



CCC
SHOES & BAGS

**ANNUAL STATEMENTS ON OPERATIONS
OF CAPITAL GROUP CCC S.A.
FOR 2018**

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CCC IN NUMBERS



in 2019, the CCC Group intends to increase its commercial floor space

100.000 m²

ONLINE SALES
15 COUNTRIES

OFFLINE SALES
18 COUNTRIES

2000%

increase from the debut on the stock exchange in 2004 to the end of 2018 by over 2,000%. CCC shares reached the highest price of PLN 312 (price during the session) on January 22, 2018

1 million

so many pairs of shoes per day can be sent to stores from our logistics center

50 mln

pairs of footwear sold in 2018

+61%

GROWTH IN
E-COMMERCE SALES



3000 m²

The largest CCC flagship store has nearly 3,000 m² of space and is located in Budapest (2,784 m²).



24 h

It takes 24 hours to execute the order via the e-commerce channel eobuwie.pl

[in mln PLN unless otherwise stated]

OPERATIONS OF CCC GROUP

FINANCIAL ACTIVITY CONTINUED ACTIVITY	IN MLN PLN		IN MLN EUR	
	CONVERTED DATA		CONVERTED DATA	
	01.2018-12.2018	01.2017-12.2017	01.2018-12.2018	01.2017-12.2017
Selected data from the consolidated statement of profit or loss and other comprehensive income				
Sales revenue	4 725,8	3 938,1	1 107,5	927,8
Poland	2 060,1	2 026,5	482,8	477,4
CEE	1 035,4	880,9	242,7	207,5
Western Europe	430,8	156,6	101,0	36,9
Other countries	112,7	76,9	26,4	18,1
Retail activity	3 639,0	3 140,9	852,8	740,0
E-commerce	977,3	605,7	229,0	142,7
Wholesale	108,9	190,8	25,5	45,0
Manufacturing	0,6	0,7	0,1	0,2
Gross profit (loss) on sale	2 369,9	2 003,9	555,4	472,1
Gross sale margin	50,1%	51%	50,1%	51%
Result on segments				
Poland	282,5	377,6	66,2	89,0
CEE	109,6	110,9	25,7	26,1
Western Europe	(72,4)	(37,8)	(17,0)	(8,9)
Other countries	(2,3)	6,2	(0,5)	1,5
Retail activity	317,4	456,9	74,4	107,6
E-commerce	97,4	87,8	22,8	20,7
Wholesale	28,0	36,0	6,6	8,5
Manufacturing	(0,4)	(0,2)	(0,1)	(0,0)
Profit on operating activity	372,5	462,9	87,3	109,1
Profit before tax	256,4	399,0	60,1	94,0
Net profit on continued activity	223,5	362,2	52,4	85,3
Net profit on discontinued activity	(166,8)	(59,9)	(39,1)	(14,1)
NET PROFIT	56,7	302,3	13,3	71,2
ADJUSTED NET PROFIT⁽¹⁾	84,1	318,1	19,7	74,9
Selected data of the consolidated statement of financial position				
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Fixed assets	3 574,1	1 154,1	831,2	276,7
Current assets, including:	3 161,9	2 215,8	735,3	531,3
Inventories	1 806,1	1 417,7	420,0	339,9
Cash	375,8	511,6	87,4	122,7
TOTAL ASSETS	6 736,0	3 369,9	1 566,5	808,0
Non-current liabilities including:	2 650,9	1 277,8	616,5	306,4
Debt liabilities	210,0	436,0	48,8	104,5
Current liabilities including:	2 937,3	923,8	683,1	221,5
Debt liabilities	806,8	481,1	187,6	115,3
TOTAL LIABILITIES	5 588,2	2 201,6	1 299,6	527,8
EQUITY	1 147,8	1 168,3	266,9	280,1

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of cash flows	01.2018-12.2018	01.2017-12.2017	01.2018-12.2018	01.2017-12.2017
Net cash flows from operating activities	995,8	78,2	233,4	18,4
Net cash flows from investing activities	(620,8)	(222,3)	(145,5)	(52,4)
Net cash flows from financing activities	(514,8)	514,8	(120,6)	121,3
TOTAL CASH FLOWS	(139,8)	370,7	(32,7)	87,3
OPERATIONAL DATA	31.12.2018	31.12.2017		
Number of stores	1125	849		
Floor space of stores (thousand m ²)	660,3	475,1		
Number of markets with online sales	15	11		
	01.2018-12.2018	01.2017-12.2017	01.2018-12.2018	01.2017-12.2017
Capital expenditures (in mln)	(443,6)	(244,7)	(104,0)	(57,6)
Average revenue per m ² of floor space ⁽¹⁾	7,1	8,3	1,7	2,0

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

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

Selected data from the 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 effective on the last day of the reporting period:
 - exchange rate on 31.12.2018 amounted to 1 EUR – 4,3000 PLN
 - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 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 01.01.2018 – 31.12.2018 amounted to 1 EUR – 4,2669 PLN
- the average exchange rate in the period 01.01.2017 – 31.12.2017 amounted to 1 EUR – 4,2447 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 CCC GROUP



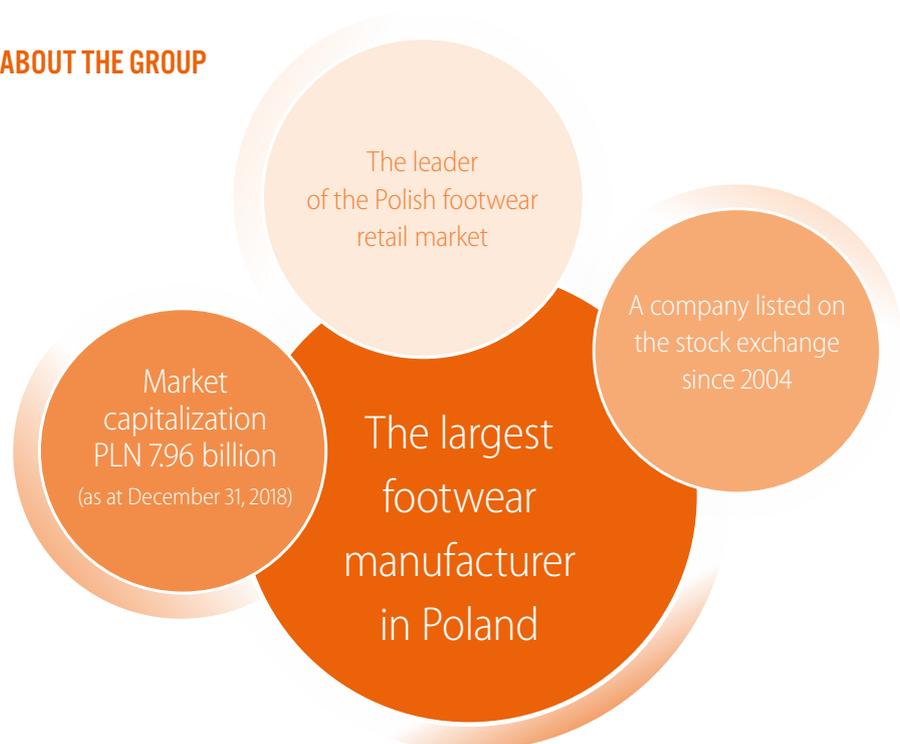


CCC
SHOES & BAGS

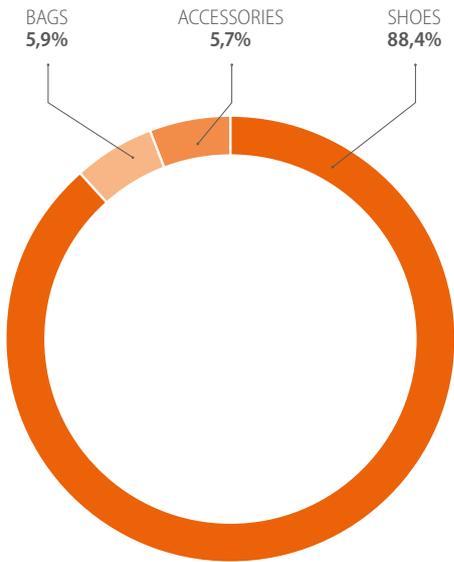
1.1 GENERAL INFORMATION

1.1.1 GENERAL INFORMATION ABOUT THE GROUP

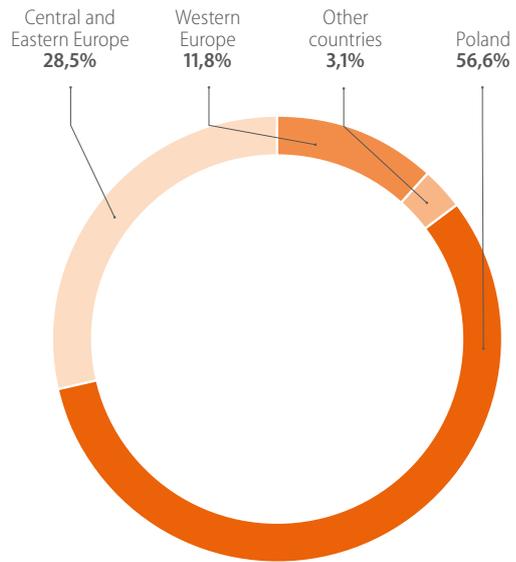
BUSINESS PROFILE



Sales structure
(by value)

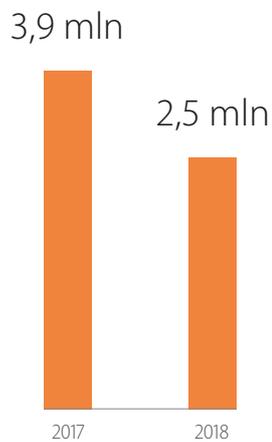


Sales structure
(geographical segments)



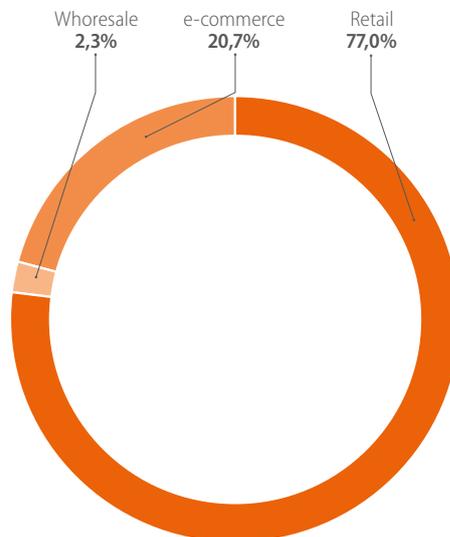
Manufacturing

The number of manufactured pairs of shoes



Distribution

Breakdown of consolidated revenues in 2018



OPERATIONS OF CCC GROUP**FIVE LARGEST COUNTRIES BY SALES REVENUE****POLAND****CZECH REP.****SLOVAKIA****HUNGARY****ROMANIA**

The Capital Group CCC S.A. ("CCC CG", "CCC Capital Group", "Capital Group", "Group") is the leader of the Polish footwear retail market and its largest producer in Poland. The CCC group consists of a total of 1,125 stores located in modern shopping centers and malls in 17 countries, over 14,000 employees, own leather shoes factory and nearly 50 million pairs of shoes sold throughout the year. Fashionable and price attractive products are offered to customers in their own stores in Poland, Slovakia, Hungary, the Czech Republic, Austria, Bulgaria, Slovenia, Croatia, Russia, Serbia, Romania, Switzerland under the Vögele Shoes and Bingo brands, and in franchise stores in Moldova, the Baltic countries and Ukraine. In addition, the Capital Group conducts online sales in the following markets: Poland, the Czech Republic, Romania, Hungary, Slovakia, Ukraine, Germany, Bulgaria, Lithuania, Greece, Sweden, Italy, Spain, France, Latvia, Switzerland – through the Vögele Shoes e-commerce channel.

In the spring-summer season, the Group currently offers nearly 4,000 shoe designs, for the fall-winter season it is about 3,000 designs, which in total over 12 months gives the number of 7,000 footwear designs. The group has a total of 124 registered brands – the most popular brand sold by CCC is the Lasocki brand, available both in CCC offline stores as well as in the e-commerce channel.

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

Operations of the Capital Group are currently organized in two segments:

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

1.1.2 THE MOST IMPORTANT EVENTS IN 2018



OPERATIONS OF CCC GROUP**1.1.3
FACTORS AND EVENTS EFFECTING THE
ACHIEVED RESULTS OF GROUP CCC**

Macroeconomic development in Central and Eastern Europe

CCC Group S.A. operates mainly on the markets of Central and Eastern Europe with a clear dominance of sales on the Polish market, which in 2018 recorded a 53.5% share in the aggregate profit of segments. The result of the location of the Group's stores in the above region is the significant impact of the condition of the economies of Central and Eastern Europe on the sales of the Group's products. The main factors that influenced the financial results in the presented period were:

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

For a long time, Poland has been recording economic growth. Throughout 2018, the recorded result was 5.1% (data according to preliminary estimates of the Central Statistical Office). Respectively for 2017 and 2016, economic growth in Poland was 4.8% and 3.1%. The government's GDP growth forecast for 2019, recorded in the budget act, is 3.8%. The World Bank and European Commission forecasts for Poland's GDP in 2019 are 4.0% and 3.5% respectively. Important macroeconomic factors influencing the Group's results due to the specificity of operations were consumer behaviour, in particular a steady increase in the propensity to consume. The scale of the impact of the "Consumption in the households" category on real GDP growth in the years 2015 – 2017 was 1.8%, 2.3%, 2.9% and 2.6%, respectively.

This indicator is supported by high, real remuneration dynamics and low interest rates, which stimulate the further development of loan activity, among others in the area of retail loans. The Monetary Policy Council does not announce any change in the monetary policy stance, therefore in 2019 NBP rates should remain unchanged. The economic growth of the European Union countries also favoured the development of trade – customers were willing to spend more on consumer goods. There is still significant potential for building new shopping centers in Poland.

Poland, including Germany, ranked first in Europe in the GRAI commercial properties investment attractiveness index (Global Retail Attractiveness Index) developed by Union Investment. This information is positive from the point of view of the assumptions for the further development of the chain in Poland.

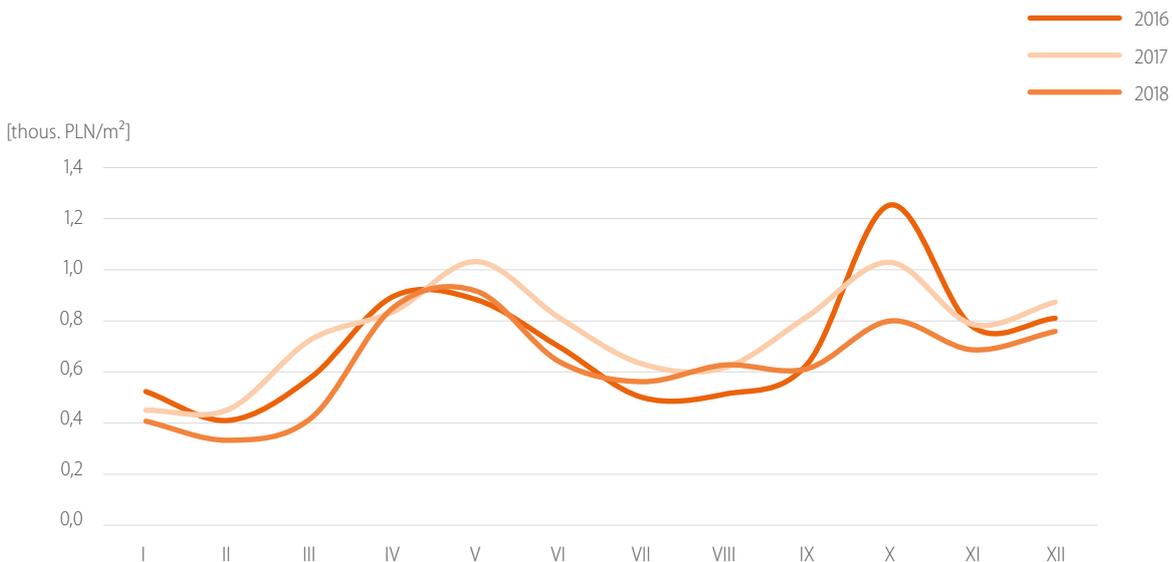
CHANGES IN CONSUMER PREFERENCES AND CHANGES IN DEMAND

Technological advancement, constantly evolving trends or changes in lifestyle significantly influenced the change of customers' needs and behaviour in the presented period. Their preferences, including those regarding the purchase forms, have also changed, which is why the CCC Group has broadened its online offer (development of eobuwie.pl online store and taking up shares in DeeZee).

SEASONALITY AND WEATHER

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

SEASONALITY OF SALES IN CCC CHAIN STORES



OPERATIONS OF CCC GROUP**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.

In the opinion of the Issuer's Management Board, in the reporting period there were no factors and events of an untypical character, having a significant impact on the operations of companies from the Capital Group CCC S.A.

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
2018	3,8268	3,3173	3,7597	3,6117
2017	4,2271	3,4813	3,4813	3,7782
2016	4,2493	3,7193	4,1793	3,9435

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
2018	4,3978	4,1423	4,3000	4,2617
2017	4,4157	4,1709	4,1709	4,2583
2016	4,5035	4,2355	4,4240	4,3637

1.2 PRODUCTS AND BRANDS

OFFER OF THE CCC GROUP

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.

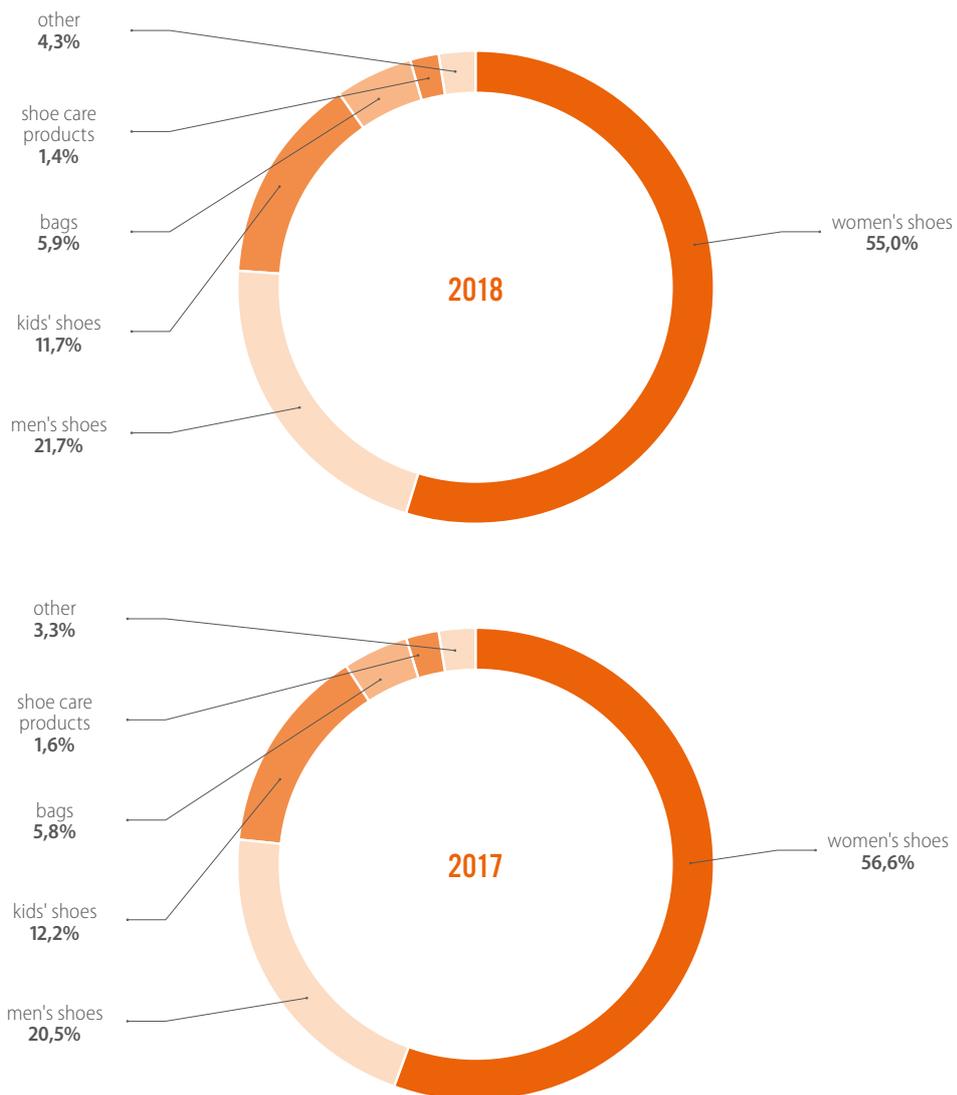
OPERATIONS OF CCC GROUP

PRODUCT STRUCTURE

Product structure of retail sales remains constant over the years – in 2018 shoes for women accounted for in value approx. 55,0% of sales; shoes for men was 21,7%, and kids shoes reached 11,7%. Besides footwear, which is the main product, handbags are responsible each year for approx. 5,9% of sales, shoe care products for approx. 1,4%.

Product structure of sales of the Group is constantly being expanded, the variety of products offered allows customers to find a product corresponding to our loyal Customer's expectations as well as winning new ones making the increase sales revenues.

