CONSOLIDATED STATEMENTS ON OPERATIONS OF CAPITAL GROUP CCC S.A. FOR THE PERIOD 01.01.2017 – 30.06.2017

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LASOCKI
Comfort Line
CCC
SHOES & BAGS

2700%

since the first quotation in 2004. the price of one share has increased by over 2700%. The highest share price amounted to **266.9 PLN** on 28 August 2017.

1.8 billion

consolidated revenue in the first half of 2017 amounted to PLN 1.8 billion

18 million

the number of pairs of shoes the CCC Group can store in its warehouses

SELECTED FINANCIAL DATA

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of profit or loss and other comprehensive income	01.2017-06.2017	01.2016-06.2016	01.2017-06.2017	01.2016-06.2016
Sales revenue	1 846,2	1 394,6	434,7	318,4
Poland	922,9	767,1	217,3	175,1
CEE	370,9	307,8	87,3	70,3
Western Europe	180,3	129,6	42,4	29,6
Other countries	29,2	5,2	6,9	1,2
Retail activity	1 503,3	1 209,7	353,9	276,2
E-commerce	259,9	109,3	61,2	25,0
Wholesale	82,6	75,3	19,4	17,2
Manufacturing	0,4	0,3	0,1	0,1
Other	—	—	—	—
Gross profit (loss) on sale	938,4	733,8	220,9	167,5
Gross sale margin	50,8%	52,6%	50,8%	52,6%
Result on segments				
Poland	151,9	134,8	35,8	30,8
CEE	35,7	34,2	8,4	7,8
Western Europe	(54,1)	(35,9)	(12,7)	(8,2)
Other countries	1,8	(2,3)	0,4	(0,5)
Retail activity	135,3	130,8	31,9	29,9
E-commerce	44,8	21,6	10,5	4,9
Wholesale	25,2	16,3	5,9	3,7
Manufacturing	—	—	—	—
Profit on operating activity	163,9	130,8	38,6	29,9
Profit before tax	129,8	125,3	30,6	28,6
NET PROFIT	113,1	113,3	26,6	25,9
ADJUSTED NET PROFIT [1]	115,1	125,9	27,1	28,7

Selected data of the consolidated statement of financial position	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Fixed assets	1 087,6	1 027,1	257,3	232,2
Current assets, including:	1 989,8	1 373,8	470,8	310,5
Inventories	1 359,9	1 019,7	321,8	230,5
Cash	328,6	143,4	77,7	32,4
TOTAL ASSETS	3 077,4	2 400,9	728,1	542,7
Non-current liabilities including:	732,3	660,4	173,3	149,3
Debt liabilities	436,0	366,0	103,2	82,7
Current liabilities including:	1361,4	769,4	322,1	173,9
Debt liabilities	797,3	429,5	188,6	97,1
TOTAL LIABILITIES	2093,7	1 429,8	495,4	323,2
EQUITY	983,7	971,1	232,8	219,5

[1] Adjusted net profit is a measure of its own profit – an Explanation of a measure is contained in the section 2.1.1.1 on p. 54

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of cash flows	01.2017-06.2017	01.2016-06.2016	01.2017-06.2017	01.2016-06.2016
Net cash flows from operating activities	(147,2)	26,1	(34,7)	6,0
Net cash flows from investing activities	(92,6)	(294,2)	(21,8)	(67,2)
Net cash flows from financing activities	425,0	181,8	100,1	41,4
TOTAL CASH FLOWS	185,2	(86,3)	43,6	(19,7)

	IN MLN PLN		IN MLN EUR	
OPERATING DATA	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Number of stores CCC	889	862	—	—
Floor space of stores (thousand m²)	488,0	458,6	—	—
Number of markets with online sales	10	8	—	—
	01.2017-06.2017	01.2016-06.2016	01.2017-06.2017	01.2016-06.2016
Capital expenditures (in mln)	(92,4)	(76,4)	(21,8)	(17,4)
Average revenue per m² of floor space[2]	3,8	3,0	0,9	0,7

[1] Revenue per 1 m² is calculated by dividing revenue for the first 6 months of a given year by the number of m2 of floor space at the balance sheet date.

Selected data from the consolidated financial statements and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows were converted into euro in accordance with the following rules:

- particular items of assets and liabilities in the consolidated statement of financial position were converted in accordance with the average NBP exchange rate announced as of:
  - 30.06.2017 – 4.2265 PLN/EUR
  - 31.12.2016 – 4.4240 PLN/EUR
  - 30.06.2016 – 4.4255 PLN/EUR
- particular items of the consolidated financial statements and other comprehensive income and consolidated statement of cash flows were converted in accordance with the exchange rate which constitutes an arithmetic average of NBP exchange rates for Euro effective on the last day of each month of the reporting period:
  - the average exchange rate in the period 01.01.2017 – 30.06.2017 was EUR 1 – 4.2474 PLN
  - the average exchange rate in the period 01.01.2016 – 30.06.2016 was EUR 1 – 4.3805 PLN

The conversion was made in accordance with the above indicated exchange rates by dividing the values expressed in PLN millions by the exchange rate.

