuring the independence of external auditors, the Committee shall in particular:

1. presents to the Supervisory Board recommendations regarding the selection of the Company's statutory auditor, as well as his change and his remuneration,
2. controls and monitors the independence of the statutory auditor and the audit firm, in particular when CCC S.A. the services are provided by the auditing firm other than the audit,
3. expresses opinions on the involvement of an external auditor in the provision of services other than auditing the Company's financial statements, and presents the position regarding the Company's policy in this respect,
4. evaluates the independence of the auditor and consents to the provision of permitted non-audit services at CCC S.A. and units controlled by CCC S.A.,
5. develops the policy of selecting an audit firm to conduct the study,
6. develops the policy of providing audit services by the audit firm, by entities related to this auditing company and by a member of the auditing company's chain of permitted non-audit services,
7. determines the procedures for selecting an audit firm by CCC S.A.,
8. reviews the effectiveness of the external audit process and the Management Board's response to the external auditor's recommendations.

At the beginning of each year, the Audit Committee shall adopt an annual action plan for the Committee to meet its statutory obligations and agree with the Supervisory Board on a planned calendar of meetings.

In order to perform the activities specified in § 3, the Audit Committee may:

1. demand information, explanations and documents necessary to perform the Committee's tasks,
2. demand that the key statutory auditor discuss with the Audit Committee, the Management Board, the Supervisory Board of CCC S.A. the key issues arising from the audit, which were listed in the additional report referred to in Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of public-interest entities, repealing Commission Decision 2005/909/EC,
3. receive information from the Company's authorities and employees, who are obliged to provide it and allow access to it by Committee members,
4. participate in the meetings of the Company's employees,
5. invite to meetings of the Committee and consult external advisors whose costs of services, after their prior approval by the Supervisory Board, are borne by the Company.

THE AUDIT COMMITTEE SHALL SUBMIT TO THE SUPERVISORY BOARD:

1. the conclusions, standpoints and recommendations developed in connection with the performance of the function of the Audit Committee within a timeframe allowing the Supervisory Board to take immediate appropriate action,
2. reports on its activity at least once every six months, at the time of approving the Company's annual and half-year reports,
3. reports on its activity in a given financial year within a period enabling the Supervisory Board to take into account the contents of that report in its annual assessment of the Company's situation.

In the reports defined in § 7 section 1 items 2 and 3, the Committee shall include information on the entrusted tasks, composition, number of meetings and attendance, as well as the main activities undertaken by the Committee, in particular those concerning the assessment of the independence of the entity reviewing the reports. This information shall be published in a report on the applied corporate governance principles.

The Audit Committee should comply with its duties in accordance with its terms of reference and ensure that the Supervisory Board is systematically informed about its activities and results of its work.

The Committee Chairman or another member authorised by the Chairman should be present at the Ordinary General Meeting of Shareholders of the Company in order to answer questions concerning the Committee's activities and its findings.

Based on §70 paragraph 1 point 8 and §71 paragraph 1 point 8 of the Regulation of the Minister of Finance dated 29.03.2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state. Supervisory Board of CCC S.A. stated that::

1. the provisions regarding the appointment, composition and operation of the Audit Committee at CCC S.A. and the CCC S.A. Capital Group, including those concerning the fulfilment by its members of the independence criteria and requirements regarding the possession of knowledge and skills in the industry in which CCC S.A. operates, and in the field of accounting or auditing of financial statements,
2. the Audit Committee performed the tasks of the audit committee provided for in the applicable regulations.

7.5 REMUNERATION OF THE EXECUTIVE MANAGEMENT OF CCC S.A.

7.5.1 REMUNERATION POLICY OF THE MANAGING AND SUPERVISORY PERSONS

The principles of remuneration for members the Management Board are determined by the remuneration policy of the members of the management board of CCC S.A.. In determining the amount of remuneration of the members of the Management Board, the Supervisory Board should take into account the amount of work necessary for the proper performance of the functions of the Management Board member, the scope of duties and responsibilities associated with the duties of a member of the Management Board and the level of remuneration in a similar position used by other entities operating on the market; remuneration of the members the Management Board corresponds to the size of the company and remains in reasonable relation to the economic results of the Company.

