ANNUAL STATEMENTS ON OPERATIONS OF CAPITAL GROUP CCC S.A. FOR 2016

CCC
SHOES & BAGS

TABLE OF CONTENTS

CCC IN NUMBERS

2400%

growth since its debut on the stock exchange in 2004 by more than 2400%. CCC shares reached the highest price of 249 on 16 March 2017.

consolidated sales revenues for 2016 amounted to PLN 3.2 billion

PLN 3.2 bilion

18 million

the number of pairs of shoes CCC can accommodate in its warehouses

24 hours

It takes 24 hours to realize the order through the e-commerce channel of eobuwie.pl

SELECTED FINANCIAL DATA

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of profit or loss and other comprehensive income	2016	2015	2016	2015
Sales revenue	3 185,3	2 307,1	728,0	551,3
Poland	1 689,1	1 438,4	386,0	343,7
CEE	707,7	538,5	161,7	128,7
Western Europe	325,9	201,3	74,5	48,1
Other countries	15,3	8,0	3,5	1,9
Retail activity	2 738,0	2 186,2	625,7	522,4
E-commerce	286,8	–	65,5	–
Wholesale	158,7	118,3	36,3	28,3
Manufacturing	1,8	0,2	0,4	–
Other	–	2,3	–	0,5
Gross profit (loss) on sale	1 680,0	1 265,8	383,9	302,5
Gross sale margin	52,7%	54,9%	52,7%	54,9%
Result on segments				
Poland	341,1	289,8	78,0	69,3
CEE	104,4	84,4	23,9	20,2
Western Europe	(77,6)	(34,4)	(17,7)	(8,2)
Other countries	(2,9)	(1,6)	(0,7)	(0,4)
Retail activity	365,0	338,2	83,4	80,8
E-commerce	51,0	–	11,7	–
Wholesale	38,5	29,3	8,8	7,0
Manufacturing	1,7	0,2	0,4	–
Profit on operating activity	373,4	256,8	85,3	61,4
Profit before tax	340,9	233,1	77,9	55,7
NET PROFIT	315,5	259,6	72,1	62,0
ADJUSTED NET PROFIT [1]	334,0	244,2	76,3	58,4
Selected data of the consolidated statement of financial position	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Fixed assets	1 287,4	920,3	291,0	216,0
Current assets, including:	1 381,8	1 151,7	312,3	270,3
Inventories	1 034,9	680,5	233,9	159,7
Cash	143,4	340,6	32,4	79,9
TOTAL ASSETS	2 669,2	2 072,0	603,3	486,2
Non-current liabilities including:	660,4	334,9	149,3	78,6
Debt liabilities	366,0	296,0	82,7	69,5
Current liabilities including:	772,6	613,4	174,6	143,9
Debt liabilities	429,5	422,8	97,1	99,2
TOTAL LIABILITIES	1 433,0	948,3	323,9	222,5
EQUITY	1 236,2	1 123,6	279,4	263,7

[1] Adjusted net income is a measure of its own profit - explanation of the measure is contained in section 3.1.1.1. p. 64

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
	2016	2015	2016	2015
Selected data from the consolidated statement of cash flows				
Net cash flows from operating activities	174,7	325,4	39,9	77,8
Net cash flows from investing activities	(362,0)	(155,5)	(82,7)	(37,2)
Net cash flows from financing activities	(9,8)	8,8	(2,2)	2,1
TOTAL CASH FLOWS	(197,1)	178,7	(45,0)	42,7

	W MLN PLN		W MLN EUR	
	2016	2015	2016	2015
OPERATIONAL DATA				
Number of stores CCC	862	759	—	—
Floor space of stores (thousand m²)	458,6	369,0	—	—
Number of markets with online sales	8	6	—	—

	W MLN PLN		W MLN EUR	
	2016	2015	2016	2015
Capital expenditures (in mln)	(160,0)	(156,9)	(36,6)	(37,5)
Average revenue per m2 of floor space[2]	6,4	6,4	1,5	1,5

[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 m^2 of retail space as at the balance sheet date.

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

- individual items of assets and liabilities in the consolidated statement of financial position were calculated at the exchange rate prevailing on the last day of the reporting period:
  - exchange rate on 31.12.2016 amounted to EUR 1 - 4.4240 PLN
  - exchange rate on 31.12.2015 amounted to EUR 1 - 4.2615 PLN
- individual items of the consolidated statement of profit and loss and other comprehensive income and consolidated 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 01.01.2016 - 31.12.2016 was EUR 1 - 4.3757 PLN
  - the average exchange rate in the period 01.01.2015 - 31.12.2015 was EUR 1 - 4.1848 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..

1.
OPERATIONS OF THE GROUP CCC

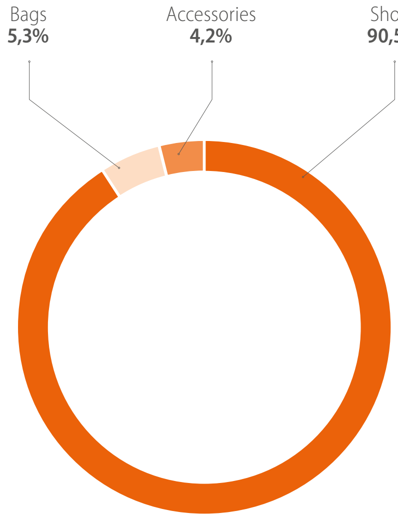
CCC
SHOES & BAGS

1.1 GENERAL INFORMATION

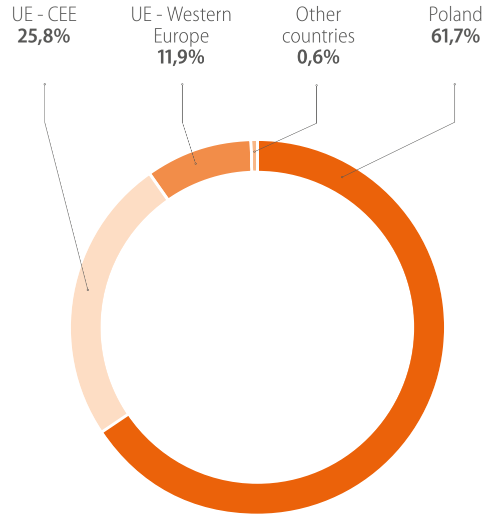
1.1.1 GENERAL INFORMATION ABOUT THE GROUP

BUSINESS PROFILE

structure of sale 2016
(by value)



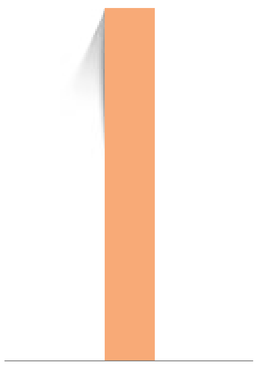
structure of sale 2016
(by geographical area)



Number of manufactured pairs of shoes 2016

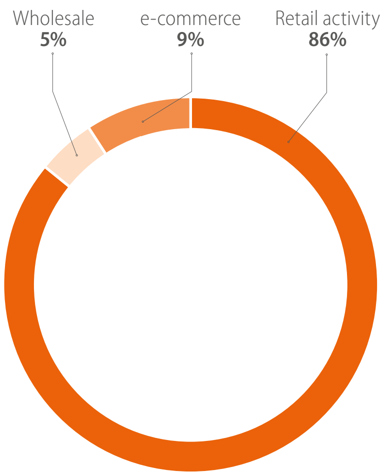
Production

3,6 mln



Diversification of consolidated revenue 2016 [%]

Distribution



FIVE LARGEST COUNTRIES BY SALES REVENUE

- Poland
- Czech Republic
- Germany
- Hungary
- Slovakia

The Capital Group CCC S.A. ("CG CCC", "the Capital Group CCC", "Group", "the Group") is a leader in the Polish retail footwear market and its biggest manufacturer in Poland. The CCC Group is of more than 860 stores located in modern shopping centers and shopping malls in 16 countries, own factory of leather shoes, 12 000 employees and 34 million pairs of shoes sold during the year. Fashionable and affordable products are offered to customers in own stores in Poland, Slovakia, Hungary, the Czech Republic, Austria, Bulgaria, Slovenia, Croatia, Turkey and Germany, Serbia, Russia and franchise stores in the Baltic countries, Ukraine and Romania.

In one season it offers nearly three thousand models of shoes. The Group owns in total 67 registered brands - the most popular brand sold by CCC is the brand Lasocki, available in both CCC stores and Lasocki company stores.

The parent company in the Group is the Company CCC S.A.

The Capital Group operations is currently organized into two segments:

- Segment of manufacturing activities
- Segment of distribution activities
    - Wholesale
    - E-commerce
    - Retail
        - Poland
        - Central and Eastern Europe
        - Western Europe
        - Other countries

1.1.2 THE MOST IMPORTANT EVENTS IN 2016

2016

Q1

JANUARY

conclusion of a dispositive agreement with shareholders of eobuwie.pl S.A.

Q2

APRIL

opening of the first CCC store in Estonia

MAY

final payment for the shares of eobuwie.pl S.A. based on the EBITDA ratio for year 2015

adoption of a resolution on distribution of profit for the year 2015 (PLN 85.7 million of a dividend)

changes in the composition of the Supervisory Board

JUNE

the resolution of the Supervisory Board on the implementation of the terms of the Incentive Scheme 2013-2015 and determination of the final number of warrants granted to the number of 768,000

Q3

JULY

acquisition of 727,900 series E ordinary shares by entitled persons due to the implementation of the Incentive Scheme 2013-2015

AUGUST

increase of the Company's share capital due to the implementation of the Incentive Scheme

as a result of the registration and admission of 727,900 E series ordinary shares, the dividend for 2015 amounted to PLN 2.19 per share, in total PLN 85.7 million

SEPTEMBER

acquisition of 75% of shares in CCC Russia sp. z o.o.

Q4

OCTOBER

receiving the award of the Pearl of the Polish Economy

3rd place in the ranking of the 100 largest Polish private enterprises by Forbes magazine

NOVEMBER

opening of the first CCC store in Serbia

changes in the composition of the Management Board

1.1.3 FACTORS AND EVENTS EFFECTING THE ACHIEVED RESULTS OF GROUP CCC

MACROECONOMIC DEVELOPMENT IN CENTRAL AND EASTERN EUROPE:

The Group CCC S.A. operates mainly in the markets of Central and Eastern Europe with clear dominance of sales on the Polish market, which in 2016 recorded 74.8% share in profits of segments. The result of location of Group's stores in the above area is caused by the significant impact of the condition of the economies of Central and Eastern Europe on the sale of the Group's products. The main factors that had an impact in the presented reporting period on the financial results were:

- Increase in employment,
- Growth of GDP,
- Increase in net income / disposable income,
- Increase in the level of trust among customers,
- Increase in propensity to consume.

For a long time Poland is recording the economic growth. In the first quarter of 2017, GDP growth amounted to 3.1%. A slightly lower result (2.8%)was recorded in 2016. Respectively for the years 2015 and 2014 economic growth in Poland amounted to 3.9% and 3.3% (compared to the average GDP growth for the countries of the European Union – 2.3% and 1.7% respectively for the years 2015 and 2014)

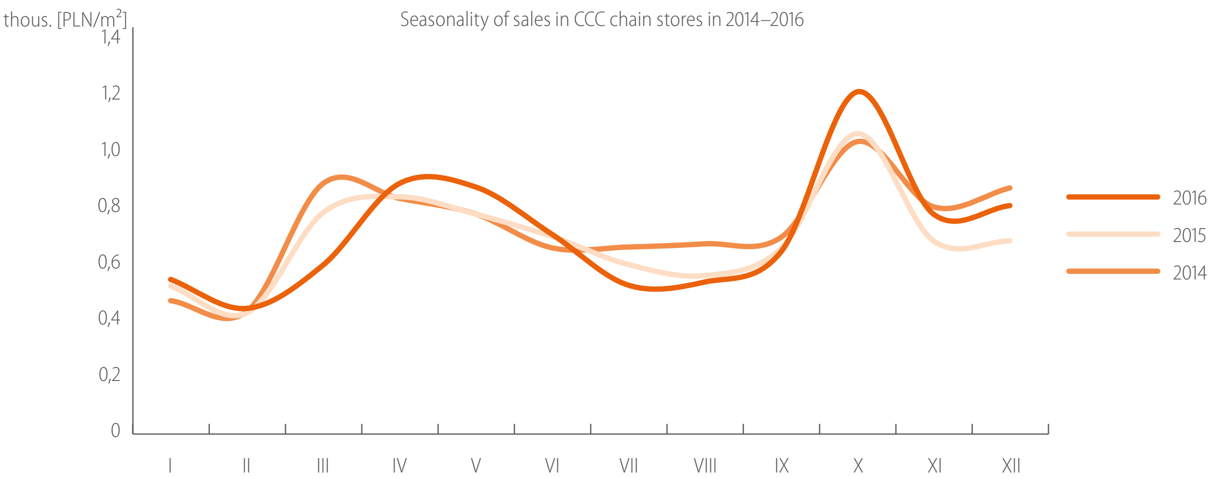
Important macroeconomic factors that affected the Group's results due to the specific activity was consumer behaviour, in particular the propensity to consume. Economic growth of European Union countries favoured the development of trade - customers were willing to spend large amounts of money on consumer goods.

CHANGES IN CONSUMER PREFERENCES AND CHANGES IN DEMAND

Technological advancement, constantly evolving trends or changes in mode of life significantly influenced the changes in needs and behaviour of customers in the reporting period. Also their preferences changed, including those concerning the form of purchases and therefore CCC Group expanded its operations and enabled customers online shopping (purchase of the online store eobuwie.pl).

SEASONALITY AND WEATHER

A significant impact on the proportion of sales during the financial year had the weather conditions and seasonality (peak demand in spring and autumn). The disorder of weather conditions may result in postponement of customer purchasing decisions or shortening of the season of the highest sales.



[in mln PLN unless otherwise stated]

CHANGES OF EXCHANGE RATES

Part of the cost of the Group CCC is denominated in foreign currencies, the exchange rates of USD and EUR have an impact on the structure of cost of sales. Due to the fact that the Group sells imported goods, it is exposed to the risk of changes in USD / PLN exchange rates. Currency loans are also granted within the Group.

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
2016	4,2493	3,7193	4,1793	3,9435
2015	4,0400	3,5550	3,9011	3,7730
2014	3,5458	3,0042	3,5072	3,1537

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
2016	4,5035	4,2355	4,4240	4,3637
2015	4,3580	3,9822	4,2615	4,1843
2014	4,3138	4,0998	4,2623	4,1845

The Management Board of CCC S.A. informs that during the reporting period, there were no factors and events of unusual nature, having a significant impact on the operations of the Group CCC.

1.2 PRODUCTS AND BRANDS

PORTFOLIO OF THE GROUP CCC

Group CCC offers its customers a range of products aimed at a broad group of consumers. Besides women, men and kids' footwear, the group offers the opportunity to buy handbags and shoe care products classified in the product structure as the others, in which we can distinguish jewellery, fancy goods, cycling accessories.

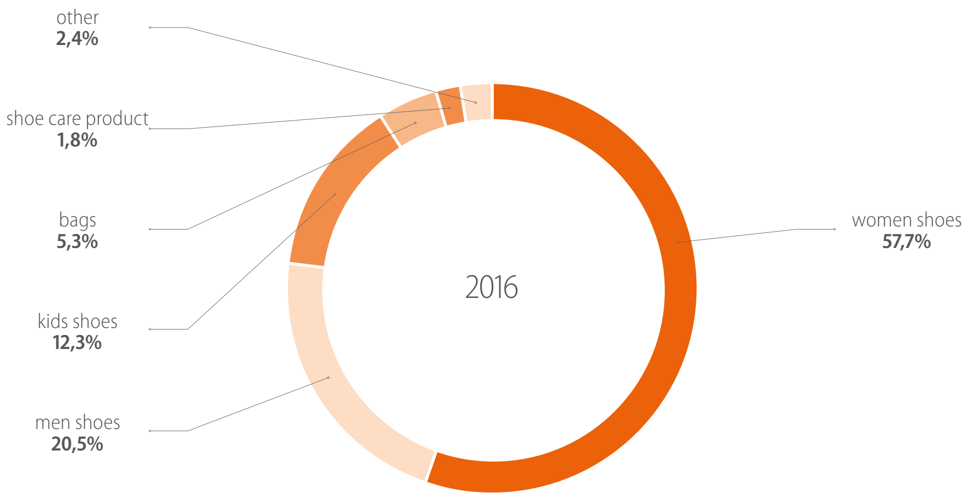
Footwear is a basic product of the Group CCC. Customers visiting stores have a choice assortment of products for every occasion - from casual shoes for sports shoes to the elegant leather shoes. The range of products offered to customers, the Group sells under its own brands and licensed brands - a detailed description of the offered brands is presented later in this subsection.

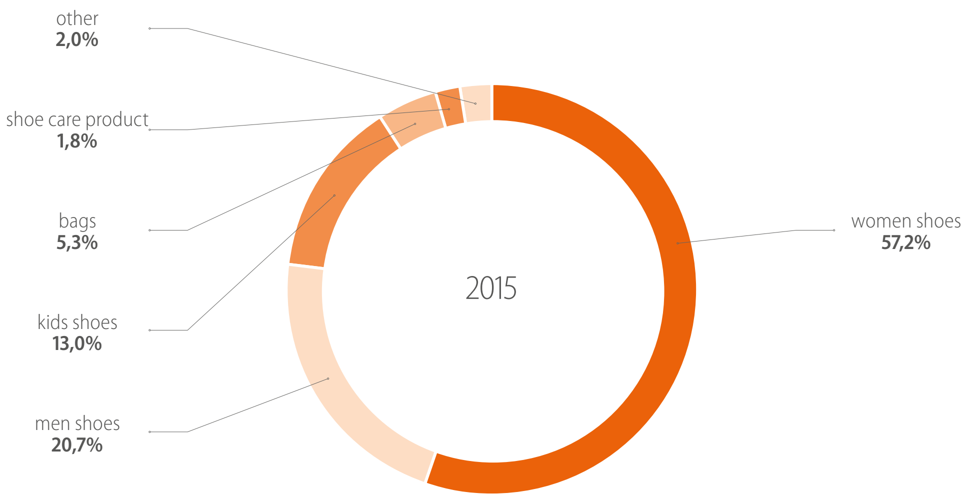
PRODUCT STRUCTURE

Product structure of retail sales remains constant over the years - in 2016 shoes for women accounted for in value approx. 57% of sales; footwear for men is approx. 21%, and kids shoes remained at approx. 13%. Besides footwear, which is the main product, handbags are responsible each year for approx. 5% of sales, shoe care products for approx. 2%.

Product structure of sales of the Group is constantly being expanded, the variety of products offered allows customers to find a product corresponding to their expectations, making the development of the group of product range increase sales revenues.

The chart below presents the detailed structure of retail sales in individual groups of product range in 2016 and 2015:





57,7%

Within the product range of shoes for women, the Group offers its customers: ballerina, boots, slippers and thongs, sport shoes, low boots, sandals, high-heels and sneakers. Individual goods are sold within the group of product range under the following brands: Lasocki, Lasocki Comfort, Sprandi, Jenny Fairy Clara Barson, Bassano, Nylon Red, INBLU and Via Ravia. Sales of women's footwear accounted for 57.7% (63.8% of sales of footwear), the value of sales realized in 2016, in terms of volume was 60.3% of total sales of footwear which gives sales of 20.5 million pairs of shoes sold. Compared with 2015, the sales of women's footwear increased by 22.8%.

MEN SHOES

20,5%

Within the product range of men's footwear, the Group offers its customers: boots, sports shoes, low boots, sandals and sneakers. Individual goods are sold within the group of product range under the following brands: Lasocki for men, Sprandi, Gino Lanetti, Vapiano and Cesare Cave. Sales of men's shoes accounted for 20.5% (22.6% of sales of footwear), the value of sales realized in 2016, in terms of volume was 17.9% of sales of footwear which gives sales of 6.1 million pairs of shoes. Compared with 2015, sales of men's footwear increased by 19.6%.

KIDS SHOES

Within the product range of kids's shoes, the Group offers its clients footwear for both boys and girls for every season. Within the subgroups of product range, the footwear is sold under the following brands: Lasocki Lasocki Kids Lasocki Young, Sprandi, Action Boy, Magic Lady, Nelli Blu Nylon Red, Vapiano, Muflon and licensed brand, including Mickey and Friends, Spiderman Ultimate, Violetta, Cars, Frozen, Planes, Star Wars, Fairies, Sofia the first, Princess, Avengers, Finding Dory. Sales from the product range of kids' footwear accounted for 12.3% (13.6% of sales of footwear) of the total value of sales in 2016 in terms of volume was 21.8% of sales of footwear which gives sales of 7.4 million pairs of shoes. Compared with 2015, sales of children's footwear increased by 15.6%.

12,3%

5,3%

BAGS

Within this group of product range, The Group offers its customers bags made of synthetic materials, sold under the brand names Jenny Fairy and Lasocki casual for men. Sales of bags accounted for 5.3% of total sales in 2016 resulting in 2.1 million of units of sold bags. Compared with 2015 sales of bags increased by 32.3%

Within the product range of shoe care products, the Group sells products for shoe care. Sales of the group of product range of shoe care products accounted for 1.8% of total sales.

1,8%

SHOE CARE PRODUCTS

2,4%

OTHER

Within the product range of the others, the Group sells, among others, the following products: jewellery, fancy goods, cycling accessories. Sales of the group of product range of other products accounted for 2.4% of total sales in 2016.

SPRANDI is a brand designed for active families and young and open people who enjoy hanging out and relax outdoors. It is for people who walk a lot and need comfortable and functional footwear at a reasonable price.

FAMILY RECREATION AND URBAN STYLE

Comfortable, branded sports shoes

Ideal for a bike trip, picnic, walk in the park as well as for everyday walking around the city for the younger who are looking for footwear of a lifestyle character.

Offers brand meets the needs of a broad target group.

Expressive design, a lot of colour and comfort is the basic characteristics of Sprandi shoes.

WOMEN'S PRODUCTS

LASOCKI
SINCE 1954

- high quality, attention to detail, style, elegance and comfort
- high-quality leather
- competitive prices

WOMEN

- approx. age of 20 – 55
- medium and high income
- open, active, caring for physical condition seeking uniqueness, originality
- who value quality, style, comfort
- the price is of secondary importance

Jenny fairy

- good quality, variety, fashionable styles
- innovative materials (Eco-leather, textiles)
- reasonable prices

WOMEN

- approx. age of 14 – 60
- medium and low income
- open, active up-to-date
- seeking aesthetic, fashionable styles
- who value diversity and style
- at reasonable prices

Clara Barson
CLASSIC STYLE

- satisfactory quality, functionality, comfort
- various materials
- low prices

WOMEN

- approx. of age 35 – 70 or more
- low income
- traditionalists
- seeking comfortable, practical, proved models
- who value comfort and functionality
- at affordable prices

MEN'S PRODUCTS

LASOCKI

- Polish premium brand with tradition
- high-quality leather
- competitive prices
- classic styles and smart casual

MEN

- approx. age of 25 – 75
- of average and high income
- confident, caring about their appearance, "the contents of the closet," escaping from the "mediocrity", valuing quality, style, comfort
- making rational choices – weigh value for money

Cesare Cave

- good quality, spring – summer styles
- genuine leather
- handsewn
- reasonable prices

MEN

- approx. age of 35 – 80
- average income
- who appreciate the freedom and ease
- looking for comfortable, airy and reliable models for spring and summer at affordable prices

VAPIANO

- classic styles - lace-up low boots and slip on shoes
- formal (dressy look) and semi-formal shoes at a reasonable price

MEN

- approx. age of 20 – 80
- of average and low income
- needing footwear for of more formal styles for special occasions, several times a year, or for everyday work
- a purchasing driver is primarily the price, the issue of the material is of second importance

GINO LANETTI

- economic, slightly sporty urban footwear
- casual
- low boots, sandals, flip-flops
- low prices

MEN

- approx. age of 18 – 65
- of average and low income
- seeking comfortable shoes at an affordable price for everyday activities
- paying attention to the appearance of the shoe more than the material from which it is made

KID'S PRODUCTS

- **high quality, attention to detail and pro – health**
- functionality and comfort
- modern design
- high-quality leather
- competitive prices

PARENT

- average and high income
- open, active, caring about their health and their own family
- key features of kids' shoes is ease, comfort, health aspect and functionality
- who appreciate quality, comfort and style
- price is of secondary importance

- **diversity – a rich ornamentation and a multitude of colours**
- **casual models (slightly sporty for boys) and occasional (e.g. booties for girls)**
- different materials (genuine and eco – leather, textiles)
- low prices

PARENT

- middle and low income
- open, active, up-to-date
- seeking comfortable, aesthetic, and even extravagant styles for different occasions
- valuing diversity and colourfulness and respecting the tastes of children
- believing that children grow rapidly and destroy shoes, so the quality is a secondary issue
- very important low price

- **licensed ornaments in accordance with children's trends (cartoons, movies, games, etc.).**
- casual models and slightly sporty (e.g. sneakers)
- various materials
- reasonable prices

PARENT

- middle and low income
- seeking comfortable, but eye-catching footwear for children
- fulfilling the dreams of little ones
- appreciating colourfulness and fun, less important quality
- reasonable prices

1.3 BUSINESS MODEL

1.3.1 DISTRIBUTION

MARKET ENVIRONMENT

The main business segment of the Capital Group CCC is retail sale, which generates 86.0% of total revenues. In this segment, the Group operates in four regions:

- Poland,
- Central and Eastern Europe,
- Western Europe,
- Other countries

The following is a characteristic of the market environment and competition in key regions.