1.
OPERATIONS OF THE CCC GROUP

CCC
SHOES & BAGS

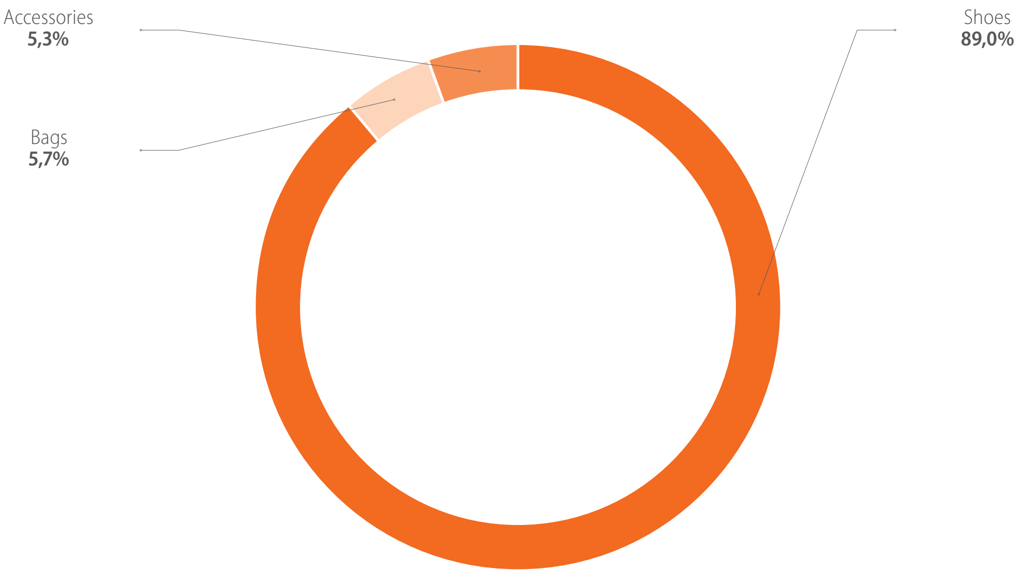
1.1 GENERAL INFORMATION

1.1.1 GENERAL INFORMATION ABOUT THE GROUP

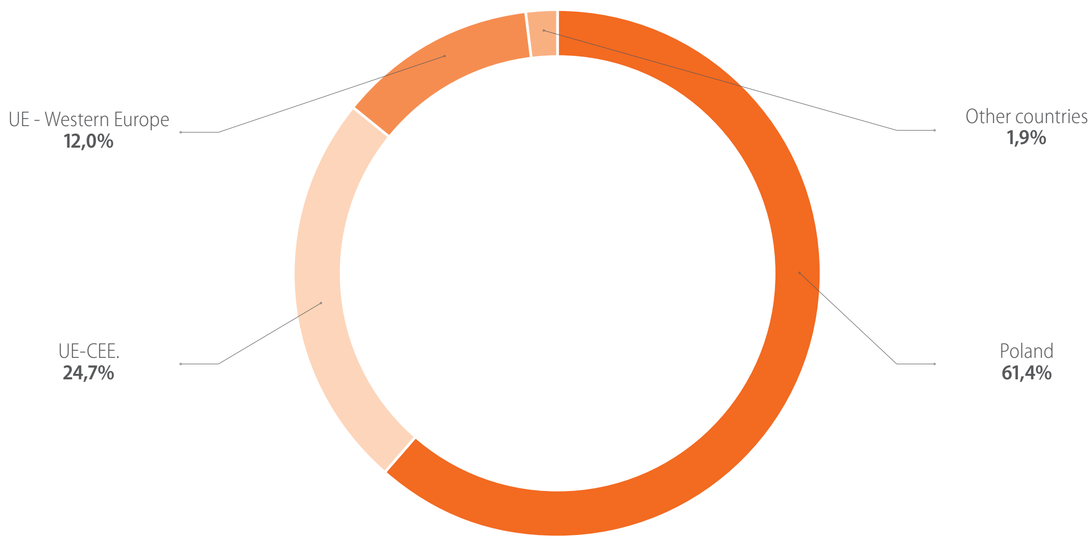
BUSINESS PROFILE

- Leader of the Polish retail footwear sales market
- The largest manufacturer of footwear in Poland
- Company listed on WSE since 2004
- Market capitalisation of PLN 8.8 billion (as of 30 June 2017)

STRUCTURE OF SALES IN THE FIRST HALF OF 2017 (BY VALUE)



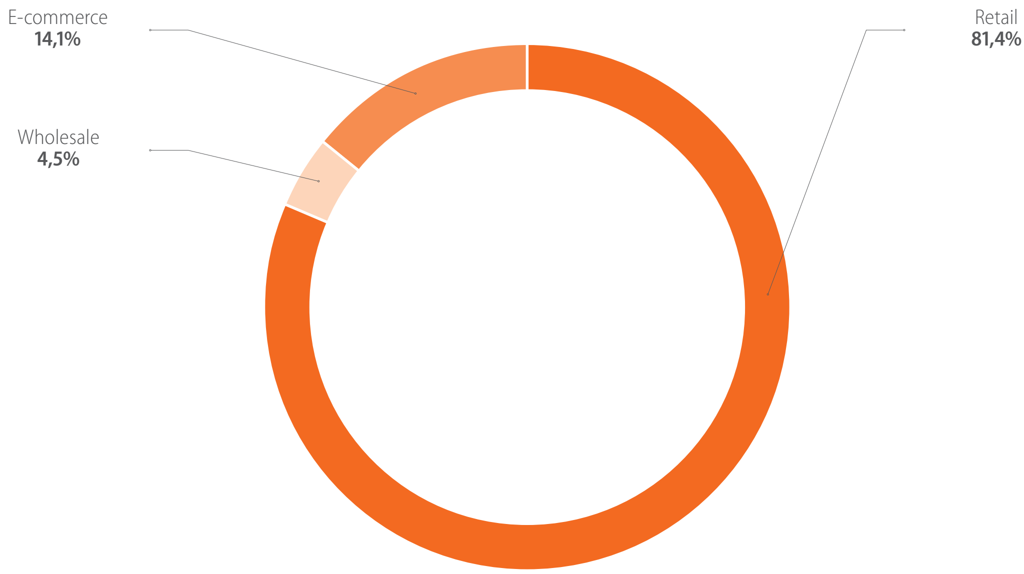
STRUCTURE OF SALE IN THE FIRST HALF OF 2017 (BY GEOGRAPHICAL AREA) – RETAIL ACTIVITY