7.5.2 PRINCIPLES OF GRANTING BONUSES

In order to improve quality and efficiency of work of Management Board members, their remuneration is determined taking into account the incentive character and the effective and smooth management of the Company, and therefore it is composed of fixed elements – monthly remuneration adopted by the Supervisory Board and the moving parts, i.e. additional remuneration granted by the Supervisory Board on a discretionary basis after the first and second half of the year and dependent on the profits realized by the Company and the extent of the tasks realization. The level of the bonus depends on the performance of individual tasks (qualitative and quantitative) established by the Supervisory Board for individual members of the Management Board. The performance evaluation of individual bonus tasks by particular Member of the Management Board is carried out every six months by the Supervisory Board.

The Supervisory Board adopts a resolution on granting the Management Board Member additional remuneration for a given half-year at the first meeting after its completion. The resolution is the basis for the payment of additional remuneration.

7.5.3 REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND OTHER BONUSES

SPECIFICATION [IN PLN MLN] [GROSS]	01.2019-12.2019			TOTAL
REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD, INCLUDING:	FIXED REMUNERATION	SHORT-TERM BONUS	LONG-TERM BONUS	
Dariusz Miłek ^[1]	233 333	—	—	233 333
Marcin Czyczerski ^[2]	1 153 125	250 000	—	1 403 125
Mariusz Gnych	787 500	390 000	—	1 177 500
Karol Półtorak	787 500	390 000	—	1 177 500
Total	2 961 458	1 030 000	—	3 991 458

SHARES OF CCC S.A. ON THE WARSAW STOCK EXCHANGE

SPECIFICATION [IN PLN MLN] [GROSS]	01.2018-12.2018			TOTAL
	FIXED REMUNERATION	SHORT-TERM BONUS	LONG-TERM BONUS	
REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD, INCLUDING:				
Dariusz Miłek ^[1]	840 000	—	—	840 000
Marcin Czyczerski ^[2]	880 000	350 000	—	1 230 000
Mariusz Gnych	840 000	340 000	—	1 180 000
Marcin Pałajej ^[3]	80 000	120 000	—	200 000
Karol Pótorak	820 000	340 000	—	1 160 000
Total	3 460 000	1 150 000	—	4 610 000

[1] Mr. Dariusz Miłek has been the Chairman of the Supervisory Board since 11 April 2019, previously – the President of the Management Board.

[2] Mr. Marcin Czyczerski has been the President of the Management Board since 11 April 2019, previously – the Vice President of the Management Board.

[3] Mr. Marcin Pałajej was the Vice President of the Management Board until 31 January 2018.

Managing persons due to their functions in the companies of the Capital Group CCC S.A. do not take remuneration other than those indicated in 6.4.3.

7.5.4 REMUNERATION OF THE SUPERVISORY BOARD

SPECIFICATION [IN PLN MLN] [GROSS]	01.2019-12.2019			TOTAL
	FIXED REMUNERATION	SHORT-TERM BONUS	LONG-TERM BONUS	
REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD, INCLUDING:				
Dariusz Miłek ^[1]	—	—	—	—
Wiesław Oleś ^[2]	120 000	—	—	120 000
Marcin Murawski	50 685	—	—	50 685
Mirosław Stachowicz ^[3]	—	—	—	—
Jerzy Suchnicki ^[4]	27 429	—	—	27 429
Waldemar Jurkiewicz	81 524	—	—	81 524
Piotr Nowjalis ^[5]	45 053	—	—	45 053
Zofia Dzik ^[6]	48 051	—	—	48 051
Filip Gorczyca ^[7]	72 096	—	—	72 096
Total	444 838	—	—	444 838

SPECIFICATION [IN PLN MLN] [GROSS]	01.2018-12.2019			TOTAL
	FIXED REMUNERATION	SHORT-TERM BONUS	LONG-TERM BONUS	
REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD, INCLUDING:				
Wiesław Oleś	110 000	—	—	110 000
Marcin Murawski	93 000	—	—	93 000
Mirosław Stachowicz	—	—	—	—
Jerzy Suchnicki	86 000	—	—	86 000
Waldemar Jurkiewicz	72 000	—	—	72 000
Piotr Nowjalis	86 000	—	—	86 000
Total	447 000	—	—	447 000

[1] Mr. Dariusz Miłek has been Chairman of Supervisory Board since 10.04.2019, previously The President of the Management Board

[2] Mr. Wiesław Oleś has been the Vice-Chairman of the Supervisory Board since 18 June 2019, previously – the Chairman of the Supervisory Board.