The chart below presents the detailed structure of retail sales in individual groups of product range in 2018 and 2017:





55,0%

WOMEN'S SHOES

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 own brands Lasocki, Lasocki Comfort, Sprandi, Jenny Fairy, Clara Barson, Bassano, Nylon Red, INBLU, Via Ravia and foreign brands i.e. Adidas, Puma, New Balance. Sales of women shoes accounted for 55.0% (62.2% of sales of footwear) of the value of sales realized in 2018, in terms of volume it was 59.6% of total sales of footwear. Compared with 2017, the sales of women shoes increased in volume by 2.1%.

MEN'S SHOES

21,7%

Within the product range of men shoes, the Group offers its customers: boots, sports shoes, low boots, sandals and sneakers. Individual products are sold within the group of product range under the following own brands Lasocki for men, Sprandi, Gino Lanetti, Vapiano oraz Cesare Cave, and foreign brands i.e. Adidas, Puma, New Balance. Sales of men shoes accounted for 21.7% (24.6% of sales of footwear), the value of sales realized in 2018, in terms of volume was 18.9% of sales of footwear. Compared with 2017, sales of men shoes increased in volume by 13.2%.



KIDS' SHOES

Within the product range of kids 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 own brands Lasocki, Lasocki Kids, Lasocki Young, Sprandi, Action Boy, Magic Lady, Nelli Blu, Nylon Red, Vapiano, Muflon and foreign brands Mickey and Friends, Spiderman Ultimate, Violetta, Cars, Frozen, Planes, Star Wars, Fairies, Sofia the first, Princess, Avengers. Sales from the product range of kids shoes accounted for 11.7% (13.2% of sales of footwear) of the total value of sales realized in 2018 in terms of value it was 21.5% of sales of footwear. Compared with 2017, sales of kids footwear increased by 3.5%.

11,7%



OPERATIONS OF CCC GROUP



5,9%

BAGS

As part of this product group, the Group offers its clients bags made of leather and synthetic materials, sold under the Jenny Fairy and Lasocki casual for men brands. Bag sales accounted for 5.9% of total sales in 2018. As compared to 2017, sales of bags increased by 10.7%.

As part of the shoe care products, the Group sells footwear care products. The sale of the assortment from the shoe care products group accounted for 1.4% of total sales.

1,4%

SHOE CARE
PRODUCTS

4,3%

OTHER



Within the product range of the others, the Company sells, among others, the following products: jewellery, fancy goods, cycling accessories, women's and children's tights. The sale of the assortment from the group of other products accounted for 4.3% of total sales.

OPERATIONS OF CCC GROUP



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.

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.

**FAMILY RECREATION
AND URBAN STYLE**

Comfortable, branded sports 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

KIDS' PRODUCTS

**LASOCKI
YOUNG**

**LASOCKI
KIDS**

- 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

Magic Lady
* for young fashion lovers *

ACTION BOY
SUPER SHOES


NelliBlu

- 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

Disney

MARVEL

- 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

Retail sales is the main business segment of the Capital Group CCC which generates 77.0% of total revenues. In this segment, the Group operates in four regions:

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

In these regions, the Group also operates online, which is responsible for 20.7% of all revenues.

Below there is a description of the market environment and competition in the most important regions.

REGION	MARKET CONDITION
Poland	The current economic situation in Poland is stable, with medium development prospects. In 2018, Poland's GDP growth was 5.1%. Respectively for 2017 and 2016, economic growth in Poland was 4.8% and 3.1%. In the presented period there were no changes in tax rates concerning the Group's products. In connection with the above macroeconomic data, it is expected that the consumer's income will increase. In Poland, Deichmann is the key competitor of the Group.
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.

OPERATIONS OF CCC GROUP**PRESENCE IN THE MARKETS**

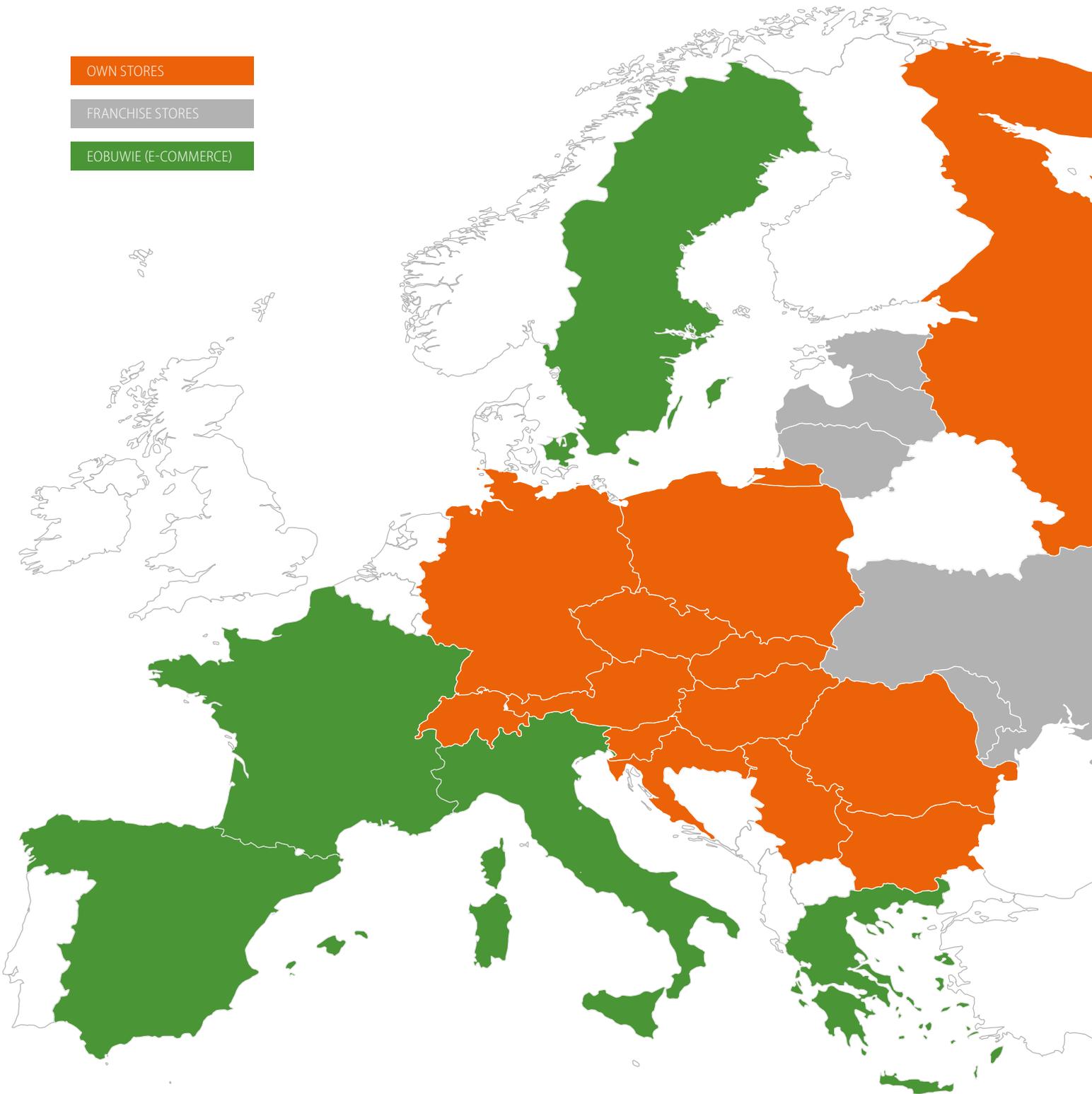
The main market for the CCC Group's sales is Poland. The share of CCC in the highly fragmented retail footwear market in Poland is estimated at about 25%. The main market of the Group CCC is a widely considered medium segment of a customer. In terms of the number of points of sale in Poland, CCC almost more than double the biggest competitors offer. Still it is the broadest segment of the domestic footwear market, estimated at 130 million pairs of shoes annually.

In addition to the Polish market, the CCC Capital Group operates in the region of Central and Eastern Europe, i.e. in the Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria, Croatia and Romania; in Western Europe, i.e. in Austria and Switzerland and other countries – Russia, Serbia, Ukraine, Latvia, Lithuania, Estonia and Moldova.

Stores are located in large shopping centers or on important routes, in prestigious city locations.

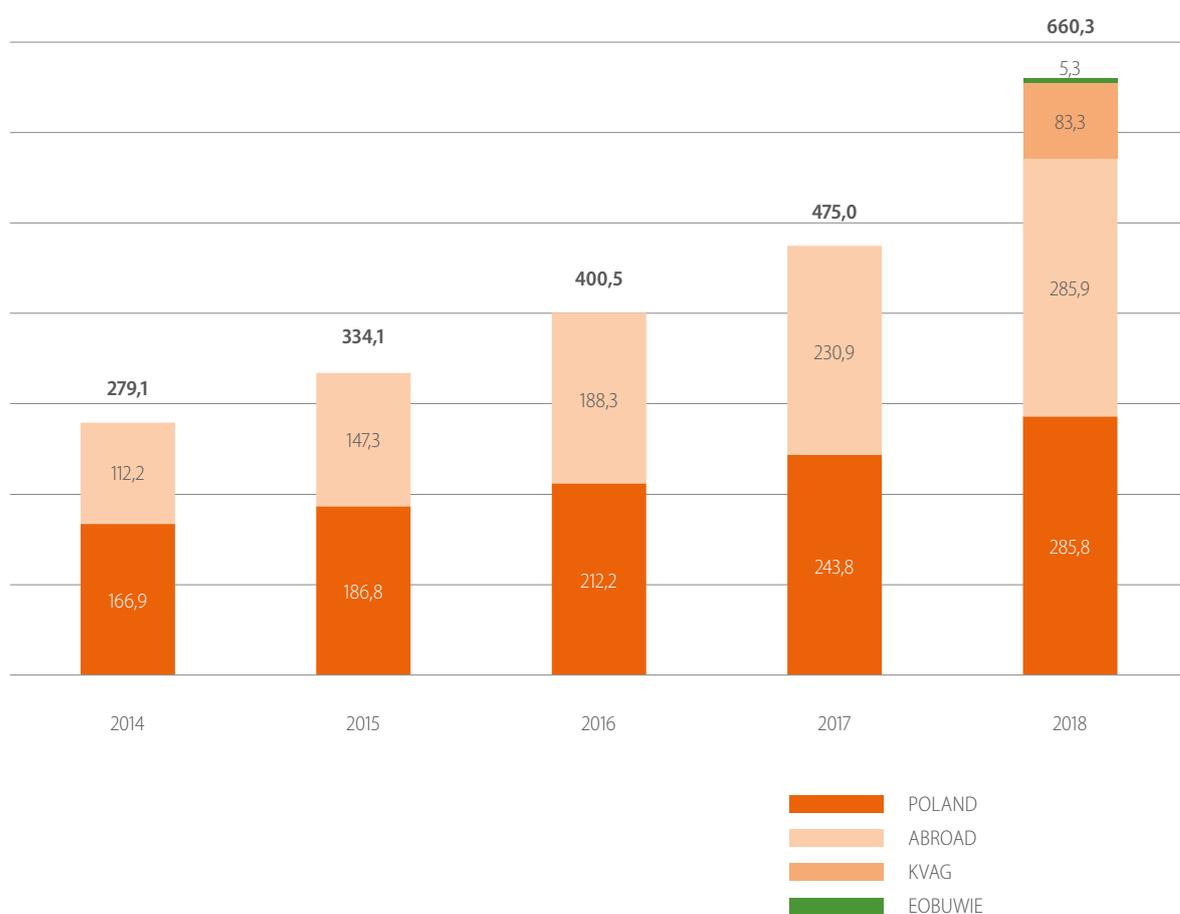
	31.12.2018	31.12.2017
TOTAL STORES:	1125	849
OWN STORES CCC	893	775
Poland	466	448
<i>agency stores</i>	1	39
Czech Republic	93	88
Hungary	76	73
Romania	62	—
Slovakia	51	50
Austria	49	45
Croatia	25	23
Russia*	35	19
Slovenia	14	13
Bulgaria	11	10
Serbia	11	6
discontinued activity		
Germany	77	77
FRANCHISE STORES CCC	26	73
Ukraine	11	6
Latvia	7	7
Lithuania	4	4
Estonia	3	1
Moldova	1	1
Romania	—	54
Vögele	197	—
eobuwie	9	1

OPERATIONS OF CCC GROUP



OPERATIONS OF CCC GROUP

The following chart represents a change of the floor space of CCC stores and its change in the years 2014 – 2018 [thousand m²]



In 2018, CCC Capital Group increased its net floor space by 102.0 thousand m², from 475.0 thousand m² to 577.0 thousand m² 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 87.0 thousand m² and the modernization and extension of existing floor space by 25.6 thousand m². In 2018, 31 stores with a total floor space of 10.6 thousand m². In addition, the commercial floor space of the CCC Capital Group increased by 83.3 thousand m² due to the acquisition of Karl Vögele. The total floor space of the CCC Capital Group at the end of 2018 amounted to 660.3 thousand m². The above data concerns continued operations and does not include CCC Germany.

RETAIL SALES

Retail sales in the chain of own and agency stores in 2018 took place in Poland, the Czech Republic, Slovakia, Austria, Slovenia, Croatia, Serbia, Russia, Bulgaria, Hungary, as well as from 25 April in Romania. The total number of own and agency stores as at 31 December 2018 amounted to 893. The average floor space of these stores increased by 59 m² to 621 m² (562 m² in 2017). The total floor space of own and agency CCC stores as at 31 December 2018 amounted to 554.1 thousand m² and increased by 27.3% in relation to 2017

(435.2 thousand m²). Revenues from retail sales increased by 15.9% to PLN 3,639.0 million (PLN 3,140.9 million in 2017) and accounted for 77.0% of total sales. Revenue from retail sales per square meter amounted to 6.57 thousand PLN/m² (PLN 7.22 thousand/m² in 2017). The above data relate to continued operations and does not include CCC Germany and – due to the comparability of data for year-on-year – Romania.

The table below presents data on the development of the own sales chain by country (data as at 31.12):

CHAIN	TYPE	2014		2015		2016		2017		2018	
		m ²	number								
CCC Own	Poland	166 946	405	186 782	410	212 242	436	243 839	448	285 782	466
	<i>agency stores</i>	14 344	39	16 434	40	17 601	40	20 892	39	538	1
	Hungary	27 689	57	30 462	61	38 040	69	45 247	73	51 843	76
	Czech Republic	32 309	79	36 104	79	39 415	82	44 701	88	51 497	93
	Slovakia	13 866	30	18 852	37	23 104	42	28 198	50	31 500	51
	Austria	9 184	17	14 681	27	23 580	39	27 431	45	30 378	49
	Romania	—	—	—	—	—	—	—	—	34 762	62
	Russia	—	—	—	—	6 339	11	13 923	19	28 041	35
	Croatia	4 436	8	7 314	13	11 842	20	13 561	23	16 061	25
	Slovenia	3 646	6	4 603	8	6 272	11	7 687	13	8 528	14
	Bulgaria	—	—	3 875	6	5 665	9	6 562	10	7 430	11
	Serbia	—	—	—	—	1 089	2	4 078	6	8 237	11
	TOTAL OWN		258 076	602	302 673	641	367 588	721	435 227	775	554 059
Discontinued activity	Germany	18 380	27	34 920	51	58 127	75	61 114	77	55 510	77

* the table does not include BOTI and Lasocki stores, the last of which were closed in 2016 and 2015 respectively.

OPERATIONS OF CCC GROUP**WHOLESALLES**

The franchise partners to whom wholesale is directed are in 2018 present in Romania *, in Ukraine, Latvia, Lithuania, Estonia and Moldova. The total number of franchise stores as at December 31, 2018 was 26. The average floor space of these stores increased by 25.9 m² to 676.2 m² (650.3 m² in 2017). The total floor space of franchise stores as at December 31, 2018 amounted to PLN 17.6 thousand m² and increased by 42.3% in relation to 2017 (12.4 thousand m²). Wholesale revenues increased by 6.4% to PLN 80.1 million (PLN 75.3 million in 2017) and accounted for 1.7% of total sales. Sales

revenue per square meter decreased by 25.2% compared to 2017 and amounted to 4.6 thous. PLN / m². The above data – due to year-on-year comparability – do not include operations in Romania.

The table below presents data on the development of the franchise sales chain by country (data as at 31.12):

CHAIN	TYPE	2014		2015		2016		2017		2018	
		m ²	number								
CCC Franchise	Romania	13 454	31	19 325	42	24 386	50	27 148	54	—	—
	Latvia	2 622	6	3 232	7	3 281	7	4 409	7	4 409	7
	Ukraine	1 470	4	2 237	5	2 709	5	3 827	6	7 147	11
	Lithuania	—	—	1 187	2	1 787	3	2 657	4	2 657	4
	Moldova	—	—	—	—	—	—	740	1	740	1
	Estonia	—	—	—	—	724	1	724	1	2 629	3
	Russia	1 781	5	3 617	8	—	—	—	—	—	—
TOTAL FRANCHISE		19 327	46	29 598	64	32 887	66	39 505	73	17 582	26
CCC TOTAL		277 403	648	332 271	705	400 475	787	474 732	848	571 641	919
Vögele Shoes	Switzerland	—	—	—	—	—	—	0	0	83 299	197
eobuwie	Poland	—	—	—	—	—	—	347	1	5 256	9
CCC TOTAL		277 403	648	332 271	705	400 475	787	475 079	849	660 196	1 125

* Romania – from April 25, 2018, own stores

ONLINE SALES

In the CCC Group, online sales are carried out by eobuwie.pl SA and Karl Vögele AG. In addition, CCC launched the click & collect service giving the opportunity to order goods online and pick up at a selected store. At the end of 2018, eobuwie.pl operated in Poland, Germany, the Czech

Republic, Slovakia, Romania, Hungary, Ukraine, Bulgaria, Lithuania, Greece, Sweden, Spain, France and Italy, and Karl Vögele AG in Switzerland. Revenues from online sales amounted to PLN 976.8 million and accounted for 20.7% of total sales in 2018.

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

The new Distribution Center, in conjunction with the existing sorting facility, is able to service over 100,000 cartons (approx. 1.1 million pairs of footwear) during two working shifts. The mechanization process provides support for future development and provides a basis for further development of logistics processes. In addition, it allows optimizing the storage space, which currently amounts to 110.0 thousand m².

The effect of the carried out organizational restructuring of CCC S.A. and the CCC Group is to leave logistic services to the parent company and provide logistic services to the related entity.

In January 2019, the extension of one of the warehouses was completed, which consisted of installing a shelf storage on an additional surface. The number of shelves increased by over 60,000. Additional storage space allows storage of about 10 million pairs of shoes (capacity increase by 50%).

WAREHOUSES OF EOBUWIE

Eobuwie.pl started the construction of a new logistics center in the Lubuski Industrial Park in Zielona Góra. The investment will strengthen development in 15 European markets where the company is present. The new center will also improve the logistics service for entities from the CCC Group, including online sales of the CCC offer and other companies belonging to the Group. In 2019, the first facility with an area of nearly 40,000 m² will be launched, and the target area will be 150,000 m².