FIVE LARGEST COUNTRIES BY SALES REVENUE

- Poland
- Czech Republic
- Germany
- Hungary
- Slovakia

STRUCTURE OF SALES REVENUE IN THE FIRST HALF OF 2017 (BY VALUE)



The Capital Group CCC S.A. („CCC CG", „CCC Capital Group", „CCC Group", „the Group") is the leader in the Polish retail footwear market and is the largest manufacturer in Poland. The CCC Group consists of 889 stores located in modern shopping centers and shopping malls in 16 countries, its own factory of leather shoes, 12 000 employees and 34 million pairs of shoes sold during one year. Fashionable and affordable products are offered to customers in the Group's own stores in Poland, Slovakia, Hungary, the Czech Republic, Austria, Bulgaria, Slovenia, Croatia, Russia, Serbia and Germany and in franchise stores in the Baltic countries, Ukraine and Romania.

Moreover, the Group sells online in the following markets: Poland, Czech Republic, Germany, Slovakia, Romania, Hungary, Ukraine, Bulgaria, Lithuania and Greece.

During one season the Group offers nearly three thousand models of shoes. The Group owns in total 67 registered brands – the most popular brand sold by CCC is Lasocki, which is available in CCC stores and e-commerce channel as well.

CCC S.A. is the parent company of the Group.

The CCC Group operations are currently organized into two segments:

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

1.1.2 THE MOST IMPORTANT EVENTS IN THE FIRST HALF OF 2017

2017

Q1

JANUARY	Extraordinary General Meeting of Shareholders
FEBRUARY	Increase of the Company's share capital
MARCH	Introduction to trading of 36.1 thousand Series E shares

Q2

APRIL	Conditional approval by the Supervisory Board of the Incentive Scheme for the managerial staff for the years 2017-2019
JUNE	Adopting a resolution on the distribution of profit for the year 2016 (PLN 101.4 million of a dividend)

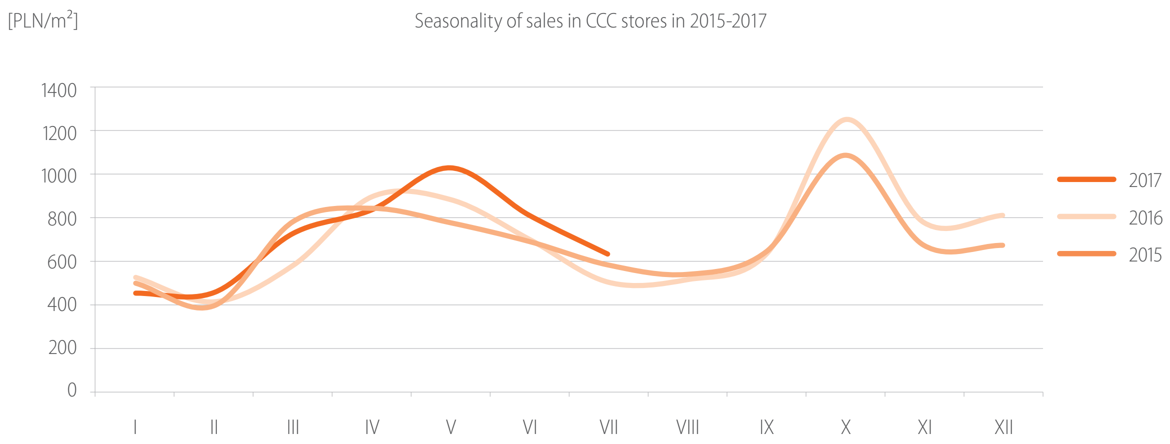
1.1.3 BRIEF DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES OF THE ISSUER DURING THE PERIOD COVERED BY THE REPORT, INCLUDING THE LIST OF THE MOST IMPORTANT EVENTS CONCERNING THE ISSUER

In the first half of 2017 the CCC Group:

- expanded its floor space by nearly 29 m^2 thousand,
- opened 42 new stores in 13 countries including 27 abroad,
- recorded revenue growth by 32.4% compared to the first half of 2016,
- recorded an increase in operating profit by PLN 33.1 million compared to the first half of 2016,

1.1.4 SEASONALITY AND WEATHER

Weather conditions and seasonality (peak demand is in Spring and Autumn) has a significant impact on the changes in volume of sales during the financial year. Deviations from normal weather conditions affect sales as they result in changes of customer purchasing decisions and shorten the high season of sales.