[3] Mr. Mirosław Stachowicz as a member of the Supervisory Board until June 18, 2019.

[4] Mr. Jerzy Suchnicki as a member of the Supervisory Board until 11 April 2019.

[5] Mr. Piotr Nowjalis as a member of the Supervisory Board until 18 June 2019.

[6] Ms. Zofia Dzik as a member of the Supervisory Board from 18 June 2019.

[7] Mr. Filip Gorczyca as a member of the Supervisory Board from 11 April 2019.

Managing persons due to their functions in the companies of the Capital Group CCC S.A. do not take remuneration other than those indicated in 6.4.4.

8.
EMPLOYEES

CCC



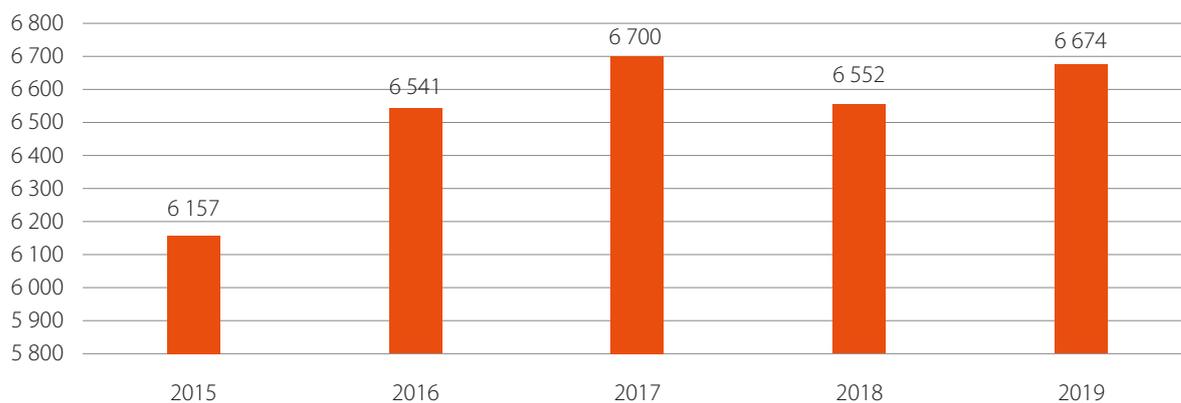
EMPLOYEES

Employees of the Company CCC S.A. constitute an important capital of the organization, every day they accomplish the objectives of the Company's strategy, which allows for increasing the development potential of the Company. The measure of commitment and efficiency of employees is the satisfaction of our Customers and Shareholders.

8.1 STRUCTURE OF THE EMPLOYMENT

According to the data as at 31 December 2019, Company CCC S.A. employed 6,674 employees, and in relation to the previous year, employment increased by 122 people. The table below shows the structure of employment in the respective years:

NUMBER OF EMPLOYEES OF CCC S.A.

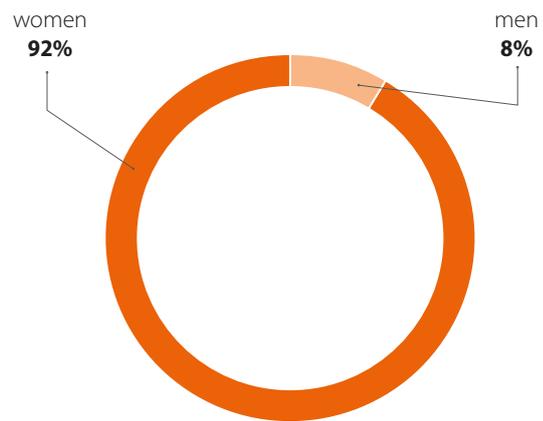


Compared to the previous year, the number of employees increased by 2%. The largest share among the number of employees is represented by store employees – about 83%, while employees of the head office constitute only 4% of the total number of employees. Detailed data are presented in the table below.