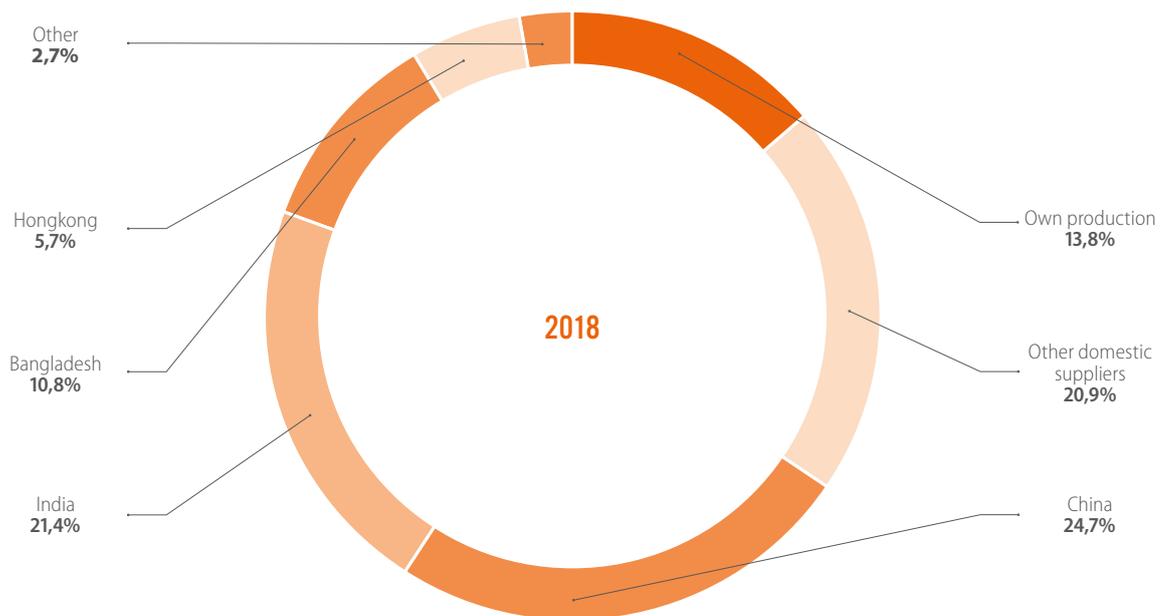
OPERATIONS OF CCC GROUP

1.3.3 MANUFACTURING AND SUPPLIERS

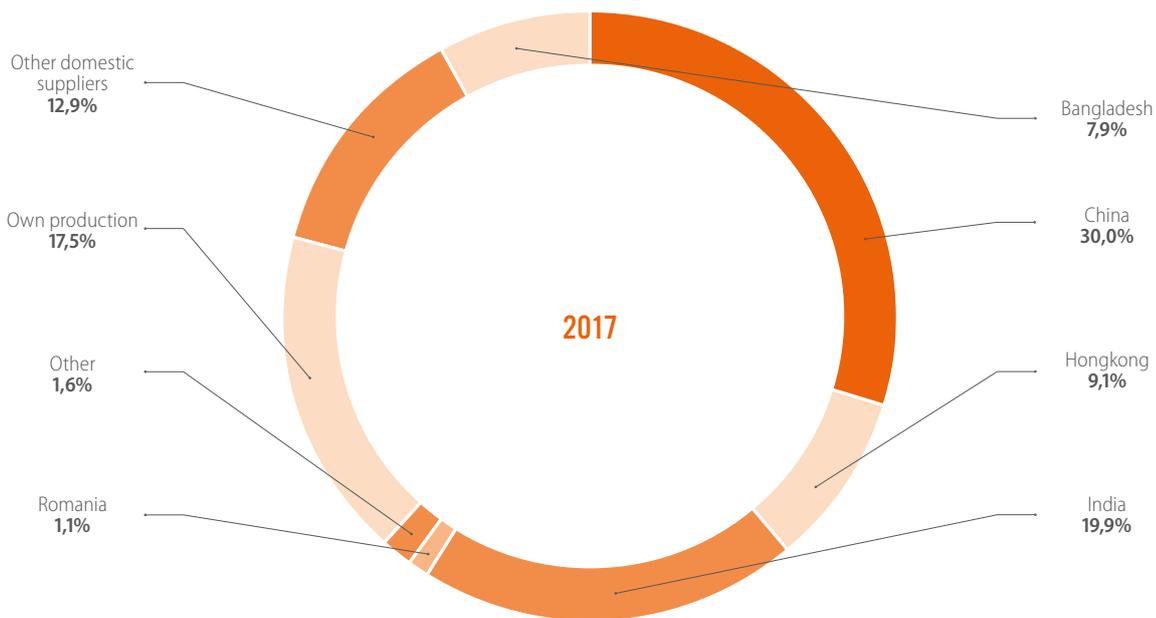
The Company CCC.eu Sp. z o.o. is the supplier of goods to the Company CCC S.A. and the whole Group. The company sources goods from domestic and foreign suppliers and from its own factory (CCC Factory Sp. z o.o.).

The territorial structure of footwear purchases in 2017 and 2018 is as follows:

Territorial structure of footwear purchases in 2018 (value)



Territorial structure of footwear purchases in 2017 (value)



FOOTWEAR

Footwear, the core product of the CCC Group, is imported from Asia (62.5% of the total footwear purchases), manufactured in its own factory (13.8%), purchased from domestic suppliers (20.9%) and in other countries (2.7%). The main direction of imports of footwear from Asia is China (24.7% of the total value of footwear imports), from where deliveries come from dozens of producers.

BAGS, SHOE CARE AND OTHER PRODUCTS

The products sold by the CCC Group also include bags, shoe care, fancy goods and cycling accessories. All of these goods are bought from external suppliers. Bags in particular come from imports from Asia, while other goods are obtained on European markets.

1.4 LISTING OF SHARES ON THE WARSAW STOCK EXCHANGE

The CCC company has been listed on the Warsaw Stock Exchange for almost 15 years. As at 31.12.2018, one share of CCC was valued at PLN 193.30, which translated into capitalization of the CCC Group in the amount of almost PLN 8 billion. The highest price in the year (according to the closing rate) amounted to PLN 305.88, while the lowest one was PLN 167.00. The maximum transaction price in 2018 amounted to PLN 308.85, while the minimum price was PLN 164.70.

From the beginning of quotations, the price of one CCC share has increased by nearly 2000% from PLN 9.50 (issue price at 02.12.2004) to PLN 193.30 at the closing of the session 31.12.2018.

The Ordinary General Meeting of the Company adopted a resolution on the distribution of profits for 2017 and payment of dividends to shareholders in the amount of PLN 94.7 million, i.e. PLN 2.30 per share.

OPERATIONS OF CCC GROUP

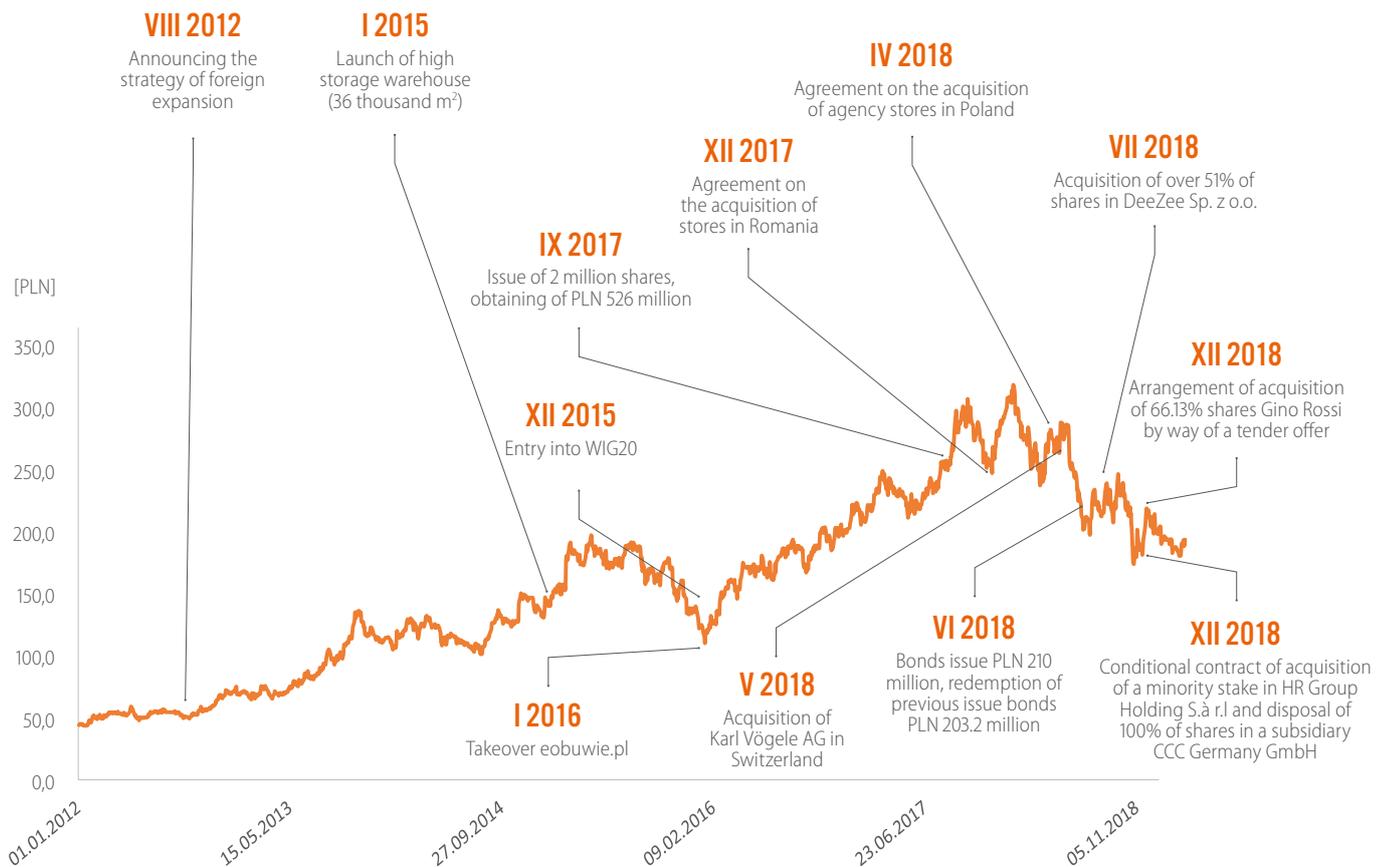


OPERATIONS OF CCC GROUP

SHARE PRICE SINCE DEBUT



THE MOST IMPORTANT EVENTS AGAINST THE BACKGROUND OF CCC MARKINGS ON WSE



REPORTING CALENDAR

14 March 2019	Separate and Consolidated Annual Report for 2018
15 May 2019	Consolidated quarterly report for Q1 2019
23 August 2019	Consolidated report for 1H 2019
30 October 2019	Consolidated quarterly report for Q3 2019

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





CCC
SHOES & BAGS

2.1

MISSION AND STRATEGY

The CCC Group strategy is built on the basis of a set of unique competences that give a competitive advantage on the European footwear retail market:

CUSTOMER OFFER – WIDE, AVAILABLE, GREAT RELATIONSHIP TO QUALITY

Offering customers with a diversified portfolio, several thousand different models of shoes during the season, at a favourable price and quality. Patterns for women, men, and children, as well as sports shoes and accessories. Short series, variety of colours, styles and styles guarantee high level of visitors and frequency of shopping. Democratic brand.

OWN BRANDS OFFLINE / MULTIBRAND ONLINE

CCC mainly sells its own brands.

eobuwie, in turn, operates in the multibrand formula – sells products of leading global and local brands. Both of these channels are independent, generate synergies and allow you to effectively reach different customer segments with the offer.

OPTIMAL, VERTAX BUSINESS MODEL

The CCC Group is strongly present at every stage of the value chain:

- Know-how in the field of designing and building collections,
- Production at home and abroad – The CCC Group owns the largest footwear factory in Poland and works very closely in the outsourcing model with partners mainly in the Far East and in Europe.
- Modern logistics standing at the leading level of the shoe industry – automated off-line and on-line distribution centres
- It has and actively manages its own chain of nearly 1.000 stores, in the perspective supplemented by its own e-commerce, and runs its own marketing strategy

Thanks to the above, the Group has full control over the manufacturing process, quality, logistics, pricing policy, margins and marketing policy.

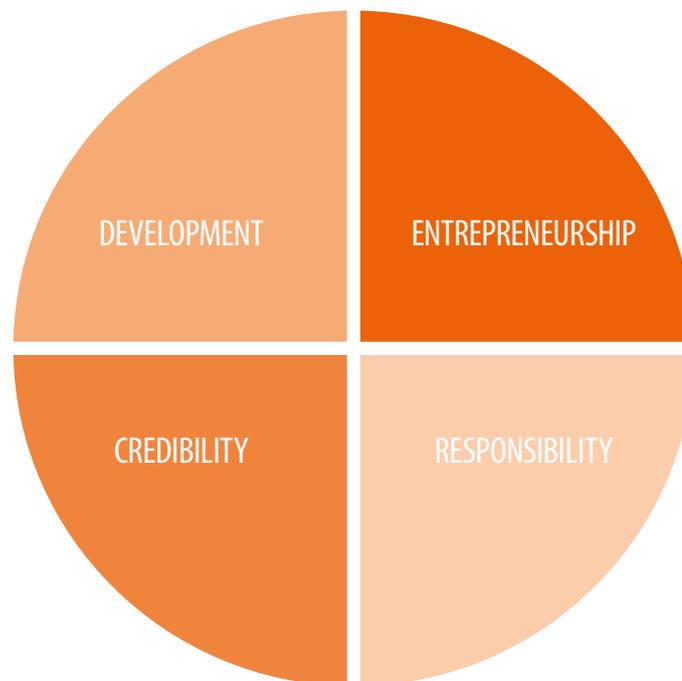
The source of competitive advantage are also the newly created, modern store formats (CCC and eobuwie) and the effects of the ongoing digital transformation at CCC.

The Group intends to develop on two strong pillars (off and online) so that as early as 2020, 30% of sales come from the digital channel. The ambition of CCC is to double in the next years, with the increase in EBITDA margin to the level of leading groups in the clothing and footwear retail industry.

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. <https://firma.ccc.eu/pl/358,etyka.html>





2.2

STRATEGY FOR THE YEAR 2019

The main growth axis for 2019 is the countries of Central and Southeastern Europe. The Group assumes the continuation of successful expansion in these markets and the acquisition or approximation of the leading position in each of the important domestic footwear markets in this region.

CONTINUATION OF DEVELOPMENT AND EXPANSION

- In 2019, the Group intends to open 100,000 m²;
- Development of e-commerce – launching CCC online, MODIVO;
- Opening of CCC stores in the Middle East;
- Development of the product offer – sport, fashion, premium, foreign brands, accessories;
- Investments in new logistics warehouses in Zielona Góra. In 2019, Group will invest at least PLN 100 million in the development of logistics and IT.

INNOVATION / DIGITAL TRANSFORMATION

In 2019, we will continue the work on the CCC digital transformation and modernizing our IT and business systems.

FINANCIAL POLICY

In 2019, we will develop our financial policy in the area of:

- Working capital optimization (extension of the average maturity of trade liabilities and stock rotation);
- Consistent reduction of the level of indebtedness and extension of the average maturity of financial liabilities;
- Raising the level of cost discipline;
- Improving profitability.



2.3 DEVELOPMENT PROSPECTS

DEVELOPMENT FACTORS	ISSUER'S EXPECTATIONS
the volume of sales achieved in offline 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 SELECTED FINANCIAL RESULTS OF CCC GROUP





CCC
SHOES & BAGS

3.1

ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA

3.1.1 FINANCIAL RESULTS OF THE CCC GROUP

3.1.1.1 CONSOLIDATED STATEMENTS 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.

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

Gross 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. focuses mainly 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 goods in the retail channel outside Poland is carried out by subsidiaries operating in the Czech Republic, Slovakia, Slovenia, Croatia, Austria, Serbia, Bulgaria, Russia, Romania, Hungary and Switzerland. The manufacturing of footwear for the needs of the Group is carried out by CCC Factory. Eobuwie.pl, Karl Vögele AG and DeeZee sp. z o.o. sell goods in the e-commerce channel.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Our sales revenues were as follows:

	SALES REVENUE ^[1]			REVENUE PER 1M ² OF FLOOR SPACE (IN THOUSAND PLN) ^[2]	
	01.2018-12.2018	01.2017-12.2017	CHANGE %	01.2018-12.2018	01.2017-12.2017
Poland	2 060,1	2 026,5	1,66%	7,08	8,31
CEE	1 035,4	880,9	17,54%	5,16 ^[3]	6,04
Western Europe	430,8	156,6	>100,00%	4,63 ^[3]	4,66
Other countries	112,7	76,9	46,55%	3,10	4,27
Retail activities	3 639,0	3 140,9	15,86%	6,07 ^[3]	6,84
Wholesale	108,9	190,8	-42,92%	3,79 ^[4]	4,83
E-commerce	977,3	605,7	61,35%		
Other activities	—	—	—		
Manufacturing	0,6	0,7	-14,29%		
Total	4 725,8	3 938,1	20,00%		

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

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

[3] For the sake of comparability, the data of KVAG and Shoe Express companies were excluded when calculating revenue per m².

[4] For the sake of comparability, Shoe Express floor space was calculated in proportion to the date of acquisition.

Sales revenues in 2018 amounted to PLN 4,725.8 million, which represents an increase by PLN 787.7 million (+20%) yoy. The increase in sales was mainly due to the expansion of operations and expansion on individual retail markets, as well as the acquisition of Karl Vögele in the Western Europe segment. In total, retail sales in 2018 accounted for 77% of total sales from external customers, with 2.3% of wholesale sales and 20.7% of e-commerce sales.

In relation to the previous year, sales revenues to external customers increased in all markets. The Group maintains high retail sales per 1m² – in the last year, this sale amounted to 6.07 thousand PLN/m² (in 2017, PLN 6.84 thousand/m²) with an increase in the average floor space of CCC store +11.1% to a level of 622 m². The amount of revenue generated is affected by the change in sales in existing stores and changes resulting from the opening and closing of retail units.

Poland still remains the largest sales market whose share in total sales in 2018 amounted to 43.6% as compared to 51.5% in 2017. Revenues from retail sales in 2018 amounted to PLN 2,060.1 million, which was an increase of PLN 33.6 million (+1.7%) yoy. In the same period, CCC and eobuwie stores with a total floor space of 55,67 thousand m² were opened and enlarged in Poland, and stores with a total floor space of 8.82 thousand m² were closed. In 2018, the retail net floor space in Poland increased by 46.85 thousand m². The impact on the change in revenues of PLN +33.6 million yoy was made by sales in like-for-like stores of CCC 1,366.9 million (-7.92%) and sales in stores of the remaining PLN 663.8 million (+23.8%).

In the whole segment of Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bulgaria, Romania) sales revenues amounted to PLN 1,035.4 million, increasing by PLN 154.5 million (17.5%) yoy. In the same period, stores with a total net floor space of PLN 20.35 thousand m² were opened in Central and Eastern Europe.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

The Czech Republic is the largest market in this segment in terms of revenues which is responsible for 6.4% of total revenues from external customers (down 1.5 p.p. compared to 2017). In 2018, sales to external customers in the Czech Republic amounted to PLN 300.6 million and decreased by PLN 11.9 million. In 2018, stores with a total net floor space of 5.23 thousand m² were opened in the Czech Republic.

Hungary is the second largest market with a share in the total revenues of 5.1%. Revenues from external customers achieved in this market in 2018 amounted to PLN 240.5 million and increased by PLN 7.6 million (3.3%) in relation to 2017. In 2018, stores with a total net floor space 4.37 thousand m² were opened in Hungary.

Among the significant markets in Central and Eastern Europe there is also the Slovak market with a 3.6% share in the sales revenue structure (PLN 170.9 million), which recorder a drop in sales by PLN 12.9 million (-7.0%). In Slovakia in 2018, stores with a total net floor space of 2.56 thousand m² were opened. Other dynamic markets included Croatia (with a 1.5% share in the sales revenue structure), Slovenia (1.0%) and Bulgaria (0.6%).

In the Western Europe segment, the fastest growing market in 2018 was the Austrian market. In this period, 4 stores were opened in Austria (2.24 thousand m²) and sales revenues were generated from external customers at the level of PLN 140.6 million – a decrease by 10.2% from PLN 156.6 million compared to the previous year. In June 2018, the Swiss company Karl Vögele AG was acquired. Almost 200 stores generated PLN 290.2 million of sales revenue. The sales revenue in the German company (discontinued operations) amounted to PLN 217.8 million in 2018 and dropped from the previous year by 14.9% from PLN 255.9 million.

Data on sales breakdown by continuing and newly opened or closed stores are as follows:

	NUMBER	COMPARABLE FACILITIES ^[1]		CHANGE %	OTHER FACILITIES ^[2]	
		2018	2017		2018	2017
Poland	308	1366,9	1484,5	-7,92%	693,2	542,0
CEE	199	658,0	737,0	-10,72%	377,4	143,9
Western Europe	33	102,8	124,3	-17,30%	328,0	32,3
Other countries	11	43,3	42,7	1,41%	69,4	34,2
Total	551	2171,0	2388,5	-9,11%	1468,0	752,4

[1] Comparable facilities which operated without interruptions during 2018 and 2017.

[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.

In total, in relation to the described period, the change in sales in like-for-like stores amounted to PLN -217,5 million (-9.11%). On the Polish market there was a drop in sales in like-for-like stores amounting to -7.92%, in the segment of CEE the decline was -10.72% and in Western Europe -17.30%. Increase in like-for-like stores was recorded in other countries (Serbia and Russia), and amounted to 1.41%.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

SALES RESULTS

As a result of our activity, we achieved the following results on sales:

	01.2018-12.2018	01.2017-12.2017	CHANGE %
Sales revenue from external clients	4 725,8	3 938,1	20,0%
Cost of goods sold	(2 355,9)	(1 934,3)	21,8%
Cost of purchase of goods sold	(2 228,1)	(1 744,9)	27,7%
Cost of manufacturing goods sold	(118,9)	(189,7)	-37,3%
Write-down on inventories	(8,9)	0,3	—
Gross profit on sale	2 369,9	2 003,9	18,3%

Gross profit broken down into individual segments was as follows:

	GROSS PROFIT ON SALE			GROSS MARGIN	
	01.2018-12.2018	01.2017-12.2017	CHANGE %	01.2018-12.2018	01.2017-12.2017
Poland	1 027,1	1 043,6	-1,6%	49,8%	51,5%
CEE	600,1	517,0	16,1%	58,0%	58,7%
Western Europe	245,5	97,6	151,5%	57,0%	62,3%
Other countries	59,0	41,2	43,2%	52,4%	53,6%
Retail activity	1 931,7	1 699,4	13,7%	53,1%	54,3%
E-commerce	401,4	249,6	60,8%	41,1%	41,2%
Wholesale	37,2	55,1	-32,5%	34,2%	28,9%
Manufacturing	(0,4)	(0,2)	50,0%	—	—
Total	2 369,9	2 003,9	18,3%	50,1%	51,3%
Unallocated to segments	—	—	—	—	—
Total	2 369,9	2 003,9	18,3%	50,1%	51,3%

The consolidated gross sales profit of the Group increased by 10.2% and amounted to PLN 2,369.8 million in 2018. Higher growth rate in the own cost of sales +21.8% compared to sales revenues +20.0% resulted in a lower gross margin on sales by 1.2 p.p. yoy. The higher dynamics of own cost than revenues is connected, among others, with the functioning

of the e-commerce channel, which realizes a gross margin of 41.1%.