[in mln PLN unless otherwise stated]

CHANGES OF EXCHANGE RATES

Part of the CCC Group's costs is denominated in foreign currencies, therefore exchange rates of USD and EUR have an impact on the cost structure. Due to the fact that the Group sells also imported goods, it is exposed to the risk of changes of exchange rates of USD/PLN and EUR/PLN. The Group also grants loans in foreign currencies.

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2017—06.2017	4,2271	3,7062	3,7062	3,9473
01.2016—06.2016	4,1475	3,7193	3,9803	3,9142
01.2015—06.2015	3,9260	3,5550	3,7645	3,7150

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2017—06.2017	4,4157	4,1737	4,4265	4,2706
01.2016—06.2016	4,4987	4,2355	4,4255	4,3680
01.2015—06.2015	4,3335	3,9822	4,1944	4,1409

According to the Management Board of CCC S.A., during the reporting period, there were no factors and events of unusual nature affecting the financial results and operations of the CCC Group.

1.2 PRODUCTS AND BRANDS

PORTFOLIO OF THE CCC GROUP

The CCC Group targets a broad group of customers by offering a wide range of products. Besides women, men and kids' footwear, the Group offers handbags and shoe care products as well as other products such as jewellery, fancy goods and cycling accessories.

Footwear is the primary product of the CCC Group. Customers visiting stores have a wide choice of products for every occasion – from casual and sports shoes to elegant leather shoes. Products offered to customers are sold under the Group's own brands as well as under licensed ones.

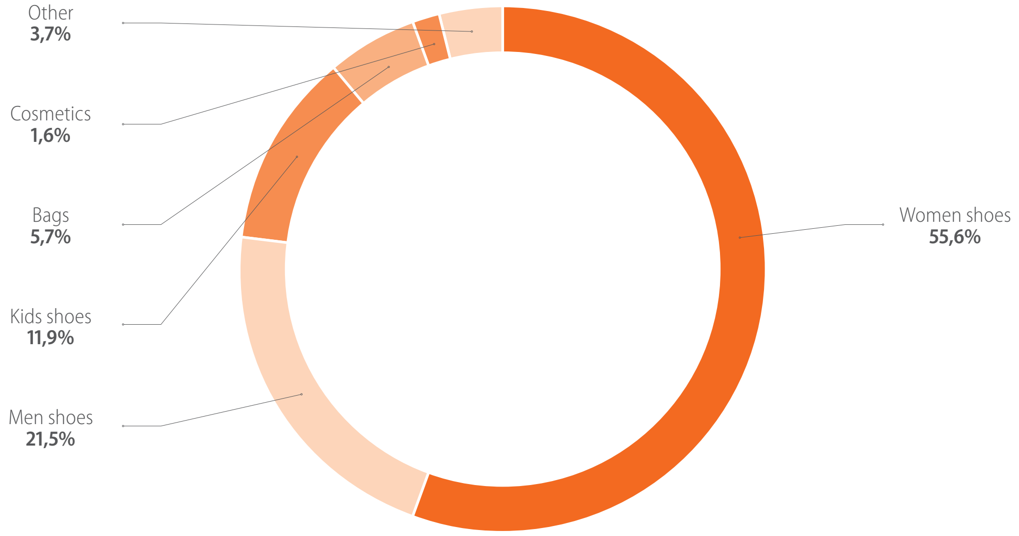
PRODUCT STRUCTURE

The sales structure by product range remains constant over years – in the first half of 2017 women's footwear accounted for approx. 56% of sales; men's footwear accounted for approx. 22%, and kids' footwear accounted for approx. 12%. Besides footwear, which is the main product, bags account for approx. 6% of sales, and shoe care products for approx. 2%.

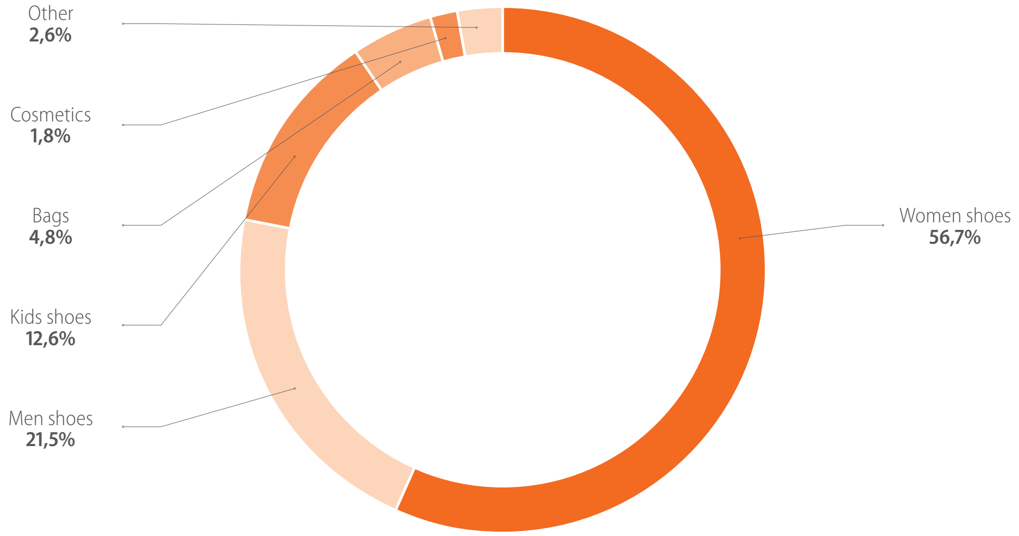
The CCC Group range of products is being constantly expanded, which positively impacts the increase in sales – the variety of products offered allows customers to find a product corresponding to their expectations, making the development of the group of product range increase sales revenues.