01.2018-12.2018	WOMEN	MEN
Employees of stores	5 360	163
Logistics employees	558	304
Administrative employees	220	69
All employees	6 138	536

Due to the nature of the business, a high percentage of all employees of the Company are women, accounting for 92% of the Company's total workforce. Whereas the number of employed men decreased by 6% compared to 2018, the number of employed women increased by 2.6% y/y.

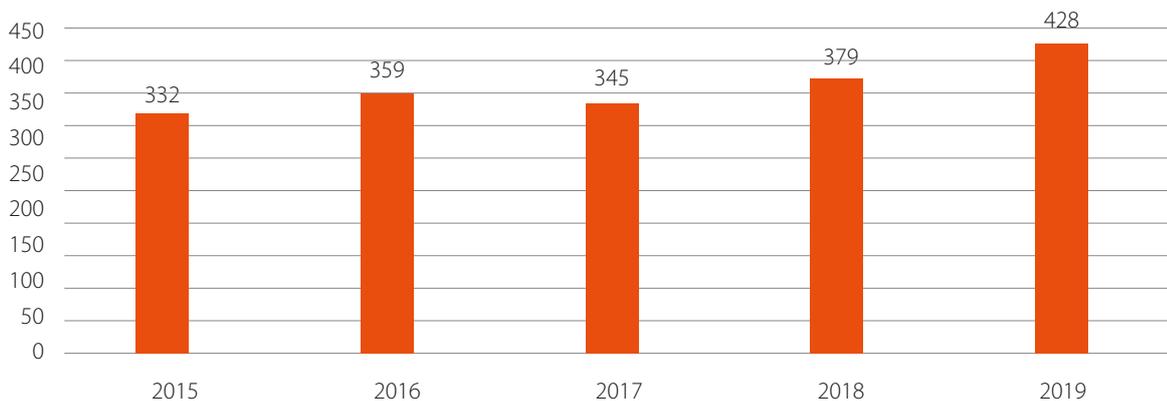
EMPLOYMENT STRUCTURE BY GENDER (AS AT 31.12.2018)



EMPLOYMENT OF DISABLED PERSONS

The working conditions allow for the employment of disabled people in the Capital Group. As at 31 December 2019, the Company employed 482 people with disabilities, which is approximately 6% of the total number of employees.

EMPLOYMENT OF DISABLED PEOPLE



REMUNERATION POLICY FOR ALL EMPLOYEES

The remuneration policy in the Company is based on the principle of equality. The size of the remuneration of employees is dependent on the level of their competence and level of commitment.

EMPLOYEES

8.2 DEVELOPMENT PROGRAMS FOR EMPLOYEES

VALUES OF THE COMPANY

The CCC Group consistently strives to be an attractive and desirable employer, guided by its values, expanding its HR function and developing human resources management methods.

Until the end of 2019, the Company had the following values: development, entrepreneurship, credibility and responsibility. Along with the implementation of the strategy for the years 2020 – 2022, the values were also redefined and updated, which are becoming guidelines for our attitudes and behaviour.

We work with **passion, energy and enthusiasm** to attain **ambitious goals** and realise the vision of a shared **success!**

Each of us can make a real contribution to **growth, collaboration and commitment**.
Together we build an organisational culture based **on open dialogue and diversity**.