REGION	MARKET SITUATION
Poland	The current economic situation in Poland is stable with medium development perspectives. In the first quarter of 2017, GDP growth amounted to 3.1%. A slightly lower result (2.8%) was recorded throughout the year 2016. Accordingly for years 2015 and 2014, the economic growth in Poland amounted to 3.9% and 3.3% respectively. There were no changes in tax rates for the Group's products during the period. Due to the above macroeconomic data and changes in government social policy (the 500+ program), there is an expected increase in disposable income for consumers. In Poland, the key competitor for the Group is Deichmann.
Central and Eastern Europe	The current economic situation in the region of Central and Eastern Europe is stable, with moderate growth prospects. The level of GDP per capita, is growing at a stable pace, the unemployment rate in the most important countries of the region is a decreasing trend. In the reporting period there were no changes in tax rates relating to Group's products. The above macroeconomic data allow expecting an increase in disposable income of consumers. In the region of Central and Eastern Europe Deichmann is a key competitor for the Group.
Western Europe	The current economic situation in the region of Western Europe is stable, with moderate growth prospects. The level of GDP per capita, is growing at a stable pace. The unemployment rate remained at a stable level. In the reporting period there were no changes in tax rates relating to Group's products. The above macroeconomic data allow to expect a positive impact on the results achieved by the Group CCC. Deichmann is a key competitor of the Group in the region of Western Europe.

[in mln PLN unless otherwise stated]

PRESENCE IN THE MARKETS

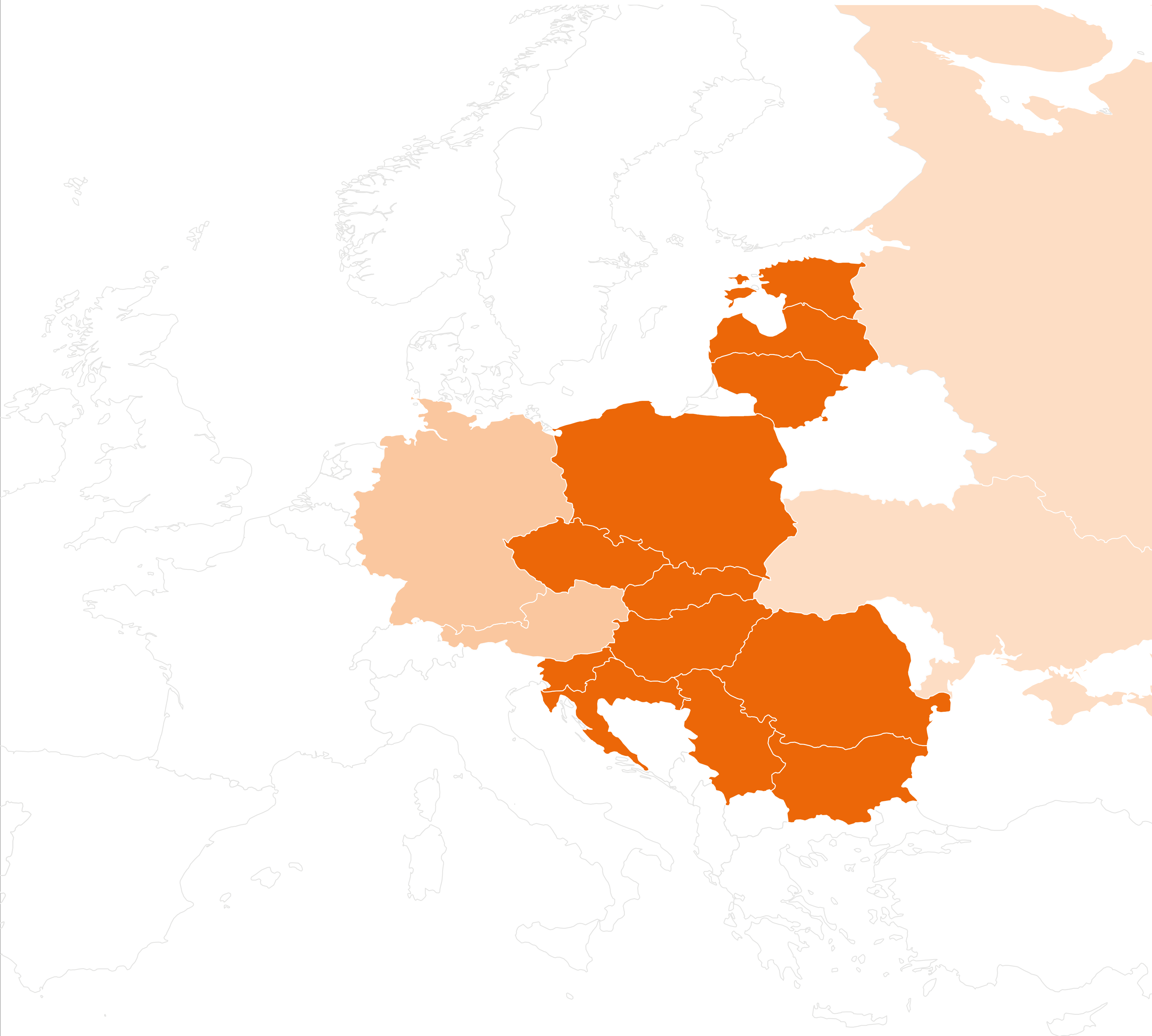
The main market for the CCC Group's sales is Poland. The share of CCC in the highly fragmented retail footwear market in Poland is estimated at about 20%. The main market of the Group CCC is a widely considered medium segment of a customer. In terms of the number of points of sale in Poland, CCC almost more than double the biggest competitors offer. Still it is the broadest segment of the domestic footwear market, calculated at over 130 million pairs of shoes annually.

Apart from the Polish market, the Group CCC operates in the region of Central and Eastern Europe in, i.e. The Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria and in Croatia; in Western Europe, i.e. in Germany and Austria and in the other countries – Russia and Serbia.

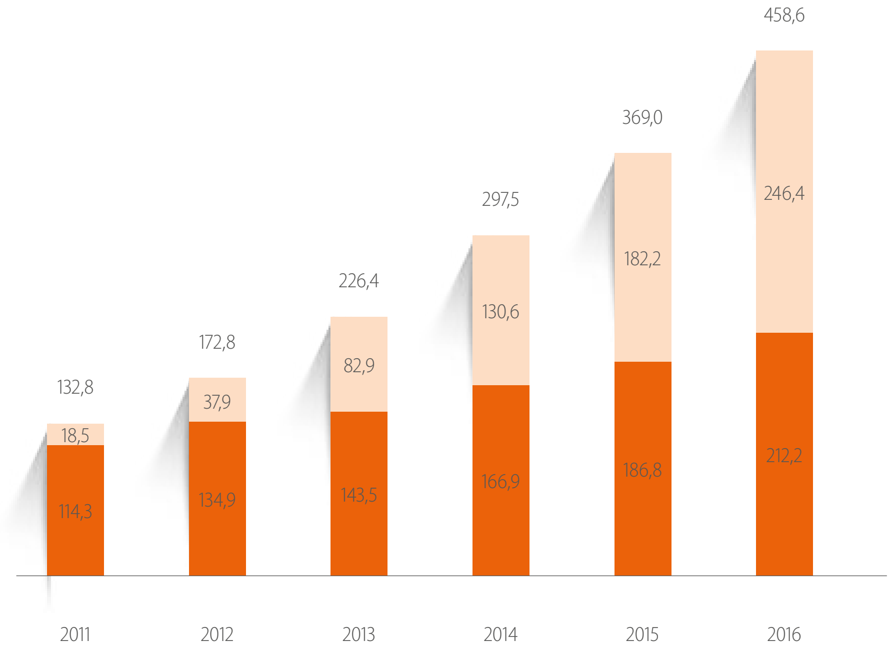
The stores are located in large shopping centers or at major traffic routes, in prestigious urban locations.

	31.12.2016	31.12.2015
TOTAL STORES:	862	759
OWN STORES CCC	796	695
Poland	436	410
Czech Republic	82	79
Slovakia	42	37
Hungary	69	61
Austria	39	27
Croatia	20	13
Turkey	—	3
Germany	75	51
Slovenia	11	8
Bulgaria	9	6
Serbia	2	—
Russia*	11	—
FRANCHISE STORES CCC	66	64
Romania	50	42
Russia*	—	8
Latvia	7	7
Lithuania	3	2
Ukraine	5	5
Estonia	1	—

*CCC Russia – a subsidiary since 20.09.2016



The following is a change of the floor space of CCC stores in the years 2011 - 2016 [thousand m^2]



In 2016, CCC Capital Group increased its net floor space by 88.3 thousand m^2, from 370.7 thousand m^2 to 459.0 thousand m^2 (including: chain CCC 458,6 thousand m^2, chain BOTI 0,4 thousand m^2) at the end of the year. Change of the floor space was due to the enlargement of the existing floor space by opening stores with a total floor space of 83.0 thousand m^2 and the modernization and extension of existing floor space by 11.7 thousand m^2. In 2016, 22 stores with a total floor space of 6.4 thousand m^2 were closed down, of which approx. 5.2 thousand m^2 were stores trading under the name CCC and 0.8 thousand m^2 trading as BOTI and 0.4 thousand m^2 as LASOCKI. The decision was based on several factors, the main one was to change the Group's business strategy in which a key element is the development of the CCC network in European markets.

RETAIL SALE

Retail sale in own chain stores and agency ones in 2016 was carried out in Poland, the Czech Republic, Slovakia, Austria, Slovenia, Croatia, Turkey, Bulgaria, Germany, Hungary, Russia and Serbia. The total number of own stores and agency ones as of 31 December 2016 amounted to 796. The average floor space of these stores increased by 47 m^2 up to 535 m2 (488 m^2 in 2015). The total floor space of own stores and agency ones as of 31 December 2016 amounted to 425.7 thousand m2 and increased by 25.4% compared to 2015 (339.4 thousand m^2). Revenues from retail sales increased by 25.2% to PLN 2,738.0 billion (2,186.2 billion PLN in 2015) and accounted for 86.0% of total sales. Revenue from sales per square meter increased to 6.43 thousand PLN/m^2 (6.42 thousand PLN/m^2 in 2015).

The following table presents data on the development of its own network of sales by country (as of 31.12):

CHAIN	TYPE	2012		2013		2014		2015		2016	
		m^2	number	m^2	number	m^2	number	m^2	number	m^2	number
CCC Own	Poland	133 268	375	141 960	379	166 946	405	186 782	410	212 242	436
	Czech Republic	20 996	62	26 947	73	32 309	79	36 104	79	39 415	82
	Slovakia	5 290	12	10 646	25	13 866	30	18 852	37	23 104	42
	Hungary	6 028	15	23 456	50	27 689	57	30 462	61	38 040	69
	Austria	—	—	2 816	6	9 184	17	14 681	27	23 580	39
	Slovenia	—	—	924	2	3 646	6	4 603	8	6 272	11
	Croatia	—	—	1 651	3	4 436	8	7 314	13	11 842	20
	Turkey	—	—	1 165	2	1 805	3	1 805	3	—	—
	Germany	—	—	2 272	4	18 380	27	34 920	51	58 127	75
	Russia	—	—	—	—	—	—	—	—	6 339	11
	Bulgaria	—	—	—	—	—	—	3 875	6	5 665	9
	Serbia	—	—	—	—	—	—	—	—	1 089	2

[in mln PLN unless otherwise stated]

WHOLESALE

Franchise partners, who wholesale is directed to, in 2016 were present in Romania, Ukraine, Latvia, Lithuania and Estonia. The total number of franchise stores as of 31 December 2016 amounted to 66. The average floor space of these stores increased by 36 m2 to 498 m2 (462 m2 in 2015). The total floor space of franchise stores as of 31 December 2016 amounted to 32.9 thousand m2 and increased by 11.1% compared to 2015 years (29.6 m2). Wholesale revenue increased by 34.2% to PLN 158.7 million (PLN 118.8million in 2015) and accounted for 5.0% of total sales. Revenue from sales per square meter increased by 27.4% to 4.83 thousand PLN/m2 (3.79 thousand PLN/m2 in 2015).

The following table presents data on the development of its own network of sales by country (as of 31.12):

CHAIN	TYPE	2012		2013		2014		2015		2016	
		m²	number	m²	number	m²	number	m²	number	m²	number
CCC Franchise	Russia	1 828	5	2 178	6	1 781	5	3 617	8	—	—
	Ukraine	—	—	769	2	1 470	4	2 237	5	2 709	5
	Romania	2 074	5	7 869	19	13 454	31	19 325	42	24 386	50
	Latvia	1 430	3	2 212	5	2 622	6	3 232	7	3 281	7
	Lithuania	—	—	—	—	—	—	1 187	2	1 787	3
	Estonia	—	—	—	—	—	—	—	—	724	1
	Poland	1 586	49	1 586	8	—	—	—	—	—	—
CCC TOTAL		172 500	526	226 451	584	297 588	678	368 996	759	458 602	862

ONLINE SALE

Goods sold in CCC stores are also available online. (Sales carried out by eobuwie.pl since July 2015).

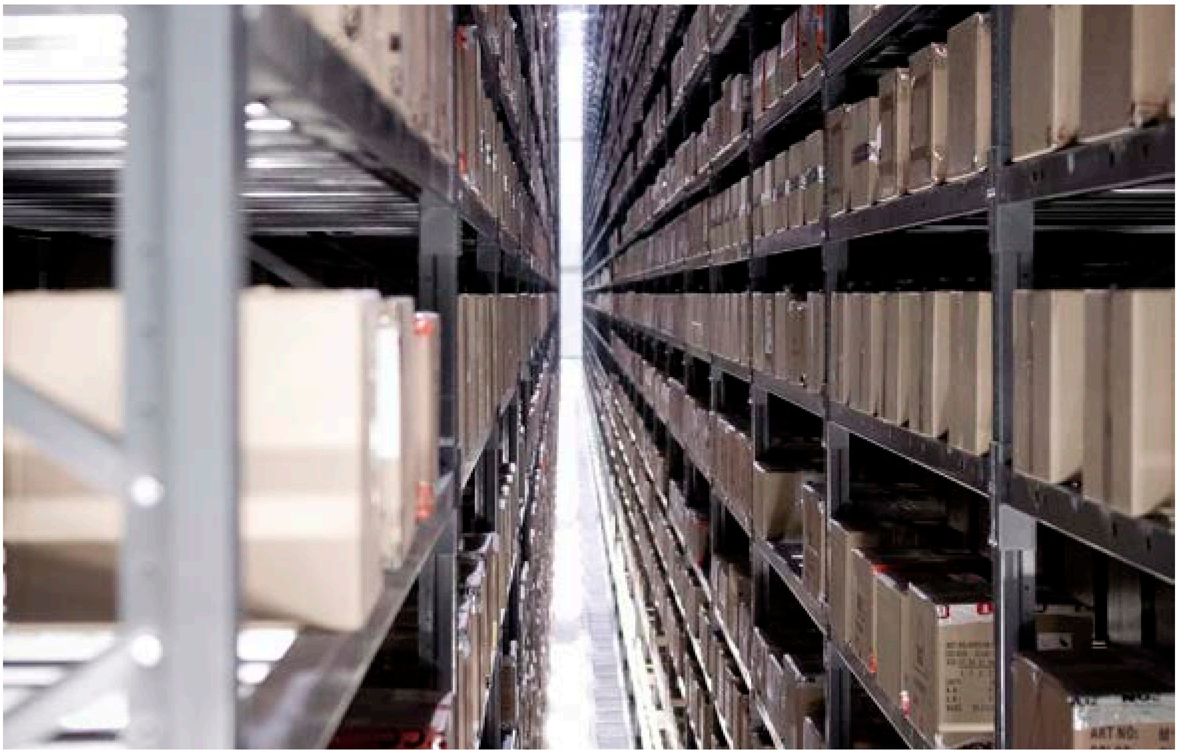
1.3.2. LOGISTICS

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 Centre is fully automated mini-load high storage warehouse, with a total area of 23,064 square meters, which is able to accommodate a minimum of 5 million pairs of shoes, more than 500,000 cartons of different dimensions. It is the largest of its kind in Central Europe. Investment in 40% was financed with EU funds through the program of Innovative Economy.

Distribution Centre, in conjunction with the existing sorting plant is able to handle more than 100,000 cartons (approx. 1.1 million pairs of shoes) during two working shifts. The process of mechanization provides handling for future development and is essential to the further development of logistics processes. In addition, it allows for the optimization of storage space, which is currently 82.3 thousand m^2.

The result of the made organizational restructuring of CCC S.A. and the Group CCC is to leave the logistics service in the parent company and providing logistics services to a related party.

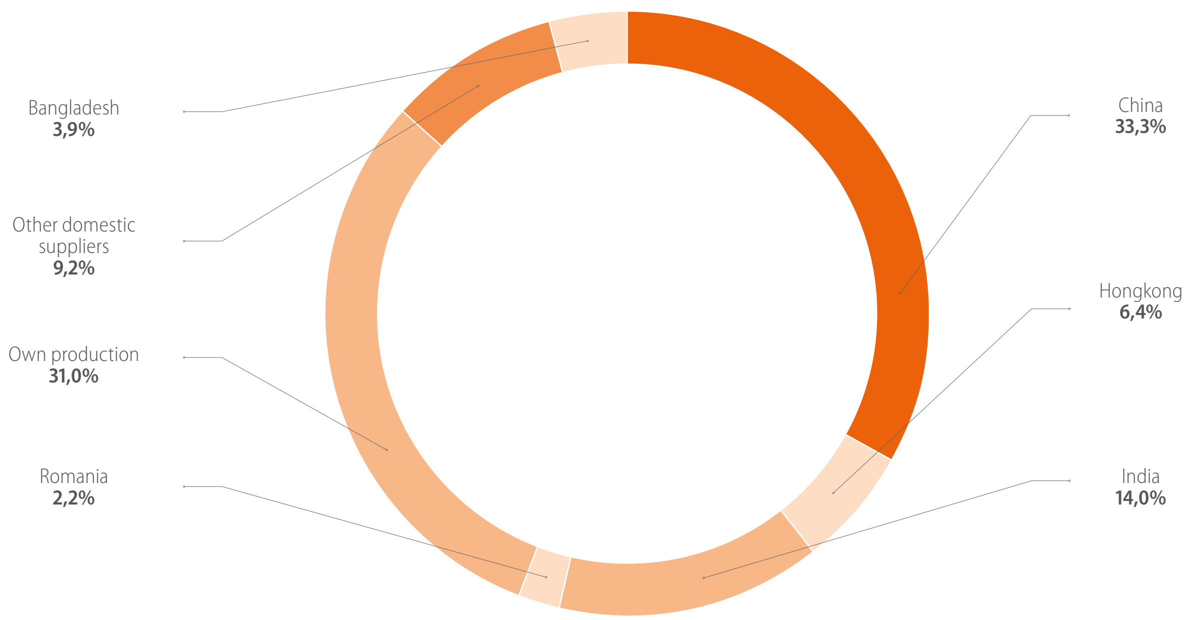


1.3.3 MANUFACTURING AND SUPPLIERS

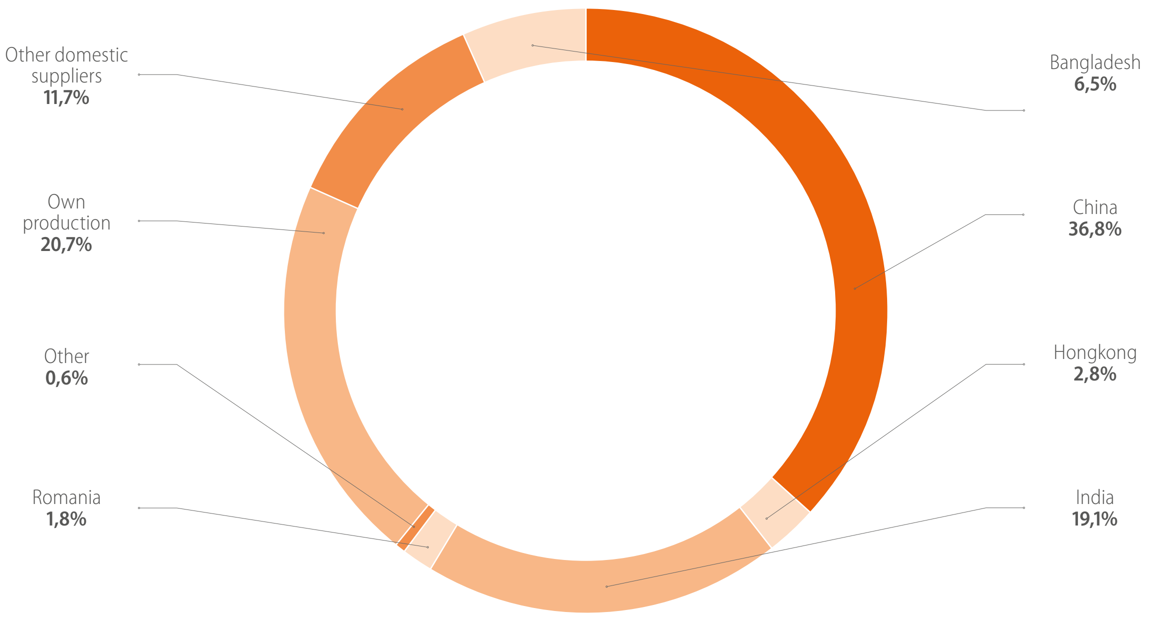
The Company CCC.eu Sp. z o.o. is the supplier of goods to the Group CCC S.A. The company obtains goods from domestic and foreign suppliers and from its own factory (CCC Factory Sp. z o.o.).

Territorial structure of footwear purchases in 2016 and 2015 is shown below.

Territorial structure of footwear purchases in 2015 (value)



Territorial structure of footwear purchases in 2016 (value)



FOOTWEAR

Footwear, the main goods of the CCC Group, is imported from Asia (65.2% of total value of purchase of shoes, manufactured in its own factory (20.7%), purchased from domestic suppliers (11.7%) and in other countries (2.4%). The main direction of footwear import from Asia comes from China (36.8% of total imports of footwear), from where supplies come from dozens of manufacturers.

BAGS, SHOE CARE PRODUCTS AND OTHERS

Products sold by the Group CCC are also bags, shoe care products and jewellery, fancy goods and cycling accessories. All of these goods are purchased from external suppliers. Bags in particular are imported from Asia, while other goods are obtained from European markets.

1.4
LISTING OF SHARES ON THE WARSAW STOCK EXCHANGE

In 2016, the Company CCC S.A. celebrated its 12th anniversary of listing of its shares on the Stock Exchange in Warsaw - at the end of the year, one share of CCC was valued at PLN 203.55, which was reflected in the capitalization of the Group CCC in the amount of PLN 8.0 billion. The highest share price of the year (closing share price) amounted to PLN 203.55, and was thus the highest valuation of the shares in the history, while the lowest amounted to PLN 109.00. The maximum transaction price in 2016 amounted to PLN 204.00 PLN, while the minimum price was PLN 108.45.

In 2016, the shares of CCC gained in value by 55.9% while the index of WIG and WIG20 in the same period depreciated respectively 14.1% and 8.0%.