The chart below presents a detailed structure of retail sales in particular groups of products in the first half of 2017 and 2016:

STRUCTURE OF SALE IN THE FIRST HALF OF 2017 (BY VALUE)



STRUCTURE OF SALE IN THE FIRST HALF OF 2016 (BY VALUE)



55,6%

Within the product range of women shoes, the Group offers its customers: ballerinas, boots, flip-flops, sport shoes, low cut shoes, sandals, high-heels and sneakers. Women's footwear is sold under the following brands: Lasocki, Lasocki Comfort, Sprandi, Jenny Fairy, Clara Barson, Bassano, Nylon Red, INBLU and Via Ravia, Quazi, But S. Sales of women's footwear accounted for 55.6% of total revenues (62.5% of revenue from footwear) in the first half of 2017, and 60.2% of total sales of footwear in terms of volume which resulted in sales of 13.1 million pairs of shoes. Compared with the first half of 2016, sales of women's footwear increased by 47.2%.

WOMEN SHOES

MEN SHOES

21,5%

Within the product range of men shoes, the Group offers its customers: boots, sports shoes, low cut shoes, sandals and sneakers. Men's footwear is sold under the following brands: Lasocki for men, Sprandi, Ottimo, Gino Lanetti, Vapiano and Cesare Cave. Sales of men's shoes accounted for 21.5% of total revenues (24.2% of revenue from footwear) in the first half of 2017, and 18.2% of total sales of footwear in terms of volume which resulted in sales of 3.9 million pairs of shoes. Compared with the first half of 2016, sales of men's footwear increased by 44.4%.

KIDS SHOES

11,9%

Within the product range of shoes for kids, the Group offers its customers footwear for both boys and girls for every season of the year. Kids' footwear is sold the under the own brands such as Lasocki, Lasocki Kids, Lasocki Young, Sprandi, Action Boy, Magic Lady, Nelli Blu, Nylon Red, Vapiano, Muflon and under licensed brands, including Mickey and Friends, Spiderman Ultimate, Violetta, Cars, Frozen, Planes, Star Wars, Fairies, Sofia the first, Princess, Avengers and Finding Dory. Sales of kids' footwear accounted for 11.9% of total revenues (13.3% of sales of footwear) in the first half of 2017, and in 21.7% of total sales of footwear in terms of volume which resulted in sales of 4.7 million pairs of shoes. Compared with the first half of 2016, sales of kids' footwear increased by 42.4%.

5,7%

BAGS

Within this group of products, the Group offers its customers bags made of synthetic materials sold under such brands as Jenny Fairy and Lasocki casual for men. Sales of bags accounted for 5.7% of total revenues in the first half of 2017, which in terms of volume resulted in 1.4 million of bags sold. Compared with the first half of 2016 sales of bags increased by 75.0%

Within its product range of cosmetics, the Group sells products for shoe care. Sales of shoe care accounted for 1.6% of total revenues.

1,6%

SHOE CARE PRODUCTS

3,7%

OTHER

within the product range of others, the Group sells, among others, following products: jewellery, fancy goods and cycling accessories. Sales of other products accounted for 3.7% of total sales.

1.3 BUSINESS MODEL

1.3.1 DISTRIBUTION

MARKET ENVIRONMENT

Retail activity is the main business segment of the CCC Capital Group which generates 81.4% of total revenues. In this segment, the Group operates in four geographical regions:

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

In these regions, the CCC Group also runs an online business, which accounts for 14.1% of total revenues.

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

REGION	MARKET SITUATION
Poland	The current economic situation in Poland is stable with moderate growth prospects. The level of GDP per capita is steadily increasing - in the second quarter of 2017 the estimated GDP increased by 3.0% comparing to the same quarter of previous year. Currently, one of the lowest levels of unemployment is being recorded, which in June 2017 amounted to approx. 7.1%. In the reporting period there were no changes in tax rates applicable to the goods sold by the Group. As a result of the above macroeconomic data and planned changes in social policy of the government (The Family 500+ benefit programme), allow to expect that the disposable income of consumers will increase. In Poland, the key competitor of the CCC Group is Deichmann.
Central and Eastern Europe	The current economic situation in 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 in a decreasing trend. In the reporting period there were no changes in tax rates relating to Group's products. The above macroeconomic data allows to expect an increase in disposable income of consumers. In Central and Eastern Europe Deichmann is the key competitor for the CCC Group.
Western Europe	The current economic situation in 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 allows to expect a positive impact on the results achieved by the CCC Group. Deichmann is the key competitor of the Group in Western Europe.