In 2018, the margin in the retail segment amounted to 53.1% and was lower by 1.2 p.p. yoy.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

COST OF OPERATING STORES/
WHOLESALE AND SEGMENTS RESULT

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 RESULT (WITHOUT IFRS 16)

01.2018-12.2018	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	2 060,1	1 027,1	(545,4)	(197,9)	283,6
CEE	1 035,4	600,1	(405,9)	(88,0)	106,2
Western Europe	430,8	245,5	(261,8)	(56,5)	(72,8)
Other countries	112,7	59,0	(52,9)	(8,5)	(2,4)
Retail activity	3 639,0	1 931,5	(1 266,0)	(350,9)	314,6

01.2017-12.2017	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	2 026,5	1 043,6	(528,4)	(137,6)	377,6
CEE	880,9	517,0	(313,4)	(92,7)	110,9
Western Europe	156,6	97,5	(98,7)	(36,6)	(37,8)
Other countries	76,9	41,2	(29,4)	(5,6)	6,2
Retail activity	3 140,9	1 699,3	(969,9)	(272,5)	456,9

Changes in gross profit, costs of operating stores and segment result between 2018 and 2017 are presented in the table below:

CHANGE %	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	1,7%	-1,6%	3,2%	43,8%	-24,9%
CEE	17,5%	16,1%	29,5%	-5,1%	-4,2%
Western Europe	175,1%	151,8%	165,2%	54,4%	92,6%
Other countries	46,6%	43,2%	79,9%	51,8%	—
Retail activity	15,9%	13,7%	30,5%	28,8%	-31,1%

[1] The average cost per m² of floor space is calculated as the quotient cost of operating stores incurred during the financial year and floor space in m² as at the balance sheet date.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

The generated gross profit covers the costs of operating stores and generates the segment result. In 2018, yoy, costs of operating stores increased by PLN 296.1 million, and the result of the retail segment decreased by PLN 142.3 million.

(without taking into account discontinued operations)

The costs of operating stores were as follows:

	01.2018-12.2018	01.2018-12.2018 WITHOUT IFRS 16	01.2017-12.2017	CHANGE %
Remunerations and social security contributions	(441,0)	(441,0)	(365,4)	20,7%
Agency services	(23,3)	(23,3)	(57,2)	-59,3%
Lease costs	(131,6)	(534,2)	(375,1)	42,4%
Amortization and depreciation	(492,6)	(92,4)	(57,7)	60,1%
Taxes and fees	(7,3)	(7,3)	(5,5)	32,7%
Consumption of materials and energy	(62,8)	(62,8)	(43,3)	45,0%
Transportation services	(0,4)	(0,4)	—	—
Other flat costs	(1,9)	(1,9)	(0,7)	—
Write-down of inventories	(94,5)	(94,5)	(55,7)	69,7%
Other outsourced services	(8,2)	(8,2)	(9,3)	-11,8%
Total	(1 263,6)	(1 266,0)	(969,9)	30,5%

In 2018, the most important cost item of the CCC Group was the costs of operating stores, which yoy increased by PLN 296.1 million (+30.6%) to PLN 1,266.0 million. The main reason for the increase in the costs of operating stores was the increase in floor space by 185.3 thousand m². Along with the market expansion and the opening of new retail units most items in the costs of operating stores increased and the most significant were personnel costs and lease costs, which accounted for 34.8% and 42.2% of the total costs of operating stores, respectively.

In order to analyze and compare the results of individual stores, the Group uses the ratio of cost-per-square meter of floor space. In total, the cost of operating stores per square meter between 2017 and 2018 increased – in 2018 this ratio amounted to PLN 1.97 thousand/m², and in 2017, PLN 1.59 thousand /m². The indicator is the most advantageous in Central and Eastern Europe, while the largest cost/m² is incurred 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 Group (the cost of financial and accounting divisions, administration, costs of the Management Board) and general expenses.

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

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

Finance 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 **the adjusted net profit** excludes items that, in the opinion of the Management Board, are of a one-off nature and are not taken into account when assessing the results and when making decisions. The adjusted net profit is not a measure consistent with IFRS. More information on the measure can be found on page 65.

	01.2018-12.2018	WITHOUT IFRS 16	01.2017-12.2017	CHANGE%
Performance of segment	442,4	440,1	580,6	-24,2%
Administrative expenses	(188,2)	(188,2)	(99,0)	90,1%
Other cost and revenue	118,3	118,3	(18,7)	—
Operating profit	372,5	370,2	462,9	-20,0%
Finance revenue	3,8	3,8	3,2	18,8%
Finance cost	(119,9)	(64,1)	(67,1)	-4,5%
Profit before tax	256,4	309,9	399,0	-22,3%
Income tax	(32,9)	(36,2)	(36,8)	-1,6%
Net profit	223,5	273,7	362,2	-24,4%
Adjusted net income^[1]	84,1	301,1	318,1	-5,3%

[1] Adjusted net profit is a measure of its own profit – the explanation of the measure is included in chapter 3.1.1.1. on page 65.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Other operating expenses and revenues accounted for PLN 14.4 million and PLN 132.7 million, respectively, which in net terms amounted to PLN 118.3 million on the revenue side, compared to PLN 18.7 million on the cost side in the previous year. The main reason for the change from 2018 to 2017 was, inter alia, profit from the bargain purchase of Karl Vögele AG.

As a result of the factors described above, the CCC Group generated operating profit in 2018 in the amount of PLN 370.2 million, which was 20.0% lower compared to the same period in 2017.

FINANCIAL REVENUES AND COSTS

In 2018, finance income amounted to PLN 3.8 million and were PLN 0.6 million higher than in the previous year.

In 2018, the financial costs amounted to PLN 119.9 million and were PLN 52.8 million higher than in the previous year. The main item that comprised financial costs in the reporting period were interest on debt (48% of the total financial costs), which amounted to PLN 57.0 million and were higher by PLN 27.2 million (+91%) compared to the previous year. The other finance costs was primarily a negative result on exchange differences (PLN 30.1 million), commissions paid (PLN 4.1 million), valuation of non-controlling shares (PLN 26.7 million) and other finance costs (PLN 2.0 million).

Income tax in 2018 amounted to PLN 36.2 million negatively affecting net profit. Deferred tax amounted to PLN 10.5 million.

After taking into account finance income and costs as well as income tax, the net profit amounted to PLN 273.7 million and was 24.4% lower than in 2017.

The measures used by the Management Board are EBITDA and adjusted net profit. EBITDA and net indebtedness are not indicators resulting from accounting standards and are not defined by IFRS and may be disclosed differently by other entities.

EBITDA is a measure used mainly for debt analysis due to covenants imposed by banks. More information on the EBITDA measurement can be found in section 3.2.1. „Debt and liquidity of the CCC Group“.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

The **adjusted net profit** is calculated on the basis of net profit adjusted by items which, in the opinion of the Management Board, are of a one-off nature and are not taken into account in the assessment of results and when making decisions. The following is a list of items excluded from the net result with an explanation:

CASH ITEMS:

- Advisory costs – this item includes consultancy costs incurred as a result of the CCC Group business restructuring

NON-CASH ITEMS:

- Deferred tax assets due to trademark and goodwill – this item includes assets created as a result of the CCC Group business restructuring
- Costs of the incentive scheme – this item includes the costs of the incentive scheme for 2013-2016, which was implemented in 2017.

RECONCILIATION OF ADJUSTED NET PROFIT

	CONTINUED ACTIVITIES + DISCONTINUED ACTIVITIES	CONTINUED ACTIVITIES + DISCONTINUED ACTIVITIES	CONTINUED ACTIVITIES	CONTINUED ACTIVITIES + DISCONTINUED ACTIVITIES
	01.2018-12.2018	01.2018-12.2018 EXCLUDING IFRS 16	01.2018-12.2018 EXCLUDING IFRS 16	01.2017-12.2017
Net profit	56,7	110,0	273,7	302,3
Effects of business restructuring	0,0	0,0	0,0	0,0
Recognition of a deferred tax asset relating to the trademark, goodwill and investment relief	(1,6)	(1,6)	(1,6)	(7,6)
Consultancy costs	0,0	0,0	0,0	0,0
Costs of the incentive program	(25,8)	(25,8)	(25,8)	(8,2)
Adjusted net income	84,1	137,4	301,1	318,1

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

3.1.1.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (OVERVIEW OF MAIN ITEMS)

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

	31-12-2018	31-12-2018 WITHOUT IFRS 16	31-12-2017	CHANGE %
Fixed assets, and including:	3 574,1	1 704,0	1 154,1	47,6%
Tangible fixed assets	1 144,3	1 144,3	787,0	45,4%
Deferred tax assets	74,8	71,5	63,4	12,8%
Current assets, and including:	3 161,9	3 161,9	2 215,8	42,7%
Inventories	1 806,1	1 806,1	1 417,7	27,4%
Cash and cash equivalents	375,8	375,8	511,6	-26,5%
TOTAL ASSETS	6 736,0	4 865,9	3 369,9	44,4%
Non-current liabilities, and including:	2 650,9	1 166,9	1 277,8	-8,7%
Debt liabilities	210,0	210,0	436,0	-51,8%
Current liabilities, and including:	2 937,3	2 521,4	923,8	>100%
Debt liabilities	806,8	806,8	481,1	67,7%
Trade liabilities and other liabilities	1 138,5	1 144,5	402,4	>100%
TOTAL LIABILITIES	5 588,2	3 688,3	2 201,6	67,5%
EQUITY	1 147,8	1 201,1	1 168,3	2,8%

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 December 31, 2018 consisted of tangible fixed assets (PLN 1,144.3 million), intangible assets (PLN 261.7 million), goodwill (PLN 202.5 million), and deferred tax assets (PLN 74.8 million), long-term investments (PLN 10.6 million) and financial instruments (PLN 10.1 million). The value of fixed assets in comparison to December 31, 2017 increased by 29.6% to PLN 4,367.9 million, which was

mainly due to the recognition of goodwill and intangible assets related to the acquisition of eobuwie.pl, Karl Vögele AG, DeeZee and the company in Romania, as well as increasing investment outlays related to the opening of new stores and the expansion of the logistics center.

	TANGIBLE FIXED ASSETS		CHANGE %	
	31.12.2018	31.12.2017	VALUE OF TANGIBLE FIXED ASSETS	CHANGE OF FLOOR SPACE
Investment in stores	615,4	393,0	56,6%	39,0%
Land, buildings and constructions	311,0	219,5	41,7%	
Machines and equipment	103,6	68,6	51,0%	
Tangible fixed assets in progress	12,6	35,8	-64,8%	
Factory and distribution	427,2	323,8	31,9%	
Other	101,7	70,2	44,9%	
Total	1 144,3	787,0	45,4%	

Tangible fixed assets as at December 31, 2018 amounted to PLN 1,144.3 million and increased by PLN 357.3 million (45.4%) compared to 2017, which resulted mainly from capital expenditures on stores (+ PLN 222.4 million) and increase in area by 39% and increase in the value of fixed assets in production and logistics activities, which were by PLN 103.4 million higher than at the end of 2017 and amounted to PLN 427.2 million.

Deferred tax assets recognized as at December 31, 2018 mainly concerned the recognition of deferred tax assets in connection with the established goodwill and the acquisition of trademarks. A detailed description of recognizing deferred tax assets and liabilities is included in Note 3.3 c to the consolidated financial statements.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

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.

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 December 31, 2018 amounted to PLN 3,161.9 million and consisted of inventory (PLN 1,806.1 million), cash and cash equivalents (PLN 375.8 million), loans granted (PLN 37.7 million), assets of the Group intended for sale (PLN 503.4 million), financial instruments (PLN 1.3 million) and receivables from customers and other receivables (PLN 437.6 million).

The value of current assets as compared to December 31, 2017 increased by 42.7% from PLN 2,215.8 million. The main reason for the increase in the value of current assets was the increase in the value of inventory (increase by PLN 388.4 million, i.e. 27.4%), which at the end of the year amounted to PLN 1,806.1 million and the Group's assets held for sale in the amount of PLN 503.4 million.

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

	31.12.2018	31.12.2017	CHANGE %
Retail activity	757,9	491,2	54,3%
Warehouse	746,5	757,7	-1,5%
E-commerce	305,3	163,5	86,7%
Factory	41,1	42,5	-3,3%
Gross total inventories	1 850,8	1 405,3	31,7%
Write-down on inventories	(44,7)	(12,2)	240,2%
Consolidation adjustments	(46,1)	(37,2)	
Net total inventories	1 806,1	1 368,1	32,0%
Share of write-down on inventories against the net value of inventories	-2,30%	-0,86%	
Inventory turnover ratio^[1]	270 days	253 days	6,7%

[1] Inventory turnover ratio is calculated as the ratio of stocks at the end of the period to the cost of goods sold multiplied by the number of days in the period.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Most of the CCC Group's goods as at December 31, 2018 were in the Group's main warehouse, i.e. in the Logistics Center in Polkowice (approximately 40% of all goods) and inside the commercial chain (approximately 42% of all goods) and in eobuwie warehouses.

In 2018, the Group created a write-down of inventories in the amount of PLN 41.5 million, while in the previous year the write-down amounted to PLN 12.2 million. The inventory turnover ratio (270 days in 2018) increased by 6.7% in relation to 2017.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the CCC Group as at December 31, 2018 amounted to PLN 375.8 million, decreasing by PLN 135.8 million (-26.5%) compared to the end of 2017 on a balance sheet basis. The statement of cash flows additionally includes the item of changes due to exchange differences from the valuation of cash and cash equivalents for the amount of PLN 3.9 million. At the end of 2018, 86.5% 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 December 31, 2018, the equity of the CCC Group, as compared to December 31, 2017, increased by PLN 32.8 million (2.8%), mainly due to the issue of series H shares.

Non-current liabilities as at 31 December 2018 amounted to PLN 1,166.9 million, which means a decrease by PLN 110.9 million (-8.7%) from PLN 1,277.8 million as at December 31, 2017. The total amount of non-current liabilities at the end of 2018 comprised non-current debt liabilities of PLN 210.0 million, liabilities due to the obligation to buy out minority shares (mainly eobuwie and Vögele) PLN 878.7 million, provisions worth PLN 12.1 million, deferred tax liabilities, which amounted to PLN 34.2 million, received subsidies PLN 19.2 million and liabilities towards employees PLN 12.7 million.

Current liabilities as at December 31, 2018 amounted to PLN 2,521.4 million, increasing by PLN 1,597.6 million from PLN 923.8 million as at December 31, 2017. The total amount of current liabilities at the end of 2018 mainly included debt liabilities (PLN 806.8 million); liabilities to suppliers, which amounted to PLN 864.2 million (increase by 266.5% compared to the end of 2017); liabilities related to the disposal subsidiary (PLN 518.2 million); other liabilities, which amounted to PLN 274.3 million (increase by 64.6% compared to the end of 2017); income tax liabilities PLN 29.0 million; provisions, which amounted to PLN 17.2 million and subsidies PLN 2.4 million.

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

3.1.1.3 CONSOLIDATED STATEMENTS OF TOTAL CASH FLOWS (OVERVIEW OF MAIN ITEMS)

	01.2018-012.2018	01.2018-012.2018 WITHOUT IFRS 16	01.2017-012.2017	CHANGE %
Gross profit before tax	91,5	148,1	340,8	-56,5%
Adjustments	684,4	159,2	167,3	-4,8%
Income tax paid	(23,7)	(23,7)	(46,6)	-49,1%
Cash flows before changes in working capital	752,2	283,6	461,5	-38,5%
Changes in working capital	243,6	243,6	(383,3)	—
Cash flows from operating activities	995,8	527,2	78,2	>100%
Cash flows from investing activities	(620,8)	(620,8)	(222,3)	>100%
Cash flows from financing activities, including:	(514,8)	(46,2)	514,8	—
Dividends paid	(94,7)	(94,7)	(101,4)	-6,6%
Total cash flows	(139,8)	(139,8)	370,7	—

NET CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated net cash flows from operating activities in 2018 amounted to PLN 527.6 million and resulted, among others, from increased demand for working capital.

NET CASH FLOWS FROM INVESTMENT ACTIVITIES

Consolidated net cash flows from investment activities in 2018 amounted to PLN – 620.8 million. This value consisted, above all, of an increase in expenditure on tangible fixed assets related to the implementation of the market expansion strategy and expansion of retail space in Poland and abroad – in 2018 this expenditure amounted to PLN 446.3 million, as well as expenditure under the acquisition of investment PLN 214.7 million.

NET CASH FLOWS FROM FINANCIAL ACTIVITIES

Consolidated net cash flows from financial activities in 2018 amounted to PLN – 46.6 million. This value mainly comprised: net proceeds from the issue of bonds PLN 210.0 million, cash flows from borrowings and loan repayments and interest PLN – 165.0 million and dividend reimbursement of PLN 94.7 million.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

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.”

Considering the cash flows discussed above, the CCC Group completed 2018 with cash at PLN 375.8 million, which meant a decrease of PLN 135.8 million compared to the end of 2017.

**3.1.2
PUBLICATION OF FINANCIAL
RESULTS FORECASTS**

The forecasts for results for 2018 were not published.



3.2

MANAGEMENT OF FINANCIAL RESOURCES AND FINANCIAL LIQUIDITY

3.2.1

DEBT AND FINANCIAL LIQUIDITY OF THE GROUP

The CGroup CCC S.A. finances its activities by means of equity and external capital, which consists of credits taken out, loans and issued bonds.

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

BORROWINGS AND BONDS

At the end of 2018, the Group had non-current debt liabilities in the amount of PLN 249.1 million, which consisted of new issue bonds (PLN 210 million) and other liabilities. In relation to 31 December 2017, the non-current portion of loan liabilities decreased by PLN 186.9 million.

The item of current debt liabilities at the end of 2018 included loans totaling PLN 760.8 million and bonds in the amount of PLN 6.9 million. This item in relation to the end of 2017 increased by PLN 286.6 million (59.6%).

Detailed information on loan agreements and limits for active guarantees in 2018 is provided below.

BANK	COMPANY	DESCRIPTION	DATE OF CONCLUSION	MATURITY DATE	VALUE (MLN)	UTILIZATION (MLN)	CURRENCY
CREDIT AGREEMENTS							
Bank Citi Handlowy S.A.	CCC.eu Sp. z o.o	Overdraft credit agreement	03.03.2009	13.02.2019	26,0	9,9	PLN
Bank Citi Handlowy S.A.	CCC.eu Sp. z o.o	Revolving credit agreement	03.03.2009	13.02.2019	201,0	201,0	PLN
PeKaO S.A.	CCC.eu Sp. z o.o	Overdraft credit agreement	15.10.2014	31.10.2019	495,0	356,9	PLN
Powszechna Kasa Oszczędności BP S.A.	CCC.eu Sp. z o.o	Multi-purpose credit limit agreement	30.05.2016	29.05.2019	200,0	158,5	PLN
PeKaO S.A.	eobuwie.pl S.A.	Overdraft credit agreement	26.10.2017	31.10.2019	160,0	53,9	PLN
Credit Suisse Group AG	Karl Vögele AG	Overdraft credit agreement	27.12.2017	31.12.2019	3,0	0,0	CHF
Bank Linth LLB AG	Karl Vögele AG	Overdraft credit agreement	28.12.2017	31.12.2019	3,0	0,0	CHF
St.Galler Kantonalbank AG	Karl Vögele AG	Overdraft credit agreement	11.01.2018	31.12.2019	3,0	0,0	CHF
AO CITIBANK	CCC Russia	Overdraft credit agreement	19.12.2017	31.12.2018	20,0	13,2	USD
LIMITS FOR GUARANTEES							
BZ WBK S.A.	CCC S.A.	Limit of debt liabilities/guarantees	31.03.2009	31.03.2019	65,0	49,3	PLN
Raiffeisen Bank Polska S.A.	CCC S.A.	Limit of debt liabilities/guarantees	04.05.2011	31.09.2019	15,0	11,9	PLN
Powszechna Kasa Oszczędności BP S.A.	CCC S.A.	Limit of debt liabilities/guarantees	28.10.2010	29.05.2019	40,0	32,3	PLN
PeKaO S.A.	CCC S.A.	Limit of debt liabilities/guarantees	31.10.2017	30.04.2020	13,9	0,0	PLN
Credit Suisse Group AG	Karl Vögele AG	Limit of debt liabilities/guarantees	27.12.2017	31.12.2019	1,0	0,5	CHF

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP**INFORMATION ON BONDS**

In June 2014, the Company carried out the issue of the Bonds of CCC S.A. 1/2014 series, 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.

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

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

1. Nominal value of one Bond – 1,000;
2. Issue Price: equal to the nominal value of one Bond;

3. Number of Bonds – 210,000 in series 1/2014 and 210,000 in series 1/2018;
4. Total nominal value of bonds – PLN 210 million in the series 1/2014 and PLN 210 million in the series 1/2018;
5. Redemption of the Bonds – one-off redemption at the par value of the Bonds on 10 June 2019 for the series 1/2014 and on 29 June 2021 of the 1/2018 series;
6. Interest on coupon bonds: according to a variable interest rate, based on the WIBOR 6M rate, increased by a fixed margin; interest will be paid in half-year periods;
7. Quotations in the alternative trading system on Catalyst – series 1/2014 bonds quoted from October 16, 2014. Series 1/2014 bonds were registered on July 20, 2018 by the National Securities Deposit S.A.