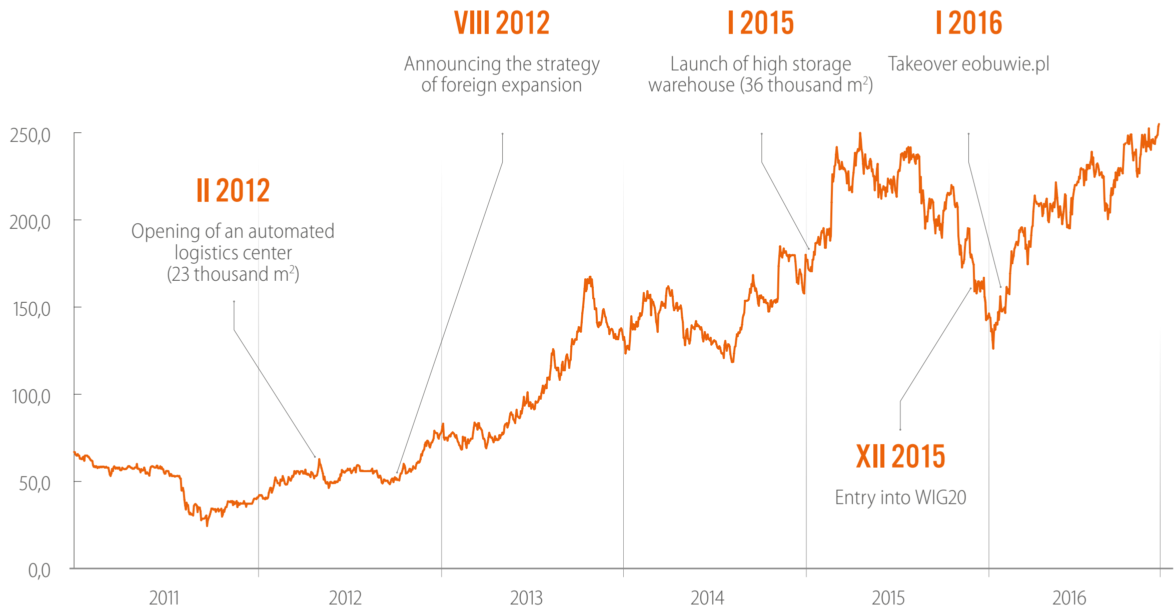
Since the beginning of first quotation, the price of one share of CCC has increased by over 2040% from PLN 9.50 (issue price as of 2 December 2004) to the price of PLN 203.55 at the closing of the trading session on 30 December 2016.

CCC allocated 33.2% of the consolidated net profit for 2015 for the payment of dividend to shareholders, i.e. PLN 2.19 per share was paid and the total value of the dividend amounted to PLN 85.7 million. More information on dividends paid is in Chapter 5.

Listing of sheres of CCC since IPO until 30 December 2016

[in mln PLN unless otherwise stated]

The most important events against listing of shares of CCC on WSE



REPORTING CALENDAR

28 February 2017	Consolidated quarterly report for Q4 2016
28 April 2017	Separate and Consolidated Annual Report for 2016
15 May 2017	Consolidated quarterly report for Q1 2017
31 August 2017	Consolidated report for 1H 2017
14 November 2017	Consolidated quarterly report for Q3 2017

2.
STRATEGY OF THE GROUP CCC – EXECUTION AND DEVELOPMENT PLANS

CCC
SHOES & BAGS

2.1 MISSION AND STRATEGY

The key element of the CCC Group's strategy is to continue its very successful expansion in Central and Eastern Europe, to win a leader position in each of the local footwear markets in the region and achieve a sustainable profitability in the markets of Austria and Germany over the next few years.

The Brand enters a new dimension and creates new horizons of its development, thanks to the recognition in the market environment of the Group, both in Poland and in other countries.

CCC's strategy is built on the basis of a set of unique competencies that build competitive advantage in the European market of retail sales of footwear, which includes:.

FAST FASHION

Providing customers of different levels of wealth with few thousand of different models during the season. Short series, a variety of colours, styles and fashions guarantee high attendance rate and frequency of purchases.

VALUE FOR MONEY

The product offer of CCC is very competitively priced, both in the segment of leather shoes and synthetic ones.

OWN BRANDS OFFLINE/ MULTIBRAND ONLINE

CCC primarily sells its own brands, namely products manufactured either in its own factory in Polkowice or commissioned for outsourcing manufacturing in the Far East. As a result the Group fully controls the production process, quality, logistics, pricing policy, margins and marketing policy. The online platform, by contrast, operates in the multibrand formula - apart from brands from CCC Group it sells products of leading worldwide-known brands.

NECESSARY RESOURCES

- Unmatchable logistics in the footwear industry - fully automated modern logistics center;
- Manufacturing in the country and abroad - CCC Group owns the largest footwear factory in Poland;
- Healthy balance - the share of financial debt to equity ratio remains at a safe level;
- Know-how in designing and building of the collection, management of sales, marketing and HR.
- Competence in e-commerce.

2.1.1
VALUES AND PRINCIPLES OF CONDUCT

Among our values and rules of conduct particularly we appreciate and promote the following attitudes. They specify our policy in relation to the customers surrounding us, our employees and shareholders. Thanks to such attitudes we want to stand out both as an employer, a trading company and a business partner. The following diagram presents the attitudes along with the components that define them. For more information, visit our CCC.eu website. http://firma.ccc.eu/pl/30,wartosci-ktore-cenimy.html

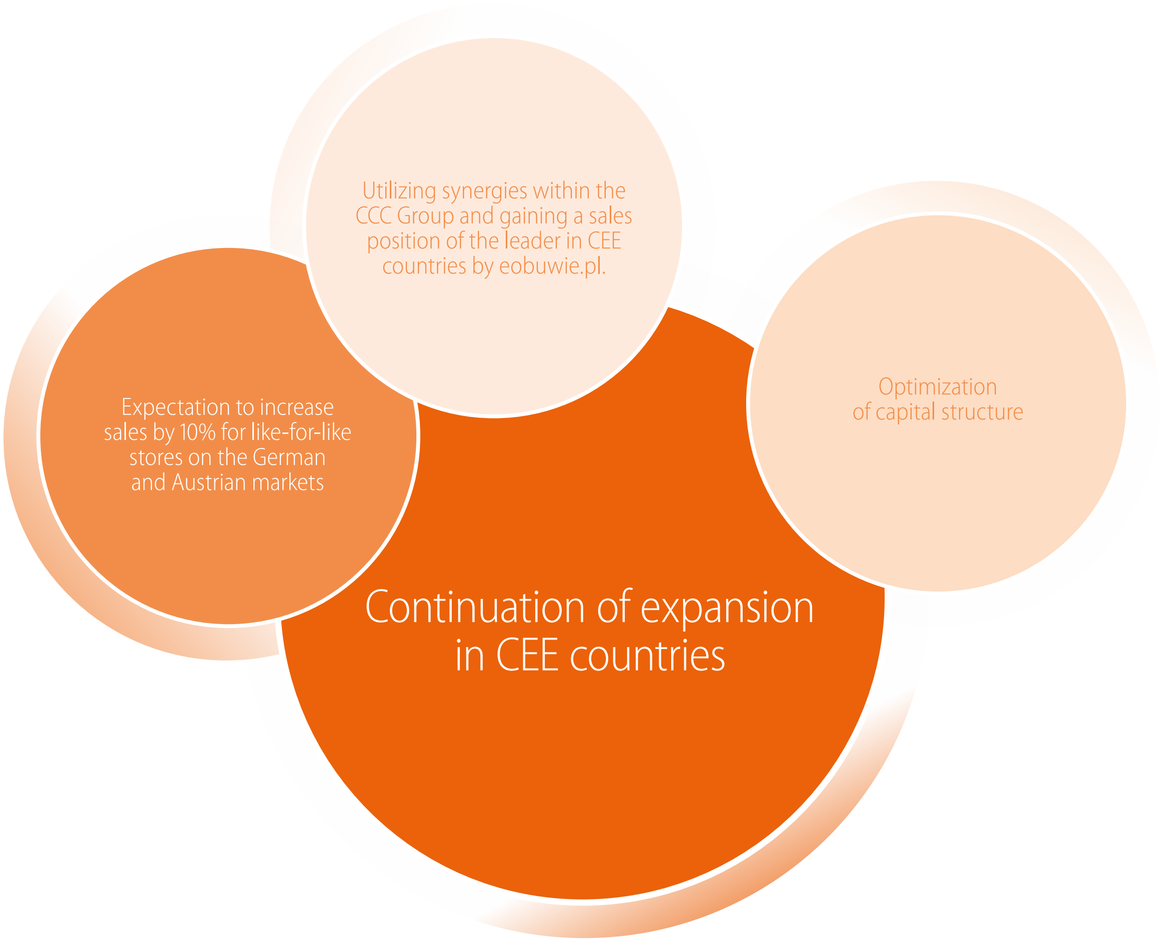
2.2
STRATEGY FOR YEARS 2016 – 2017

The strategy chosen by the Group for the years 2013-2015 is continued in the years 2016-2017, and the basic axis of growth are the countries of Central and South-Eastern Europe and the Baltic countries. In addition, CCC Group aims at becoming a leader in online sales of footwear in Central European markets.

STRATEGIC OBJECTIVES FOR 2017 ARE:

- continuing a very successful expansion in Central and Eastern European markets and gaining a leading position in each of the local footwear markets in the region;
- using synergies within the CCC Group and gaining by eobuwie.pl a position of the leader in online sale of footwear in Central Europe;
- optimization of capital structure in the financial area;
- achieving a sustainable profitability in the markets of Austria and Germany in the coming years.

The 2017 strategy has been defined on the basis of four strategic objectives.



CONTINUATION OF EXPANSION

First of all, CCC Group will continue its highly successful expansion in the years 2013-2015 in the markets of Central and Eastern Europe and hopes to win a leading position in each national footwear market in the region. As a part of this objective, the Group in 2016 opened a new distribution company in Serbia and launched the franchise sale in Estonia.

The Group also intends to continue its foreign expansion, thus strengthening its position in the markets where it has already been present. In 2017, the Group intends to increase its stores' floor space by not less than net 100,000 m^2 of new space, of which approximately 40% will be opened in Poland and the remaining abroad which will make the Group at the end of 2017 manage the sales network with a total area of 569 thousand m^2 and thus owning CCC stores in 15 countries in Central and Western Europe.

STRENGTHENING OF THE POSITION IN THE MARKETS OF AUSTRIA AND GERMANY

Another strategic goal is to achieve over the next two years a sustained profitability in the markets of Austria and Germany. The experience gained over two full years of expansion shows that achieving this profitability is possible, but it takes much longer than in the markets of Central Europe. Expected in 2017 the increase of sales „like for like" in Germany and Austria by 10%. In Germany and Austria, the Group as of 31 December 2016 owned a total of 114 stores with a total space of 81.7 thousand m^2.

ONLINE SALE

The strategic objective in the area of e-commerce is the use of synergies within the Group CCC and winning by eobuwie.pl a leading position in online sales of footwear in Central Europe. Currently eobuwie.pl sells footwear through its regional domains in Poland, the Czech Republic, Slovakia, Germany, Romania and Hungary. In addition, in 2017, the works have begun to create an online platform fully integrated with CCC stores, which will significantly increase the Group's activity range.

OPTIMIZATION OF CAPITAL STRUCTURE

The strategic objective in the financial area is to optimize the financial structure. The Company intends to issue bonds convertible to shares in order to secure long-term financing.

2.4 DEVELOPMENT PROSPECTS

Development factors	Issuer's expectations
the volume of sales achieved in stationary stores and in the channel of e-commerce	the economic situation in the countries in which the Group CCC operates should have a positive impact on revenue generated from sale;
the amount of realized margins and the level of exchange rates	the current macro and microeconomic situation, the level of exchange rates should not have a significant impact on the level of realized margins
weather conditions	changes in climatic conditions have been observed in recent years may have an impact on the financial results; The Group adjusts its collection to the changing environment

3.
ANALYSIS OF FINANCIAL RESULTS OF THE GROUP CCC


CCC
SHOES & BAGS

3.1
ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA

3.1.1
FINANCIAL RESULTS OF THE GROUP CCC

3.1.1.1
THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUES, COST OF GOODS SOLD AND GROSS PROFIT ON SALES

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.. Segmental revenue data presented in the tables below show sales from external customers – intra-group sales are excluded and consolidation adjustments are included so that the value of revenues is the same as the item of revenue from the consolidated financial statements.

As the **cost of goods** sold, the Group recognizes: the value of goods sold, the value of packages sold, the cost of the claims provisions, the value of finished goods sold, the cost of sublease services, logistic services, accounting, inventory write-downs and fixed assets impairment losses as well as intangible assets used in the manufacture of goods or services provision (depreciation of production machinery).

Gross sale profit is calculated as the difference between sales revenue and cost of goods sold and gross profit margin as 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 sales of comparable facilities** – definitions of these measures are included in the particular tables.

The company CCC S.A. mainly focuses on the retail distribution of goods on the territory of Poland. In addition, it also provides logistic and accounting services to CCC.eu. Distribution of the goods in the retail channel outside Poland is handled by subsidiaries operating in the Czech Republic, Slovakia, Slovenia, Croatia, Austria, Serbia, Bulgaria, Russia, Hungary and Germany. Footwear manufacturing for the Group's needs is handled by CCC Factory. Sales of goods in the e-commerce channel is handled by eobuwie.pl.

Our sale revenue was as follows:

	SALES REVENUE [1]		CHANGE %	REVENUE PER 1m² OF FLOOR SPACE (IN THOUSAND PLN) [2]	
	2016	2015		2016	2015
Poland	1 689,1	1 438,4	17,4%	7,96	7,65
CEE	707,7	538,5	31,4%	5,69	5,32
Western Europe	325,9	201,3	61,9%	3,99	4,06
Other countries	15,3	8,0	91,3%	4,70	4,43
Retail activities	2 738,0	2 186,2	25,2%	6,43	6,42
Wholesale	158,7	118,3	34,2%	4,83	3,79
E-commerce	286,8	—	—		
Other activities	—	2,3	—		
Manufacturing	1,8	0,2	>100%		
Total	3 185,3	2 307,0	38,1%		

1) Revenues from sales apply only to sales to external customers.

2) Revenue per 1m² in floor space is calculated as the sum of quotients of 12 months-revenue of CCC stores of the given year and their floor space of m² at the end of the balance sheet date

Revenues from sales in 2016 amounted to PLN 3,183.3 billion, an increase of PLN 878.3 million (38.1%) compared to the previous year. The increase in sales was mainly influenced by business development and expansion in particular retail markets, especially in Poland. Total retail sales in 2016 accounted for 86.0% of total sales from external customers, with 5.0% of wholesale sales and 9.0% of e-commerce sales. Poland is still the largest sales market the share of which in total sales in 2016 amounted to 53.0% compared to 62.3% in 2015. In comparison with the previous year, sales to external customers increased in all markets. The Group maintains high retail sales per square meter – over the past year sales did not change compared to 2015 and amounted to 6.4 thousand PLN/m², with the growth of an average CCC store floor space + 9.6% up to 535 m². The size of revenues is affected by the change in sales in existing facilities and the changes resulting from the opening and closing of retail facilities.

The figures on the distribution of sales by continuing and newly opened or closed facilities are as follows:

	COMPARABLE FACILITIES [1]			CHANGE %	OTHER FACILITIES [2]	
	NUMBER	2016	2015		2016	2015
Poland	284	1 077,8	976,0	10,4%	607,0	462,4
CEE	155	481,7	462,5	4,2%	226,0	76,0
Western Europe	43	163,0	156,7	4,0%	162,9	44,6
Other countries	—	—	—	—	15,3	8,0
Total	482	1 722,5	1 595,2	8,0%	1 011,2	591,0

[1] Comparable facilities which operated without interruptions during 2016 and 2015.

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

Overall, regarding the described years, the increase in sales in comparable stores was PLN – 127.3m (+8.0%). Growth in like-for-like facilities was recorded in Poland (+ 10.4%), the countries of Central and Eastern Europe (+ 4.2%) and Western Europe (+ 4.0%). Revenue from retail sales in 2016 amounted to PLN 1,689.1 billion, an increase of PLN 250.7 million (+17.4%) compared to the previous year. At the same time, CCC stores in Poland were opened and enlarged with the total area of 27.7 m^2, and the facilities with a total area of 2.3 m^2 were closed in Poland. In net value, in 2016, retail space in Poland increased by 24.2 thousand m^2, including CCC +25.4 thousand m^2, BOTI and LASOCKI – 1.2 thousand m^2. The change in revenue PLN 246.4 million was affected, compared to the previous year, by sale in CCC like-for-like stores PLN 101.8 million (10.0%) and sales at other stores PLN 144.6 million (+ 31.3%).

In the whole CEE segment (Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Bulgaria) sales revenue amounted to PLN 707.7 million, up by PLN 169.2 million (31.4%) compared to the previous year. In the same period a total net floor space of 23.6 thousand m^2 was opened stores in Central and East Europe.

The Czech Republic is the largest market in this segment regarding revenue, accounting for 8.1% of total revenue from external customers (an increase of 0.8 percentage points over the year 2015). In 2016, sales to external customers in the Czech Republic amounted to PLN 256.84 million and increased by PLN 51.4 million. In 2016 in the Czech Republic stores with a total net floor space of 3.8 thousand m^2 were opened.

The second largest market is Hungary with 5.8% of total revenue share. Revenue from external customers in this market in 2016 amounted to PLN 183.9 million and increased by PLN 40.2 million (28.0%) as compared to 2015. In 2016, Hungary stores with a total net floor space of 7.6 thousand m^2 were opened.

Significant markets in Central and Eastern Europe include the Slovakian market with sales revenue at the level of 4.8% (PLN 152.0 million) which recorded PLN 30.5 million increase in sales (25.1%). In Slovakia in 2016 stores with a total net floor space of 4.3 thousand m^2 were opened.

Croatia was among other dynamically developing markets (increase of sales from external customers by 85.2%), Slovenia (27.5%), Bulgaria (124.3%).

In the segment of Western Europe, the fastest growing market in 2016 was the German market. In this period, 24 stores (23.1 thousand m^2) and 12 stores (8.9 thousand m^2) were opened in Germany and Austria respectively. In Germany, sales revenue from external customers amounted to PLN 215.6 million, an increase compared to a previous year by 73.9% from PLN 124.0 million. On the other hand, the Austrian market generated sales revenue from external clients of PLN 110.3 million – an increase of 42.9% from PLN 77.3 million compared to the previous year.

Sales to external customers in the wholesale segment amounted to PLN 158.7 million in 2016 and increased by 34.2% in comparison to 2015. As a result of this activity, the two largest counterparties, namely Romanian and Latvian entities are gaining attention. Sales to Romania in 2016 reached PLN 99.4 million (+ 43.3%), whereas in Latvia PLN 16.9 million (+ 18.2%).

[in mln PLN unless otherwise stated]

SALE RESULT

As a result of our activity we have achieved the following results on sale::

	2016	2015	CHANGE %
Sales revenue from external clients	3 185,3	2 307,1	38,1%
Cost of goods sold	(1 505,2)	(1 041,3)	44,6%
Cost of purchase of goods sold	(1 245,6)	(848,5)	46,8%
Cost of manufacturing goods sold	(253,5)	(186,4)	36,0%
Write-down on inventories	(6,1)	(6,4)	–4,7%
Gross profit on sale	1 680,1	1 265,8	32,7%

Gross profit by a particular segment was as follows:

	GROSS PROFIT ON SALE		CHANGE %	GROSS MARGIN	
	2016	2015		2016	2015
Poland	882,1	771,6	14,3%	52,2%	53,6%
CEE	411,6	313,8	31,2%	58,2%	58,3%
Western Europe	202,1	131,8	53,3%	62,0%	65,5%
Other countries	6,4	4,8	33,3%	42,0%	60,0%
Retail activity	1 502,2	1 222,0	22,9%	54,9%	55,9%
E-commerce	122,3	—	—	42,6%	—
Wholesale	53,9	41,3	30,5%	34,0%	34,9%
Manufacturing	1,7	0,2	>100%	nd.	nd.
Total	1 680,1	1 263,5	33,0%	52,7%	54,8%
Unallocated to segments	—	2,3	—	nd.	nd.
Total	1 680,1	1 265,8	32,7%	52,7%	54,9%

Consolidated gross sale profit of the Group increased by 32.7% and amounted to PLN 1,680.1 billion in 2016. The higher rate of cost of goods sold + 44.6% compared to sales revenue + 38.1% resulted in a decrease in gross sale margin by 2.2 p.p. to the previous year. Higher dynamics of cost of goods sold than revenues is related, among others, with the functioning of the e-commerce channel, which performs a gross margin of 42.6%.

The margin in the retail segment amounted to 54.9% in 2016 and was lower by 1.0 p.p. compared to last year.

COST OF OPERATING STORES/WHOLESALE AND SEGMENTS PROFITABILITY

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.

Segments profitability

2016	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	1 689,1	882,1	(440,6)	(100,3)	341,1
CEE	707,7	411,6	(241,6)	(65,6)	104,4
Western Europe	325,9	202,1	(241,0)	(38,7)	(77,6)
Other countries	15,3	6,4	(8,1)	(1,2)	(2,9)
Retail activity	2 738,0	1 502,2	(931,3)	(205,8)	365,0

2015	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	1 438,4	771,6	(383,0)	(98,8)	289,8
CEE	538,5	313,8	(190,2)	(39,2)	84,4
Western Europe	201,3	131,8	(152,1)	(14,1)	(34,4)
Other countries	8,0	4,8	(5,8)	(0,6)	(1,6)
Retail activity	2 186,2	1 222,0	(731,1)	(152,7)	338,2

Changes in gross profit, cost of operating stores and segment profitability between 2016 and 2015 are shown in the table below:

CHANGE %	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	17,4%	14,3%	15,0%	1,5%	17,7%
CEE	31,4%	31,2%	27,0%	67,3%	23,7%
Western Europe	61,9%	53,3%	58,4%	>100%	>100%
Other countries	91,3%	33,3%	39,7%	100,0%	81,3%
Retail activity	25,2%	22,9%	27,4%	34,8%	7,9%

The average cost per m^2 of floor space is calculated as the quotient of the cost of operating stores incurred during the financial year and the floor space in m^2 as at the balance sheet date.

The gross profit generated on sale covers the costs of operating stores and creates the segments profitability. In 2016, costs of operating stores increased by PLN 200.2 million compared to the previous year and the gross profit from retail sales increased by PLN 26.8 million.

Cost of operating stores was as follows:

	2016	2015	CHANGE %
Remunerations and employee benefits	(345,8)	(272,6)	26,9%
Agency services	(47,9)	(37,3)	28,4%
Lease costs	(386,1)	(283,9)	36,0%
Amortization and depreciation	(45,0)	(35,7)	26,1%
Taxes and fees	(3,6)	(3,1)	16,1%
Consumption of materials and energy	(36,0)	(36,3)	–0,8%
Other flat costs	(66,9)	(62,2)	7,6%
Total	(931,3)	(731,1)	27,4%

In 2016, the most significant cost item of the CCC Group was the cost of operating stores, which increased by PLN 200.2 million (27.4%) to PLN 931.3 million as compared to the previous year. The main reason for the increase in the cost of operating stores was the increase in floor space by 86.3 thousand m^2. Together with the market expansion and the opening of new retail facilities, all costs of operating stores increased, and the most significant were rental costs and staff remuneration costs, which accounted for 41.4% and 37.1% of total of the cost of operating stores respectively

The number of employees hired in all CCC Group stores as of 31 December 2016 was 9820 and was by 1073 employees higher than at the end of 2015. The largest increase in employed staff was in Western Europe (i.e. in Germany and Austria), and in Poland.

In order to analyse and compare the performance of individual stores, the Group uses an indicator of the cost per square meter of the floor space. In aggregate terms, the cost of running a store per square meter between the year 2015 and 2016 changed slightly – in 2016, this indicator amounted to 2.19 thousand PLN/m^2 and in 2015 2.15 thousand PLN/m^2. This indicator is the most profitable in Central and Eastern Europe, while the highest cost/m^2 is in Western Europe.

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 Company (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 cost includes the following costs: interest on loans; commissions paid and other financial costs.

Income tax includes accrued tax and deferred tax.

The Group presenting **adjusted net profit** excludes items that according to the Management Board are of a single nature and are not taken into account when assessing performance and in making decisions. Adjusted net income is not the IFRS measure. More information on the measure is presented on page 64.

[in mln PLN unless otherwise stated]

	2016	2015	CHANGE%
Performance of segment	456,2	370,0	23,3%
Administrative expenses	(109,0)	(115,2)	–5,4%
Other cost and revenue	26,2	1,9	>100%
Operating profit	373,4	256,7	45,5%
Finance revenue	0,9	0,1	>100%
Finance cost	(33,4)	(23,8)	40,3%
Profit before tax	340,9	233,0	46,3%
Income tax	(25,4)	26,4	<–100%
Net profit	315,5	259,4	21,6%
Adjusted net income [1)]	334,0	244,2	36,8%

[1)] adjusted net profit is an own measure of profit – explanation of the measure is contained in chapter 3.1.1.1. on page 64.

Other operating cost and revenues were respectively PLN 8.4 million and PLN 34.6 million, which in net amounted to PLN 26.2 million on the revenue side compared to PLN 1.9m in the previous year. The main reason for the change 2016 to 2015 was, among others, a positive result on disposal of fixed assets (PLN +7.7 million) against the loss incurred in 2015 (PLN – 7.3 million).

As a result of the factors described above, the CCC Group generated an operating profit in 2016 in the amount of PLN 373.4 million, up 45.5% y/y (PLN 116.7 million) compared to the corresponding period of 2015.

FINANCE INCOME AND COSTS

In 2016, financial income amounted to PLN 0.9 million and were higher by PLN 0.8 million y/y.