[in mln PLN unless otherwise stated]

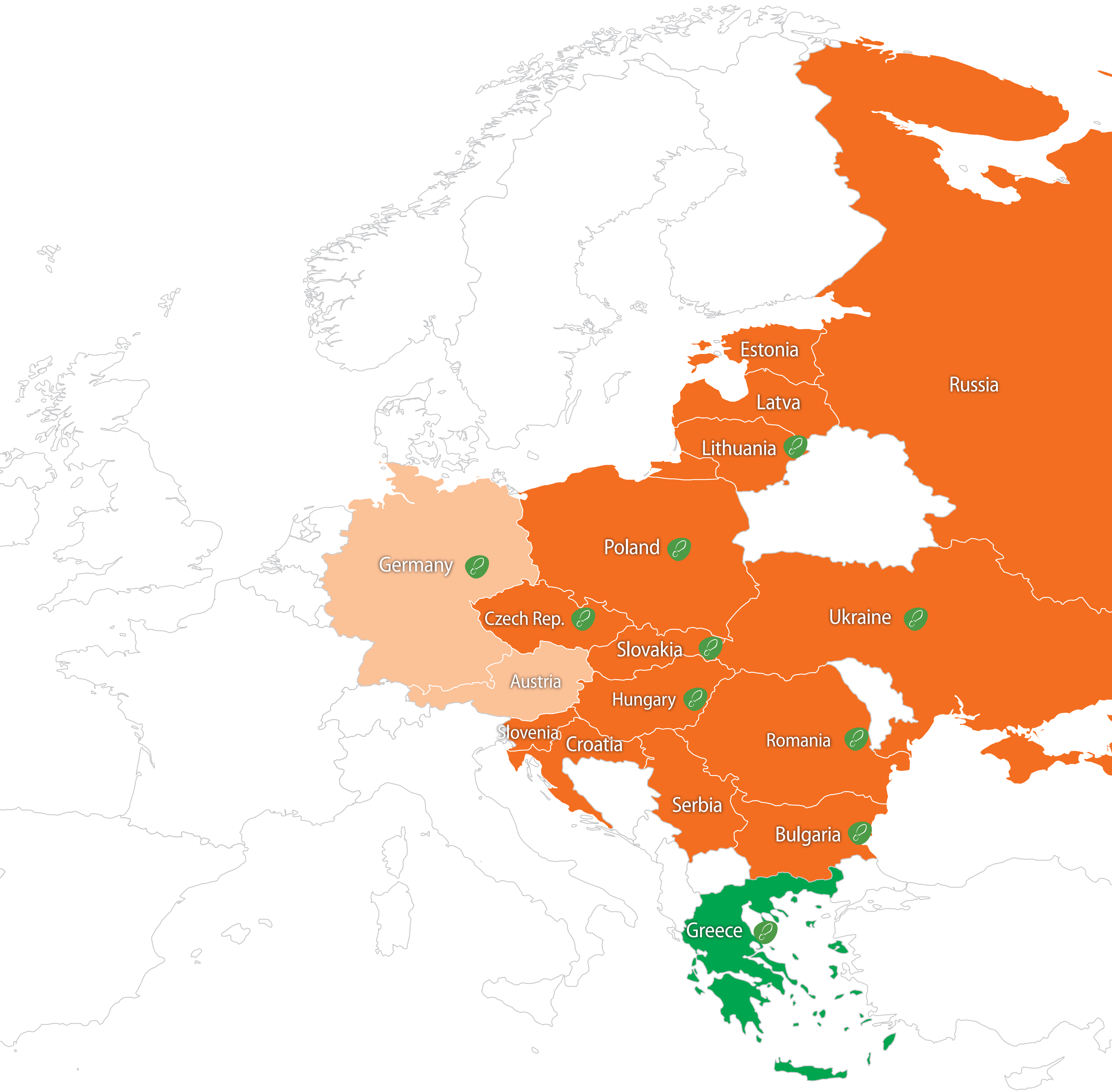
PRESENCE IN THE MARKETS

Poland is the main market for the CCC Group's sales. The share of the CCC Group in a highly fragmented retail footwear market in Poland is estimated at about 20%. The main market for the CCC Group is the customer's medium segment. In Poland, in terms of the number of stores, the CCC Group is almost twice as large as the rest of the biggest competitors. The medium segment is still the largest segment within the domestic footwear market – its estimated capacity is considered to be more than 130 million pairs of shoes annually.