After the issue of 210,000 Series 1/2018 bonds and earlier redemption and cancellation of 203,150 Series 1/2014 Notes, there are 216,850 Bonds of both series on the market.

INFORMATION ON THE COVENANTS

According to the terms of the bond issue agreement, of which the balance of debt as at the balance sheet date is PLN 216.9 million (2017: PLN 210.0 million) and with loan agreements, whose level at the end of 2018 is PLN 799.0 million, the Group is obliged to comply with the following covenants:

LP.	COVENANT	LEVEL OF THE RATIO	VALUE OF THE RATIO (WITHOUT IFRS 16), CONTINUED ACTIVITIES	VALUE OF THE RATIO (WITH IFRS 16)
1	net debt / EBITDA	no more than 3,5	1,2	0,7
2	dividend payment ratio	no more than 50%	31%	
3	equity capital / balance sheet total	no less than 20%	28%	
4	service of interest ratio	no less than 5,0	16,8	32,2

DEBT RATIOS

The Management Board of CCC Group analysing the level of debt uses the general debt ratio. Below is the description of the ratio.

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 recognized in the consolidated statement of financial position with net debt. The following is a calculation of the debt ratio:

	31.12.2018	31.12.2018 WITHOUT IFRS 16	31.12.2017
Net debt			
Loan liabilities	800,0	800,0	707,1
(+) Bonds liabilities	216,9	216,9	210,0
= Debt liabilities	1 016,8	1 016,8	917,1
(-) Cash and cash equivalents	375,8	375,8	511,6
= Net debt	641,1	641,1	405,5
Debt ratio			
Total equity	1 147,8	1 201,1	1 168,3
(+) Net debt	641,1	641,1	405,5
= Capital employed	1 788,9	1 842,2	1 573,8
The debt ratio (net debt/capital employed)	36%	35%	26%

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

The debt ratio increased by 9 p.p. compared to the end of the previous year, mainly due to a drop in cash (PLN – 135.8 million).

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

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

Below is the calculation of the EBITDA debt ratio and the EBITDA reconciliation:

	31.12.2018	31.12.2018 EXCLUDING IFRS 16	31.12.2017
Net debt			
Loan liabilities	800,0	800,0	707,1
(+) Bonds liabilities	216,9	216,9	210,0
= Debt liabilities	1 016,9	1 016,9	917,1
(-) Cash and cash equivalents	375,8	375,8	511,6
= Net debt	641,1	641,1	405,5
EBITDA			
Net profit	223,5	273,7	362,2
(+) Income tax	(32,9)	(36,2)	(36,8)
Profit before tax	256,4	309,9	399,0
(+) Finance cost	(119,9)	(64,1)	(67,1)
(-) Finance revenue	3,7	3,7	3,2
Operating profit	372,6	370,3	462,9
(+) Amortization and depreciation	531,3	131,1	89,1
= EBITDA	903,9	501,4	552,0
EBITDA debt ratio (net debt/EBITDA)	0,7	1,3	0,7

The EBITDA debt ratio increased by 0.6 compared to the previous year mainly due to the decrease in cash.



ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP**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:

	31.12.2018	31.12.2018 EXCLUDING IFRS 16	31.12.2017
Inventories	1 806,1	1 806,1	1 417,7
(+) Trade and other receivables	476,6	476,6	286,5
(+) Cash and cash equivalents	375,8	375,8	511,6
= Current assets	2 658,5	2 658,5	2 215,8
Current debt liabilities	806,8	806,8	481,1
(+) Trade liabilities and other liabilities	1 167,5	1 167,5	429,0
(+) Provisions	19,6	19,6	13,7
(+) Leasing liabilities	425,2	0,0	0,0
= Current liabilities	2 419,1	1 993,9	923,8
Current liquidity ratio (current assets/current liabilities)	1,10	1,33	2,40

The current liquidity ratio of the CCC Group from the end of 2017 to the end of 2018 decreased from 2.40 to 1.33, mainly due to the slower growth of current assets (increase by 20%) versus the value of current liabilities (increase by 116%).

The Management Board of CCC S.A. highly assesses the compliance of the company 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 Company. In addition, in order to prevent potential danger, the Company is constantly diversifying external sources of obtaining financing.

3.2.2 FINANCIAL INSTRUMENTS

At the balance sheet date, the Issuer did not use hedging instruments to secure the risks which it is exposed to during operational activity. A detailed description of the financial instruments used is presented in the financial statements in note 6.1.

3.2.3 ISSUANCE OF SECURITIES AND USE THE PROCEEDS FROM THE ISSUE

On 25.07.2018, National Depository for Securities (KDPW) registered 4,000 series E shares with a par value of PLN 0.1 each, issued as part of the share capital increase, the total number of shares being 41,168,000. As a result of the conversion of subscription warrants issued as part of the incentive program for the years 2013-2015.

3.2.4 FEASIBILITY OF INVESTMENT PLANS

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

3.3

INFORMATION ON AGREEMENTS CONCLUDED BY THE COMPANIES OF CCC GROUP

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

3.3.1 LOANS GRANTED

In the reporting period, the CCC Group concluded the following loan 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.	11.04.2018	30.04.2023	5,95	EUR	1,80%
CCC S.A.	CCC GERMANY GmbH	11.04.2018	30.04.2023	1,50	EUR	1,80%
CCC S.A.	EOBUWIE.PL S.A.	07.02.2018	31.12.2019	60,00	PLN	1M WIBOR + 0,6%
CCC S.A.	NG2 SUISSE S.a.r.l	29.08.2018	30.09.2020	2,00	CHF	0,50%
CCC S.A.	CCC Shoes & Bags	13.09.2018	31.12.2019	21,50	PLN	1M WIBOR + 0,6%
CCC Shoes & Bags	Shoe Express	25.04.2018	25.04.2023	30,00	EUR	2,50%
CCC.eu	CCC Shoes & Bags	24.04.2018	31.12.2019	35,90	EUR	1,80%
CCC.eu	CCC AUSTRIA Ges.m.b.H.	29.06.2018	30.04.2023	14,05	EUR	1,80%
CCC.eu	CCC GERMANY GmbH	29.06.2018	30.04.2023	18,50	EUR	1,80%

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

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	DATE OF ANNEX	MATURITY DATE	AMOUNT [MLN]	CURRENCY	INTEREST
CCC S.A.	EOBUWIE.PL S.A.	13.10.2015	27.07.2018	30.09.2026	50,00	PLN	3M WIBOR + 0,5%
CCC S.A.	EOBUWIE.PL S.A.	07.02.2018	05.03.2018	31.12.2018	35,00	PLN	1M WIBOR + 0,6%
CCC S.A.	EOBUWIE.PL S.A.	07.02.2018	27.08.2018	31.12.2018	45,00	PLN	1M WIBOR + 0,5%
CCC S.A.	EOBUWIE.PL S.A.	07.02.2018	09.10.2018	31.12.2018	60,00	PLN	1M WIBOR + 0,5%
CCC S.A.	EOBUWIE.PL S.A.	07.02.2018	10.12.2018	31.12.2019	60,00	PLN	1M WIBOR + 0,5%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	22.09.2016	18.12.2018	31.12.2019	0,10	EUR	4,00%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	18.11.2016	18.12.2018	31.12.2019	0,10	EUR	4,00%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	09.12.2016	18.12.2018	31.12.2019	0,10	EUR	4,00%
CCC S.A.	CCC Shoes&Bags	13.09.2018	22.10.2018	31.12.2019	21,50	PLN	1M WIBOR + 0,6%
CCC S.A.	CCC.EU	17.12.2014	29.06.2018	31.12.2018	2,81	USD	1,50%
CCC S.A.	CCC.EU	17.12.2014	18.12.2018	31.12.2019	2,81	USD	1,50%
CCC S.A.	CCC Shoes Bulgaria EOOD	4.12.2014	18.12.2018	31.12.2019	4,00	BGN	6,00%

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP**3.3.2
SURETIES AND GUARANTEES GRANTED
AND OTHER CONTINGENT LIABILITIES**

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

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

COMPANY	NUMBER OF SURETIES	DEBTOR	VALUE OF SURETY OR GUARANTEE (MLN)	CURRENCY
CCC S.A.	8	CCC Czech	7,7	CZK
CCC S.A.	9	CCC Czech	0,4	EUR
CCC S.A.	12	CCC Slovakia, s.r.o.	0,3	EUR
CCC S.A.	40	CCC Hungary Kft.	4,3	EUR
CCC S.A.	18	CCC Hungary Kft.	154,5	HUF
CCC S.A.	70	CCC Germany GmbH	4,0	EUR
CCC S.A.	9	CCC Austria	0,3	EUR
CCC S.A.	7	CCC Hrvatska	0,3	EUR
CCC S.A.	6	CCC Slovenia	0,1	EUR
CCC S.A.	26	Shoe Express	0,6	EUR
CCC S.A.	1	Shoe Express	0,1	RON
CCC S.A.	1	Karl Vögele AG	0,01	CHF

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

2. OTHER SURETIES AND GUARANTEES

Granted by CCC S.A. to Polish subsidiaries:

COMPANY	ISSUER	DEBTOR	TYPE OF SECURITY	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted together 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 to the credit agreement in the form of a multi-purpose credit limit	15.10.2014	31.10.2023	606,0	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy S.A.	CCC.eu Sp. z o.o.	Surety to the overdraft agreement	03.03.2009	13.02.2022	76,8	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy S.A.	CCC.eu Sp. z o.o.	Surety to the revolving credit agreement	03.03.2009	13.02.2022	271,2	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy S.A.	CCC.eu Sp. z o.o.	Surety for a contract for timely hedging transactions	04.05.2015	—	60,0	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o.)	PKO BP S.A.	CCC.eu Sp. z o.o.	Surety to the credit agreement in the form of a multi-purpose credit limit	30.05.2016	29.05.2021	374,0	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Bank Handlowy S.A.	CCC.eu Sp. z o.o.	Agreement of CITI Business' card	25.04.2017	—	0,6	PLN

[in mln PLN unless otherwise stated]

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Received by CCC S.A.:

COMPANY	ISSUER	DEBTOR	TYPE OF SECURITY	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
				BEGINNING	END		
CCC.eu Sp. z o.o. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	mBank S.A.	CCC S.A.	Surety to the issue of bonds	10.06.2014	29.06.2021	325,3	PLN
CCC.eu Sp. z o.o. (Surety granted together with CCC Shoes & Bags Sp. z o.o.)	PKO BP S.A.	CCC S.A.	Agreement in the form of a multi-purpose credit	28.10.2010	29.05.2021	40,0	PLN
CCC.eu Sp. z o.o. (Surety granted together with CCC Shoes & Bags Sp. z o.o.)	mBank S.A.	CCC S.A.	Framework contract for a guarantee	14.11.2012	—	—	PLN
CCC.eu Sp. z o.o. (Surety granted together with CCC Factory Sp. z o.o.)	Societe General	CCC S.A.	Framework contract for a guarantee	29.01.2018	31.10.2020	26,0	PLN

Granted by CCC S.A. to foreign subsidiaries:

COMPANY	ISSUER	DEBTOR	TYPE OF SECURITY	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o. and CCC Factory Sp. z o.o.)	AO Citibank	CCC Russia	Surety to the overdraft agreement	19.12.2017	31.12.2021	24,0	USD
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o. and CCC Factory Sp. z o.o.)	AO Citibank	CCC Russia	Contract for forward and derivative transactions	19.12.2017	31.12.2021	0,4	USD
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o. and CCC Factory Sp. z o.o.)	Citibank Europe	CCC Czech	Surety to a guarantee/securing letter of credit	12.12.2017	31.01.2021	90,0	CZK

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

ANALYSIS OF SELECTED FINANCIAL RESULTS OF CCC GROUP

Granted by CCC S.A. to Polish subsidiaries:

COMPANY	ISSUER	DEBTOR	TYPE OF SECURITY	DURATION		VALUE OF SURETY OR GUARANTEE (MLN)	CURRENCY
				BEGINNING	END		
CCC.eu Sp. z o.o.	Pekao S.A.	CCC S.A.	Agreement for a guarantee (third party)	25.09.2018	—	4,9	EUR

3.3.3. SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED ENTITIES

To the best of the Group's knowledge, no material transactions were concluded between the Group and related parties on other than market terms. Information on transactions with related entities was included in the consolidated financial statements in point 6.2. „Transactions with related entities“.

3.3.4. DESCRIPTION OF SIGNIFICANT AGREEMENTS

In the reporting period, the subsidiary CCC.eu Sp. z o.o. concluded the following significant agreements:

LOAN AGREEMENTS

Annex as of 30 May, 2018 to a multipurpose credit limit agreement as of May 30, 2016, which the Issuer reported in its current report No. 24/2016 on May 30, 2016. The annex extended the period of the limit granted and the period of its use until 29 May, 2019 (previous date: 29 May, 2018). (Current report No. 20/2018 as of 30 May, 2018).

In the reporting period, the subsidiary eobuwie.pl S.A. concluded the following significant agreements:

LOAN AGREEMENTS

Annex of 16.11.2018 to the Multi-Purpose Credit Limit Agreement of 26.10.2017. This annex has increased the credit limit up to the total amount of PLN 160,000,000 (the previous value of PLN 60,000,000). The limit was extended until 31.10.2019.

4.
ORGANIZATION OF
CCC CAPITAL GROUP





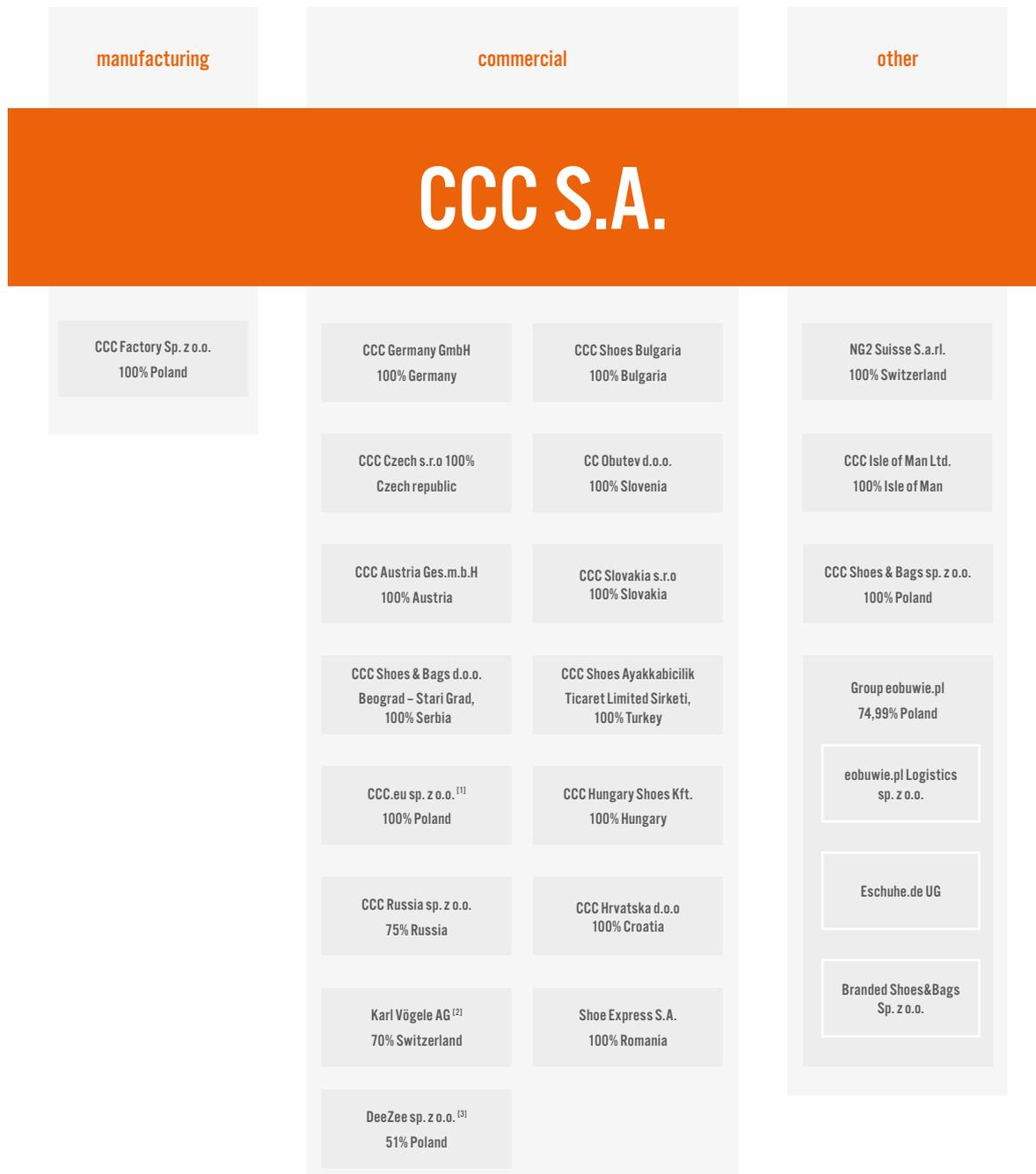
CCC
SHOES & BAGS

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 in the CCC Capital Group. As at the balance sheet date, CCC S.A. held, directly and indirectly, 100% shares in capital 16 out of 20 subsidiaries located in Poland, Central and Eastern Europe, Western Europe and in other countries. In eobuwie.pl S.A., CCC Russia, Karl Vögele AG and DeeZee Sp. z o.o., CCC S.A. holds, directly and indirectly, share in capital: 74.99%, 75.00%, 70.00% and 51.00%, respectively. The results of the above companies are consolidated 100%. The diagram below presents the organizational structure of the CCC Group together with capital links.

THE GROUP CCC



^[1] CCC.eu Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (99,75%) and CCC S.A. (0,25%).

^[2] Karl Vögele AG is a subsidiary of NG2 Suisse S.a r.l. (100%).

^[3] DeeZee sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (100%).

ORGANIZATION OF CCC CAPITAL GROUP**4.1.2.
CHANGES IN ORGANIZATION AND
MANAGEMENT IN THE GROUP CCC**

Changes in organization of the Capital Group CCC in 2018.

On 25.04.2018, CCC Shoes & Bags Sp. z o.o. has concluded an agreement to acquire 100% shares in Shoe Express S.A. based in Bucharest. Shoe Express S.A. previously acquired from Peeraj Brands Int. SRL an organized part of the company including the operation of 55 stores operating under the CCC brand in Romania. These stores have so far been operated by Peeraj Brands Int. SRL under a franchise agreement. The total value of the transaction is EUR 33 million, before the settlements related to working capital are taken into account, which will occur at a specified time after the transaction

On 29 April 2018, the CCC S.A. Capital Group (through CCC S.A.) signed a purchase agreement for an organized part of the enterprise from Adler International Sp. z o.o. Limited Partnership. The acquired organized part of the company is a chain of stores selling footwear marked with the CCC logo in the podkarpackie, małopolskie and świętokrzyskie voivodships together with the employees of these salons. The date of taking control was adopted on 01.07.2018, due to the fact that on that day at CCC S.A. passed the right to run showrooms together with all the benefits and obligations in this respect. The amount of payment for the acquired organized part of the enterprise was set at PLN 77 million payable in cash. The payment price does not take into account any conditional payments. According to the agreement, the Seller will use part of the proceeds from the transaction to accelerate the development of the franchise stores chain in Ukraine, where it will open 50 new stores under the CCC brand by 2021.

On 18.06.2018, a subsidiary of CCC S.A. NG2 Suisse GmbH with its registered office in Zug purchased from KAVO-Holding AG with its registered office in Zug (Switzerland) a majority stake of 1,400 shares in Karl Vögele AG with its registered office in Uznach (Switzerland) and purchased a loan under a shareholder loan for the total price CHF 10 million. The purchased block of shares constitutes 70% of the shareholding in the Company. Karl Vögele AG operates 208 own stores in Switzerland under the Vögele Shoes, Bingo and Max brands.

On 04.07. 2018, CCC Shoes & Bags Sp.z o.o. signed an investment agreement with DeeZee Sp. z o.o. Limited Partnership. As part of the agreement, CCC Shoes & Bags for the amount of PLN 13 million took up 51% of shares in DeeZee, which deals in the online sale of women's footwear. At the same time, the entities agreed on the conditions for a further gradual increase in CCC's stake, potentially up to 100 percent in the next 5 years. DeeZee Sp. z o.o. Limited Partnership in 2017 generated PLN 35 milion in revenue.

On 24.11.2018 CCC S.A. has concluded a conditional contract for the sale of 100% shares in CCC Germany GmbH to HR Group Holding for the amount of EUR 1. At the same time CCC S.A. purchased 30.55% of shares in HR Group for EUR 25.9 million. As part of the transaction, the preference will be converted by redeeming the Group's receivables from the loan agreement in the amount of the sale of preferred shares (EUR 20.16 million) to the Group's receivables towards HR Group. CCC S.A. committed to provide up to EUR 35 million loans to cover expenditure related to the closure of selected stores and cover their current losses, and EUR 6.5 million to cover other integration costs. Under the agreement, CCC entered into a put option agreement for the sale of the remaining shares in HR Group within 24 months from the date of closing the transaction. The maximum option value will be EUR 4.5 million.