Culture	Modern workplace	Employee	
<ol style="list-style-type: none"> 1. We are building a culture of feedback, collaboration and openness to change 2. This attitude helps foster relationships with both internal and external customers 3. We team up to create new solutions on an interdisciplinary basis as we identify with corporate values and products 4. We listen to our employees and engage them in innovative projects 	<ol style="list-style-type: none"> 1. We implement cutting-edge tools to ensure optimum process quality and efficiency 2. We promote digitisation and automation to eliminate repeatability and use resources more efficiently 3. We use data to predict potential opportunities and adapt to the changing environment 	<ol style="list-style-type: none"> 1. Employees are our greatest asset, therefore every one of them is given equal development and promotion opportunities 2. We encourage commitment and innovative ideas through career development and succession programmes 3. We develop managers to effectively manage, inspire and engage their teams 4. We operate with diversity and responsibility in mind, building an attractive multinational work environment 	<p>Our values:</p> <ol style="list-style-type: none"> 1. Customer and product focus 2. Dynamism, enthusiasm, dedication 3. Openness and cooperation 4. Responsibility 5. Personal development

GROWTH AND DEVELOPMENT OF EMPLOYEES' POTENTIAL

The business success of the Capital Group companies is also determined by: knowledge, experience, skills and competences of employees. With this in mind, numerous development programs are implemented, with the main goal being: building effective teams, continuous improvement, building commitment and cooperation, and as a result, achieving the business goals adopted in the strategy.

The main goal of the development policy is to strengthen the competence of employees, the process of knowledge sharing and linking training activities to specific business needs, as well as filling the competence gaps among employees in all areas of company operations.

Support in competence development is based on the 60:40 Development model:

60% – On the job development – participation in projects, job rotation, target management and coaching & mentoring;

40% – Formal development – training courses (internal and external), language courses, e-learning.

CCC employees are constantly improving their qualifications. They benefit from programs enabling development through participation in trainings, conferences, symposia, seminars, courses and studies financed or co-financed by the employer.

In 2019, we benefited from trainings co-financed by the National Training Fund. Within the project, 1786 hours were spent on didactic training courses, which covered, among other things, IT issues, legal aspects of complaints, material science, quality and functionality of footwear, operation of machines and equipment, and the licences for hoist operators. The trainings were attended by 93 employees.

In response to the need for improvement of soft skills, an internal training program „Let's Cooperate effectively" was launched, which is carried out in the form of workshops. In 2019, a total of 155 employees were trained during 18 trainings on cooperation, communication and feedback.

Due to the dynamic international expansion, on-site language courses for employees are organized in order to prepare staff for effective cooperation with all markets within CCC Group. The courses were attended by over 220 administrative employees.

For administrative employees of CCC S.A. and employees of selected subsidiaries, the Team of Internal Trainers conducted the Summer and Autumn Development Academy, which was attended by 224 people during 24 trainings.

The training topics covered include MS Excel, Basics of negotiations, Typology of personality, Public speeches, Situational leadership, Time management and Design Thinking.

Some of the companies of the Group also conduct online training courses, which provide access to knowledge to a wide group of recipients. Product trainings dedicated to the sales network, RODO, OHS, Information Security and manual trainings concerning the use of particular tools are conducted in the form of e-learning trainings.

Taking care of constant development of the managerial staff and effective use of the staff, we conduct a series of coaching meetings.

EMPLOYEES

In 2019 the Training and Development Department was established, whose activities are mainly dedicated to Sales Network Employees. Three key training projects implemented by the coaching team are Effective Recruitment, Onboarding – so-called Adaptation Action and esize.me. The first two topics are group trainings, during which the managerial staff of the stores was trained. Effective Recruitment is training aimed at standardizing the process of recruitment and improving the quality thereof. The trainings were attended by 449 people. Onboarding – so-called Adaptation Action – training courses completed in the last quarter of 2019 were a supplement to the new standard and were aimed at:

- demonstrating the importance and impact of the Onboarding process on the effective functioning of the store and the Company;
- knowledge transfer – acquiring the ability to transfer knowledge and teach others;
- familiarizing with the Onboarding tools (standardization of the process of adaptation of new CCC Employees). The trainings were attended by 481 people.

During the implementation of the esize.me project, the coaching team prepared training materials for the stores operating this service and actively trained esize.me specialists in esize.me training stores.

RECRUITMENT AND TALENT ATTRACTION

As we invest in our employees on a long-term basis, we value their experience and commitment to work by promoting internal recruitment and succession. We start external recruitment when there are no people among our staff who meet the job requirements.