In 2016, finance costs amounted to PLN 33.4 million and were higher by PLN 9.6 million (40.3%) y/y. The main item making the finance costs in the reporting period were the debt interest (62.9% of total finance costs) which amounted to PLN 21.0 million and were higher by PLN 3.6 million (20.7%) y/y. Other finance costs were primarily a negative result on foreign exchange rates (PLN 1.9 million), commissions paid (PLN 0.5 million), other finance costs (PLN 2.9 million), and valuation of minority share buyout option (PLN 7.1 million).

Income tax in 2016 amounted to PLN 25.4 million negatively impacting the net profit. Current tax amounted to PLN 38.2 million and a deferred part amounted to PLN 12.8 million.

After including finance income and cost as well as the income tax, the net profit amounted to PLN 315.5 million, by 21.6% higher than in 2015.

The measure of profitability used by the Management Board is EBITDA and adjusted net income.

EBITDA and net financial debt are not indicators resulting from accounting standards and they are not defined by IFRS and may be calculated differently by other entities.

EBITDA is a measure used mainly for the purposes of debt analysis, due to the covenant-imposed by banks. For more information on the EBITDA measure, see section 3.2.1. „Debt and liquidity of the CCC Group".

Adjusted net profit is calculated on the basis of net profit adjusted for items which, in the opinion of the Management Board, are of a one-off nature and are not included in the evaluation of the results and in the decision-making process. Below there is a list of items excluded from the net result along with an explanation:

CASH ITEMS:

- Consultancy costs – this item covers advisory costs incurred as a result of the business restructuring of the CCC Group

NON-CASH ITEMS:

- Deferred tax assets for trademarks and goodwill of the company – this item includes assets created as a result of business restructuring of the CCC Group
- Expenses of the incentive scheme – this item covers the incentive scheme for 2013-2015 which was realized in 2016.

[in mln PLN unless otherwise stated]

RECONCILIATION OF ADJUSTED NET PROFIT

	2016	2015
Net profit	315,5	259,4
Recognition of a deferred tax asset relating to the trademark, goodwill and investment relief	(1,1)	44,9
Consultancy costs	(2,8)	(2,8)
Costs of the incentive program	(14,6)	(26,9)
Adjusted net income	334,0	244,2

[in mln PLN unless otherwise stated]

3.1.1.2 STATEMENT ON FINANCIAL POSITION (OVERVIEW OF MAIN ITEMS)

Overview of the main items of our statement of financial position is as follows:

	2016	2015	CHANGE %
Fixed assets, and including:	1 287,3	920,3	39,9%
Tangible fixed assets	679,6	591,9	14,8%
Deferred tax assets	320,3	312,5	2,5%
Current assets, and including:	1 381,8	1 151,7	20,0%
Inventories	1 034,9	680,5	52,1%
Cash and cash equivalents	143,4	340,6	–57,9%
TOTAL ASSETS	2 669,1	2 072,0	28,8%
Non-current liabilities, and including:	660,4	335,0	97,1%
Debt liabilities	366,0	296,0	23,6%
Current liabilities, and including:	722,6	613,4	26,0%
Debt liabilities	429,5	422,8	1,6%
Trade liabilities and other liabilities	308,2	178,5	72,7%
TOTAL LIABILITIES	1 433,0	948,4	51,1%
EQUITY	1 236,1	1 123,6	10,0%

FIXED ASSETS

HOW WE DEFINE PARTICULAR ELEMENTS OF THE ASSETS

Tangible fixed assets include: investments in external fixed assets (namely, outlays in leased premises serving retail sales of goods); fixed assets used in the 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 2016 consisted of tangible fixed assets (PLN 679.6 million), intangible assets (PLN 181.2 million), goodwill (PLN 106.2 million) and deferred tax assets (PLN 320.3 million). The value of fixed assets as compared to 31 December 2015 increased by 39.9% to PLN 1,287.3 billion, which was mainly attributable to the recognition of goodwill and intangibles related to the acquisition of eobuwie.pl, increase of investment outlays related to the opening further stores and enlargement of the logistics center.

	TANGIBLE FIXED ASSETS		CHANGE %	
	2016	2015	VALUE OF TANGIBLE FIXED ASSETS	CHANGE OF FLOOR SPACE
Investment in stores	358,6	307,0	16,8%	24,3%
Land, buildings and constructions	181,9	155,1	17,3%	
Machines and equipment	67,4	69,8	–3,4%	
Tangible fixed assets in progress	2,5	2,4	4,2%	
Factory and distribution	251,9	227,3	10,8%	
Other	69,1	57,6	20,0%	
Total	679,6	591,9	14,8%	

Tangible fixed assets as at 31 December 2016 amounted to PLN 679.6 million and increased by PLN 87.7 million (14.8%) as compared to 2015, mainly due to investment outlays in stores (PLN +51.6 million) and the floor space increase by another 86.3 thousand m^2 and an increase in fixed assets in production and logistics operation, which were PLN 24.6 million higher than at the end of 2015 and amounted to PLN 251.9 million.

Deferred tax assets as at 31 December 2016 were mainly related to the recognition of deferred tax assets due to established goodwill and acquisition of trademarks, which amounted to PLN 320.3 million as at 31 December 2016. For a detailed description of the recognition of deferred tax assets and liabilities, see Note 3.3c to the Consolidated Financial Statements.

CURRENT ASSETS

HOW WE DEFINE PARTICULAR ELEMENTS OF THE ASSETS

Inventories are recognized at purchase price or net sale price, depending on which of these amounts is lower. The cost of finished goods and manufacturing in progress includes design costs, raw materials, direct labour, other direct costs and related general manufacturing costs.

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 2016 amounted to PLN 1,381.8 billion and consisted of inventories (PLN 1,034.9 billion), cash and cash equivalents (PLN 143.4 million), loans granted (PLN 11.1 million PLN) and receivables from customers and other receivables (PLN 192.4 million). The value of current assets as compared to 31 December 2015 increased by 20.0% from PLN 1,151.7 billion. The main reason for the increase in the value of current assets was an increase in inventories (an increase of PLN 354.4m that is 52.1%), which amounted to PLN 1,043.9 billion at the end of the year.

The Group's inventories level increased by PLN 354.4 million, that is 52.1%, and amounted to PLN 1,034.9 billion at the end of the year. The increase in inventories resulted, among others, from an inventory increase by PLN 86.1 million, recognizing inventory of eobuwie.pl (PLN 111.2 million).

[in mln PLN unless otherwise stated]

The following table presents data on the inventories of the Group CCC:

	2016	2015	CHANGE %
Retail activity	340,5	254,3	33,9%
Warehouse	561,0	427,5	31,2%
E-commerce	111,2	—	—
Factory	59,6	46,5	28,2%
Gross total inventories	1 072,3	728,3	47,2%
Write-down on inventories	(12,5)	(6,4)	95,3%
Consolidation adjustments	(24,9)	(41,4)	
Net total inventories	1 034,9	680,5	52,1%
Share of write-down on inventories against the net value of inventories	–1,21%	–0,94%	
Inventory turnover ratio [1]	251 dni	239 dni	5,0%

[1] Inventory Turnover ratio is a relationship between the amount of inventory at the end of the period and cost of goods sold multiplied by the number of days in the period.

The most of CCC Group's goods as at 31 December 2016 was located in the Group's main warehouse, that is at Logistic Center in Polkowice (59% of all goods), the rest 41% were in the retail network. In 2016, the Group created a revaluation write-down of inventories of PLN 12.5 million, whereas in the previous year it amounted to PLN 6.4 million (increase by 95.3%). Inventory turnover ratio (251 days in 2016) increased slightly (12 days) compared to 2015.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the CCC Group amounted to PLN 143.4 million, decreasing by PLN 197.2 million (57.9%), as compared to the end of 2015. At the end of 2016, 88.8% of cash was in hand and on the bank account.

DEBT CAPITALS AND 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 at 31 December 2016, the CCC Group's equity increased by PLN 112.5 million (10.0%) as compared to 31 December 2015, mainly due to generating the profit for 2016 in the amount of PLN 315.5 million, while paying the dividend for 2015 in the amount of –85.7 million PLN and recognizing the liability to buy the shares of eobuwie.pl (put option) –222.4 million PLN. Equity recognizes also the shares issue related to the implementation of the incentive scheme +44.7 million PLN and non-controlling interests arising from the acquisition of eobuwie.pl +43.4 million PLN.

Non-current liabilities as at 31 December 2016 amounted to PLN 660.4 million, increasing by PLN 325.4 million (97.1%) from PLN 335.0 million as at 31 December 2015. The total non-current liabilities as at the end of 2016 included non--current debt liabilities amounted to PLN 366.0 million, liabilities for minority share buyout of eobuwie.pl PLN 229.6 million, provisions for PLN 7.2 million, deferred tax liabilities amounting to PLN 34.1 million PLN and subsidies received PLN 23.5 million.

Current liabilities as at 31 December 2016 amounted to 772.4 million PLN, increasing by 159.0 million PLN (25.9%) from 613.4 million PLN as at 31 December 2015. The total current liabilities at the end of 2016 consisted mainly of debt liabilities (429.5 million PLN); liabilities to suppliers which amounted to 182.2 million PLN (an increase by 133.3% over the end of 2015); other liabilities amounting to 125.8 million PLN (an increase by 25.3% for the end of 2015); income tax liabilities of 17.8 million PLN; provisions which amounted to 12.7 million PLN and subsidies of 4.4 million PLN.

Debt liabilities are discussed in section 3.2.1. „Debt and liquidity of the Group CCC"

[in mln PLN unless otherwise stated]

3.1.1.3 STATEMENT ON CASH FLOWS (OVERVIEW OF MAIN ITEMS)

	2016	2015	CHANGE %
Gross profit before tax	340,9	233,0	46,3%
Adjustments	124,6	115,2	8,2%
Income tax paid	(31,1)	(51,9)	–40,1%
Cash flows before changes in working capital	434,4	296,3	46,6%
Changes in working capital	(259,7)	29,1	<–100%
Cash flows from operating activities	174,7	325,4	–46,3%
Cash flows from investing activities	(362,0)	(155,5)	>100%
Cash flows from financing activities, including:	(9,9)	8,8	<–100%
Dividends paid	(85,7)	(115,2)	–25,6%
Total cash flows	(197,2)	178,7	<–100%

NET CASH FLOWS ON OPERATING ACTIVITIES

Consolidated net operating cash flows in 2016 amounted to 174.7 million PLN. and resulted from the increase for working capital demand and generated profit for the year 2016.

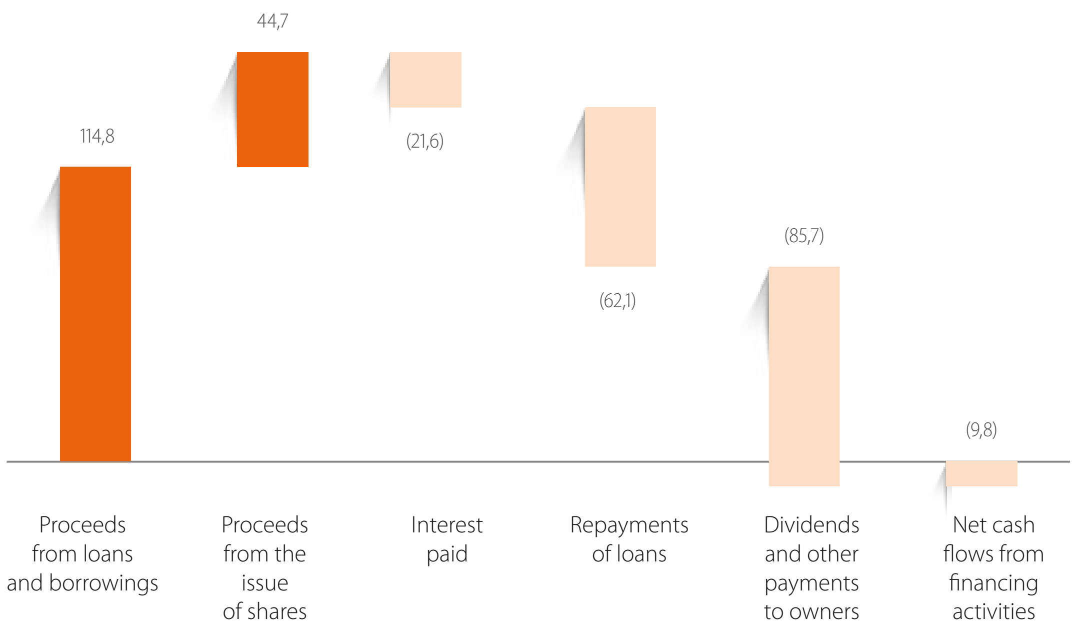
NET CASH FLOWS ON INVESTING ACTIVITIES

Consolidated net cash flows from investing activities in 2016 amounted to –362.0 million PLN. The increase was mainly due to the increase in expenditure on fixed assets related to the implementation of the market expansion strategy and the enlargement of floor space in Poland and abroad – these expenditures in 2016 amounted to 160.0 million PLN and the expenditure for the acquisition of the subsidiary eobuwie.pl, which amounted to 222.3 million PLN.

Additionally, loans granted also affected the investing activity, which led to an increase in outflows by 3.9 million PLN. More information on loans granted can be found in section 3.3.1. „Loans granted".

NET CASH FLOWS ON FINANCIAL ACTIVITIES

Consolidated net cash flows from financing activities in 2016 amounted to 9.9 million PLN. The value of this was comprised primarily of cash flows for taking and repaying loans +52.7 million, increasing net income from share issue in the amount of +44.7 million PLN and dividend payout of –85.7 million PLN.



More information about net cash flows from financial activities is presented in section 3.2.1. „Debt and liquidity of the Company CCC S.A."

Taking into account the above-mentioned cash flows, the CCC Group ended the year 2016 with a cash position of PLN 143.4 million, a decrease by PLN 197.2 million compared to the end of 2015.

3.1.2 PUBLICATION OF THE FORECASTS OF FINANCIAL RESULTS

There were no forecasts of financial results published for 2016.

3.2 MANAGEMENT OF FINANCIAL RESOURCES AND FINANCIAL LIQUIDITY

3.2.1 DEBT AND LIQUIDITY OF CCC S.A.

The CCC Group finances its activities through equity and foreign capital, which is composed of loans credits, loans and issued bonds.

BORROWINGS AND BONDS

At the end of 2016, the Group had non-current debt liabilities in the amount of PLN 366.0 million, mainly consisting of bonds issued in June 2014 with a total value of PLN 210.0 million, and bank loan liabilities whose the non-current part amounted to PLN 156.0 million. On December 31, 2016, the non-current loans liabilities increased by PLN 70.0 million.

As of the end of 2016, current debt liabilities included credits amounted to PLN 429.5 million. This item increased by PLN 6.7 million (1.6%) for the end of 2015.

Detailed information about loans and bonds concluded as at 31 December 2016 is presented as follows:

BANK	COMPANY	TYPE	DATE OF CONCLUSION	MATURITY DATE	AMOUNT [MLN]
credit agreements					
Bank Pekao S.A.	CCC.eu	Annex to the multipurpose credit agreement signed on 15.10.2014	28.06.2016	31.10.2017	355,0
PKO BP S.A.	CCC.eu	Multipurpose agreement	30.05.2016	29.05.2018	200,0
Bank Citi Handlowy S.A.	CCC.eu	Annex to the agreement on revolving credit signed on 03.03.2009	15.02.2016	14.02.2018	156,0
mBank S.A. [1)]	CCC.eu	Annex to the revolving credit agreement signed on 27.03.2013	23.03.2016	27.03.2017	60,0
sureties					
mBank SA	CCC S.A.	Annex to the general agreement signed on 14.11.2012	09.11.2016	08.11.2019	15,0
BANK PEKAO SA	CCC S.A.	Annex to the surety agreement signed on 15.10.2014	27.10.2016	31.10.2018	5,0
Raiffeisen Bank Polska S.A.	CCC S.A.	Annex to the agreement on credit limit signed on 11.06.2014	08.07.2016	14.09.2018	1,0
Raiffeisen Bank Polska S.A.	CCC S.A.	Annex to the agreement on credit limit signed on 04.05.2011	08.07.2016	14.08.2018	14,0

[1)] As at the balance sheet date the credit was repaid.

INFORMATION ON BONDS

In June 2014, the Company carried out the issue of the Bonds of CCC S.A., within Bond Issue Programme for the amount of PLN 500 million.

The bonds were issued in Polish zlotys, as bearer securities, dematerialized and coupon ones. The Agent of the issue was mBank S.A..

The bonds were issued with the following terms and conditions of the issue:

1. The nominal value of one Bond - 1.000;
2. Issue price: equal to the nominal value of one Bond;
3. The number of Bonds - 210,000;
4. The total nominal value of bonds - PLN 210,000,000;
5. Redemption of Bonds - a one-off redemption at par value of the Bond on 10 June 2019;
6. Interest of coupon bonds: a variable interest rate based on WIBOR 6M plus a fixed margin; interest will be paid semi-annually;
7. Quotations in the alternative trading system Catalyst - bonds traded from the date of 16.10.2014.

INFORMATION ON THE COVENANTS

Under the terms of the bond issue agreement, of which the balance of the debt at the balance sheet date amounts to PLN 210.0 million (2015: PLN 210.0 million) and with loan agreements at the level of PLN 585.5 million, the Group is required to comply with the following the covenants:

1. ratio 1, i.e. [ratio of net financial debt / EBITDA] is not higher than 3.0
2. ratio 2, i.e. [ratio of interest service] is not lower than 5.0
3. ratio 3, i.e. [operating margin] is not lower than 9.0%

As of 31 December 2016 the value of Ratio 1 was 1.5 (1.2 as of 31 December 2015), and the value of Ratio 2 was 21.2 (18.6 as of 31 December 2015) and the value of Ratio 3 was 11.7% (11.1% as of 31 December 2015)

As of 31 December 2016, during the reporting period and until the date of approval of the financial statements, there were no breaches of the covenants contained in the abovementioned agreements.

The following is a graph showing the change in the level of debt (as described in note 4.2 „Debt" to the unconsolidated financial statement):

[in mln PLN unless otherwise stated]

NET CASH FLOWS ON FINANCIAL ACTIVITIES

In 2016, cash flows from loans taken and credits repaid amounted to PLN 114.9 million and PLN 83.1 million, respectively - in 2015, these amounts amounted to PLN 105.6 million and PLN 134.0 million, respectively. Interest paid in 2016 amounted to PLN 21.0 million.

Taking into account the above-described changes in financial activity, the consolidated net cash flows on financial activities in 2016 amounted to PLN -9.9 million, while in 2015 it amounted to PLN 8.8 million.

DEBT RATIO

The Management Board of CCC analysing the level of debt uses the general debt ratio and the EBITDA debt ratio. Below there is the description of both ratios.

General debt ratio is calculated as the ratio of net debt to total capital employed. Net debt is calculated as total borrowings (including current and non-current loans and issued bonds indicated in the statement of financial position) less cash and cash equivalents. Total capital employed is calculated as equity shown in the statement of financial position with net debt. The following is a calculation of the debt ratio.

Total value of engaged capital is calculated as equity disclosedin the consolidated statement of financial positionincluding the net debt. Calculation of debt ratio is presented below:

	2016	2015
Net debt		
Loan liabilities	585,5	508,8
(+) Bonds liabilities	210,0	210,0
= Debt liabilities	795,5	718,8
(-) Cash and cash equivalents	143,4	340,6
= Net debt	652,1	378,2
Debt ratio		
Total equity	1 236,2	1 123,6
(+) Net debt	652,1	378,2
= Capital employed	1 888,3	1 501,8
The debt ratio (net debt/capital employed)	35%	25%

The debt ratio increased compared with the end of the previous year by 10 p.p., primarily due to the decrease in the level of cash (PLN 197.2 million).

[in mln PLN unless otherwise stated]

The EBITDA debt ratio is calculated as the quotient of net debt and EBITDA measure.

EBITDA is used by the CCC Management Board for debt analysis as a result of covenants imposed by banks.

The following is a calculation of the debt ratio to EBITDA and a reconciliation of EBITDA:

	2016	2015
Net debt		
Loan liabilities	585,5	508,8
(+) Bonds liabilities	210,0	210,0
= Debt liabilities	795,5	718,8
(-) Cash and cash equivalents	143,4	340,6
= Net debt	652,1	378,2
EBITDA		
Net profit	315,5	259,4
(+) Income tax	(25,4)	26,4
Profit before tax	340,9	233,0
(+) Finance cost	(33,4)	(23,8)
(-) Finance revenue	0,9	0,1
Operating profit	373,4	256,7
(+) Amortization and depreciation	72,7	66,9
= EBITDA	446,1	323,6
EBITDA debt ratio (net debt/EBITDA)	1,5	1,2

The EBITDA debt ratio increased by 0.3% over the previous year, primarily due to a rise in net debt to EBITDA.

[in mln PLN unless otherwise stated]

CURRENT LIQUIDITY RATIO

This ratio is calculated as the quotient of current assets and the value of liabilities and current provisions. The following is a calculation of the ratio:

	2016	2015
Inventories	1 034,9	680,5
(+) Receivables from customers and other income tax receivables and loans granted	203,5	130,6
(+) Cash and cash equivalents	143,4	340,6
= Current assets	1 381,8	1 151,7
Current debt liabilities	429,5	422,8
(+) Receivables from customers and other income tax receivables	326,0	183,9
(+) Provisions	17,1	6,7
= Current liabilities	772,6	613,4
Current liquidity ratio (current assets/current liabilities)	1,79	1,88

The current liquidity ratio of CCC Group since the end of 2015 till the end of 2016 decreased from 1.88 to 1.79, mainly due to a slower growth of current assets (an increase by 20.0 %) against the value of current liabilities (an increase by 25.9%).

The Management Board of CCC S.A. highly assesses the compliance of the Capital Group CCC S.A. with its liabilities contracted. The Management Board believes that the level of realized cash flows and financial results achieved will enable to maintain liquidity ratios at a level enabling proper functioning of the Group. In addition, in order to prevent potential danger, the Group is constantly diversifying external sources of obtaining financing.

3.2.2 FINANCIAL INSTRUMENTS

As at the balance sheet date, the Issuer did not use instruments hedging the risks to which it is exposed during running operating activities. A detailed description of the financial instruments used is included in the financial statements in Note 6.1.

3.2.3 ISSUE OF SECURITIES AND USE THE PROCEEDS FROM THE ISSUE

On 19 August 2016, 727,900 series E shares with a nominal value of PLN 0.1 were registered in the National Depository for Securities (KDPW), issued as a part of a conditional share capital increase. The change in the share capital resulting from the issue of 727,900 series E shares was registered after the balance sheet date, i.e. 14.02.2017, the total number of shares is 39,127,900 (CR 10/2017)

As at the balance sheet date the share capital was fully paid (CR10/2017)

3.2.4 ASSESSMENT OF THE FEASIBILITY OF INVESTMENT PLANS

The Group intends to finance its investment projects with own funds and foreign capital. In the opinion of the Management Board, there are currently no major threats that may have a negative impact on the realization of investment plans in the future.

3.3
INFORMATION ON AGREEMENTS CONCLUDED BY THE GROUP CCC

3.1.1
LOANS GRANTED

In the reporting period the Company CCC S.A. concluded the following loans agreements.

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	MATURITY DATE	AMOUNT (MLN)	CURRENCY	INTEREST
CCC S.A.	CCC Austria Ges.m.b.H	26.09.2016	31.12.2017	2,0	EUR	1,5%
CCC S.A.	CCC.eu Sp. z o.o.	05.09.2016	31.12.2017	2,2	EUR	1,5%
CCC S.A.	EOBUWIE.PL S.A.	19.01.2016	31.12.2017	5,0	EUR	1,5%
CCC S.A.	EBOUWIE.PL S.A.	12.08.2016	31.12.2017	6,0	PLN	Wibor 1m+ 0,6%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	22.09.2016	31.12.2017	0,1	EUR	4,0%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	18.11.2016	31.12.2017	0,1	EUR	4,0%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	09.12.2016	02.03.2018	0,1	EUR	4,0%
CCC S.A.	CCC Russia Sp. z o.o.	06.10.2016	31.12.2017	3,0	USD	8,0%

3.3.2
SURETIES AND GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

In the reporting period the Company CCC S.A. granted the following sureties and guarantees:

1. THE GUARANTEE GRANTED IN RELATION TO THE SIGNING OF THE LEASE FLOOR SPACE

COMPANY	NUMBER OF SURETIES	DEBTOR	VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
CCC S.A.	16	CCC Germany GmbH	1,3	EUR
CCC S.A.	5	CCC Hungary Shoes Kft.	0,1	EUR
CCC S.A.	3	CCC Czech s.r.o	3,3	CZK

2. OTHER SURETIES AND GUARANTEES

COMPANY	ISSUER	DEBTOR	TYPE OF COLLATERAL	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.)	ING Bank Śląski S.A.	CCC.eu Sp. z o.o.	Surety for the liabilities of CCC.eu Sp. z o.o. resulting from the Multi-Product Agreement	13.07.2016	29.01.2018	100,0	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 the Loan Agreement in the form of multi-purpose credit limit	07.12.2016	31.10.2021	594,0	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 future debt under bank guarantees granted and documentary letter of credits opened on the basis of multi-purpose credit limit agreement	07.12.2016	31.10.2021	6,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.)	PKO BP S.A.	CCC.eu Sp. z o.o.	Surety for the Loan Agreement in the form of multi-purpose credit limit	30.05.2016	29.05.2018	200,0	PLN

In the reporting period the Company CCC S.A. was granted the following sureties and guarantees:

COMPANY	ISSUER	DEBITOR	TYPE OF COLLATERAL	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
				BEGINNING	END		
CCC.eu sp. z o.o. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.)	Bank Millennium S.A.	CCC S.A.	Surety under civil law pursuant to Annex 2 to the Overdraft Agreement	26.09.2016	30.09.2020	40,0	PLN

Information on significant non-balance sheet items are included in note 4.2 “Assets and contingent liabilities” to the separate financial statements.