More information on the above of transactions in the Consolidated Financial Statement in Chapter 7.2 i 7.3

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

Did not occur.

**CHANGES IN MANAGEMENT PRINCIPLES
OF THE CAPITAL GROUP CCC**

During the twelve months ended 31.12.2018 there were no significant changes in the management principles of the Capital Group CCC.



ORGANIZATION OF CCC CAPITAL GROUP

4.2 SHARE CAPITAL AND SHAREHOLDERS

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

As at 31.12.2018, the share capital of CCC S.A. amounted to PLN 4,116,800.00 and was divided into 41,168,000 shares with a nominal value of PLN 0.10 each.

SERIES/ISSUE	TYPE OF SHARES	TYPE OF PREFERENCE	NUMBER OF SHARES	VALUE OF SERIES / ISSUE IN NOMINAL VALUE (PLN)	MANNER OF CAPITAL COVERAGE
A1	registered preference shares	2 votes from one share	6,650,000	665,000	cash contributions
A2	ordinary bearer shares	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	768,000	76,800	cash contributions
H	ordinary bearer shares	n/a	2,000,000	200,000	cash contributions
Total			41,168,000	4,116,800	

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

According to information available by the Company, the shareholders holding at least 5% of the total number of votes at the General Meeting of CCC S.A. as of 31.12.2018 were:

- ULTRO S.a r.l. (subsidiary of Mr. Dariusz Miłek) which held 11,060,000 shares of the Company, representing 26.86% of the share capital of the Company and giving the right to 34.55% of votes at the General Meeting of the Company,
- Leszek Gaczorek who held 2,000,000 shares of the Company, representing 4.86% of the share capital of the Company and giving the right to 6.36% of votes at the General Meeting of the Company,
- Aviva OFE, which held 2,975,150 shares of the Company, representing 7.23% of the share capital of the Company and giving the right to do 6.22% of votes at the General Meeting of the Company
- Nationale – Nederlanden OFE, which held 3,429,086 shares of the Company, representing 8.33% of the share capital of the Company and giving the right to 7.17% of votes at the General Meeting of the Company.

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

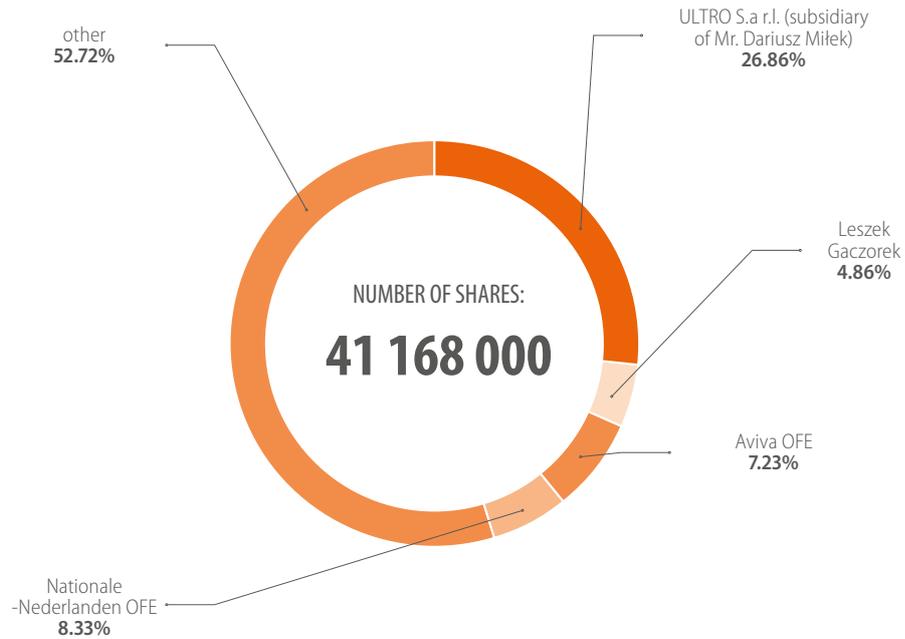
SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO S.a r.l. (subsidiary of Mr. Dariusz Miłek)	11 060 000	26.86%	16 520 000	34.55%
Leszek Gaczorek	2 000 000	4.86%	3 040 000	6.36%
Aviva OFE ^[1]	2 975 150	7.23%	2 975 150	6.22%
Nationale-Nederlanden OFE	3 429 086	8.33%	3 429 086	7.17%
Other investors ^[2]	21 703 764	52.72%	21 853 764	45.70%
TOTAL	41 168 000	100.00%	47 818 000	100.00%

[1] Details derived from annual information on the structure of assets of the Fund as of 29.12.2018

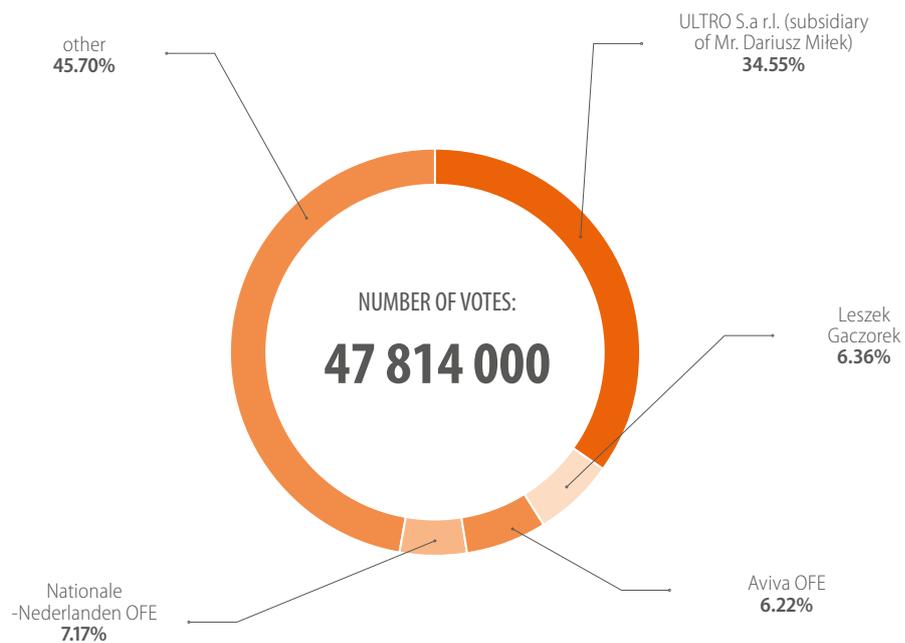
[2] Investors holding less than 5% of votes at the General Meeting of Shareholders

ORGANIZATION OF CCC CAPITAL GROUP

SHAREHOLDINGS BY THE NUMBER OF SHARES



SHAREHOLDINGS BY THE NUMBER OF VOTES



4.2.3. SHARES OF THE PARENT COMPANY AND RELATED ENTITIES 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 31.12.2018 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 (PLN)
Management Board		
President Dariusz Miłek ^[1]	11 060 000	1 106 000
Vice-President Mariusz Gnych	207 112	20 711
Vice-President Karol Półtorak	5 500	550
Vice-President Marcin Czyczerski	5 100	510

[1] indirectly as a dominant entity in the company ULTRO S.a r.l.

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.

4.2.4. SYSTEM OF CONTROL OF EMPLOYEES SHARES PROGRAM

INCENTIVE SCHEME FOR YEARS 2013-2015

As part of the Incentive Scheme 2013-2015, one of the persons entitled holding Series A registered personal subscription warrants entitling to subscribe for Series E ordinary bearer shares („Shares”), on 29.06.2018 filed a statement to the Company regarding acquisition of 4,000 (in words: four thousand) Shares at PLN 61.35 (sixty one zlotys, PLN 35/100) for one Share, i.e. a total of PLN 245,400.00 (in words: two hundred forty five thousand four hundred zlotys).

As at 3.12.2018, all eligible persons included in the Program exercised the right to convert subscription warrants into Shares within the framework of the 2013-2015 Carrying Program in a total of 768,000 (in words: seven hundred and sixty-eight thousand).

INCENTIVE SCHEME FOR YEARS 2017-2019

On 08.06.2017, the Ordinary General Meeting of Shareholders adopted a resolution regarding conditional increase of the Company's share capital and issuance of subscription warrants as a result of which the incentive program (Program) will be launched including current and future members of the Management Board, current and future members of the Management Boards of subsidiaries and management of subsidiaries .

The main objectives of the program are additional, long-term motivation of the CCC Capital Group managers to implement the Group's strategy in 2017-2019 and take actions and efforts aimed at further development of the Group and its perspectives for 2020 and subsequent – as a consequence of increasing the value of the Company's shares and shareholder value. The Program provides for the issuance of no more than 1,174,920 Warrants and no more than 1,174,920 Series F shares. The persons entitled to take up are members of the Management Board, members of the Management Board of Subsidiaries, members of the management of the Company, members of the management of subsidiaries, however warrants cannot be offered persons directly or indirectly holding at least 10% of the Company's shares. The condition for granting the rights to subscribe for the Warrants is that the persons concerned obtain positive results of its work in 2017-2019. The total number of persons entitled under the incentive scheme will not exceed 149 people. The program assumes minimum EBITDA thresholds (which condition the launch of the Program tranches) at PLN 550, 650 and 800 million, respectively for 2017, 2018 and 2019, i.e. in total not less than PLN 2 billion in this period. The acquisition date was on 26.08.2017.

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.



**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 02.12.2004, 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, Respect and WIG-Poland, WIG-Div, WIG-Odziez (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 2017-2018:

Data	2018	2017	CHANGE%
Consolidated net profit attributable to shareholders [in mln PLN]	59.3	286.9	-79.30%
Net profit attributable to shareholders [in mln PLN]	-40.3	37.3	—
Consolidated net profit per share [PLN]	5.43	8.79	-38.20%
Net profit per share [PLN]	-0.98	0.91	—
The highest share price [PLN]	305.88	298.00	2.60%
The lowest share price [PLN]	167.00	201.20	-17.00%
The share price at end of the period [PLN]	193.30	285.00	-32.20%
The average share price in the period [PLN]	232.52	241.34	-3.70%
P/E ratio average	42.82	27.46	55.94%
P/E ratio at the end of the period	35.60	32.42	9.81%
Number of shares on the stock exchange at the end of the period	41 168 000	41 164 000	0.01%
Free float at the end of the period	54.73%	54.60%	0.20%
Capitalization at the end of the period [in mln PLN]	7 958	11 732	-32.20%
Dividend per share [PLN]	2.30	2.59	-11.20%

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.”

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

NAME OF BROKERAGE HOUSE	CONTACT DETAILS	
Wood&Company	Łukasz Wachelko	<i>lukasz.wachelko@wood.com</i>
UBS	Michał Potyra	<i>micHAL.potyra@ubs.com</i>
JP Morgan	Michał Kużawiński	<i>micHAL.kuzawinski@jpmresearchmail.com</i>
Erste Group	Konrad Grygo	<i>konrad.grygo@erstegroup.com</i>
Raiffeisen Centrobank AG	Jakub Krawczyk	<i>jakub.krawczyk@rcb.at</i>
PKO BP	Adrian Skłodowski	<i>adrian.sklodowski@pkobp.pl</i>
DM BOŚ S.A.	Sylwia Jaśkiewicz	<i>s.jaskiewicz@bossa.pl</i>
DM Santander	Tomasz Sokołowski	<i>tomasz.sokolowski@santander.pl</i>
Trigon	Dariusz Dziubiński	<i>dariusz.dziubinski@trigon.pl</i>
Citi	Rafał Wiatr	<i>rafal.wiatr@citi.com</i>
Haitong	Konrad Książopolski	<i>kksiezopolski@haitongib.pl</i>
Dom Maklerski mBanku S.A.	Piotr Bogusz	<i>piotr.bogusz@mdm.pl</i>
Dom Maklerski BDM S.A.	Adrian Górniak	<i>adrian.gorniak@bdm.pl</i>
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Morgan Stanley	Maryia Berasneva	<i>maryia.berasneva@morganstanley.com</i>
IPOPEMA	Marek Szymański	<i>marek.szymanski@ipopema.pl</i>
Pekao Investment Banking	Maria Mickiewicz	<i>maria.mickiewicz@pekaoib.pl</i>

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 28.04.2015 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 31.12.2017.
- In the Company there are no preference shares for the dividend.

DIVIDENDS HISTORY

FISCAL YEAR	% CONSOLIDATED PROFIT DEDICATED TO DIVIDEND	DIVIDEND TOTAL (MLN PLN)	DIVIDEND PER SHARE
2017	33%	94,68	2,30
2016	33%	101,43	2,59
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.

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

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 01.01.2016, 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 13.10.2015, „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

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

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

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 fulfilment of the information obligations arising from the operation of the Company on the regulated market; application of the principles of corporate governance and keeping communication with all capital market participants based on the best standards and market practices.

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 fulfilment 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

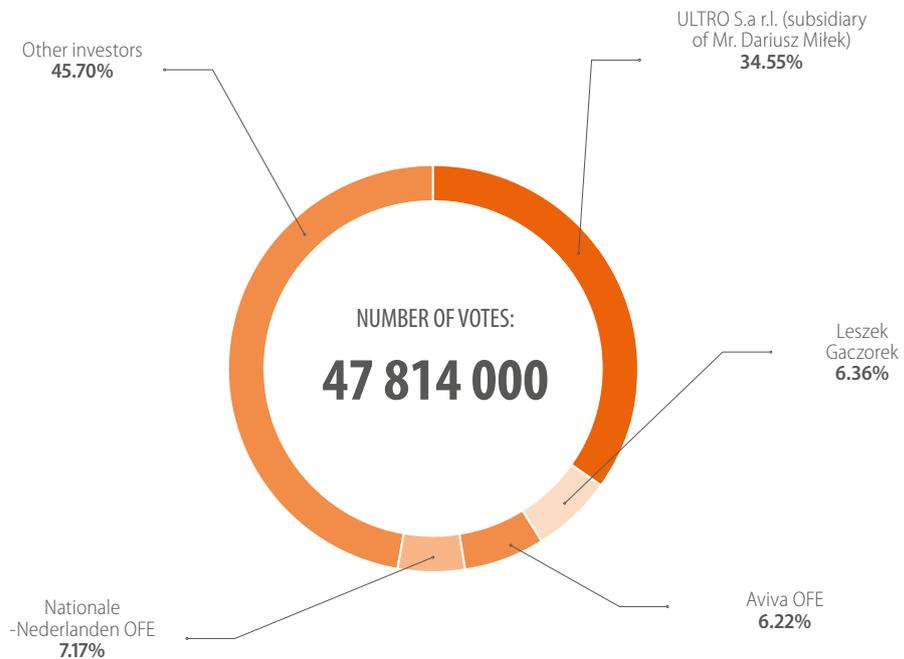
Service of Investor Relations at www.ccc.eu is subject to periodic reviews and verifications so that its contents to the fullest will meet the information needs of the capital market representatives.

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.

SHAREHOLDINGS BY THE NUMBER OF VOTES



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 S.a r.l. (subsidiary of Mr. Dariusz Miłek)	4 750 000	11.51%	9 500 000	19.87%
Leszek Gaczorek	1 750 000	4.25%	3 500 000	7.32%
Lech Chudy	50 000	0.12%	100 000	0.21%
Renata Miłek	50 000	0.12%	100 000	0.21%
Mariusz Gnych	50 000	0.12%	100 000	0.21%
TOTAL	6 650 000	16.12%	13 300 000	27.82%

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.

Indication of any restrictions on the exercise of voting rights in the Issuer's company

There are no restrictions on the exercise of voting rights.

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

The shareholders of the parent company have the pre-emptive right to purchase registered preference shares held for sale. If you do not use this right for all or part of the shares, the transfer of ownership of these shares requires the consent of the Management Board of the Company.

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

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 $\frac{3}{4}$ 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 2018

On 19.06.2018, the Ordinary General Meeting of CCC S.A.

During the session of the Ordinary General Meeting, the shareholders approved annual statements on the operations of the Company and the CCC Group and financial statements for 2017.

The General Meeting decided to allocate the entire net profit of the Company for 2017 in the amount of PLN 37,372,525.22 to pay dividends and allocate part of the reserve capital in the amount of PLN 57,304,674.78 for a dividend payment (in total PLN 2.30 per share). At the same time, the Ordinary General Meeting set the day of 19.09.2018 as the dividend day and 01.10.2018 as the date of the dividend payment.

In addition, the General Meeting adopted a resolution on amendments to the Articles of Association and amendments to the Regulations of the Supervisory Board of CCC S.A., more information in CR 26/2018.





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

6.3.1 THE MANAGEMENT BOARD

COMPOSITION OF MANAGEMENT BOARD

In 2018, the Management Board operated in the following composition:

NAME AND SURNAME OF THE MANAGEMENT BOARD MEM	PERFORMED FUNCTION
Dariusz Milek	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 Pałajej*	Vice-President of the Management Board

*Marcin Pałajej – Vice-President of the Management Board from 09.01.2017 to 31.01.2018

Composition of the Management Board as at the date of submission of the report for 2018:

NAME AND SURNAME OF THE MANAGEMENT BOARD MEM	PERFORMED FUNCTION
Dariusz Milek	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



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 President 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 Capital Group CCC since 2000, in 2004 he was appointed the President of the Management Board of CCC Factory Sp. z o.o. and management board member of the CCC S.A, and since 2007 – Vice-President of the Management Board. Previously, he worked as the deputy mayor of Polkowice Commune, he had a seat in the board of Polkowice Housing Association Sp.z o.o. and Municipal Company Sp.z o.o.. Mariusz Gnych is entitled to sit on the supervisory boards of one-person companies of the State Treasury.



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 lectured at the Wrocław University of Economics and the JWU in Polkowice.



KAROL PÓLTORAK | 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 experience 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 (Stock-brokerage 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 Póltorak'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 PAŁAZEJ | Vice-President of the Management Board

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

Mr. Marcin Pałazej 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 Pałazej 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 Pałazej 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 Manufacture.

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 manufacture, 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 | Marcin Czyczerski

- is responsible for all economic and financial issues of the Company's and organizational enterprises; and in particular for financial policy, investor relations, capital allocation and their acquisition;
- supervises the IT policy of the Capital Group CCC S.A. ;
- supervises the implementation of tasks under the Accounting Act and the act on income tax from legal persons;
- supervises the conducted personnel policy, supervises the implementation of tasks assigned to managers of subordinate organizational units and acts as an employer within the meaning of the Labor Code.

**VICE-PRESIDENT OF THE
MANAGEMENT BOARD | Karol Pótorak**

- 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 Pałazej**
(from 9 January 2017 to 31 January 2018)

- responsible for retail operations and chain expansion process in the markets of Austria, Croatia, Slovenia and Germany.
- designing strategic development directions and responsibility for the expansion of the CCC chain;
- 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..

CORPORATE GOVERNANCE**6.3.2
SUPERVISORY BOARD****COMPOSITION OF THE SUPERVISORY BOARD**

Composition of the Supervisory Board of CCC S.A. in 2018:

NAME AND SURNAME OF SUPERVISORY BOARD MEMBER	PERFORMED FUNCTION
Wiesław Oleś	Chairman of the Supervisory Board elected on 8 June 2017. (II term of office)
Marcin Murawski	Member of the Supervisory Board elected on 8 June 2017. (III term of office)
Jerzy Suchnicki	Member of the Supervisory Board elected on 8 June 2017. (II term of office)
Waldemar Jurkiewicz	Member of the Supervisory Board elected on 8 June 2017. (II term of office)
Piotr Nowjalis*	Member of the Supervisory Board elected on 8 June 2017. (II term of office)

*Piotr Nowjalis – Member of the Supervisory Board since 10.01.2017

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	Chairman of the Supervisory Board elected on 8 June 2017. (II term of office)
Marcin Murawski	Member of the Supervisory Board elected on 8 June 2017. (III term of office)
Jerzy Suchnicki	Member of the Supervisory Board elected on 8 June 2017. (II term of office)
Waldemar Jurkiewicz	Member of the Supervisory Board elected on 8 June 2017. (II term of office)
Piotr Nowjalis	Member of the Supervisory Board elected on 8 June 2017. (II 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 a member of the supervisory board of CCC S.A. Wiesław Oleś is a lawyer recommended by „Chambers Europe Guide – Europe’s Leading Lawyers for Business.



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 University 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.

CORPORATE GOVERNANCE



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. ie jest także członkiem Rady Nadzorczej 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 08.06.2017. (CR 37/2017).

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 15.02. 2005 on the role non – executive directors or being members of supervisory of listed companies and supervisory board committee (2005/162 / EC) with regard to the Code of Best Practice for WSE Listed Companies in 2016.

In connection with the supplement of the composition of the Supervisory Board by the Extraordinary General Meeting of Shareholders on 10.01.2017 and the appointment of Piotr Nowjalis as a member of the Supervisory Board of CCC SA, the Supervisory Board at its meeting on 01.02.2017 assessed the submitted statements regarding the fulfilment of the independence criteria and Resolution No. 01/02/2017 / RN regarding determination of the number of Supervisory Board members meeting the independence criteria, stating that in a five-member personal composition, three Supervisory Board members meet the independence criteria.