The aim of recruitment activities is to acquire the best candidates with the desired qualifications, who will carry out tasks effectively, show initiative and achieve the assumed goals. The recruitment process ensures equal opportunities for participants and objective assessment of candidates by using appropriate selection tools. Organizational issues of the recruitment process are standardized in the Recruitment Procedure.

We use a range of activities that go beyond standard recruitment advertisements in order to reach potential candidates with a job offer. We cooperate with universities in Poland, take part in job fairs, create recruitment campaigns in social media, search and contact potential candidates directly, cooperate with Job Centres, local websites and the press.

In 2019, a new Recruitment Procedure was implemented to improve the recruitment and employment process for employees of office administration, warehouses and sales networks. Additionally, Recruitment Standards were developed to standardize the process and improve the quality of recruitment. Additionally, materials supporting Store Managers in the recruitment process were created. We have completed a series of e-learning trainings dedicated to Store Managers, Deputy Store Managers and Sales Leaders on Recruitment Standards: tools and techniques for recruitment and selection. The training was attended by 1,236 people in total.

Caring for the attractiveness of CCC as a friendly and innovative Employer the Employee Recommendation Program was continued in 2019. Moreover, a new career website was launched: kariera.ccc.eu, thanks to which CCC builds a credible image of the employer by promoting the statements of employees from different business areas and providing more information about the characteristics of individual areas.

To ensure the best possible communication with candidates in the recruitment processes, we use the so-called Applicant Tracking System (ATS), which allows for efficient management of the recruitment process from the creation of an advertisement to choosing the best candidate.

The CCC Group is committed to the internal development of its employees, so each recruitment process is launched internally and communicated to employees of the sales network, warehouses and office administration staff. CCC also maintains cooperation with Employment Offices throughout Poland in the field of organizing internships. In 2019, 117 contracts for organizing internships for the unemployed were signed.

COMMUNICATION

Implementation of the Intranet for CCC employees in Poland was an important step in the development of communication within the company. The Intranet allowed to unify communication with employees and became a key place for exchanging information concerning various business areas. One of the components of the Intranet is a training platform, on which a series of e-learning trainings on sales standards was launched. We are currently implementing this platform in other markets.

We listen to the opinions of our Employees. The Company periodically conducts job satisfaction surveys in order to identify areas where activities aimed at improving employee satisfaction and involvement should be focused. In 2019 a satisfaction and commitment survey was conducted.

9. COMMITMENT OF CCC

CCC



COMMITMENT OF CCC

The Group CCC takes into account in its long-term strategy for the development policies for sustainable economic development through the promotion of social progress and taking into account aspects of environmental protection of the Company's investments. CCC fulfilling the tasks set out in the Group's strategy takes into account all the regulations applicable by law.

THE CCC GROUP IS THE FIRST GLOBAL PARTNER OF UNICEF FROM POLAND

The CCC Group as the first Polish entity became a global partner of UNICEF. Within three years, CCC will transfer funds to help children around the world. Cooperation with CCC is one of its kind, because it combines sports and business partnership, CCC Team cycling shirts will be marked with the UNICEF logo. Thus, the cycling group belonging to CCC, during races all over the world, will proudly present cooperation with UNICEF and the company's involvement in activities for children. The CCC cycling team becomes part of the UNICEF sports partnerships, just as well as e.g. FC Barcelona.

NON-FINANCIAL INFORMATION CONCERNING THE CCC GROUP

The CCC Group in accordance with the requirements of the Accounting Act and having regard to the principles of the policy for sustainable economic development prepared a report containing key non-financial information concerning the Group.

The CCC Group's non-financial report, which is an integral part of the annual report on the operations, contains information on the Group's business model, key non-financial performance indicators related to the Group's operations, policies used by the Group in relation to social, employment, environmental issues, respect for human rights and counteracting corruption along with a description of the results of their application, as well as due diligence procedures.

Also presented are the risks associated with the Group's operations and the manner of managing them. The non-financial report was developed in accordance with the methodology of the Global Reporting Initiative (GRI) reporting guidelines, version GRI standards, according to the CORE application option.