3.3.3 SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED PARTIES

To the knowledge of the Management Board of CCC S.A. there were no significant transactions concluded between the Company and related entities on other than market terms. Information on transactions with related parties are included in the separate financial statements in 6.2. „Transactions with related entities".

3.3.4 DESCRIPTION OF SIGNIFICANT AGREEMENTS

In the reporting period the Company CCC S.A. concluded the following significant agreements.

LEASE AGREEMENTS OF FLOOR SPACE

1. Annex to the premise lease agreement for extending the lease period until the year 2026 concluded with KNS Krakau Neue Stadtmitte G.m.b.H. KG limited partnership company with its registered office in Warsaw, represented by ECE Projektmanagement Polska Sp. z o.o. as of 29 June 2016. The value of the agreement for the period of 10 years shall amount to PLN 16,113,000.00. (Current Report No. 35/2016).

AGREEMENT ON THE LIMIT FOR BANK GUARANTEES

In the reporting period there were no agreements or annexes of the limit on bank guarantees.

AGREEMENT ON THE ACQUISITION OF SHARES OF EOBUWIE.PL S.A

1. Annex to the agreement obliging the sale of shares of ebouwie.pl S.A. dated 26 August 2015 concluded with the shareholders of the Company eobuwie.pl S.A. based in Zielona Gora, regarding the possibility of transferring all or part of the Shares to CCC.eu or to another entity of the capital group. In the event of transferring the shares, it shall be jointly and severally liable for any and all obligations with CCC S.A. specified in the agreement. (Current Report No. 3/2016)

2. According to the Obligation Agreement, the sale of ebouwie.pl shares as of 28 August 2015, about which the Company informed in current report No. 51/2015 dated 28 August 2015 and the annex no. 1 dated 12 January 2016, about which the Company informed in the current report no. 3/2016, the Company CCC S.A., on 15 January 2016, entered into a Dispositive Agreement under which CCC S.A. acquired 74.99% of shares in eobuwie.pl Spółka Akcyjna from 100% subsidiary of the Shareholders of eobuwie.pl Spółka Akcyjna - MKK3 Sp. z o.o., based in Zielona Góra. On January 15, 2016, CCC S.A. paid for the sold shares the price of PLN 129,982,000.00. (Current Report No. 4/2016)

i MORE INFORMATION IN SECTION 3.4

During the reporting period, CCC.eu Sp. z o.o. entered into significant agreements:

LOAN AGREEMENTS

1. Annex as of 15 February 2016 to revolving credit agreement dated 3 March 2009, concluded with Bank Handlowy with its registered office in Warsaw, at Senatorska Street 16. This annex amended the credit amount to PLN 156,000,000.00 (previous value PLN 86,000 .000.00) and the repayment date until 14 February 2018. (CR No. 8/2016))

2. Annex as of 23 March to the workin capital loan agreement dated 27 March 2013 concluded with the bank mBank Spółka Akcyjna with its registered office in Warsaw, at Senatorska Street 18. The annex amends the loan repayment date until 27 March 2017. (previous due date: 25 March 2016). (CR 10/2016)

3. Loan agreement with the bank Powszechna Kasa Oszczędności Bank Bank Polski S.A., based in Warsaw, ul. Puławska Street 15. The subject of the agreement is a multi-purpose credit facility (hereinafter referred to as „the limit") in the amount of PLN 200,000,000.00, under which PKO BP S.A. grants the Company anoverdraft facility and a revolving credit facility up to 100% of the limit. The interest rate will be based on a variable WIBOR rate plus a bank margin. The limit is granted for the period from 30.05.2016 to 29.05.2018 and the period of its use expires on 29.05.2018 (CR no. 24/2016).

4. Annex as of 8 June 2016 to the overdraft credit agreement dated 23 December 2009 concluded with the bank mBank S.A. with its registered office in Warsaw, at Senatorska Street 18. The subject of the annex is the change of the crediting period until 8 June 2016 (previous due date: 27 December 2018). (CR No. 33/2016)

5. Annex to the multi-purpose credit line agreement dated 15 October 2014 with Bank Polska Kasa Opieki S.A., based in Warsaw, at 53/57 Grzybowska Street. The Annex changed the credit limit up to a total amount of PLN 500,000,000.00; a previous amount: PLN 355,000,000.00, under which the Bank provided the Company with a limit of overdraft facility up to the maximum amount of PLN 495,000,000.00 and in the form of bank guarantees and letters of credit up to a total amount not exceeding PLN 5,000,000.00 . The limit was extended until 31 October 2018, and the validity of the claimed Guarantees can not go beyond 31 October 2019 (CR No. 60/2016)

During the reporting period, CCC Shoes Bulgaria EOOD entered into significant agreements:

LEASE AGREEMENTS OF COMMERCIAL FLOOR SPACE

1. Lease agreement as of 18 February 2016 concluded between CCC Shoes Bulgaria EOOD and Einkaufs-center Sofia GMbH, based in Sofia, „Sitniakovo" bled. 48, Sofia 1505, a subsidiary of ECE Projktmanagement G.M.B.H & Co. KG based in Hamburg, Heegbarg 30, 22391 Hamburg. The subject of the agreement is the lease of commercial floor space located in Serdaki Center Sofia in Sofia. The contract was concluded for a period of 10 years. The value of the contract shall amount to PLN 5,743,000.00. (CR No. 7/2016)

During the reporting period, the Company CCC Shoes & Bags Sp. z o. o. entered into the following significant agreements:

AGREEMENT FOR THE ACQUISITION OF SHARES IN CCC RUSSIA SP. Z O.O.

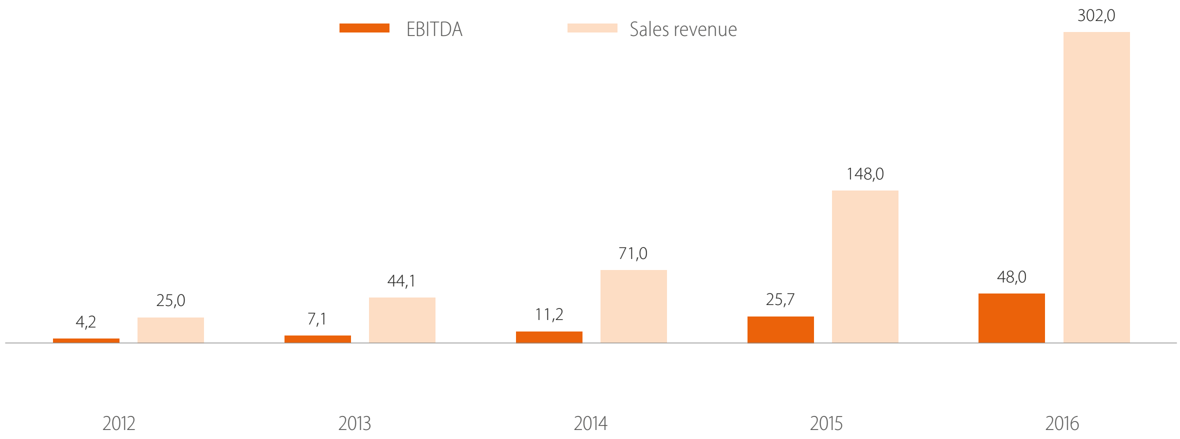
1. On 20 September 2016, CCC Shoes & Bags Sp. z o.o., based in Warsaw, acquired 75% of the shares for the amount of 375,000 rubles (Russian rubles) in the Russian Company CCC Russia Sp. z o.o. (previously: „3S Retail" Limited Liability Company) based in Moscow, that is the exclusive distributor of CCC goods on the Russian market. (CR No. 50/2016)

3.4
PURCHASE OF THE COMPANY EOBUWIE.PL

THE COMPANY EOBUWIE.PL AND E-COMMERCE MARKET

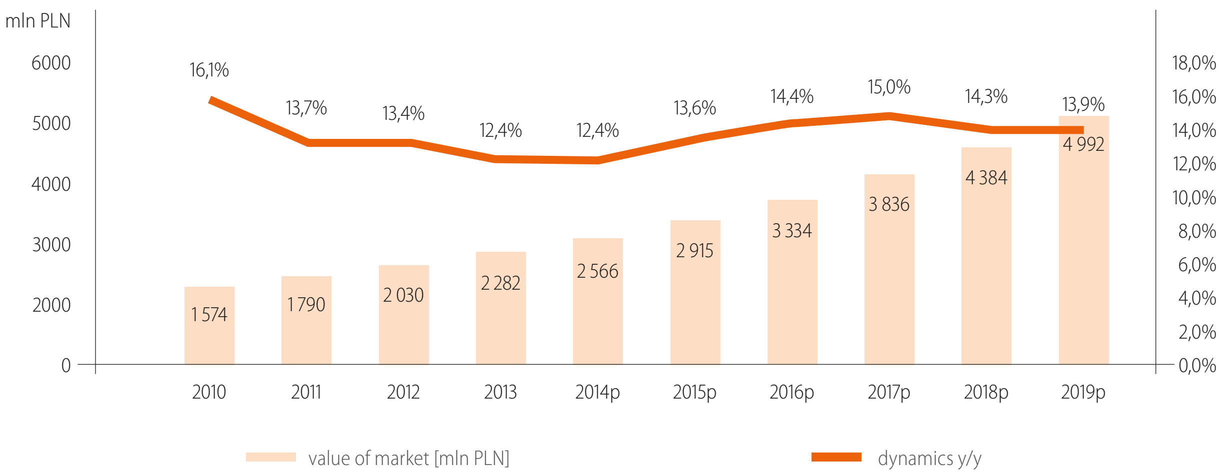
Eobuwie.pl S.A. is a highly profitable company dealing with retail sales of middle and high quality branded footwear and accessories, in the formula of a multibrand, in e-commerce channel. Currently selling goods through its regional domains in Poland, the Czech Republic, Slovakia, Germany, Romania and Hungary, and in 2016 selling in Bulgaria and Ukraine was launched.

Financial data eobuwie.pl [mln PLN]



Retail trade of clothing and footwear in the Internet is now the fastest growing non-food market. The share of online sales throughout the clothing and footwear market from year to year is steadily growing and is estimated to be around 9-10%. The dynamics of sales of clothing and footwear in the e-commerce market is in double digits whereas the overall market is growing only few percent per year.

E-commerce market in Poland – clothing and footwear



Source: PMR Online Trade in Poland 2014 p.144

THE ACQUISITION TRANSACTION OF EOBUWIE.PL

The Company CCC S.A. on 15 January 2016 acquired 74.99% stake in eobuwie.pl S.A. (I Tranche shares). CCC S.A. has an option to purchase the remaining 2,501,000 shares giving 25.01% of the share capital after approval of the financial statements for 2018 (II Tranche shares).

ACQUISITION PURPOSE

Through the acquisition of obuwie.pl CCC S.A. acquired to its the Capital Group a top class competence in e-commerce. The Capital Group CCC through logistics investments and capital reinforcement of the subsidiary intends to make eobuwie.pl S.A. the largest footwear company operating in the sector of e-commerce in Central Europe.

ADVANTAGES FROM THE TRANSACTION

Investment in the sector of e-commerce will constitute a second, rapidly growing branch of business of the Capital Group CCC allowing for increasing its shares held in the footwear market, extending the product offer of the Group and becoming the undisputed leader in CEE countries.

FINANCIAL PROVISIONS OF THE TRANSACTION

The price for the I Tranche shares amounted to 230,660,541 PLN (PLN base value 129,982,000 + 74.99% of the amount equal to the product of EBITDA 2015 adjusted for one-offs x 12 less the payment of the profit for 2015 for the existing shareholders). This amount may be increased by 5,000,000 PLN + interest of 2.5% per annum, if all or part of this amount is not secured by CCC S.A. on account of warranty and representations claims made by the Company's Shareholders of eobuwie.pl arising from the conclusion of the investment agreement.

As at the date of signing the report, the obligation was fully settled.

Price for II Tranche shares was determined as 25.01% of the amount equal to the product of EBITDA 2018 x 12, and if EBITDA in 2018 is zero or negative, then the price for all the II Tranche shares will be equal to the total nominal value of shares.


CCC

4.
ORGANIZATION OF THE CAPITAL GROUP CCC


CCC
SHOES & BAGS

4.1 STRUCTURE OF THE CAPITAL GROUP

4.1.1 DESCRIPTION/SCHEME OF ORGANIZATION OF THE GROUP CCC TOGETHER WITH ORGANIZATIONAL AND CAPITAL LINKS

The Company CCC S.A. is the parent company of the Capital Group CCC. At the balance sheet date, CCC S.A. held directly and indirectly 100% of the share capital of 15 subsidiaries out of 17 located on Polish territory, Central and Eastern Europe, Western Europe and in other countries.

In the company eobuwie.pl S.A. and CCC Russia, CCC S.A. holds directly and indirectly 74.99% and 75% of share capital respectively. The results of these companies are 100% consolidated. The chart below shows the organizational structure of CCC with capital links.

CCC GROUP

CCC S.A.

Manufacturing

- CCC Factory Sp. z o.o. – 100% Poland

Commercial

- CCC Germany GmBH – 100% Germany
- CCC Shoes Bulgaria – 100% Bulgaria
- CCC Czech s.r.o. – 100% Czech republic
- CCC Obutev d o.o. – 100% Slovenia
- CCC Austria Ges.M.b.H – 100% Austria
- CCC Slovakia s.r.o – 100% Slovakia
- CCC Hrvatska d o.o. – 100 % Croatia
- CCC Shoes Ayakkabicilik Ticaret Limited Sirketi – 100% Turkey
- CCC.eu sp. z o.o. [1] – 100% Poland
- CCC Hungary Shoes Kft. – 100% Hungary
- CCC Russia sp. z o.o. [2] – 75% Russia
- CCC Shoes & Bags d.o.o. Beograd-Novi Beograd – 100% Serbia
- Group eobuwie.pl [2] – 74,99% Poland
  - Eschuhe.de UG
  - eobuwie.pl Logistics Sp. z o.o.

Other

- NG2 Suisse S.a.r.l. – 100% Switzerland
- CCC Isle of Man Ltd. – 100% Isle of Man
- CCC Shoes and Bags sp. z o.o. – 100% Poland

[1] The Company CCC.eu Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (99.75%) and a subsidiary of the Issuer (0.25%).

[2] CCC Russia sp. z o.o. has been subsidiary since 20 September 2016.

[3] The Group eobuwie.pl S.A. has been a subsidiary since 15 January 2016.

4.1.2 CHANGES IN ORGANIZATION AND MANAGEMENT IN THE GROUP CCC

CHANGES IN ORGANIZATION OF THE CAPITAL GROUP CCC IN 2016

On 15 January 2016, CCC S.A. entered into an agreement under which it acquired 74.99% of shares in eobuwie.pl S.A.

On 20 September 2016, CCC S.A acquired 75% of shares in CCC Russia sp. z o.o. based in Moscow.

On 24 June 2016, the subsidiary CCC SHOES & BAGS d o.o. Beograd - Stari Grad in Serbia was registered.

On 17 August 2016, the Management Board of the Warsaw Stock Exchange admitted to trading 727,900 series E ordinary shares resulting from the conversion of 727,900 registered A-series subscription warrants issued in connection with the implementation of the incentive scheme for years 2013-2015. As a result of the registration of new issued shares, the total number of shares at the end of the reporting period amounted to 39,127,900.

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

On 23 March 2017, the Management Board of the Warsaw Stock Exchange admitted to trading 36,100 ordinary E series shares resulting from the conversion of 36,100 registered A subscription warrants issued in connection with the implementation of the incentive scheme for years 2013-2015.

CHANGES IN MANAGEMENT PRINCIPLES OF THE CAPITAL GROUP CCC

During the twelve months ended 31 December 2016 there were no significant changes in the management principles of the Capital Group CCC.

[in mln PLN unless otherwise stated]

4.2 SHARE CAPITAL AND SHAREHOLDERS

4.2.1 SHARE CAPITAL OF CCC S.A. AND OWNERSHIP STRUCTURE

As of 31 December 2016 the share capital of CCC S.A. amounted to PLN 3,912,790.00 and was divided into 3,127,900 shares with a nominal value of PLN 0.10 each. Number of shares increased by 727,900 pcs. compared with previous year.

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	n/a	13.600.000	1.360.000	cash contributions
B	ordinary bearer shares	n/a	9.750.000	975.000	cash contributions
C	ordinary bearer shares	n/a	2.000.000	200.000	cash contributions
D	ordinary bearer shares	n/a	6.400.000	640.000	cash contributions
E	ordinary bearer shares	n/a	727.900	72.790	cash contributions
TOTAL			39.127.900	3.912.790	

[in mln PLN unless otherwise stated]

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

According to information available to by the Company, the shareholders holding at least 5% of the total number of votes at the General Meeting of CCC S.A. as of 31 December 2016 were:

- ULTRO Sp. z o.o.. (a subsidiary to Dariusz Miłek and Dariusz Miłek) which held 11.060.000 shares of the Company, representing 28.27% of the share capital of the Company and giving the right to 36.46% of votes at the General Meeting of the Company,
- Leszek Gaczorek who held 2.000.000 shares of the Company, representing 5.11% of the share capital of the Company and giving the right to 6.64% of votes at the General Meeting of the Company,
- Aviva OFE, which held 3.069.920 shares of the Company, representing 7.84% of the share capital of the Company and giving the right to 6.71% of votes at the General Meeting of the Company,.

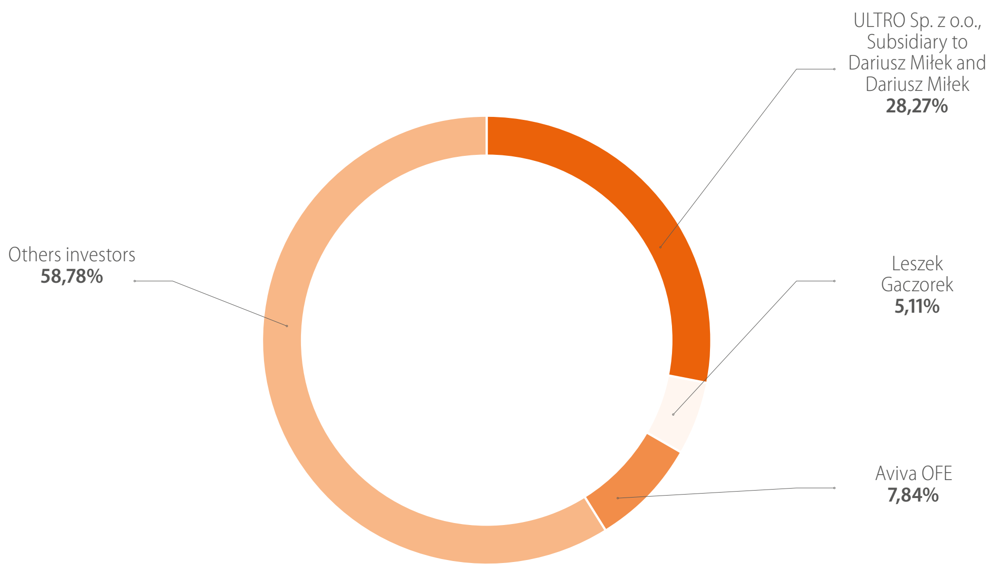
SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO Sp. z o.o., Subsidiary to Dariusz Miłek and Dariusz Miłek	11 060 000	28,27%	16 690 000[1]	36,46%
Leszek Gaczorek	2 000 000	5,11%	3 040 000	6,64%
Aviva OFE[2]	3 069 920	7,84%	3 069 920	6,71%
Others investors[3]	22 997 980	58,78%	22 977 980[1]	50,19%
TOTAL	39 127 900	100,00%	45 777 900	100,00%

[1] 170,000 votes were assigned to Dariusz Miłek based on the power of attorney dated 19.07.2016; Power of attorney valid until 31.12.2017.

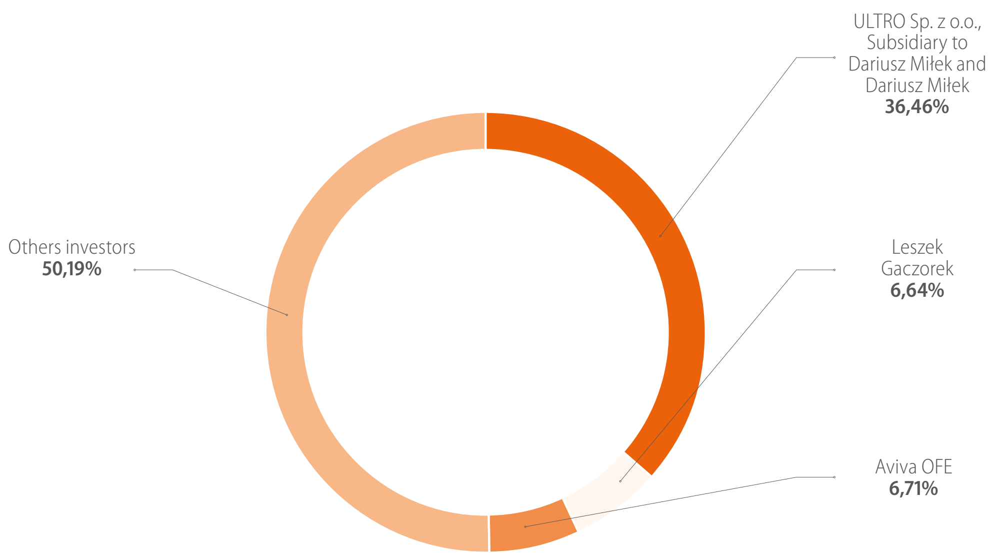
[2] Details derived from annual information on the structure of assets of the Fund Aviva OFE as of 30.12.2016.

[3] Investors holding less than 5% of votes at the General Meeting of Shareholders.

SHAREHOLDERS BY NUMBER OF SHARES



SHAREHOLDERS BY NUMBER OF VOTES



[in mln PLN unless otherwise stated]

4.2.3
SHARES OF THE PARENT COMPANY AND RELATED PARTIES HELD BY MANAGING AND SUPERVISING PERSONS

To the best knowledge of the Management Board of CCC S.A., persons managing and supervising the Company at the date of this report and at the date of publication of the consolidated statement for the 12 months ended 31 December 2016 held the following number of shares:

SHAREHOLDER	NUMBER OF SHARES AT THE SUBMISSION DATE OF THE ANNUAL REPORT (PCS.)	THE NOMINAL VALUE OF THE SHARES AT THE SUBMISSION DATE OF THE ANNUAL REPORT
MANAGEMENT BOARD		
President Dariusz Miłek*	11 060 000	1 106 000
Vice-President Mariusz Gnych	202 000	20 200

*indirectly as a dominant entity in the company ULTRO Sp. z o.o.

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

On 7 October the Management Board of CCC S.A. received a notification of the sale of CCC shares on October 6 by:

- Mr. Piotr Nowjalis – Vice President of the Management Board – sale of 75,000 shares at a price of 182,00 PLN per share;
- Mr. Mariusz Gnych – Vice President of the Management Board – sale of 50,000 shares at a price of 182,00 PLN per share. (CR 50/2016)

In two transactions outside the regulated market, on, respectively, 6 December 2016 and 7 December 2016, Ultro sp. z o.o. (directly) acquired (through Ultro sp. z o.o. such acquisition was made by Dariusz Miłek), respectively, 110,000 and 600,000 registered voting preference shares issued by the Company (two votes at the General Meeting of the Company are given for each so acquired registered share). The acquired shares, referred to in the preceding sentence, represent 1.81% of share capital of the Company and entitle to 3.10% of the total number of votes at the general meeting of the Company. (CR 58/2016).