In connection with the appointment by the Annual General Meeting on 08.06.2017 of the Supervisory Board for a new two-year term, composed of 5 members, the Supervisory Board at its meeting on 17.08. 2017 made an assessment of the submitted statements regarding the fulfilment of the independence criteria and adopted Resolution No. 01/08/2017 / RN regarding the number of members of the Supervisory Board meeting the independence criteria, stating that in a five-person composition, three Supervisory Board members meet the independence criteria.

While staying in the Supervisory Board of the Company in 2018, none of its members reported any changes in the scope of changing the status of independence and personal, factual and organizational links with shareholders of CCC S.A.

POWERS OF SUPERVISORY BOARD

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

- Articles of Association of the Company, which is available on the Company's website (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.

The first-term Audit Committee was appointed in the Company on 02.06.2016, due to the end of the term of the Supervisory Board and the Ordinary General Meeting of Shareholders (hereinafter: „AGM”) on 08.06.2017. The Supervisory Board for the next term (term of office 2017-2019), the Supervisory Board at the next meeting after the GMS, on 17.08.2017, appointed the Second Term Audit Committee from among the Supervisory Board members, in accordance with the requirements of the Act of 11.05.2017 on statutory auditors, auditing companies and public supervision .

As part of the existing Audit Committee, Mr. Marcin Murawski is a member with knowledge and skills in accounting or auditing, while Mr. Piotr Nowjalis has knowledge and skills in the field of the Company.

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

The Committee performs the tasks and competences foreseen for the Audit Committee in the Act of 11.05.2017 on statutory auditors, audit firms and public supervision (hereinafter: Act on chartered auditors) and other regulations regarding public companies, as well as from resolutions of the Supervisory Board, Of the Regulations and other internal regulations of the Company.

The Committee meets the recommendations of „Best Practices of WSE Listed Companies”, which in relation to committees operating in the Supervisory Board, they require the application of Annex I to the recommendation of the European Commission of February 15, 2005 regarding the role

of non-executive directors or supervisory board members of listed companies and committees of the (supervisory) board.

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

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

1. monitoring the financial reporting process at CCC S.A. and its Capital Group,
2. monitoring the effectiveness of internal control systems in the Capital Group CCC S.A. and risk management systems,
3. monitoring the effectiveness of the internal audit function in the CCC S.A. Capital Group, including in the field of financial reporting,
4. monitoring the proper functioning of risk identification and management systems,
5. monitoring the independence of internal and external auditors,
6. monitoring the financial audit process.

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

CORPORATE GOVERNANCE

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

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

6.3.4 STATEMENT OF THE SUPERVISORY BOARD REGARDING APPOINTMENT, COMPOSITION AND OPERATION OF THE AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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.



CORPORATE GOVERNANCE

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

SPECIFICATION	2018 (GROSS PLN)	2017 (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]	840 000	720 000
Marcin Czyczerski ^[3]	880 000	780 000
Karol Pótorak	820 000	720 000
Marcin Pałajej ^{[4] [5]}	80 000	944 762
– bonuses for the previous period		
Dariusz Miłek	—	—
Mariusz Gnych	340 000	120 000
Marcin Czyczerski	350 000	130 000
Karol Pótorak	340 000	120 000
Marcin Pałajej	120 000	120 000
Total	4 590 000	4 614 762

[1] for 2018, Mr. Dariusz Miłek additionally received a remuneration of PLN 28.300 in the subsidiary company CCC Factory Sp. z o.o. under the employment contract (for 2017 – PLN 30.000);

[2] for 2018 Mr. Mariusz Gnych additionally received a remuneration for sitting on the board of a subsidiary company CCC Factory Sp. z o.o. in the amount of PLN 90.000 (for 2017 – PLN 90.000).

[3] for 2018 Mr. Marcin Czyczerski additionally received a remuneration of PLN 30.000 under a contract of employment in a subsidiary CCC Factory Sp. z o.o. (for 2017 – PLN 30.000).

[4] for 2018 Mr. Marcin Pałajej additionally received a remuneration in the amount of 2,535.86 PLN in the subsidiary CCC Factory Sp. z o.o. (for 2017 – PLN 30.000).

[5] for the period 09.01.2017 – 31.01.2018

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

6.4.4 REMUNERATION OF SUPERVISORY BOARD

REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD, INCLUDING:	2018 (GROSS PLN)	2017 (GROSS PLN)
Wiesław Oleś ^[1]	110 000.00	96 000.00
Marcin Murawski ^[2]	93 000.00	72 000.00
Mirosław Stachowicz ^[3]	—	6 000.00
Jerzy Suchnicki ^[4]	86 000.00	72 000.00
Waldemar Jurkiewicz ^[5]	72 000.00	72 000.00
Piotr Nowjalis ^[6]	86 000.00	70 571.40
Total	447 000.00	388 571.40

[1] For the period from 01.01.2017 to 31.12.2017

[2] For the period from 01.01.2017 to 31.12.2017

[3] For the period from 01.01.2017 to 31.01.2017

[4] For the period from 01.01.2017 to 31.12.2017

[5] For the period from 01.01.2017 to 31.12.2017

[6] For the period from 10.01.2017 to 31.12.2017

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 2013, item 330, 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 fulfilment of its assumed objectives. Risk management in the Group CCC is a process supervised by the Management Board and key management personnel. Moreover, independent audits of internal financial and accounting processes are carried out. The correctness of financial reporting is also verified by the members of the Audit Committee of the Supervisory Board. In order to confirm that the data contained in the financial statements 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.



CORPORATE GOVERNANCE**6.5.5
SIGNIFICANT RISK FACTORS**

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

RISKS OF STRATEGY IMPLEMENTATION

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Strengthening own sales chain	<p>In 2019, the Group plans to increase the commercial space of CCC stores by 100.000 thousand square m:</p> <p>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.</p>	<p>In order to minimize the risks associated with the strengthening of own sales chain, the Group introduced the following solutions:</p> <ul style="list-style-type: none"> • monitoring the activities of competitors, • monitoring the situation in the industry, • monitoring of the macroeconomic situation, • creating a detailed plan and a dedicated team responsible for the implementation of the objectives connected to the development of own sales chain..
Activities aimed at increasing brand recognition and value of the brand	<p>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.</p>	<p>Group in order to ensure further increase in brand recognition and value of the brand has undertaken the following actions:</p> <ul style="list-style-type: none"> • the introduction of appropriate instruments and advertising – promotion media, • the introduction of interesting interior of stores • presence of stores in prestigious locations.
Location of commercial facilities	<p>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.</p>	<p>The 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.</p>

EXTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Exchange rate risk	Companies of the CCC S.A. Capital Group they realize revenues in PLN, EUR, CZK, HUF, HRK, BGN, RSD, RUB, CHF. Most of the costs are borne in foreign currencies. As a result, CZK, HUF, HRK, BGN, RSD, RUB, CHF, USD and EUR exchange rates (virtually all of the imports are denominated in USD and EUR, and a large percentage of rental costs in EUR) will affect the structure of revenues and expenses group. The main supply market for the CCC S.A. Capital Group is the Chinese market and, consequently, the CNY Chinese currency exchange rate in relation to the major world currencies may also have a significant impact on the Group's costs. CNY's appreciation may worsen import conditions and, as a result, increase costs for consumers.	The Group has undertaken the following measures to reduce the impact of exchange rate risk: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • diversification of sources of capital, • monitoring key interest rates
The risk of the overall economic situation	The Capital Group CCC S.A. conducts business activity primarily on the Polish, Czech, Hungarian and Slovak markets, so for the Group's consumer purchasing power and propensity to consume is important. The economic downturn could have a negative impact on results of operations and financial position of the Group. Group CCC also operates in several other foreign markets (inter alia: Germany, Austria, Croatia, Slovenia, Bulgaria, Serbia, Russia).	The Group has undertaken the following measures to reduce the impact of risk of the overall economic situation: <ul style="list-style-type: none"> • diversification in terms of countries where the Group operates (decrease of economic situation correlation between countries) • monitoring the economic situation in the world and in the countries important for the Group, as well as suitable adjustment to the Group's strategy, • monitoring of important economic indicators in selected countries (unemployment rate, GDP per capita, CPI).
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 manufacture capacity. The Group is able to rapidly adjust manufacture 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).

CORPORATE GOVERNANCE

INTERNAL RISKS

AREA OF RISK	DESCRIPTION OF RISK	ACTIONS TAKEN
Credit risk	<p>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.</p>	<p>The Group has taken the following measures to mitigate the effects of credit risk:</p> <ul style="list-style-type: none"> • continuous verification of financial situation of counterparties, • continuous study of the history of cooperation with counterparties



7. EMPLOYEES





CCC
SHOES & BAGS

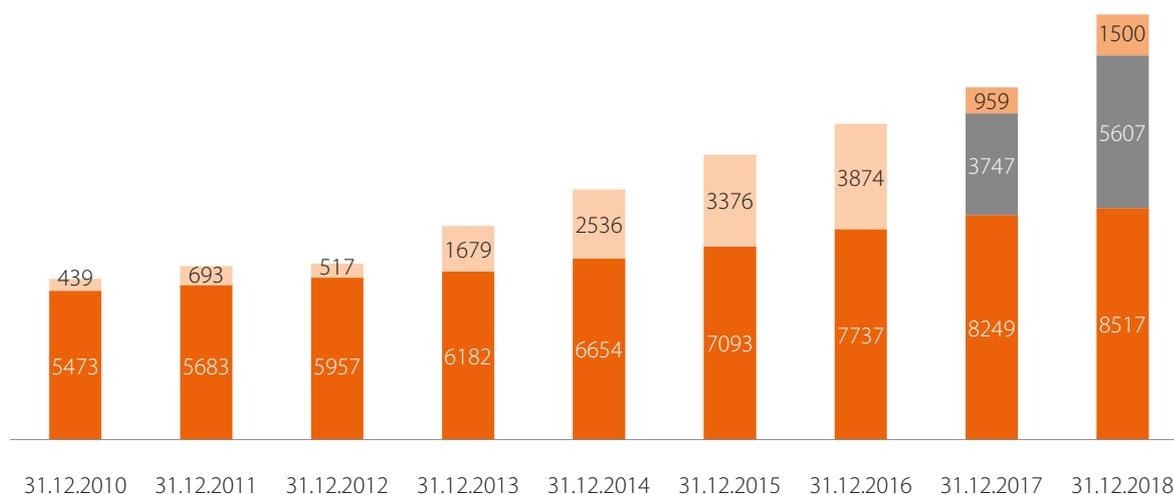
EMPLOYEES

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.

According to the data as at 31 December 2018, the Capital Group employed 14,124 employees, and in relation to the previous year, employment increased by 2128 people. In addition, taking into account discontinued operations, 1,500 employees were employed at CCC Germany. The table below shows the structure of employment in individual years:

STRUCTURE OF EMPLOYMENT (GEOGRAPHY)



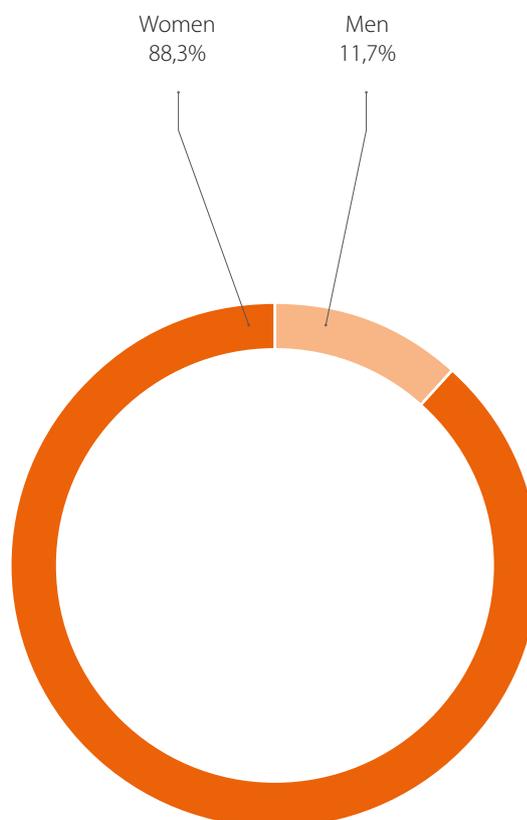
Over the past few years, the number of employees has constantly increased. The largest share among the number of employees are the employees of stores – about 77.2%, while the administrative employees constitute only 10.9% of the total number of employees. In comparison to the previous year, the number of employees increased by 17.8%. Detailed data is presented in the table below.

- Poland
- Abroad
- Abroad (without Germany)
- Germany

[in mln PLN unless otherwise stated]

EMPLOYEES

	POLAND		CEE		WE		OTHER COUNTRIES		TOTAL
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Employees of stores	5482	251	3102	193	1304	50	458	65	10905
Manufacturing employees	482	96	—	—	—	—	—	—	578
Logistics employees	573	407	—	—	59	39	9	11	1098
Administrative employees	774	452	122	42	83	36	25	9	1543
All employees	7311	1206	3224	235	1446	125	492	85	14124

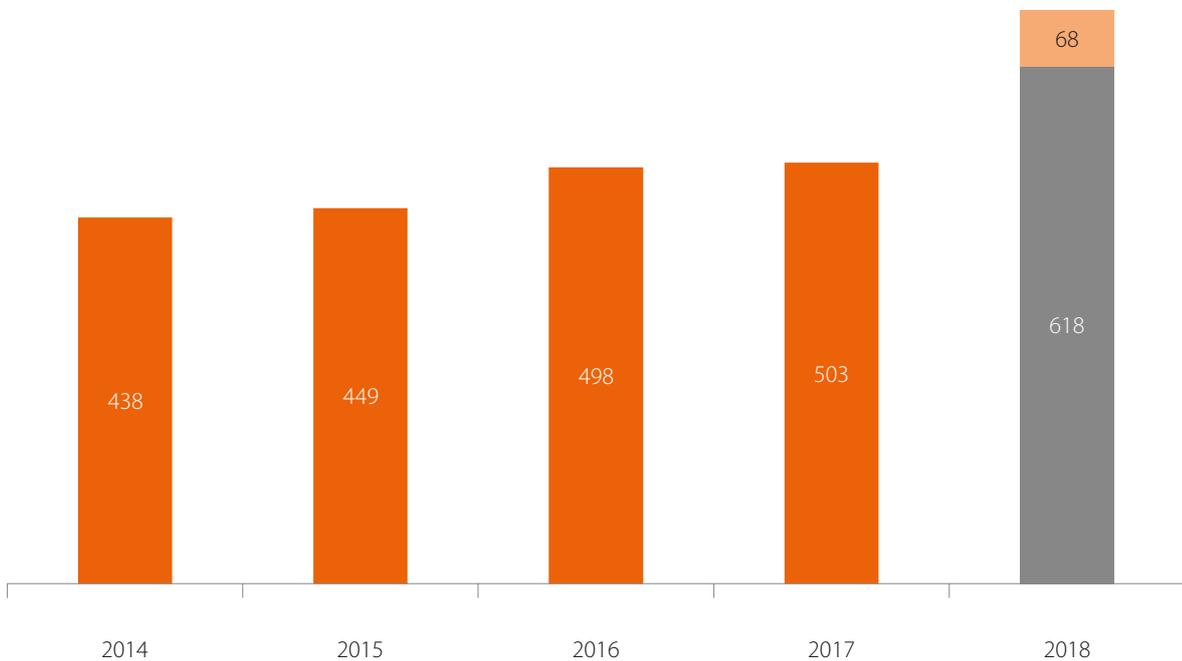
Share of employees by gender as of 31.12.2018

EMPLOYMENT OF DISABLED PERSONS

In addition, working conditions allow people with disabilities to work in the Capital Group. As at 31.12.2018, there were 618 disabled persons employed in the Group (another 68 disabled employees in the German company – discontinued operations), which is approx. 4.4% in relation to all employees.

Most of disabled employees are employed in Poland, it is about 72.0% of all disabled persons employed in the CCC Group.

EMPLOYMENT OF DISABLED PEOPLE

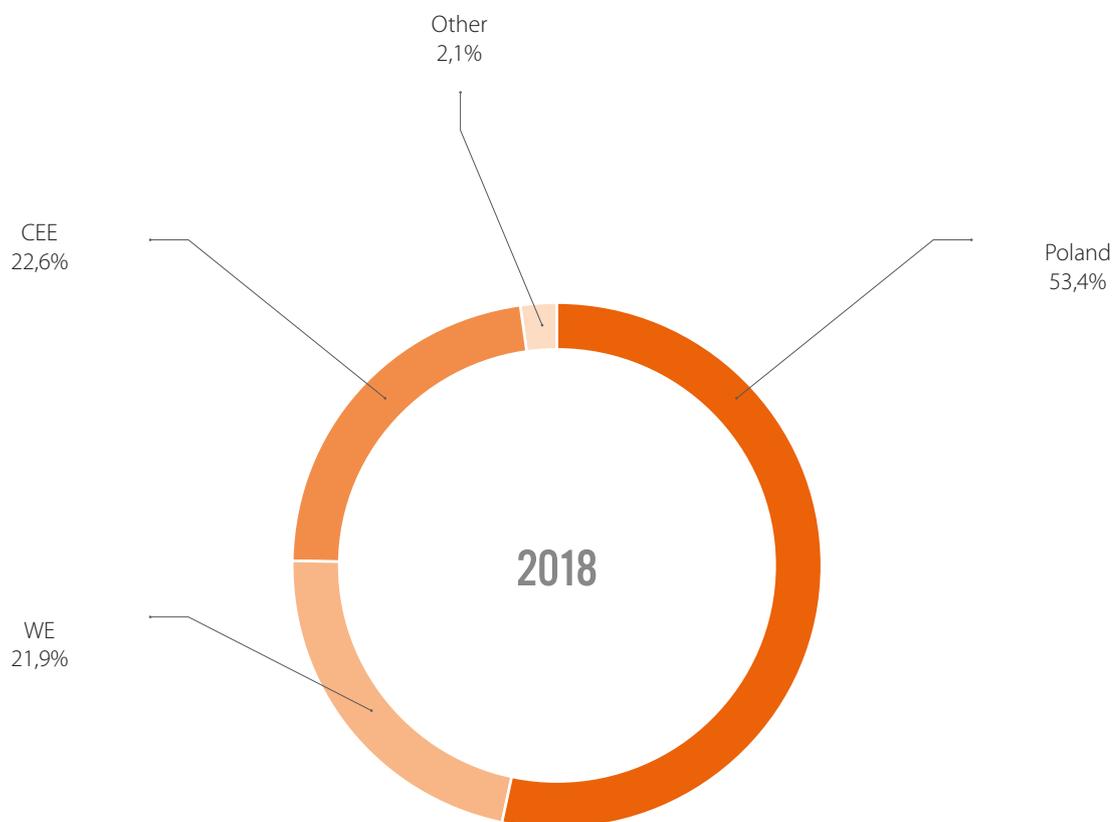


EMPLOYEES

THE REMUNERATION POLICY OF ALL EMPLOYEES

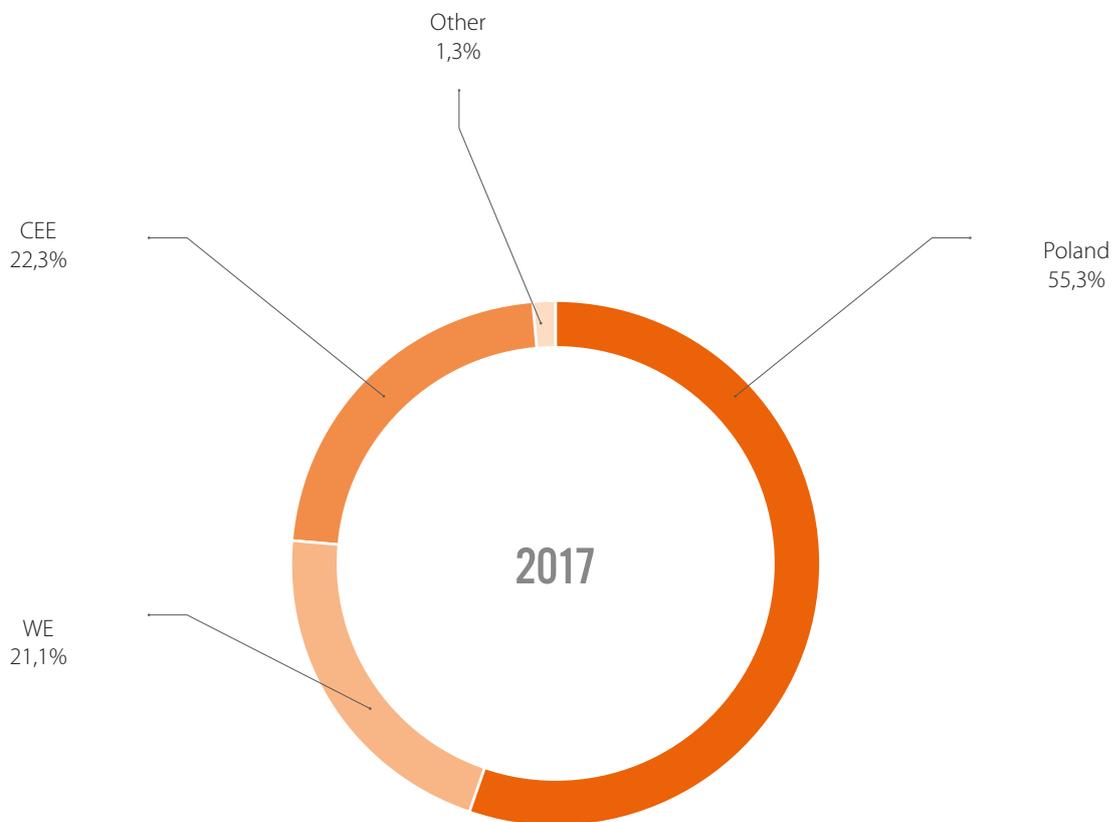
The remuneration policy in the Group is based on the principle of equality. The size of the remuneration of employees is dependent on the level of their competence and level of commitment. In 2018 the share of expenses on remuneration for Employees of the CCC Group was as follows:

STRUCTURE OF REMUNERATION IN 2018 (GEOGRAPHY)



The CCC Group, continuing its foreign expansion in 2018, launched 58 new stores outside of Poland, of which 4 stores were opened in Western Europe, while 26 stores in Central and Eastern Europe. The opening of new branches resulted in an increase in employment in individual segments, and also contributed to the increase in remuneration costs. In addition, the acquisition of the Swiss company Karl Vögele AG had a significant impact on the shape of the remuneration structure. For comparison, the structure of remuneration in the Capital Group in 2017 is presented below.