The collected information may serve the most important interests of the Group as a source of reliable information on the non-financial aspects of the operations of the CCC Group.

More at <http://firma.ccc.eu/>



10.
STATEMENTS OF
THE MANAGEMENT BOARD

CCC



10.1 STATEMENT OF THE MANAGEMENT BOARD ON THE FAIRNESS OF THE FINANCIAL STATEMENTS

To the best knowledge of the Management Board of CCC S.A., the annual consolidated financial statements and comparable data were prepared in accordance with applicable accounting principles, they give a true and fair view of the financial position of CCC S.A. and its financial result.

The Management Board's report on the operations of CCC S.A. includes true view of the development and achievements of the Company, including basic risks and threats.

10.2 STATEMENT OF THE SUPERVISORY BOARD AND INFORMATION ON THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

Based on §70 paragraph 1 point 7 and §71 paragraph 1 point 7 of the Regulation of the Minister of Finance dated 29 March 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state. Supervisory Board of CCC S.A. stated that:

on 28 February 2019, selected the audit firm, i.e. Ernst & Young Audyt Polska sp. o.o. sp.k. with its registered office in Warsaw, 1 Rondo ONZ Street, entered into the list of entities authorized to audit financial statements, kept by the National Council of Statutory Auditors, number 130 (hereinafter: „auditing firm”), to review the semi-annual financial statements of CCC S.A. and semi-annual consolidated

financial statements of the CCC S.A. Capital Group, as well as an audit of the unit financial statements of CCC S.A. and consolidated financial statements of the CCC S.A. Capital Group. for the years 2019-2021.

The auditing company authorized to audit financial statements, which audits the annual standalone and consolidated financial statements for 2019, was selected in accordance with the law,

the auditing company and the statutory auditors, performing audits of annual reports, met the conditions for drawing up an impartial and independent audit report on the standalone and consolidated financial statements for 2019, in accordance with applicable regulations, professional standards and professional ethics,

in CCC S.A. and the Capital Group CCC S.A. the applicable regulations regarding the rotation of the auditing company and the key statutory auditor and mandatory grace periods,

CCC S.A. has a policy regarding the selection of an audit firm and a policy for providing the issuer by an auditing company, an entity related to an auditing company or a member of its chain of additional non-audit services, including conditionally exempt services from an audit firm.

Based on §70 paragraph 1 point 14 and §71 paragraph 1 point 12 of the Regulation of the Minister of Finance dated 29 March 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state. Supervisory Board of CCC S.A. and art. 382 § 3 of the Code of Commercial Companies stated that:

The Supervisory Board made an assessment submitted by the Management Board:

- reports on the operations of the Company and Capital Group CCC S.A. for 2019,
- standalone financial statements of CCC S.A. for 2019,
- consolidated financial statements of the CCC S.A. Capital Group for 2019.

As a result of the assessment, the Supervisory Board concluded that the report on the activities of the Company and the Capital Group for 2019 in all material aspects corresponds to the requirements specified in art. 49 and art. 55 section 2a of the Accounting Act and the Ordinance of the Minister of Finance of 29 March 2019 regarding current and periodic information provided by issuers of securities and conditions for recognizing information required by the law of non-member countries as equivalent, and the information contained therein is consistent with information contained in the audited standalone financial statements of the Company and the consolidated financial statements of the CCC SA Group for 2019.

In addition, the Supervisory Board assesses that the standalone financial statements for the financial year 2019 presented by the Management Board of the Company, the consolidated financial statements for the financial year 2019 and the report on the activities of the Company and the Capital Group for 2019 provide all the necessary and important for the assessment of the financial situation. The companies and the Capital Group as at 31 December 2018, as well as in accordance with the record books, documents and the actual state.