4.2.4 SYSTEM OF CONTROL OF EMPLOYEES SHARES PROGRAM

INCENTIVE PROGRAM FOR YEARS 2013-2015

Aiming at creating, in the Parent Company, incentive mechanisms for Management Board members, board members of the subsidiaries, key employees and associates of the Parent Company to take actions to ensure both long-term growth in the value of the Parent Company as well as the steady growth of net profit, as well as guided by the need to stabilize managers, the Parent Company decided to launch an incentive program based on the subscription warrants. This program is based on offering participants of the program the possibility to acquire shares of the Parent Company in the future.

On 19.12.2012, The Extraordinary General Meeting of Shareholders of CCC S.A. adopted the resolutions, among others, on the conditional increase of the share capital of the Parent Company and the issuance of subscription warrants with the exclusion of pre-emptive rights of shareholders with respect to shares issued within the conditional capital and subscription warrants in the connection with the launch of the incentive program for current and future members of the Management Board, current and future members of the management boards of subsidiaries and the management of the Parent Company. The resolution provides for the conditional share capital increase of the Parent Company by not more than PLN 76,800 by issuing no more than 768,000 series E ordinary bearer shares with a nominal value of PLN 0.10 each (the „series E Shares" or „Incentive Shares") and the issuance of a total of no more than 768,000 series A registered subscription warrants („Subscription Warrants"), each of which entitles to subscribe for one series E Shares to the exclusion of pre-emptive rights of shareholders with respect to the Series E Shares and Subscription Warrants.

At the balance sheet date, 85 persons entitled exercised their right to subscribe for Series E Shares for a total number of 727,900 shares.

Out of the remaining 40,100 A-series subscription warrants, at the date of submitting this report, 36,100 warrants were exercised to be converted to series E-shares. For the remaining 4,000 A-series subscription warrants to which no conversion rights were exercised to be converted for series E Shares, there is such possibility to subscribe for the Shares by 30 June 2018.

Measurement of the value of the program recognized to the cost of the financial result in 2016 amounted to PLN 14.6 million, in 2015 PLN 26.9 million and in 2004 PLN 2.2 million.

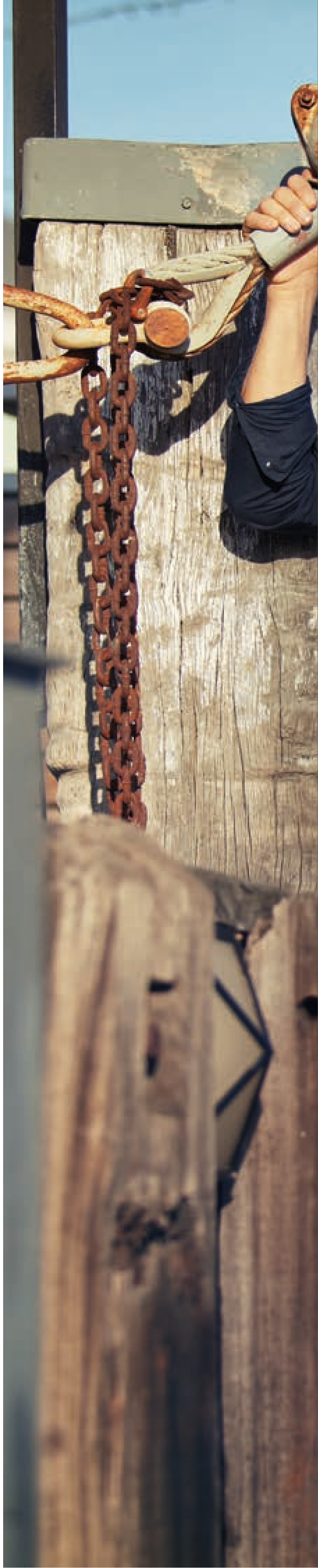
Details of the measurement of the program and the accounting recognition of its value are described in note 6.3 of consolidated financial statements of Group CCC S.A. for the fiscal year 2016.

4.2.5 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.

After the balance sheet date, the Issuer's Supervisory Board adopted a resolution on giving a positive opinion and conditional approval of the three-year Incentive Scheme for the years 2017-2019 (the „Scheme") submitted by the Issuer's Management Board, subject to receiving a positive decision of the Issuer's General Shareholders Meeting regarding the conditional increase of the Issuer's share capital and issue of shares and subscription warrants for the implementation of the Scheme. The Scheme assumes the issuance of 1,174,920 shares, representing 3% of the total number of issued shares.

5.
SHARES OF CCC S.A. ON THE STOCK EXCHANGE IN WARSAW




CCC
SHOES & BAGS

5.
SHARES OF CCC S.A. ON THE STOCK EXCHANGE IN WARSAW

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 now included in the most important indices: WIG, WIG20, Wig30 and WIG-Poland, WIG-Poland, WIG-Div, WIG-Odzież (Clothing).

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

The following is the selected information concerning the valuation of the shares of CCC S.A. in the years 2015-2016:

DATA	2016	2015	CHANGE %
Consolidated net profit attributable to shareholders [in mln PLN]	306,5	259,4	18,2%
Net profit attributable to shareholders [in mln PLN]	58,5	288,4	-79,7%
Consolidated net profit per share [PLN]	7,82	6,77	15,5%
Net profit per share [PLN]	1,49	7,51	-80,2%
The highest share price [PLN]	203,55	198,9	2,3%
The lowest share price [PLN]	112,75	132,00	-14,6%
The share price at end of year [PLN]	203,55	138,55	46,9%
The average share price in the period [PLN]	165,61	167,21	-1,0%
P / E ratio average	21,18	24,74	-14,4%
P / E ratio at the end of the year	26,03	20,5	27,0%
Number of shares on the stock exchange at the end of the year	39 127 900	38 400 000	1,9%
Free float at the end of the year	58,78%	58,08%	1,2%
Capitalization at the end of the year [in mln PLN]	7 964,40	5 320,30	49,7%
Dividend per share [PLN]	2,19	3,00	-27,0%

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 the country 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."

BROKERAGE HOUSES THAT ISSUE RECOMMENDATION FOR THE SHARES OF CCC S.A.

NAME OF BROKERAGE HOUSE	CONTACT DETAILS	
Wood & Company	Łukasz Wachełko	*lukasz.wachelko@wood.com*
UBS	Michał Potyra	*michal.potyra@ubs.com*
JP Morgan	Michał Kużawiński	*michal.kuzawinski@jpmresearchmail.com*
Goldman Sachs International	Yulia Gerasimova	*yulia.gerasimova@gs.com*
Ipopema Securities	Michał Bugajski	*michal.bugajski@ipopema.pl*
Haitong	Konrad Księżopolski	*kksiezopolski@haitongib.pl*
Citi	Rafał Wiatr	*rafal.wiatr@citi.com*
DM BOŚ SA	Sylwia Jaśkiewicz	*s.jaskiewicz@bossa.pl*
Raiffeisen Centrobank AG	Jakub Krawczyk	*jakub.krawczyk@rcb.at*
BZ WBK SA Stockbrokerage House	Tomasz Sokołowski	*tomasz.sokolowski@bzwbk.pl*
Pekao IB	Maria Mickiewicz	*maria.mickiewicz@pekaoib.pl*
Trigon	Dariusz Dziubiński	*dariusz.dziubinski@trigon.pl*
PKO BP	Adrian Skłodowski	*adrian.sklodowski@pokbp.pl*
BPS SA Stockbrokerage House	Marcin Stebakow	*marcin.stebakow@dmbps.pl*
Erste	Marek Czachor	*marek.czachor@erste.com*
mBanku SA Stockbrokerage House	Piotr Bogusz	*piotr.bogusz@mdm.pl*
Millenium SA Stockbrokerage House	Marcin Palenik	*marcin.palenik@millenniumdm.pl*
BDM SA Stockbrokerage House	Adrian Górniak	*adrian.gorniak@bdm.pl*
BGŻ BNP Paribas SA	Michał Krajczewski	*michal.krajczewski@bgzbnpparibas.pl*
Morgan Stanley	Maryia Beransneva	*maryia.beranseva@morganstanley.com*

DIVIDEND POLICY

Taking into account the financial results achieved by the Company and the intention to share profits with the Shareholders generated by the Company, the Management Board of CCC S.A. on 28 April 2015 adopted a new 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. At the recommendation of the distribution of the profit generated in the Capital Group CCC, the Management Board of the Company will take into account the financial and liquidity situation of the Group, existing and future liabilities (including potential limitations associated with the loan agreements and the issuance of debt instruments) and evaluate the prospects the Capital Group CCC in certain market and macro-economic conditions.
3. The new dividend policy is applied since the consolidated net profit of the Group for the fiscal year ended 31 December 2016.

In the Company there are no preference shares for the dividend.

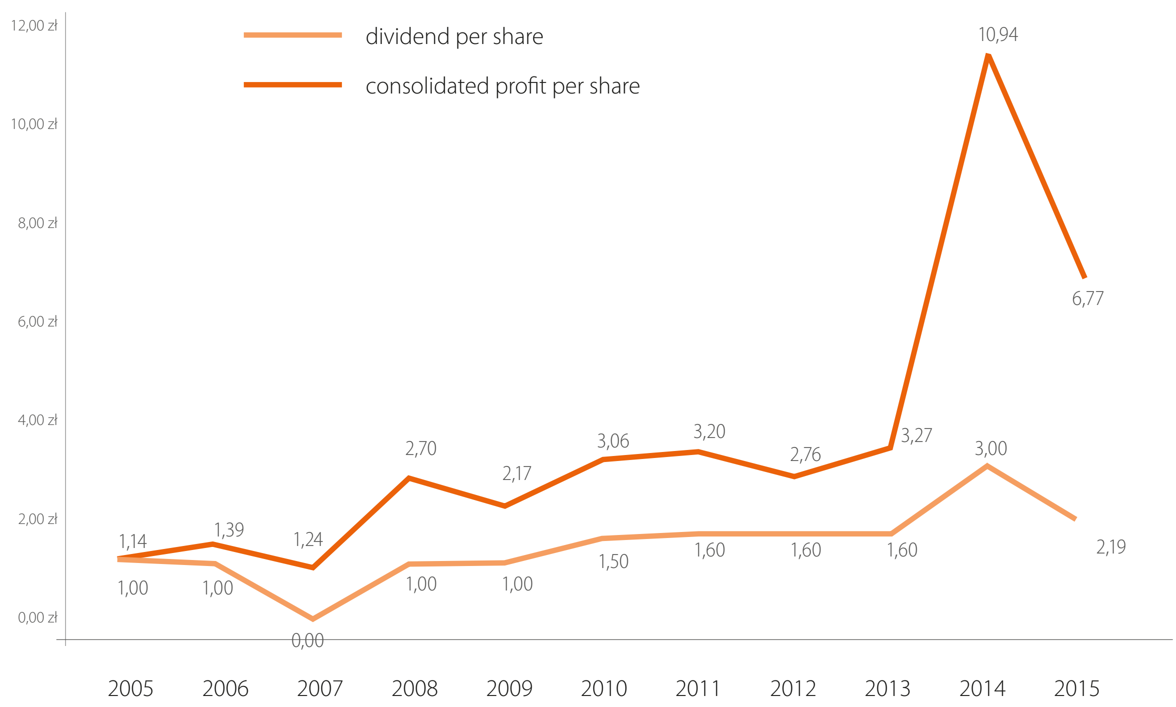
HISTORY OF DIVIDENDS

FISCAL YEAR	% OF CONSOLIDATED NET PROFIT ALLOCATED TO DIVIDEND	DIVIDEND TOTAL (MLN PLN)	DIVIDEND PER SHARE
2015	33%	86,02	2,19
2014	27% [1]	115,20	3,00
2013	49%	61,44	1,60
2012	58%	61,44	1,60
2011	50%	61,44	1,60
2010	49%	57,60	1,50
2009	46%	38,40	1,00
2008	37%	38,40	1,00
2007	0%	—	—
2006	72%	38,40	1,00
2005	88%	38,40	1,00

[1] as a result of clearing net profit from one-off events, the dividend accounted for 50% of net profit

CHART

DIVIDEND PER SHARE VS. CONSOLIDATED PROFIT PER SHARE



6.
CORPORATE GOVERNANCE


CCC
SHOES & BAGS

6.1 APPLIED SET OF CORPORATE GOVERNANCE PRINCIPLES

6.1.1 STATEMENT OF THE MANAGEMENT BOARD ON APPLYING CORPORATE GOVERNANCE PRINCIPLES

Since 1 January 2016, CCC S.A. has been subject to the new corporate governance principles introduced by the Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange (WSE) dated 13 October 2015, „Good Practices of WSE Listed Companies 2016" (hereinafter referred to as Good Practices 2016).

Document is available in the website of WSE: www.corp-gov.gpw.pl

6.1.2 INFORMATION ON THE WITHDRAWAL FROM THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE

CCC SA complies with the recommendations and principles contained in the Best Practices 2016 except for the rules VI.Z.2. indicating the minimum 2-year period between granting options under the incentive program or other instruments linked to shares of the company and the possibility of their implementation. Failure of this principle arises from the fact that in the Company's incentive program, which was adopted prior to the entry into force of document the „Best Practices of WSE Listed Companies 2016", are used tools which are characterized by the fact that the period between their the granting and execution is less than 2 years.

The full statement of CCC concerning the application of the Good Practices 2016 (DPSN) is available on the website of the Company, in the section on corporate governance: http://firma.ccc.eu/.

6.1.3 INFORMATION POLICY OF THE GROUP CCC

CCC S.A. runs a corporate website which is a reliable and useful source of information about the Company for the capital market representatives. Especially, for company's shareholders, investors and analysts there operates a service within the Investor Relations website (www.ccc.eu). Its content is prepared in a transparent, fair and complete way 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 full fulfillment 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.

The steps 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 fulfillment of the information obligations, CCC S.A. publicises:

- 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.

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;
- making materials from General Meetings of Shareholders on Investor Relations available, including video materials.
- organizing Open Days and Investor Day for both institutional and individual investors

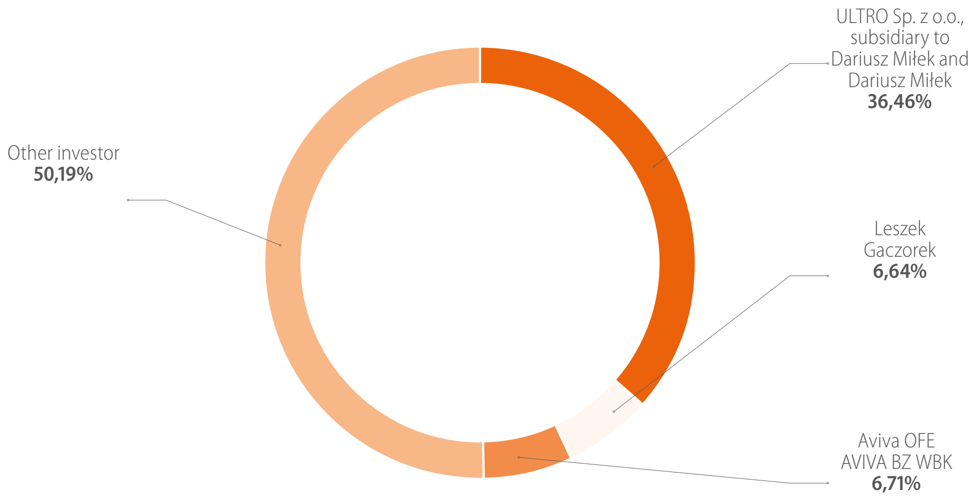
Service of Investor Relations at www.ccc.eu is subject to periodic reviews and verifications so that its contents to the fullest will meet the information needs of the capital market representatives.

6.1.4 SHAREHOLDERS OF THE COMPANY HAVING SPECIAL CONTROLLING AUTHORIZATIONS

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 share carries one vote at the General Meeting of the Company,
- registered preference shares as for the voting that each share carries two votes at the General Meeting of the Company.

Shareholders by number of votes



[in mln PLN unless otherwise stated]

List of shareholders holding preferred shares (as of the date of submission of 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 Sp. z o.o., subsidiary to Dariusz Miłek and Dariusz Miłek	5 460 000	13,94%	11 020 000[1]	24,05%
Leszek Gaczorek	1 040 000	2,66%	2 080 000	4,54%
Lech Chudy	50 000	0,13%	100 000	0,22%
Renata Miłek	50 000	0,13%	100 000	0,22%
Mariusz Gnych	50 000	0,13%	0[1]	0,00%
TOTAL	6 650 000	16,99%	13 300 000	29,03%

[1] votes attributed to Dariusz Miłek on the basis of the power of attorney dated 19.07.2016; the power of attorney valid until 31.12.2017

Section 4.2.2 indicated the shareholders holding directly or indirectly significant blocks of shares, specifying the number of shares and votes at the general meeting.

6.1.5 INDICATION OF ALL RESTRICTIONS ON VOTING RIGHTS IN THE COMPANY OF THE ISSUER

There are no restrictions regarding exercising voting right.

6.1.6 INDICATION OF ALL RESTRICTIONS ON THE TRANSFER OF OWNERSHIP OF SECURITIES OF THE ISSUER

Shareholders of the parent company shall have the right to purchase registered preferred shares held for sale. In case of not exercising this right toward all or part of the shares, the transfer of ownership of the shares requires the approval of the Management Board of the Company.

6.1.7 DESCRIPTION OF PRINCIPLES OF AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE ISSUER

In terms of amendments in the Articles of Association, the provisions of the Commercial Companies Code shall apply. Amending the Company's Articles of Association requires a resolution of the General Meeting of Shareholders adopted by a majority of ¾ of votes and an entry into the National Court Register. The Supervisory Board may, in accordance with the authorization given to it by the General Meeting, establish a uniform text of the amended Articles of Association or make other changes of editorial nature specified in the resolution of the General Meeting.

A resolution on amending Articles of Association is effective from the moment of entering into the National Court Register.

6.2 GENERAL MEETING OF CCC S.A.

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

The General Meeting operates on the basis provided by the Company to the public, among others, on the website of CCC S.A., The Company's Articles of Association and Rules of the General Meeting and to the extent not indicated by indicated documents by Commercial Companies Code.

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 (www.ccc.eu)
- 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.

6.2.2 GENERAL MEETING IN 2016

On 24 June 2016 the Ordinary General Meeting of CCC S.A. was held.

During the Ordinary General Meeting, the shareholders approved the annual statements on the operations of the Company and the Group CCC and the financial statements for 2015.

The General Meeting decided on the distribution of the profit earned by the Company in 2015 and decided to distribute profits in the amount of PLN 202,382,411.34 as follows:

1. the amount of 86,016,000.00 PLN allocated to dividend payments (PLN 2.24 per 1 share)
2. the remaining amount, i.e. PLN 202,382,411.34 increase of reserve capital.

Simultaneously the Ordinary General Meeting determined the day of 31 August 2016 as the date the dividend and the day 13 September 2016 as the dividend payment date.

On 2 June 2016, the Supervisory Board adopted a resolution on the implementation of the terms of the Incentive Scheme and a resolution approving the revised List of Entitled Persons to participate in the Incentive Scheme, setting the final number of 768,000 warrants in exchange for which the Entitled Persons were entitled to subscribe for 768,000 Series E Shares. Before the dividend day, the rights from 727,900 subscription warrants were exercised, resulting in 39,127,900 shares eligible for dividend and the final dividend vale per share amounted to PLN 2.19.

On 2 June 2016, the Ordinary General Meeting adopted a resolution on changing the definition of the number of members of the Supervisory Board for the next term of office 2015-2017 and a resolution on completing the composition of the Supervisory Board and appointing members of the Supervisory Board in persons: Karol Półtorak and Waldemar Jurkiewicz. As a result of the resignation of Chairman, Henry Chojnacki, with effect from the date of approval of the reports for the year 2015, the Ordinary General Meeting adopted a resolution on the election of Wiesław Oleś as the Chairman of the Supervisory Board.

In addition, the General Meeting adopted a resolution on amending the Company's Articles of Association in §16 sec. 2 point 9 on approving the Regulations of the Management Board and other normative acts belonging to the competence of the Supervisory Board and §18a concerning the participation in the General Meeting using electronic communication, provided that information of such possibility is given. On 2 June, also a resolution on the amendment of the Regulations of the Supervisory Board of CCC S.A. was passed on approving the Regulations of the Management Board and other normative acts falling within the competence of the Supervisory Board.

6.3 MANAGERIAL AND SUPERVISORY PERSONS AND THEIR COMMITTEES IN CCC S.A.

6.3.1 THE MANAGEMENT BOARD

COMPOSITION OF MANAGEMENT BOARD

In 2016, the Management Board operated in the following composition:

NAME AND SURNAME OF THE MANAGEMENT BOARD MEMBER	PERFORMED FUNCTION
Dariusz Miłek	President of the Managemet Board
Mariusz Gnych	Vice-President of the Managemet Board
Piotr Nowjalis*	Vice-President of the Managemet Board
Karol Półtorak**	Vice-President of the Managemet Board

*Piotr Nowjalis - Vice-President of the Managemet Board until 04.01.2017
**Karol Półtorak – Vice-President of the Managemet Board since 01.12.2016

Composition of the Management Board as at the date of submission of the report for 2016.

NAME AND SURNAME OF THE MANAGEMENT BOARD MEMBER	PERFORMED FUNCTION
Dariusz Miłek	President of the Managemet Board
Mariusz Gnych	Vice-President of the Managemet Board
Karol Półtorak	Vice-President of the Managemet Board
Marcin Czyczerski	Vice-President of the Managemet Board
Marcin Pałażej	Vice-President of the Managemet Board

DARIUSZ MIŁEK | President of the Management Board

Appointed as the President of the Management Board on June 15, 2004.

Mr. Dariusz Miłek in 1993-2003 ran a business under the name Trade Company „MIŁEK" in Lubin, and since 1995 in Chróstnik. In 1999-2004 he worked in the CCC Sp. z o.o. (Ltd.) based in Polkowice as a proxy, and since 2002 as The Presidnet of the Management Board.

Since 2004 – he performs the function of the President of the Management Board in the Company CCC S.A.

The Laureate of prestigious competitions in the field of management. In 2007, Mr. Dariusz Miłek received the title of 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 category of an entrepreneur, the laureate of the „Bulls and Bears" - Parkiet Newspaper as the best President in 2014, also awarded as Ambassador of Sports of the Free Poland.

MARIUSZ GNYCH | Vice-President of the Management Board

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

He graduated from his doctoral studies at the University of Economics in Wrocław; previously he graduated from study at the Faculty of Computer Science and Management at Wrocław University of Technology (major: 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 CG 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.

PIOTR NOWJALIS | Vice-President of the Management Board

Appointed to the position of Vice President on 16 December 2008.

Vice-President of the Management Board until 04.01.2017.

A graduate of the Kozminski University (Executive MBA) and the University of Gdansk at the Faculty of Economics (major: International Economic and Political Relations, and at the Faculty of Law and Administration (major: Administration). He has been related to the Company CCC S.A. since 2008, initially as CFO and Vice President of the Management Board.

Previously, he was a member of the Management Board of the Company AB S.A., Director of Economic Affairs in M&S Pomeranian Window Factory (M&S Pomorska Fabryka Okien

Sp. z o.o.) and CFO - Executive Director of KGHM Polish Copper S.A. He also sits on the supervisory boards of TIM S.A. and Dino Poland S.A.

MARCIN CZYCZERSKI | Vice President of the Management Board

Appointed to the position of Vice President of the Management Board on 1 January 2017.

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 2001 associated with the Volkswagen Group. In the years 2010 - 2016 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 2006 he has also been a lecturer at the University of Economics in Wroclaw and UJW in Polkowice.

KAROL PÓŁTORAK | Vice President of the Management Board

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

A graduate of Warsaw School of Economics (SGH) and the University of Derby. He has had expierence with the domestic capital market since 1999. In 1997, he received a license of a securities broker.

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 Bank 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).

MARCIN PAŁAŻEJ | Vice President of the Management Board

Appointed to the position of Vice President of the Management Board on 9 January 2017.

Mr. Marcin Pałażej is a graduate of the AGH University of Science and Technology (major: Management) and a graduate of the Business School in Le Mans (France). Mr. Marcin Pałażej has more than 14 years of experience in management positions and as an advisor in the international clothing industry. During his professional career he has dealt with issues related to the operating management of sales network, among others, development and reorganization of the network, increasing efficiency and productivity of employees, cost reduction, strategic planning.

In the years 2015-2016 he worked as an independent business advisor and consultant, among others, for LPP S.A., he held the position of International Director at Inditex Spain in 2011-2015, where he managed the Inditex brands in six countries (Russia, Poland, Ukraine, Romania, Bulgaria and Kazakhstan), in 2005-2011 as Managing Director of Inditex Polska responsible for 7 Inditex brands. Previously, from 1998 to 2002 he was associated with the Empik Group where he subsequently held the position of a Financial Director at Beauty Distribution, a Financial Director at 3Suisse Poland and Operations Director at Galeria Centrum. In the years 1995-1998 Marcin Pałażej worked as a consultant for MAZARS.