STRUCTURE OF REMUNERATION IN 2017 (GEOGRAPHY)



EMPLOYEES

7.2 DEVELOPMENT PROGRAMS FOR EMPLOYEES

ETHICAL VALUES

Employees of the CCC Capital Group are guided by superior legal principles and a sense of responsibility for their actions, declaring actions consistent with the ethical values adopted by the Group.

DEVELOPMENT

- full use of knowledge and competence
- being a specialist in your field
- continuous improvement of qualifications / competences
- promoting commitment and efficiency

ENTREPRENEURSHIP

- innovation and dynamism in undertaken activities
- achieving ambitious goals
- recognizing opportunities and their use
- expansiveness and creativity in the implementation of new processes



CREDIBILITY

- openness and reliability in communication
- keeping commitments
- partnership in cooperation
- authenticity in action

RESPONSIBILITY

- awareness of your actions and the consequences of your decisions
- care for the safety of employees
- care for process safety
- ensuring the expected quality and safety of the product

EMPLOYEES**GROWTH AND DEVELOPMENT OF EMPLOYEES' POTENTIAL**

The business success of the Capital Group's companies is also determined by the knowledge, experience, skills and competences of the employees. Bearing this in mind, numerous development programs are implemented, the overarching objective of which is to build effective teams, continuous improvement, building engagement and, as a result, achieving business objectives adopted in the strategy.

The most important projects in this area:

Succession – a program through which you can select a group of employees with high potential, which in the future will be ready to take over key positions in the company and other important business roles. When planning succession, the Capital Group supports the stabilization of the organization.

The main assumptions of the program are: meeting challenges – preparing staff for reaching for more, securing a business – by securing management continuity and retaining key knowledge, assessing the effectiveness and potential of employees, identifying gaps and development opportunities, developing talents, identifying and developing successors, improving efficiency, achieving individual and company goals

Hard and soft skills training – employees constantly improve their competences, use programs that enable development through participation in trainings, conferences, symposia, seminars, workshops and studies financed or co-financed by the Employer. In 2018, CCC S.A. also benefited from trainings co-financed by the National Training Fund. As part of the project, funding was obtained for the organization of 200 hours of didactic training, in which 82 employees took part. As part of training, employees have gained new or expanded their previous skills, including from: scope of design, accounting and taxes, legal aspects of complaints; currency risk management, settlement of delegations, operation of machinery and equipment, and material science.

Additionally, in response to the need to improve soft skills, an internal training program „Let's co-effectively co-operate" was launched. It is implemented in the form of workshops by internal trainers. The scope includes the development of soft competences such as: cooperation, communication, providing feedback. In 2018, a total of 202 employees were trained as part of the project during 25 training sessions.

This project, due to the high evaluation of participants, will be continued in 2019 and developed with further competence areas.

Foreign language learning – due to the dynamic international expansion, in order to prepare the staff for effective cooperation with all markets in the CCC Group, fixed language courses are organized. Classes are divided due to the varied level of foreign language skills. Over 130 administrative employees participate in the course.

Onboarding – in 2018, we standardized the process of implementing the employee in both administrative and store structures.

The project is based mainly on the assumption that the newly-acquired employee remains in the structures for much longer if the implementation process is properly carried out in the initial period of employment. Actions taken in this regard include, among others: „Action Adaptation" – program for store structures and „Welcome aboard CCC" – program for administrative structures. Essential elements include mentoring over the newly hired employee, examining the implementation process – stay interview, shop training, individual implementation programs.

RECRUITMENT AND ATTRACTING TALENTS

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

Considering the challenges of the current labour market, we believe that the quality of the recruitment process is extremely important for both the company and the potential candidate. To meet these expectations, we decided to organize training for all Store Managers in Poland, which aim at increasing the competence of our managers in the field of recruitment. In addition, the newly established regional structure in the form of HR Business Partners supervises the quality and correctness of all recruitment processes in our stores. We're constantly working on building a positive candidate experience.

In 2017, we initiated a number of projects to be launched in the first half of 2018. We are introducing, among others, a new system for managing recruitment processes, which will shorten the duration and facilitate their conduct to all participants of the recruitment process. We will launch a new career website, where potential candidates will be able to find an interesting job offer and we are refreshing our image in the area of recruitment and communication with the candidate.

In order to reach our potential candidates with the job offer, we apply a number of activities that go beyond the standard recruitment advertisement: we establish cooperation with universities across Poland, we participate in job fairs, create recruitment campaigns in social media, we search and contact potential candidates directly (direct search), we use mobile applications for recruitment, we are constantly cooperating with Labour Offices, local Internet portals and the press. In 2018, we are also launching the Employee Recommendations Program, because we deeply believe in its effectiveness, commitment and rewarding our employees in recruitment activities.

We are constantly looking for new solutions that will improve the quality and effectiveness of our recruitment processes. As a responsible company, we are open to the employment of disabled people. We conduct activities that activate this professional group and offer tailored workplaces..

As part of Employer Branding, we implement, among others the following projects:

Post-graduate studies – in March 2018, we launched the third edition of post-graduate studies, this time under the name „Sales development management and foreign expansion“. These studies are a joint project carried out by the University of Economics in Wroclaw and the CCC Capital Group. The innovative project was aimed at people starting their professional career, as well as those who were interested in international careers.

Lower Silesian Education Cluster – As CCC, we signed the declaration of joining the Education Cluster of the Legnica Special Economic Zone. The Lower Silesian Education Cluster is a way to create companies' competitiveness through close cooperation of enterprises, men of science, public authorities and business institutions. Through the effective promotion of dual education, it increases the availability of practical vocational training that takes place in a real work environment. Today, the Lower Silesian Education Cluster consists of XX partners: companies, schools, universities and institutions

Dual education – educational project with Witelon University in Legnica, together with Accenture and Oracle. The project involved a series of meetings with lecturers-practitioners and included classes in the area of IT, innovation, technology and solutions for sales, and its crowning were student internships in the company.

Internships and placements – internal internship program „I'm going for more with CCC“ was created with the aim of: gaining young, ambitious people who have the status of a student / graduate, building a positive image of CCC as a reliable employer, reducing employment costs.

EMPLOYEES

Building a positive image among future trainees is the role of the CCC Brand Ambassador. The appointment of the CCC brand ambassadors is aimed at establishing cooperation between the academic community in selected cities in Poland and the HR department. The aim of the project is to build a positive image of CCC as an attractive employer at selected universities.

An external internship program is implemented in cooperation with Labour Offices throughout Poland. In 2018, we filed 154 applications for the store structures, of which we were granted 68 extras. A total of 9 applications were submitted to our headquarters in Polkowice, of which 7 trainees started cooperation with us.

All initiatives undertaken under this program are a potential pass to permanent employment at CCC.

COMMUNICATION

An important step in the development of communication in the company was the implementation of the Intranet for CCC employees in Poland. The intranet has made it possible to unify communication with employees and has become a key place for exchanging information on various business areas. One of the components of the Intranet is a training platform on which a cycle of e-learning trainings on sales standards has been launched.

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

In its activity, the CCC Group is guided by high ethical values, therefore the Company's Code of Ethics operates within the company. The Code defines the principles both in relations with co-workers as well as suppliers and contractors. The purpose of the Code is the ability to implement processes and procedures preventing the occurrence of violations, as well as taking action in the event of occurrences of illegal incidents, regulations and ethical standards.



8. COMMITMENT OF CCC





CCC
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COMMITMENT OF CCC

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

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

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



NON-FINANCIAL INFORMATION CONCERNING THE CCC GROUP

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

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

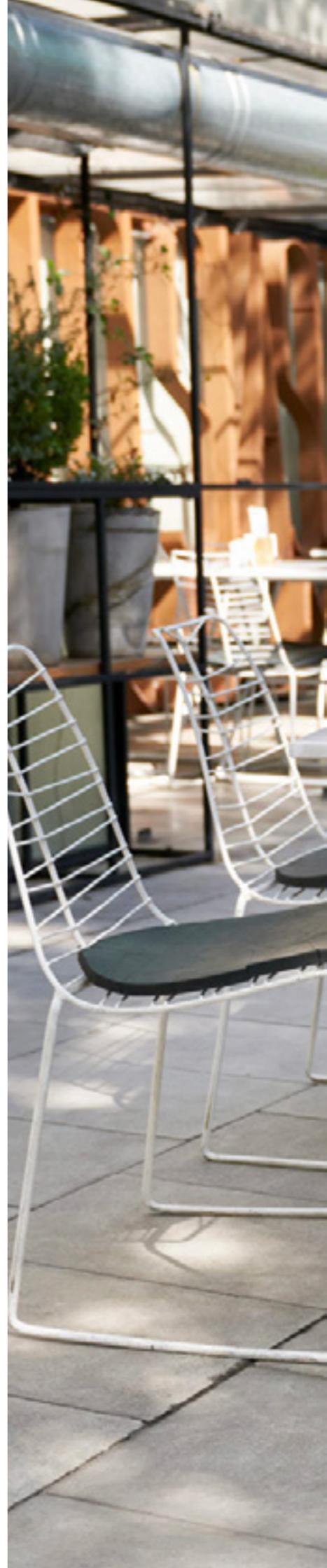
Also presented are the risks associated with the Group's operations and the manner of managing them. The non-financial report was developed in accordance with the methodology of the Global Reporting Initiative (GRI) reporting guidelines, version G4, according to the CORE application option.

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

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



9.
STATEMENTS OF MANAGEMENT BOARD





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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 separate financial statements and comparable data were prepared in accordance with applicable accounting principles, they give a true and fair view of the financial position of CCC S.A. and its financial result.

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

9.2 MANAGEMENT BOARD INFORMATION MADE ON THE BASIS OF STATEMENT OF THE SUPERVISORY BOARD ON SELECTION OF THE AUDITING FIRM

Based on §70 paragraph 1 point 7 and §71 paragraph 1 point 7 of the Regulation of the Minister of Finance dated 29.03.2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state. Supervisory Board of CCC S.A. stated that:

1. on 10.05.2017, selected the audit firm, i.e. Ernst & Young Audyt Polska sp. o.o. Limited Partnership with its registered office in Warsaw, 1 Rondo ONZ Street, entered into the list of entities authorized to audit financial statements, kept by the National Council of Statutory Auditors, number 130 (hereinafter: „auditing firm”), to review the semi-annual financial statements of CCC S.A. and semi-annual consolidated financial statements of the CCC S.A. Capital Group, as well as an audit of the unit financial statements of CCC S.A. and consolidated financial statements of the CCC S.A. Capital Group. for the years 2017-2018,
2. an auditing company authorized to audit financial statements, which audits the annual standalone and consolidated financial statements for 2018, was selected in accordance with the law,

3. the auditing company and the statutory auditors, performing audits of annual reports, met the conditions for drawing up an impartial and independent audit report on the unitary and consolidated financial statements for 2018, in accordance with applicable regulations, professional standards and professional ethics,
4. in CCC S.A. and the Capital Group CCC S.A. the applicable regulations regarding the rotation of the auditing company and the key statutory auditor and mandatory grace periods,
5. CCC S.A. has a policy regarding the selection of an audit firm and a policy for providing the issuer by an auditing company, an entity related to an auditing company or a member of its chain of additional non-audit services, including conditionally exempt services from an audit firm.

9.3 STATEMENT OF THE SUPERVISORY BOARD REGARDING THE EVALUATION OF REPORTS

Based on §70 paragraph 1 point 14 and §71 paragraph 1 point 12 of the Regulation of the Minister of Finance dated 29.03.2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state. Supervisory Board of CCC S.A. and art. 382 § 3 of the Code of Commercial Companies stated that:

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

- reports on the operations of the Company and Capital Group CCC S.A. for 2018,
- the separate financial statements of CCC S.A. for 2018,
- consolidated financial statements of the CCC S.A. Capital Group for 2018.

As a result of the assessment, the Supervisory Board concluded that the report on the activities of the Company and the Capital Group for 2018 in all material respects corresponds to the requirements specified in art. 49 and art. 55 section 2a of the Accounting Act and the Ordinance of the Minister of Finance of 29.03.2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing information required by the law of non-member countries as equivalent, and the information contained therein is consistent with information contained in the audited separate financial statements of the Company and the consolidated financial statements of the CCC SA Group for 2018.

STATEMENTS OF MANAGEMENT BOARD

In addition, the Supervisory Board assesses that the separate financial statements for the financial year 2018 presented by the Management Board of the Company, the consolidated financial statements for the financial year 2018 and the report on the activities of the Company and the Capital Group for 2018 provide all the necessary and important for the assessment of the financial and financial situation. The companies and the Capital Group as at 31.12.2018, as well as in accordance with the record books, documents and the actual state.

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

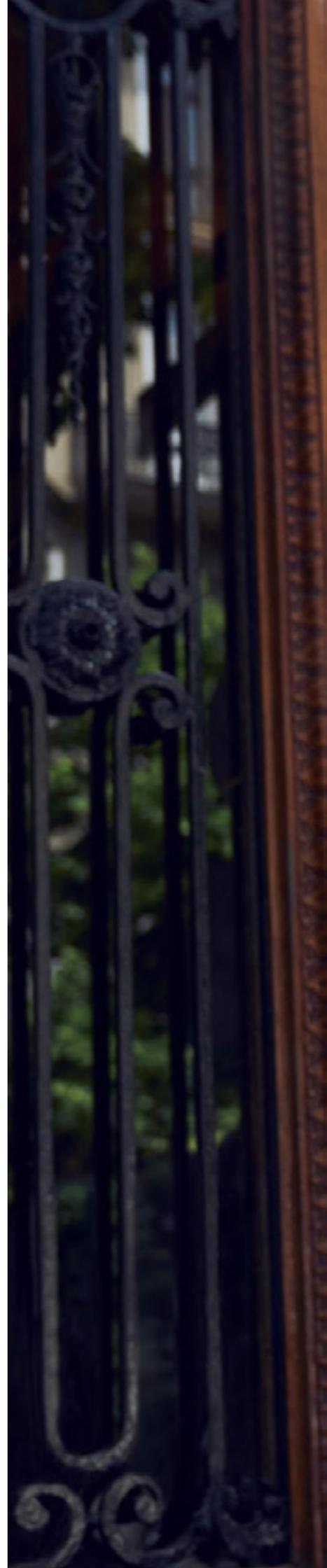
- content of the above reports submitted by the Company's Management Board;
- reports of an independent chartered auditor, i.e. Ernst & Young Audyt Polska sp. o.o. Limited Partnership with its registered office in Warsaw from the audit of the separate financial statements of the Company and the consolidated financial statements of the CCC S.A. Capital Group. as at 31.12.2018 as well as the additional report for the Audit Committee prepared on the basis of art. 11 Regulation of the European Parliament and of the Council (EU) No 537/2014 of 16.04.2014 on detailed requirements regarding statutory audit of financial statements of public-interest entities, repealing the decision of the commission 2005/909 and pursuant to the provisions of the Act of May 11, 2017 about statutory auditors, audit firms and public supervision;

- meetings with representatives of the above auditing company, including the key certified auditor;
- information of the Audit Committee on the course, results and the importance of research for reliable reporting in the Company and the role of the Committee in the process auditing financial statements;
- the results of other verification activities carried out in selected financial and operational areas.

Auditor's remuneration	2018	2017
Examination and reviews of financial statements	0,7	0,5
Other	0	0
Total	0,7	0,5



10. OTHER INFORMATION





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10.1 INFORMATION ON BRANCHES (FACILITIES) HELD 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 31.12.2018.

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

This report on the activities of CCC SA covers the reporting period from 01.01. to 31.12.2018 and the comparative period from 01.01 to 31.12.2017.

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

The content of the report on the activities of CCC SA complies with § 71 paragraph 3 and 4 of the Decree of the Minister of Finance of 19.02.2009 on current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent and containing the required elements specified in § 68 subparagraph 5-6 for issuers engaged in manufacture, construction, commercial or service activities.

The provisions set out in the Act of 29.09.1994 on accounting specified in art. 55 item 2 point 5 in connection with art. 49 paragraph 2 and 3 and art. 63 d.

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

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 Company CCC S.A. is not a party to the court proceedings the value of the subject of dispute exceeds 10% of the equity of the Issuer.

10.6.1 ACQUISITION OF OWN SHARES

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

10.6.2 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.

OTHER INFORMATION

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

On 07.12.2018, CCC S.A. announced a tender offer for 100% stake in Gino Rossi S.A. at PLN 0.55 per share. (RB 55/2018)

On 15.02.2019, the subscription for the sale of Gino Rossi S.A. shares was completed. with its registered office in Słupsk (the „Company”) as part of a call to subscribe for sale of 50,333,095 ordinary bearer shares, i.e. all shares issued by the Company, entitling to 100% of the total number of votes at the general meeting of the Company at PLN 0.55 for each share.

On 20.02.2019, as part of the Tender Offer settlement, transactions were concluded for the purchase of ordinary bearer shares of the Company for a total of 33,283,510 shares. Therefore, CCC S.A. purchased 33,283,510. Shares representing in total 66.13% of the Company's share capital and carrying 32,283,510 votes at the General Meeting of the Company representing 66.13% of the total number of votes at the General Meeting of the Company. Directly before the Settlement of the Tender Offer, the Issuer did not hold any shares of the Company. After Settlement of Call, CCC S.A. holds 33,283,510 shares representing in total 66.13% of the share capital of the Company and entitling to 33,283,510 votes at the General Meeting of the Company, representing 66.13% of the total number of votes at the General Meeting of the Company. (CR 9/2019)

With reference to current reports 52/2018 and 03.2019 On 30-31 January 2019, the purchase transaction was closed by CCC S.A. a minority shareholding in the company HR Group Holding S.à r.l. with its registered office in Luxembourg and disposal of 100% shares in a subsidiary of CCC S.A., CCC Germany GmbH. As a result of CCC S.A. acquired a total of 30.55% shares in the share capital of HR Group, entitling to a total of 30.55% of the total number of votes at the Shareholders' Meeting.

On 28.02.2019, the Supervisory Board of CCC S.A. made the basis of § 4 paragraph 1 in connection with § 6 paragraph 1. Procedures for the selection of a statutory auditor to audit the unit financial statements of CCC SA and the consolidated report of the CCC SA Capital Group on the selection of an audit firm, i.e. Ernst & Young Audyt Polska sp. O.o. Limited Partnership with its registered office in Warsaw, 1 Rondo ONZ Street, entered into the list of entities authorized to audit financial statements, kept by the National Council of Statutory Auditors, number 130 (hereinafter: „auditing firm”), to review the semi-annual financial statements of CCC S.A. and semi-annual consolidated financial statements of the CCC S.A. Capital Group, as well as an audit of the unit financial statements of CCC S.A. and consolidated financial statements of the CCC S.A. Capital Group. for the years 2019-2021.

On 28.02.2019, Mr. Dariusz Miłek resigned from the position of the President of the Management Board and from membership in the Management Board of the Company, effective as at the opening of the Extraordinary General Meeting of Shareholders held until 30.06.2019 (inclusive) whose agenda will be adoption of a resolution regarding the appointment of a Member of the Supervisory Board of the Company. The reason for resignation is the intention to conduct the Company's affairs from the level of the Supervisory Board, therefore Mr. Dariusz Miłek has applied for the position of the Chairman of the Supervisory Board of the Company. On 08.03.2019, the Supervisory Board adopted a resolution regarding the appointment of Mr. Marcin Czyczerski (currently Vice-President of the Management Board) as the President of the Management Board.

Mr. Marcin Czyczerski will be the President at the moment appointment of Mr. Dariusz Miłek as the Chairman of the Supervisory Board. (CR 10/2019 and 15/2019).

The statements on operations of CCC S.A. approved for publication by the Management Board of the Company on 14 March 2019 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 Pótorak	Vice-President of the Management Board	

Polkowice, 14 March 2019