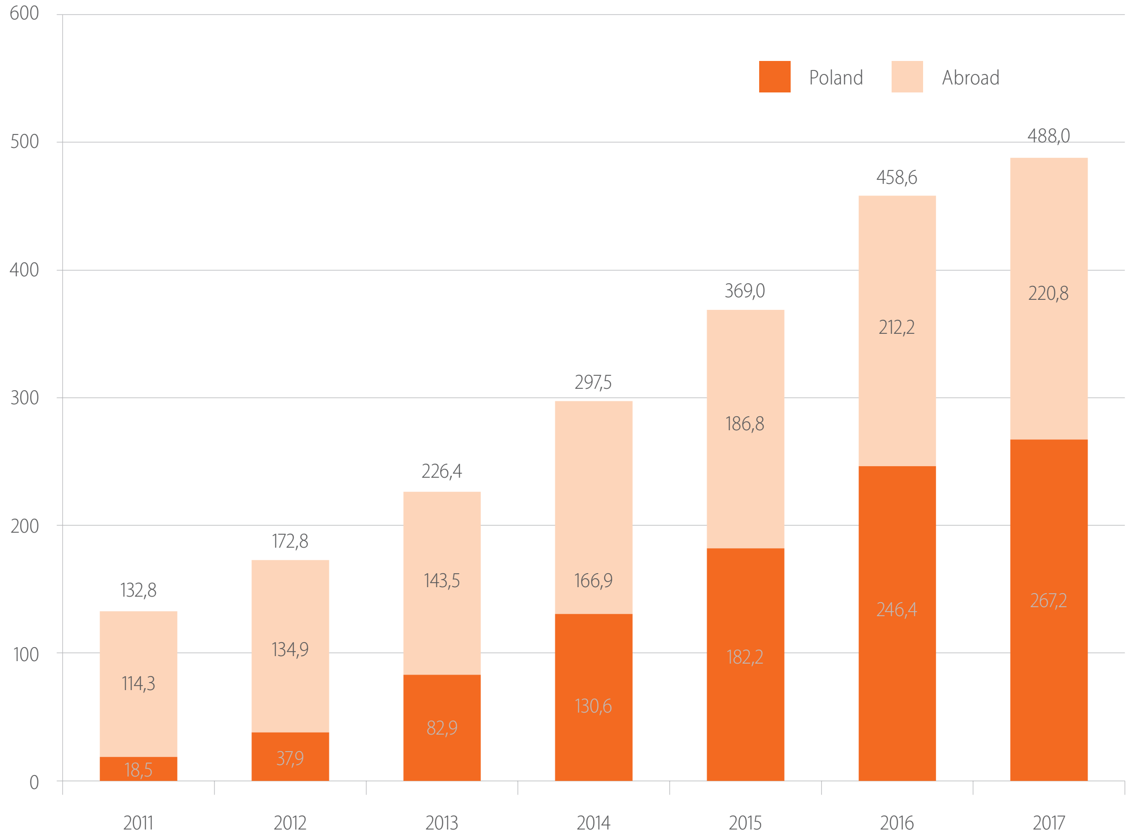
Apart from the Polish market, the CCC Group operates in Central and Eastern Europe i.e. in the Czech Republic, Slovakia, Hungary, Slovenia, Bulgaria and in Croatia; and in Western Europe, i.e. in Germany and Austria and other countries – Russia and Serbia.

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

	30.06.2017	30.06.2016
TOTAL STORES	889	803
OWN STORES CCC	819	734
Poland	439	422
Czech Republic	85	78
Germany	77	65
Hungary	71	66
Slovakia	44	38
Austria	43	30
Croatia	21	19
Russia	14	—
Slovenia	12	9
Bulgaria	10	7
Serbia	3	—
FRANCHISE STORES CCC	70	69
Romania	53	44
Latvia	7	7
Ukraine	6	5
Lithuania	3	3
Estonia	1	1
Russia	—	9


Estonia
Russia
Latva
Lithuania
Poland
Germany
Czech Rep.
Ukraine
Slovakia
Austria
Hungary
Slovenia
Croatia
Romania
Serbia
Bulgaria
Greece

THE FOLLOWING IS A CHANGE OF THE FLOOR SPACE OF CCC STORES IN THE YEARS 2011–2017 [thousand m²]



In the first half of 2017, the CCC Group increased its net floor space by 29.4 thousand m², from 458.6 thousand m² to 488.0 thousand m² at the end of the reporting period. The change in the floor space was due to new store openings with a total floor space of 26.6 thousand m² and the modernization and enlargement of existing floor space by 7.3 thousand m². In the first half of 2017 15 CCC stores with a total floor space of 4.5 thousand m² were closed down. In the first half of 2017 also 3 BOTI stores were closed with total area of 427 m². The decision was based on several factors, however the main one was the change of the Group's business strategy in which a key element is the expansion of CCC Group's presence in other European markets.

[in mln PLN unless otherwise stated]

RETAIL SALES

Retail sales in CCC own stores and agency stores in the first half of 2017 were carried out in Poland, the Czech Republic, Slovakia, Austria, Slovenia, Croatia, Serbia, Russia, Bulgaria, Germany and Hungary. The total number of own stores and agency stores as of 30 June 2017 amounted to 819. The average floor space increased by 16 m² up to 551 m² (535 m² in 2016). The total floor space of own stores and agent stores as of 30 June 2017 amounted to 451.5 thousand m² and increased by 6.1% compared to 31 December 2016 (425.7 thousand m²). Revenues from retail sales increased by 24.3% to PLN 1,503.3 billion (PLN 1,209.7 billion in the first half of 2016) and accounted for 81.4% of total revenues. Revenue from retail sales per square meter increased to 3.33 thousand PLN/m² (3.24 thousand PLN/m² in the first half of 2016).

CHAIN	TYPE	31.12.2014		30.06.2015		31.12.2015		30.06.2016		31.12.2016		30.06.2017	
		m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER
CCC own	Poland	166 946	405	171 713	404	186 782	410	197 682	422	212 242	436	220 795	439
	Germany	18 380	27	24 186	35	34 920	51	46 792	65	58 127	75	60 671	77
	Czech Republic	32 309	79	32 428	78	36 104	79	37 100	78	39 415	82	41 946	85
	Hungary	27 689	57	28 127	57	30 462	61	33 949	66	38 040	69	40 607	71
	Slovakia	13 866	30	14 416	31	18 852	37	19 530	38	23 104	42	24 180	44
	Austria	9 184	17	13 335	24	14 681	27	16 258	30	23 580	39	26 301	43
	Croatia	4 436	8	4 907	9	7 314	13	11 268	19	11 842	20	12 342	21
	Slovenia	3 646	6	4 603	8	4 603	8	5 083	9	6 272	11	6 882	12
	Bulgaria	—	—	3 138	5	3 875	6	4 412	7	5 665	9	6 562	10
	Russia	—	—	—	—	—	—	—	—	6 339	11	9 314	14
	Serbia	—	—	—	—	—	—	—	—	1 089	2	1 917	3
	Turkey	1 805	3	1 805	3	1 805	3	—	—	—	—	—	—
TOTAL OWN		278 261	632	298 658	654	339 398	695	372 074	734	425 715	796	451 517	819