The Supervisory Board made a positive assessment of the standalone financial statements for the financial year 2019, the consolidated financial statements for the financial year 2018 and the reports on the operations of the Company and the Capital Group for 2019 on the basis of:

- content of the above reports submitted by the Company's Management Board;
- reports of an independent chartered auditor, i.e. Ernst & Young Audyt Polska sp. o.o. Limited Partnership with its registered office in Warsaw from the audit of the standalone financial statements of the Company and the consolidated financial statements of the CCC S.A. Capital Group, as at 31 December 2019 as well as the additional report for the Audit Committee prepared on the basis of art. 11 Regulation of the European Parliament and of the Council (EU) No 537/2014 of 16.04.2014 on detailed requirements regarding statutory audit of financial statements of public-interest entities, repealing the decision of the commission 2005/909 and pursuant to the provisions of the Act of 11 May, 2017 about statutory auditors, audit firms and public supervision;
- meetings with representatives of the above auditing company, including the key certified auditor;
- information of the Audit Committee on the course, results and the importance of research for reliable reporting in the Company and the role of the Committee in the process auditing financial statements;
- the results of other verification activities carried out in selected financial and operational areas.

AUDITOR'S REMUNERATION	01.2019-12.2019	01.2018-12.2018
CCC S.A.		
Examination and reviews of financial statements	0,4	0,7
Total	0,4	0,7

11.
OTHER INFORMATION



11.1 INFORMATION ON BRANCHES (FACILITIES) OWNED BY THE UNIT

The Parent company does not own any branches (facilities).

11.2 KEY ACHIEVEMENTS IN RESEARCH

Not applicable.

11.3 DESCRIPTION OF THE STRUCTURE OF MAIN CAPITAL DEPOSITS OR MAIN CAPITAL INVESTMENTS MADE WITHIN THE ISSUER'S CAPITAL GROUP IN THE GIVEN FINANCIAL YEAR.

Subsidiaries did not make any significant deposits or capital investment during 12 months ended 31 December 2019.

11.4 BASIS OF THE PREPARATION OF THE REPORTS ON THE OPERATIONS OF THE GROUP CCC

This report on the operations of CCC S.A. covers the reporting period from 1 January to 31 December 2019 and the comparative period from 1 January to 31 December 2018.

The report on the operations was prepared in compliance with the standalone financial statements as well as current and periodic reports.

The content of the report on the operations of CCC S.A. complies with § 71 paragraph 3 and 4 of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent and containing the required elements specified in § 68 subparagraph 5-6 for issuers engaged in manufacture, construction, commercial or service activities.

The provisions set out in the Act of 29 September 1994 on accounting specified in art. 55 item 2 point 5 in connection with art. 49 paragraph 2 and 3 and art. 63 d.

In the case of the Regulations of the Warsaw Stock Exchange S.A. the provisions of § 29 paragraph 1, 2, 3 and 5 shall apply.

11.5 AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGERIAL PERSONS

The above mentioned agreements were not concluded between the Issuer and managing persons.

11.6 PROCEEDINGS PENDING AT COURT, ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION BODY

CCC S.A. is not a party to the court proceedings, which value would exceed 10% of the Company's equity.

11.6.1 ACQUISITION OF OWN SHARES

In the reporting period the Company CCC S.A. did not make an acquisition of own shares.

11.6.2 INDICATION OF ANY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS IN THE ISSUER'S COMPANY

In the reporting period, there were no restrictions on the exercising voting rights in the company of the Issuer.

11.7 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE THAT MAY AFFECT THE ISSUER'S FUTURE FINANCIAL RESULTS

As of the date of approval for publication of this consolidated financial statement there were no material events after the reporting date, which would not be included in these financial statements. Events after the balance sheet date are presented below:

On 29 January 2020 the Management Board of CCC S.A. informed that on 29 January 2020 adopted the strategy of the CCC Capital Group for the years 2020-2022 „GO.22“, including a summary of the main directions of its development (Current Report 4/2020).

On 7 January 2020 the Group exercised its option to acquire (call I) 24% stake in the share capital of DeeZee Sp. z o.o. for PLN 7 million.

THE STATEMENTS ON OPERATIONS OF CCC S.A.
APPROVED FOR PUBLICATION BY THE MANAGEMENT BOARD OF THE COMPANY
ON 6 MARCH 2020 AND SIGNED ON BEHALF OF THE MANAGEMENT BOARD BY:

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Marcin Czyczerski	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Karol Pótorak	Vice-President of the Management Board	

Polkowice, 6 March 2020