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 (www.ccc.eu)
- Regulations the Management Board, which is available on the Company's website (www.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 Management Board of the Company is authorized in particular to:

- establish internal regulations of the Company and other normative acts of the Company;
- submit proposals to the Supervisory Board on matters of distribution of profits and covering losses;
- conclude employment contracts with employees of the Company who are not members of the Management Board;
- grant power of attorney;
- pass resolutions concerning the establishment and closure of branches of the Company;
- present proposals on all other matters to the Supervisory Board and the General Meeting;
- convene General Meetings.

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 Organised Trading and on Public Companies are in force for the issuance of new shares and repurchase of shares.

POWERS OF THE MANAGEMENT BOARD

The scope of activities of the Management Board include conducting all the affairs of CCC S.A. not reserved by the Commercial Companies Code or the Articles of Association to the competence of other bodies of the Company. All members the Management Board of are obliged and entitled to manage the affairs of CCC S.A., manage all general operations of the Company, represent it externally and manage its assets. The Management Board is required to manage the assets and affairs of the Company with due diligence, follow the law, the provisions of Articles of Association, the Regulations of the Management Board and the resolutions adopted by the Supervisory Board and the General Meeting, in which - by law or the Articles of Association those bodies are empowered to make decisions binding the Management Board.

DESCRIPTION OF OPERATIONS AND ORGANIZATION OF THE WORK OF THE MANAGEMENT BOARD

The President of the Management Board is in charge of the Management Board who coordinates and manages the work of the Management Board. In the absence of the President, his competence in the organization of the work the Management Board is performed by Vice President who is directly in charge of the Finance Division, subsequently Vice President – who is in charge of the Division of Logistics and Production.

Powers of individual members the Management Board in matters of ordinary management are divided into areas of activity in which the individual members of the Management Board perform a leading role. Within the scope of functions, each member of the Management Board is assigned the appropriate responsibilities for running the affairs of the Company:

PRESIDENT OF THE MANAGEMENT BOARD | Dariusz Miłek

- directs overall operations of the Company, supervises the execution of the tasks assigned to individual members of the Management Board and subordinate managers of organizational units;
- develops a strategy and directions of development of the Company;
- supervises the expansion of the Capital Group CCC S.A., including making decisions on locations of new sales facilities;
- plans and supervises trade and product policy, promotional and marketing activities of the Company.

VICE-PRESIDENT OF THE MANAGEMENT BOARD | Mariusz Gnych

- is responsible for the implementation process of production, efficient planning and coordination of work related to the operation of the factory located in Polkowice;
- is responsible for the implementation and realization of investment projects within Legnica SEZ in Polkowice;
- supervises the course of logistics processes, including supply chain management in the Capital Group CCC S.A.

VICE-PRESIDENT OF THE MANAGEMENT BOARD | Piotr Nowjalis

(until 4 January 2017)

- is responsible for all economic-financial and organizational issues of the Company; and in particular for financial policy, investor relations, capital allocation and their acquisition;
- supervises the implementation of tasks resulting from the Act on accounting and the law on income tax from legal persons;
- supervises the activities of foreign subsidiaries;
- supervises personnel policy executed in the Capital Group CCC S.A.

VICE-PRESIDENT OF THE MANAGEMENT BOARD | Marcin Czyczerski

(since 1 January 2017)

- responsible for all the economic and financial issues of the Company as well as the organization ones; and in particular for financial policy, investor relations, capital allocation and its acquisition;
- supervises the IT policy of the Capital Group CCC S.A.
- supervises the implementation of tasks resulting from the Accounting Act and the Corporate Income Tax Act.

VICE-PRESIDENT OF THE MANAGEMENT BOARD | Karol Półtorak

(since 1 December 2016)

- supervises the implementation of development projects in the Capital Group CCC S.A.
- Defining long-term directions of development of the CCC Capital Group;
- analysis of the markets in which the Group operates or may operate;
- development of a policy of possible mergers and acquisitions and acquisitions (M&A);
- supervision of companies from CCC S.A. Capital Group operating in the area of new technologies and e-commerce, including eobuwie.pl S.A.
- co-operation with CFO in terms of investor relations.

VICE-PRESIDENT OF THE MANAGEMENT BOARD | Marcin Pałażej

(since 7 January 2017)

- responsible for retail operations and network expansion process in the markets of Austria, Croatia, Slovenia and Germany.
- designing strategic development directions and responsibility for the expansion of the CCC network;
- supervision of companies from Capital Group CCC S.A. in the area of organization of the process of retail sales and marketing;
- supervising the implementation of investment projects in the Capital Group CCC S.A. in retail sale;
- overseeing the personnel policy conducted by the Capital Group CCC S.A.

[in mln PLN unless otherwise stated]

6.3.2 SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD

Composition of the Supervisory Board of CCC S.A. as of 31 December 2016:

NAME AND SURNAME OF SUPERVISORY BOARD MEMBER	PERFORMED FUNCTION
Wiesław Oleś	Member of the Supervisory Board elected on 24 June 2015. (I term of office) Chairman of the Supervisory Board (elected on 2 June 2016)
Henryk Chojnacki*	Chairman of the Supervisory Board elected on 24 June 2015. (VI term of office)
Marcin Murawski	Member of the Supervisory Board elected on 24 June 2015. (II term of office)
Mirosław Stachowicz**	Member of the Supervisory Board elected on 24 June 2015. (I term of office)
Jerzy Suchnicki	Member of the Supervisory Board elected on 24 June 2015. (I term of office)
Waldemar Jurkiewicz	Member of the Supervisory Board elected on 2 June 2016. (I term of office)
Karol Półtorak***	Member of the Supervisory Board elected on 2 June 2016. (I term of office)

*Henryk Chojnacki – Chairman of the Supervisory Board until 02.06.2016r.
**Mirosław Stachowicz – Member of the Supervisory Board until 31.01.2017 r.
***Karol Półtorak – Member of the Supervisory Board until 30.11.2016 r.

Composition of members of the Supervisory Board as at the date of submission of the report.

NAME AND SURNAME OF SUPERVISORY BOARD MEMBER	PERFORMED FUNCTION
Wiesław Oleś	Member of the Supervisory Board elected on 24 June 2015. (I term of office) Chairman of the Supervisory Board (elected on 2 June 2016
Marcin Murawski	Member of the Supervisory Board elected on 24 June 2015. (II term of office)
Jerzy Suchnicki	Member of the Supervisory Board elected on 24 June 2015. (I term of office)
Waldemar Jurkiewicz	Member of the Supervisory Board elected on 2 June 2016. (I term of office)
Piotr Nowjalis	Member of the Supervisory Board elected on 10 January 2017. (I term of office)

WIESŁAW OLEŚ
Chairman of the Supervisory Board

He is the originator and founder of the Office of Legal Advisers „Oleś & Rodzynkiewicz" sp.k., he graduated from law studies at the Faculty of Law and Administration at the Jagiellonian University in Cracow. After graduating from a judge application, in 1991, he took a judicial exam, and in 1993, he obtained the entitlement of a legal adviser. After graduating from studies, Wiesław Oleś was a member of the Regional Audit Chamber in Cracow, a consultant of programs of the US Agency for International Development (USAID) and collaborated, among others with: of the Harvard Institute for International Development; he is a member of Lesław Paga Foundation Council and Chairman of the Supervisory Board of Investment Funds Association Forum S.A., since 2015 he is is a member of the supervisory board of CCC S.A.

Wiesław Oleś is a lawyer recommended by „Chambers.

MARCIN MURAWSKI
Member of the Supervisory Board

He graduated from studies at the Faculty of Management at Warsaw University, he is a certified auditor in the UK (ACCA Practicing Certificate), the entitlements of KIBR (Polish Certified Auditor No. 90053) and the CIA (Certified Internal Auditor). He is an independent member of supervisory boards and audit committees of companies listed on the WSE: GTC S.A., Apator S.A., since 2012 CCC S.A.

In the years 1997-2005 he worked at PricewaterhouseCoopers Sp. z o.o. - Manager in the Audit Department and then until 2012 he worked in the group Warta as a Director of Department of Internal Audit and Inspection. Approved candidate PID (Polish Institute of Directors) for a member of the supervisory board and audit committees.

JERZY SUCHNICKI
Member of the Supervisory Board

He graduated from studies at the Foreign Trade Department of the Univeristy of Planning and Statistics (currently SGH Warsaw School of Economics) in Warsaw. From 2014 he is an expert of evaluation and assessment of plans for the development of the largest companies in the Access 2 and a member of IMAP (International Network of Merger & Acquisition Partners). Currently, he is a Member of the Supervisory Board of Ferrum S.A., and since 2015 in CCC S.A. In 2010-2013, he was a director, deputy director of the Department of Bad Loans of the Bank Gospodarstwa Krajowego. In 2006-2009 Jerzy Suchnicki was the CEO of PKP Cargo Service. In 2003-2005, he was the President of the Management Board of Mostostal Zabrze Holding S.A.

Previously, Jerzy Suchnicki was related with Bank Handlowy, Raiffeisen Investment Poland and Bank of Economic Initiatives S.A. He also worked in the Chair of Economics of SGH School of Economics.

WALDEMAR JURKIEWICZ
Member of the Supervisory Board

He graduated from Wrocław University of Technology in the Faculty in Computer Science and Management. He completed many courses such as: project management, human resources and new technologies and IT products.

In 1986-1991 he worked as a designer / designer of control systems at the Lumel Research and Development Center for Electrical Metrology. In the years 1991-2011 he was the founder and chairman of the board of Max Elektronik S.A. From the year 2003 to 2007 he performed as a Chief Executive of the Product Center in the EMAX Group, and then in 2007-2011 to the Sygnity Group as Chief Executive of the Software Development Center.

With the company eobuwie.pl he has been connected since 2006 (former s.f., Traf general partnership) as the Board Advisor. In the years 2015-2016 he took the position of a member of the Supervisory Board of the company eobuwie.pl, where he also held the position of Chairman of the Supervisory Board. Currently he is also a member of the Supervisory Board of CCC S.A.

PIOTR NOWJALIS
Member of the Supervisory Board

A graduate of the Kozminski University (Executive MBA) and the University of Gdansk at the Faculty of Economics (major: International Economic and Political Relations, and at the Faculty of Law and Administration (major: Administration). He has been related to the Company CCC S.A. since 2008, initially as CFO and Vice President of the Management Board.

Previously, he was a Director of Economic Affairs in M&S Pomeranian Window Factory (M&S Pomorska Fabryka Okien Sp. z o.o.) and CFO - Executive Director of KGHM Polish Copper S.A. He also sat on the supervisory boards of TIM S.A (2010-2016), Ultro S.A. (2014-2016), Rotopino.pl S.A. (2011-2013), Vantage Development S.A. (2011-2015) and now Dino Polska S.A. (since 2015).

Piotr Nowjalis has several years of experience in managerial positions related to financial management in private and public companies. The scope of responsibility was connected with strategic management, shaping the structure of capital, obtaining financing on domestic and foreign financial markets, conducting primary and secondary issues on the WSE, financial risk management, investor relations, merger and acquisition transactions, budgeting and controlling.

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 24 June 2015. (CR 40/2015).

In the financial year 2016, the Chairman of the Supervisory Board made his resignation - Henryk Chojnacki as of the date of approving the annual reports for 2015, that is 2 June 2016 (CR 19/2016).

On 2 June 2016, the Ordinary General Meeting adopted a resolution to increase the number of members of the Supervisory Board to 6 members. At the same time, in order to complete the composition of the members of Supervisory Board, Karol Półtorak and Waldemar Jurkiewicz were appointed. Wiesław Oleś was appointed the new Chairman of the Supervisory Board by the General Meeting. (CR 28/2016)

Due to appointing Karol Półtorak to the Company's Management Board since 1 December 2016, he resigned from membership in the Supervisory Board with effect from 30 November 2016 (CR 56/2016).

Changes after the balance sheet date in the composition of the Supervisory Board related to completion of the composition of the Supervisory Board by the Extraordinary General Meeting on 10 January 2017 by appointing Piotr Nowjalis to a member (CR 4/2017) and the resignation of Mirosław Stachowicz from being a Member of the Supervisory Board as of 31 January 2017 (CR 6/2017).

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.

At least one member of the Supervisory Board meeting the independence criteria, referred to in paragraph 4 of Articles of Association of the Company, shall moreover meet the independence criteria specified in the Act of 7 May 2009 on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (Journal of Laws 2015.1011)

Members of the Board provided the Management Board and the General Meeting of Shareholders a statement on compliance with the independence criteria. The Supervisory Board after making the assessment adopted at its meeting on 2 September 2015 the Resolution No. 01/09/2015 / RN on determining the number of members of the Supervisory Board meeting the criteria of independence, stating that all Board members meet the independence criteria.

Due to the completion by the Ordinary General Meeting of Shareholders on June 2, 2016 of the composition of the Supervisory Board and the appointment of Karol Półtorak and Waldemar Jurkiewicz to the members of the Supervisory Board of CCC SA, the Supervisory Board at its meeting of June 2, 2016 adopted the Resolution No. 01/06/2016/RN on determining the number of Supervisory Board members meeting the criteria of independence, stating that six members of the Supervisory Board meet four criteria of independence.

While remaining in the composition of the Company's Supervisory Board in 2016, none of its members reported any changes to the status of independence, personal, factual and organizational relationships with shareholders of CCC S.A.

As at the date of submission of the report, due to changes in the composition of the Supervisory Board after the balance sheet date, the Supervisory Board at its meeting on 1 February 2017 evaluated the statements made regarding the fulfillment of independence criteria and adopted Resolution No. 01/02/2017/RN on the number of members of the Supervisory Board meeting the criteria of independence, stating that in in the five-person board, three members of the Supervisory Board meet the criteria of independence.

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 (www.ccc.eu)
- Rules of the Supervisory Board, which is available on the Company's website (www.ccc.eu)
- 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.

6.3.3 COMMITTEES

The Supervisory Board of CCC S.A. may appoint permanent committees or ad hoc acting as its collective advisory and opinion bodies. Within the Supervisory Board there operate no committees.

There had been no committees functioning within the Supervisory Board until 2 June 2016,

Due to the fact that the Supervisory Board operated in the minimum, provided for by law, of five members, the Supervisory Board did not establish any separate committees. The tasks of the committees referred to in Annex I to the Commission Recommendation on the role non- executive directors or being members of supervisory of listed companies and on the committees of the (supervisory) were implemented directly by the full Supervisory Board. The Supervisory Board of CCC S.A. performing the duties of the audit committee monitored the effectiveness of the Company's internal control, internal audit and assessed the significant risk factors and threats to which the Company is exposed.

The Supervisory Board of CCC S.A. acting on the basis of art. 86 of the Act of 7 May 2009 on statutory auditors and their self-ruling, entities authorized to audit financial statements and public oversight (Journal of Laws 2015.1011), as well as due to completing by the Ordinary General Meeting of Shareholders of CCC S.A. on 2 June 2016 the composition of the Supervisory Board to six members, it appointed the Audit Committee at the Supervisory Board of CCC S.A. Out of the members of the Supervisory Board, three members were elected to the Audit Committee: Marcin Murawski - Chairman of the Committee, Jerzy Suchnicki - Member of the Committee, Karol Półtorak - Member of the Committee (until 30.11.2016), Due to the resignation of Karol Półtorak from being a member of the Supervisory Board, the composition of the Audit Committee was supplemented on 1 February 2017. The Supervisory Board adopted a resolution that Piotr Nowjalis is supplemented to the composition of the Audit Committee out of members of the Supervisory Board.

The Supervisory Board pointed out that the Chairperson of the Committee is also a person who is meets the independence criteria and possesses qualifications in the field of accounting and auditing.

The Supervisory Board has established that the tasks of the Audit Committee which include in particular:

a. monitoring the financial reporting process;

b. monitoring the effectiveness of internal control, internal audit and risk management systems;

c. monitoring of auditing activities;

d. monitoring the independence of the statutory auditor and the entity authorized to audit the financial statements;

e. recommending to the supervisory board of the entity authorized to audit financial statements.

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

6.4.1 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.

6.4.2 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 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 the first half of the data at the first meeting after its completion. The resolution is the basis for the payment of additional remuneration.

[in mln PLN unless otherwise stated]

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

SPECIFICATION	2016 [GROSS PLN]	2015 [GROSS PLN]
Remuneration of the members of the Management Board including:		
– remuneration and other benefits		
Dariusz Miłek [1]	840 000	840 000
Mariusz Gnych [2]	720 000	480 000
Piotr Nowjalis [3]	960 000	720 000
Karol Półtorak	60 000	—
– bonuses for the previous year		
Dariusz Miłek	—	—
Mariusz Gnych	100 000	450 000
Piotr Nowjalis	100 000	500 000
Karol Półtorak	—	—
Total	2 780 000	2 990 000

[3] For 2016, Mr. Dariusz Miłek additionally received under the contract of employment remuneration in the amount of PLN 30,000 in the subsidiary CCC Factory Sp. z o.o. (2015 - PLN 30,000);

[2] For the 2016 Mr. Mariusz Gnych additionally received remuneration in the amount of PLN 90,000 for performing functions in the management of subsidiary CCC Factory Sp. z o.o. (2015 - PLN 90,000);

[3] For the 2016 Mr. Piotr Nowjalis additionally received under the contract of employment remuneration in the amount of PLN 30,000 in the subsidiary CCC Factory Sp. z o.o. (2015 - 30,000 PLN).

On 2 June 2016, the Supervisory Board made the allocation of subscription warrants, including to members of the Management Board, in accordance with the following tables.

NUMBER OF POTENTIALLY DUE SUBSCRIPTION WARRANTS	2016	2015
Dariusz Miłek	—	—
Mariusz Gnych	132 000	—
Piotr Nowjalis	75 000	—
Total	207 000	—

[in mln PLN unless otherwise stated]

Due to exercising the rights from Series A subscription warrants granted to the members of the Management Board and granted under the Incentive Scheme for the years 2013-2015, pursuant to the notification submitted (CR No. 40/2016):

a. Piotr Nowjalis - Vice President of the Issuer's Management Board informed that on July 19, 2016 he acquired, out of the trading, 75,000 ordinary bearer shares of E series at the price of PLN 61.35 per share,

b. Mariusz Gnych - Vice President of the Issuer's Management Board informed that on July 19, 2016 he acquired, out of the trading, 132,000 Series E ordinary bearer shares at PLN 61.35 per share.

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 Table 6.4.3.

6.4.4 REMUNERATION OF SUPERVISORY BOARD OF CCC S.A.

REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD, INCLUDING:	2016 [GROSS PLN]	2015 [GROSS PLN]
Henryk Chojnacki [1)]	40 727,20	50 000,00
Wiesław Oleś [2)]	85 909,07	24 000,00
Marcin Murawski [3)]	72 000,00	37 500,00
Mirosław Stachowicz [4)]	72 000,00	24 000,00
Jerzy Suchnicki [5)]	72 000,00	24 000,00
Waldemar Jurkiewicz [6)]	41 727,27	—
Karol Półtorak [7)]	35 727,27	—
Wojciech Fenrich [8)]	—	13 500,00
Jan Rosochowicz [9)]	—	13 500,00
Martyna Kupiecka [10)]	—	13 500,00
Total	420 090,81	200 000,00

1) For the period from 01.01.2016 to 30.06.2016
2) For the period from 01.01.2016 to 31.12.2016
3) For the period from 01.01.2016 to 31.12.2016
4) For the period from 01.01.2016 to 31.12.2016
5) For the period from 01.01.2016 to 31.12.2016
6) For the period from 01.06.2016 to 31.12.2016
7) For the period from 01.06.2016 to 30.11.2016
8) For the period from 01.01.2015 to 24.06.2015
9) For the period from 01.01.2015 to 24.06.2015
10) For the period from 01.01.2015 to 24.06.2015

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.

6.5 RISK MANAGEMENT

6.5.1 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 prepared in accordance with:

1. International Financial Reporting Standards, approved by European Union.
2. Accounting Act of 29 September 1994, (unified text - Journal of Laws of 2016, item 1047, as amended)
3. Articles of Association of the Company CCC S.A.
4. Accounting standards existing in CCC S.A. and the standards existing in the subsidiaries,
5. 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:

1. controlling activities carried out by employees of the companies of CG CCC S.A. on their assigned tasks and responsibilities,

2. controlling function, implemented by the supervision over subordinate organizational units by all employees in managerial positions,

3. 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 fulfillment 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. In order to confirm that the data contained in the financial statements 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.

6.5.2 SCOPE OF THE SYSTEM OF RISK MANAGEMENT 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.

6.5.3 BODIES RESPONSIBLE FOR RISK MANAGEMENT IN THE GROUP

Below we present the bodies responsible for risk management in the Group CCC together with the scope of their duties:

- Management Board of CCC S. A.:
  - Acceptance of Risk Management Policy in the Group CCC, on the basis of which Risk Management System is implemented.
- Audit Committee
  - Monitoring the effectiveness of the risk management system that has a significant impact on the Company's operations, including the effectiveness of corrective actions taken
- Supervisory Board
  - Periodic checking of the accuracy and efficiency of the Risk Management Policy, the aim of which is to ensure that all major risks are identified and an adequate system of management was implemented.
- Internal auditor
  - Periodic verification of the effective functioning of the systems and functions relating to: implementation and maintaining effective internal control systems, risk management, compliance and internal audit functions.
- Finance Division:
  - Implementation of Risk Management System in the Group CCC,
  - Supervision of staff responsible for risk management in the Group CCC,
  - Continuous accumulation of knowledge and techniques aimed at improving the effectiveness of risk management systems,
  - Monitoring of the Risk Management System and ensuring its integration with the processes occurring in the Group CCC.
- Managerial personnel:
  - Increasing awareness of the importance of the Risk Management System,
  - Management of available resources in order to implement and ensure the highest efficiency of Risk Management System,
  - Verification of plans and targets concerning the development of the Risk Management System

6.5.4 PERMISSIBLE LEVELS OF RISK ACCEPTED 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.

In case when an acceptable level of risk for the Group's strategic objectives CCC shall be determined, it is also included in the Risk Management System, which is associated with its strict compliance.

6.5.5 SIGNIFICANT RISK FACTORS

CCC Group identified the 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 own sales chain	In 2017 the Group plans to increase floor space of CCC stores by 100 thousand m2, of which 40% is to be opened in Poland, In case of non-implementation of its assumed objectives, the Group may prove to be less competitive than its competitors, and thus lose market share, which could result in lower revenues. At the same time in case of chain development, contrary to the demand, the Group may incur costs higher than necessary.	In order to minimize the risks associated with the strengthening of own sales chain, the Group introduced the following solutions: • 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: • 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 of m2, and thus to reduce the Group's profitability. 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.	Group in order to ensure the appropriate choice of location of commercial facilities, carry out a detailed analysis of the location before deciding to sign a lease agreement, and bases their decisions on historical data.

EXTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Exchange rate risk	Companies of the Capital Group CCC S.A. generate revenue in PLN, EUR, CZK, HUF, HRK, BGN. Most of the costs are incurred in foreign currency. As a result, CZK, HUF, HRK, USD and EUR exchange rates (practically all imports are denominated in USD and EUR, and a high percentage of rental costs in EUR) will affect the Group's revenue and cost structure. The main supply market for the Capital Group CCC S.A. is the Chinese market, and hence the CNY currency exchange rate against the major world currencies may also have a significant impact on the Group's costs. CNY appreciation may worsen the conditions of import and, consequently, lead to higher costs for consumers.	The Group has undertaken the following measures to reduce the impact of exchange rate risk: • continuous monitoring of significant, for the Group, changes in exchange rates, • Introducing the strategy of a natural hedging
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 undertaken the following measures to reduce the impact of interest rate risk: • continuous monitoring of significant, for the Group, changes in exchange rates, • Introducing the strategy of a natural hedging
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.a: Germany, Austria, Croatia, Slovenia, Bulgaria).	The Group has undertaken the following measures to reduce the impact of risk of the overall economic situation: • 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).
Seasonality of sales and weather conditions	Sales and inventory value depends on the seasonality of demand (peak of demand is in spring and autumn). The disorder of weather conditions may result in putting away customer purchase decisions or shortening the season of the highest sales.	Element in reducing the sensitivity of the Capital Group CCC S. A. to seasonal factors and weather is having its own manufacturing capacity. The Group is able to rapidly adjust production and deliver goods to shops line with expectations and current weather conditions.
Trends in fashion and unsuccessful collections	The Capital Group CCC S. A. is exposed to risks associated with unsuccessful collections of footwear.	The factor enabling to reduce this risk is a long-standing market experience of the parent company, permanent observation of trends in the European and world fashion (participation in international fairs of footwear fashion I, inter alia: Milan, Garda, Dusseldorf).

INTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Credit risk	The source of this risk is the uncertainty as to whether and when receivables are settled. Wholesaling sales are also subject to deferred payment, whereby the CCC S.A. Group is exposed to the risk of financing its customers. In order to maintain its leading position on the footwear market, the Group CCC S.A. uses the commercial credit facility, additionally increasing the company's attractiveness to wholesale counterparties.	The Group has taken the following measures to mitigate the effects of credit risk: • continuous verification of financial situation of counterparties, • continuous study of the history of cooperation with counterparties

7.
EMPLOYEES


CCC
SHOES & BAGS

7.1 EMPLOYMENT STRUCTURE

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.

[in mln PLN unless otherwise stated]

As of December 31, 2016, the Group employed 11,871 employees compared to the previous year, employment grew by 1,402 people. Below we present the way structure of employment in individual years was shaped:

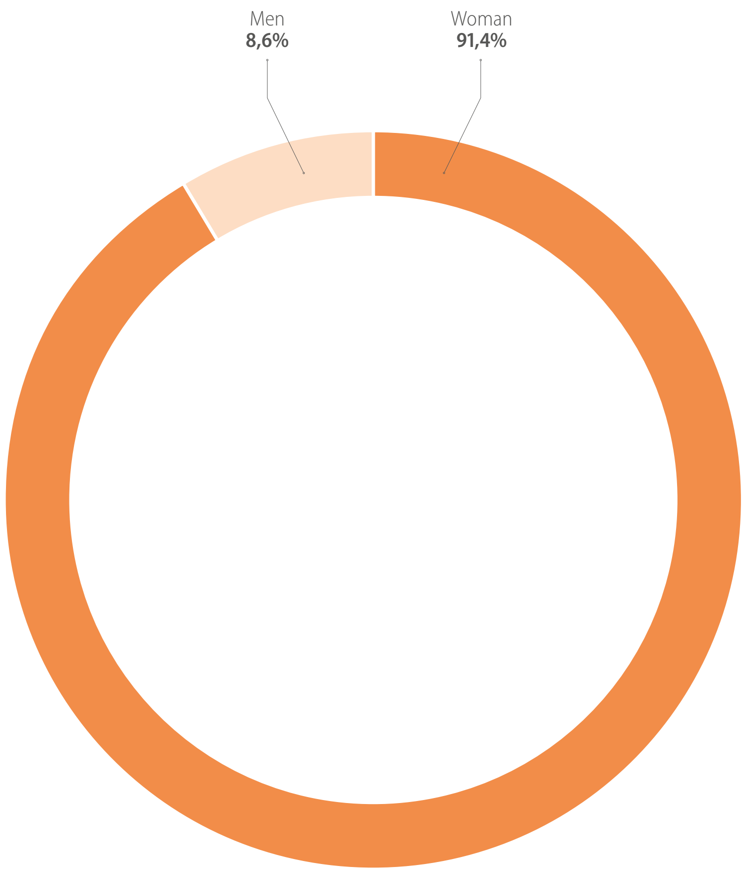
In the past few years, the number of employees has grown steadily. The largest share of the number of employees are the employees of the stores - approx. 82.7%, while administrative staff account for only 5.1% of total employment. In comparison y / y number of employees has increased by 13.4%. Detailed data are presented in the following table.

	POLAND			WESTERN EUROPE			CHANGE IN %
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	
Employees of stores	9 409	411	**9 820**	8 366	381	**8 747**	12,3%
Manufacturing employees	617	163	**780**	583	125	**708**	10,2%
Logistics employees	428	241	**669**	395	236	**631**	6,0%
Administrative employees	401	201	**602**	244	139	**383**	57,2%
All employees	10 855	1 016	**11 871**	9 588	881	**10 469**	13,4%

The following table shows the structure of employment as of 31.12.2016 by geographical area.

	POLAND		WESTERN EUROPE		CEE		OTHER COUNTRIES		TOTAL
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Employees of stores	5 675	166	1 256	99	2 348	129	130	17	9 820
Manufacturing employees	617	163	—	—	—	—	—	—	780
Logistics employees	428	241	—	—	—	—	—	—	669
Administrative employees	292	155	36	20	60	19	13	7	602
All employees	7 012	725	1 292	119	2 408	148	143	24	11 871

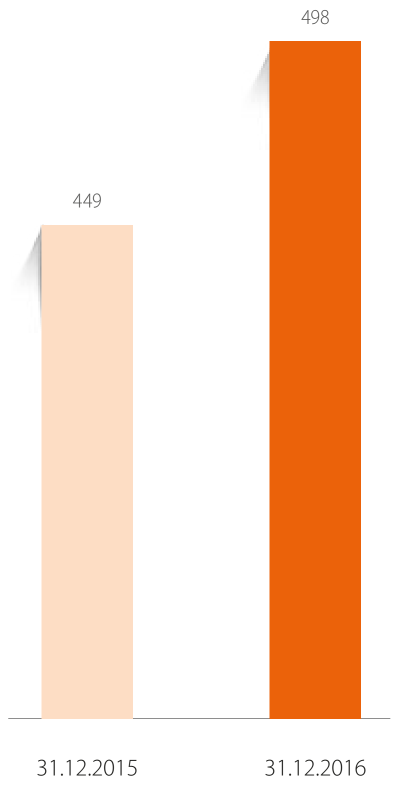
Due to the nature of the business, a large percentage is the number of women employed in the Company, which is 91.4% of total employment. The number of employed men as compared y/y increased by 15.3% whereas the number of employed women compared to 2015 increased by 13.2%.



Share of employees by gender as of 31.12.2016

EMPLOYMENT OF DISABLED PEOPLE

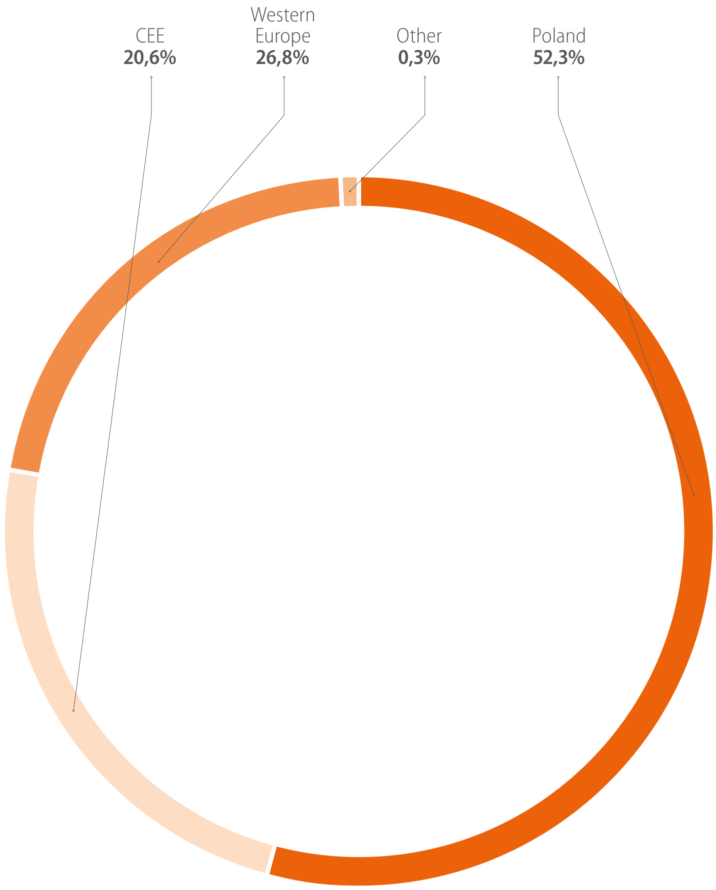
In addition, operating conditions enable to employ in the Group CCC S.A. people with disabilities. As of 31.12.2016, the Group employed 498 disabled persons, which is approx. 4.2 % with respect to all employees. The majority of workers with disabilities employed in Poland, it refers to about 84.7% of all persons with disabilities employed in the CCC Group.



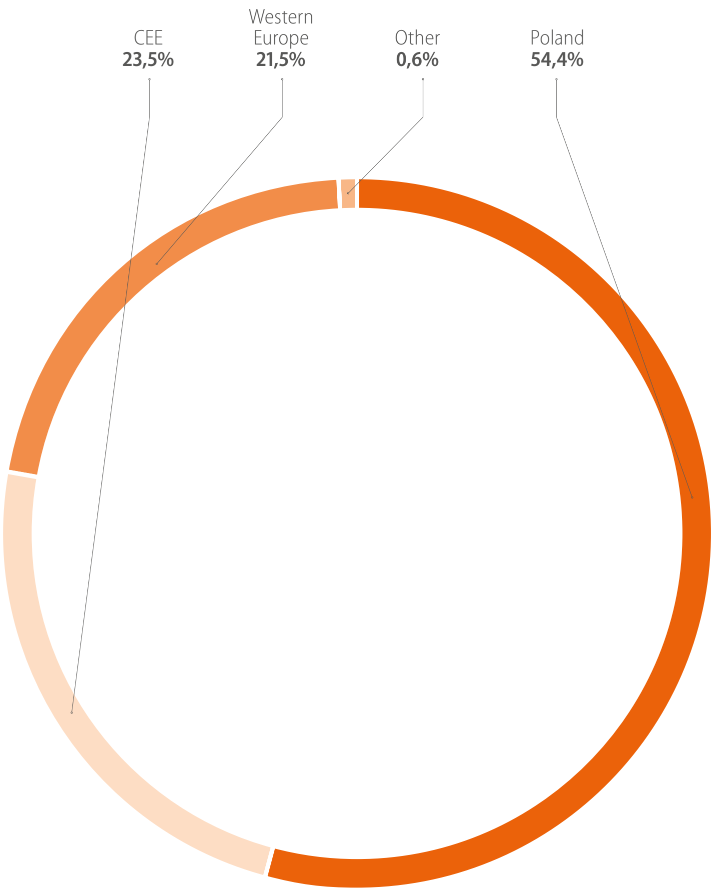
THE REMUNERATION POLICY OF ALL EMPLOYEES

The remuneration policy in the Group 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.

In 2016, the share of remuneration expenses for CCC Group's employees shaped as follows:



The CCC Group continuing its expansion abroad in 2016, opened 65 new stores outside Poland, 36 of which were opened in Western Europe, 29 in Central and Eastern Europe. The opening of new facilities in Europe caused an increase in employment in the individual segments and contributed to the rise in remuneration costs. For comparison, the structure of remunerations in the Capital Group in 2015 is presented below.



7.2
DEVELOPMENT PROGRAMS FOR EMPLOYEES

The Group CCC implementing policies related to the management of the potential of employees is guided by the following values:

ACTION

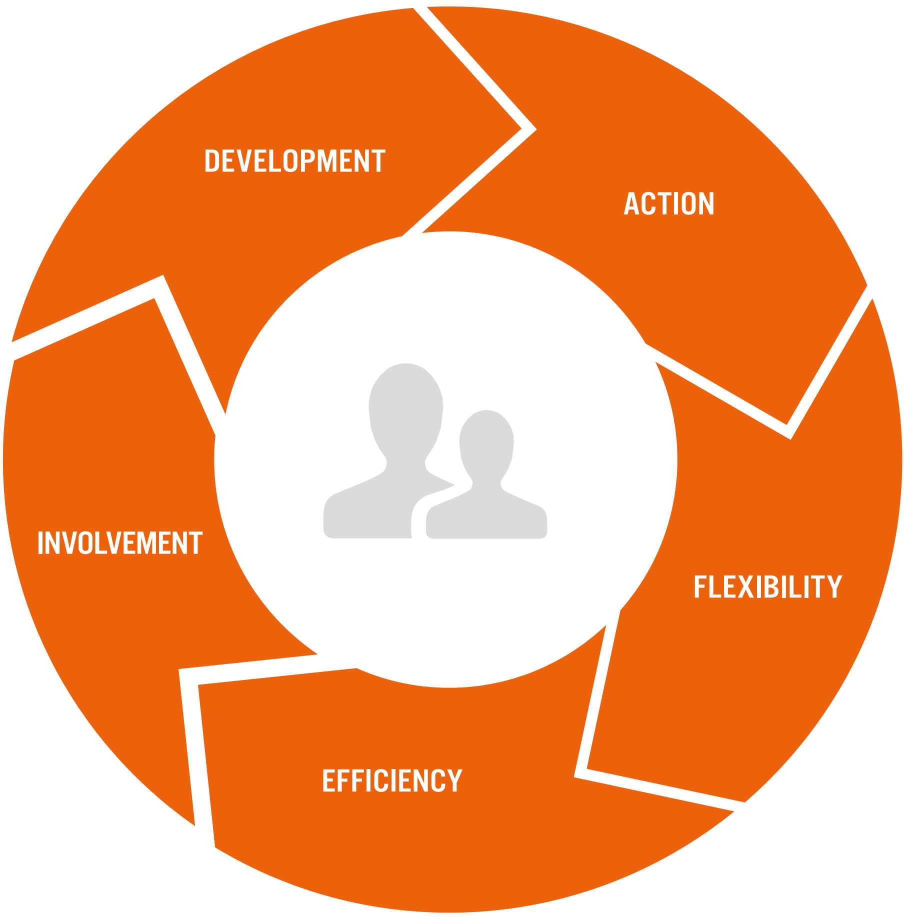
supported by FLEXIBILITY, which means a rapid response in business necessity situations and the implementation of non-standard ideas.

DEVELOPMENT

through ACTION, which is undertaking actions aimed at the development of the entire Capital Group

FLEXIBILITY

leading to EFFICIENCY, which means the perception of changes as new opportunities, as well as the continuous responsiveness to customers' needs



EFFICIENCY

thanks to COMMITTMENT, undertaking activities aimed at the realization of the objectives with the optimal use of available resources

INVOLVEMENT

in the DEVELOPMENT, every employee is part of a team striving to achieve a common goal contained in the Group's strategy.

GROWTH AND DEVELOPMENT OF EMPLOYEES' POTENTIAL

The CCC Group implements numerous programs enabling the possibility of Employees' development. Development activities and training of the employees of the Group CCC are implemented in such a way as to ensure the achievement of business objectives of adopted in the strategy and increase employees' involvements.

THE ACADEMY OF A MANAGER The Capital Group realizes the annual project the Academy of a Manager, designed to ensure greater effectiveness in the area of the Group's sales, as well as enable a valuable exchange of experience. This project allows the improvement of managerial skills, presents aspects connected with building relationships in the team, motivating employees and the use of methods of coaching.

TRAINING Employees continually improve their competences, use development programs through participation in training sessions, conferences, symposia, seminars, workshops, and studies financed or co-financed by the Employer. In 2016, CCC S.A. also used training co-funded by the County Labour Office in Polkowice. The project received funding for the organization of 30 trainings in which 344 employees participated. As part of the training, the employees have acquired new or expanded their current skills, inter alia, in the scope of MS Office support, accounting and taxes as well as servicing of machinery and equipment.

LEARNING FOREIGN LANGUAGES CCC Group also organizes in-house or e-learning language courses. Classes are divided into different levels of foreign language. These activities are aimed at gaining or expanding the knowledge necessary to carry out tasks or its updating.

RECRUITMENT AND ATTRACTING TALENTS

YOU STUDY – YOU WORK One of the significant development programs in the company was launching post-graduate studies under the title „Management of foreign expansion and development." The studies were the project jointly implemented by the University of Economics in Wrocław and CCC S.A. in the period of February 2015 - March 2016. The innovative design was directed to people starting their careers, and also to those who were interested in an international career. This project helped to attract employees with high and specialized skills, who are willing to pursue foreign challenges. In March 2017 another studio edition was launched.

PRACTICE AND INTERNSHIP PROGRAMS CCC works closely with the Labour Offices and organizes work placements in own stores creating jobs for graduates of universities as well as for secondary and vocational education graduates. In 2016, out of 127 completed internships, 110 employees were hired, which is 87%. In addition, in October 2016, as a Partnership Company, CCC S.A. She signed an agreement with the International University of Logistics and Transport in Wroclaw for the implementation of apprenticeships as part of dual studies.

COMMUNICATION

In the Group there is also a multi-channel communication scheme thanks to which the employees are informed about ongoing changes and development plans of the Group. In addition, once a year survey of job satisfaction is carried out, which enables recognition of the needs of employees and the elimination of reported irregularities, which increases the involvement increase of employees and strengthens our position in the market.

The Group CCC in its action is guided by high ethical values, and therefore within the company there operates a Code of Ethics. The Code defines the principles, both in relations with colleagues and suppliers and contractors. The purpose of the Code is the ability to implement processes and procedures to prevent the occurrence of violations, as well as to take action in case when events against the law, regulations and ethical standards occur.


CCC
SHOES & BAGS

8.
COMMITMENT OF CCC


CCC
SHOES & BAGS

8.
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.

SPONSORSHIP POLICY OF CG CCC S.A.

THE AIM OF THE SPONSORSHIP POLICY

CCC.eu Sp. z o.o., a subsidiary of CCC S.A. is responsible for a sponsorship policy of CG CCC S.A. The Company implements a sponsorship policy in accordance with the strategic and marketing objectives of the Capital Group CCC S.A. The aim is to build a positive image, increase brand awareness and popularization of trademark by targeting sponsoring activities to the relevant target groups. Implementation of sponsorship assumptions helps to ensure mutual benefits for both the sponsor and the sponsored entity.

PRINCIPLES OF A SPONSORSHIP POLICY

Sponsoring activities can be carried out both by CCC.eu Sp. z o.o., CCC S.A. as well as other subsidiaries, which should obtain the consent of the Management Board of CCC S.A.

It is possible to participate in projects that actually will affect the achievement of the policy of sponsorship, both locally, nationally and internationally.

Having regard to the image of the entire Capital Group, of the Company, when selecting sponsoring ventures, in particular one should pay attention to the aspects such as: the nature of the project consistent with the area of interest, experience and good reputation of the organizer.

It is not allowed to engage in ventures: associated with another brand, promoting discriminatory actions or generally considered controversial, threatening the environment, the nature of which is quite different from the image of the Capital Group CCC S.A., held by individuals.

AREAS OF SPONSORSHIP ACTIVITY

The strategic focus of sponsoring is sport. The disciplines are subsidized, which in a way above average positive affect the image of CG Group CCC S.A., in particular priority is given to professional and amateur cycling. CG CCC S.A. supports the national team, a professional cycling group and promotes a healthy lifestyle among children and young people, co-participating in the development of cycling schools. Also cycling events are sponsored, mostly local ones.

Apart from sport sponsorship, CG CCC S.A. is also involved in social projects, which are identical to the nature of activity of CCC S.A. and the impact on improving the quality of life for people most in need.

CCC AND THE ENVIRONMENT

The Group CCC acts for the sake of the natural environment, while promoting the ecological behaviour among their employees. Separate waste containers which enable segregation are placed in the buildings of the Group. Through internal communication channels of the Group, the employees are encouraged to comply with ecological principles.

GREEN ENERGY

The concern about maintaining the balance between economic growth and environmental protection is an important aspect of the Group CCC. As an innovative company, CCC obtains part of the electricity from installed in the Logistics Centre in Polkowice - photovoltaic farm. The decision to install photovoltaic panels aimed at protecting the natural environment, and economic elements - including savings connected with the production of its own energy.

By implementing the principle of environmental protection, CCC uses modernized lighting systems. They are located in warehouses and factories with sensors that adjust lighting levels and motion sensors. Thanks to the lighting installation the energy consumption was reduced by 55% compared to alternative LED lighting. In addition, the factory works with modern ventilation systems that reduce the use of gas and energy. CCC owns installations, equipment and technical equipment for buildings that do not emit noise, vibration or other disturbances while being friendly for the environment, employees and residents.

9.
STATEMENTS OF MANAGEMENT BOARD


CCC
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9.1 STATEMENT ON THE FAIRNESS FINANCIAL STATEMENTS PREPARATION

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 the Group CCC S.A. and its financial result.

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

[in mln PLN unless otherwise stated]

9.2 STATEMENT AND INFORMATION ON THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

The Management Board of CCC S.A. declares that the entity authorized to audit financial statements, auditing the annual consolidated and financial statements, was chosen according to law. This body and the auditors conducting the audit complied with the conditions to issue an impartial and independent opinion on the audit, in accordance with applicable regulations and professional standards.

The Company CCC S.A. concluded on 28 June 2016 with PricewaterhouseCoopers Sp. z o.o. an agreement on auditing the financial statements and consolidated financial statements for the period from 1 January to 31 December 2016 and on the review of the financial statements and consolidated financial statements for the period from 1 January to 30 June 2016. The amount of net remuneration for those services amounts to PLN 310.0 thousand. In addition, in 2016, PricewaterhouseCoopers Sp. o.o. provided advisory services to the parent company. The amount of net remuneration for the above services amounted to PLN 753,5 thousand.

The Company CCC S.A. concluded on 21 July 2015 with PricewaterhouseCoopers Sp. z o.o. an agreement on auditing the financial statements and consolidated financial statements for the period from 1 January to 31 December 2015 and on the review of the financial statements and consolidated financial statements for the period from 1 January to 30 June 2015. The amount of net remuneration for those services amounts to PLN 240.0 thousand. In addition, in 2015, PricewaterhouseCoopers Sp. o.o. provided advisory services to the parent company. The amount of net remuneration for the above services amounted to PLN 136.0 thousand.

CCC.eu Sp. z o.o., on 21 November 2016, concluded with PricewaterhouseCoopers Sp. z o.o. the agreement for the audit of the financial statements for the period from 1 January to 31 December 2016. The net remuneration for the defined services amounts to PLN 80.0 thousand. The net remuneration for the audit of the financial statements for the year 2015 amounted to PLN 70.0 thousand.

CCC Factory, on 21 November 2016, concluded with PricewaterhouseCoopers Sp. z o.o. the agreement for the audit of the financial statements for the period from 1 January to 31 December 2016. The net remuneration for the defined services amounts to PLN 40.0 thousand. The net remuneration for the audit of the financial statements for the year 2015 amounted to PLN 40.0 thousand.

Eobuwie.pl S.A. on 21 November 2016, concluded with PricewaterhouseCoopers Sp. z o.o. the agreement for the audit of the financial statements for the period from 1 January to 31 December 2016. The net remuneration for the defined services amounts to PLN 115.0 thousand.

Auditor's remuneration	2016	2015
CCC S.A.		
Examination and reviews of financial statements	378 550	338 750
Other	753 533	136 000
TOTAL	1 132 083	474 750
Subsidiaries		
Examination and reviews of financial statements	235 000	110 000
Other	-	-
TOTAL	235 000	110 000
TOTAL	1 367 083	584 750

10.
OTHER INFORMATION

10.1 INFORMATION ON BRANCHES (FACILITIES) OWNED BY THE UNIT

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

10.2 THE MOST IMPORTANT ACHIEVEMENTS IN THE FIELD OF RESEARCH AND DEVELOPMENT

Not applicable.

10.3 DESCRIPTION OF THE STRUCTURE OF MAIN CAPITAL DEPOSITS OR MAJOR CAPITAL INVESTMENTS MADE WITHIN THE ISSUER'S CAPITAL GROUP DURING THE FISCAL YEAR

Subsidiaries did not make any significant deposits or capital investment during 12 months ended 31 December 2016.

10.4 BASIS OF THE PREPARATION OF THE STATEMENTS ON OPERATIONS OF THE GROUP CCC

This statements on the operations of the Group CCC S.A. covers the reporting period from 1 January to 31 December 2016 and the comparative period from 1 January to 31 December 2015. The consolidated statements on the operations was prepared in compliance with the financial statement and current and periodic reports. The content of the statement on the operations of the Group is in accordance with § 92 item 3 and 4 of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing as equivalent information required by the law of non-member states and contains the required elements specified in § 91 paragraph 5-6 for issuers conducting manufacturing activities, construction, trade and services activities. The rules set out in the Act of 29 September 1994 on accounting referred to in article 55 item 2 point 5 in conjunction with art. 49 item 2 and 3, and art. 63 d are applicable. In case of Rules of the Stock Exchange in Warsaw S.A. the provisions of § 29 item 1, 2, 3 and 5 are applicable.

10.5 AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND MANAGERIAL PERSONS

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

10.6 PROCEEDINGS PENDING BEFORE COURT, BODY COMPETENT FOR ARBITRATION OR PUBLIC ADMINISTRATION BODY

The Companies of the Capital Group CCC S.A. are not a party to the court proceedings the amount in dispute exceeds 10% of the equity of the Group.

10.7 ACQUISITION OF OWN SHARES

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

10.8 INDICATION OF ALL RESTRICTIONS ON EXERCISING VOTING RIGHTS IN THE COMPANY OF THE ISSUER

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


CCC

The statements on operations of the Group CCC were approved for publication by the Management Board of the Company on 28 April 2017 and signed on behalf of the Management Board by:

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Dariusz Miłek	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Marcin Czyczerski	Vice-President of the Management Board	
Karol Półtorak	Vice-President of the Management Board	
Marcin Pałażej	Vice-President of the Management Board	

Polkowice, 28 April 2017