[in mln PLN unless otherwise stated]

WHOLESALE

Franchise partners, to whom the wholesale is directed, in the first half of 2017 were present in Romania, Estonia, Ukraine, Latvia and Lithuania. The total number of franchise stores as of 30 June 2017 amounted to 70. The average floor space of these stores increased by 23 m² to 521 m² (498 m² in 2016). The total floor space of franchise stores as of 30 June 2016 amounted to 36.4 thousand m² and increased by 10.6% compared to 31 December 2016 (32.9 m²). Wholesale revenue increased by 9.7% to PLN 82.6 million (PLN 75.3 million in the first half of 2016) and accounted for 4.5% of total sales. Revenue from sales per square meter increased by 1.3% to 2.27 thousand PLN/m² (2.24 thousand PLN/m² in the first half of 2016).

CHAIN	TYPE	31.12.2014		30.06.2015		31.12.2015		30.06.2016		31.12.2016		30.06.2017	
			NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER
CCC Franchise	Rumunia	13 454	31	16 118	36	19 325	42	20 695	44	24 386	50	26 290	53
	Rosja	1 781	5	1 978	5	3 617	8	4 655	9	—	—	—	—
	Łotwa	2 622	6	2 622	6	3 232	7	3 232	7	3 281	7	3 809	7
	Ukraina	1 470	4	1 470	4	2 237	5	2 237	5	2 709	5	3 827	6
	Litwa	—	—	—	—	1 187	2	1 787	3	1 787	3	1 787	3
	Estonia	—	—	—	—	—	—	724	1	724	1	724	1
	Polska	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL FRANCHISE		19 327	46	22 188	51	29 598	64	33 330	69	32 887	66	36 437	70
CCC TOTAL		297 588	678	320 846	705	368 996	759	405 404	803	458 602	862	487 954	889

ONLINE SALES

The CCC Group online sales are performed by eobuwie.pl S.A. As at 30 June 2017 eobuwie.pl was operating in Poland, Germany, the Czech Republic, Slovakia, Romania, Hungary, Ukraine, Bulgaria, Lithuania and Greece. Revenues from online sales amounted to PLN 259.9 million and accounted for 14.1% of total revenues in the first half of 2017.

1.3.2 LOGISTICS

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

The most important part of the Logistics Centre is the fully automated mini-load high storage warehouse, with a total area of 23,064 square meters, which is able to store 5 million pairs of shoes, which constitutes more than 500,000 cartons of different dimensions. It is the largest of its kind in Central Europe. The investment was in 40% financed with EU funds from the Innovative Economy programme.

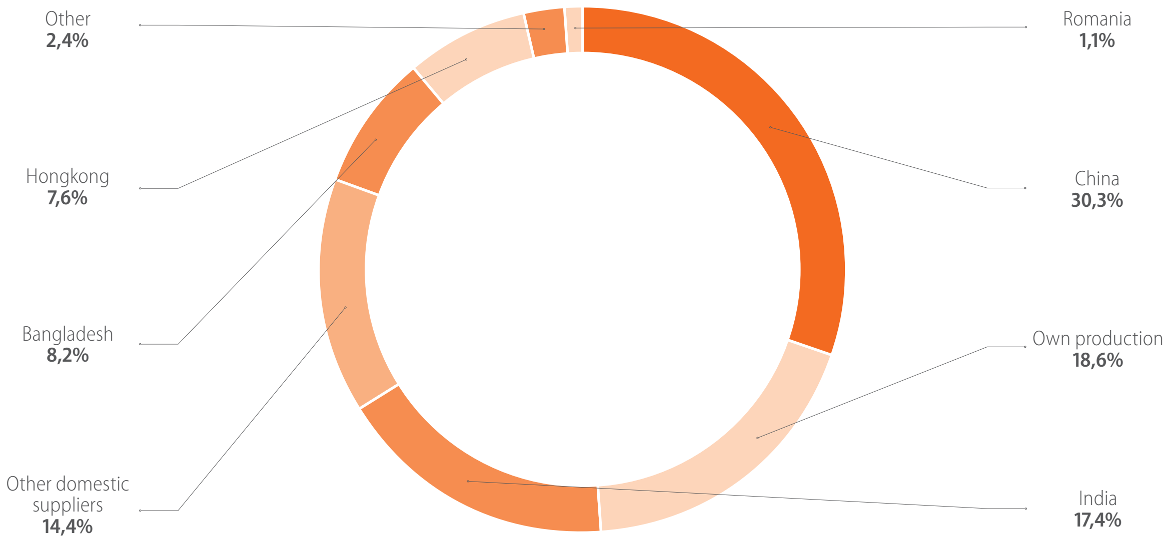
The New Distribution Centre, in conjunction with the existing sorting plant is able to handle more than 100,000 cartons (approx. 1.1 million pairs of shoes) during two working shifts. The process of mechanization provides handling for future development and is essential for the further development of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

The result of the organizational restructuring of CCC S.A. was the CCC Group leaving the logistics service in the parent company and providing them to all related parties.

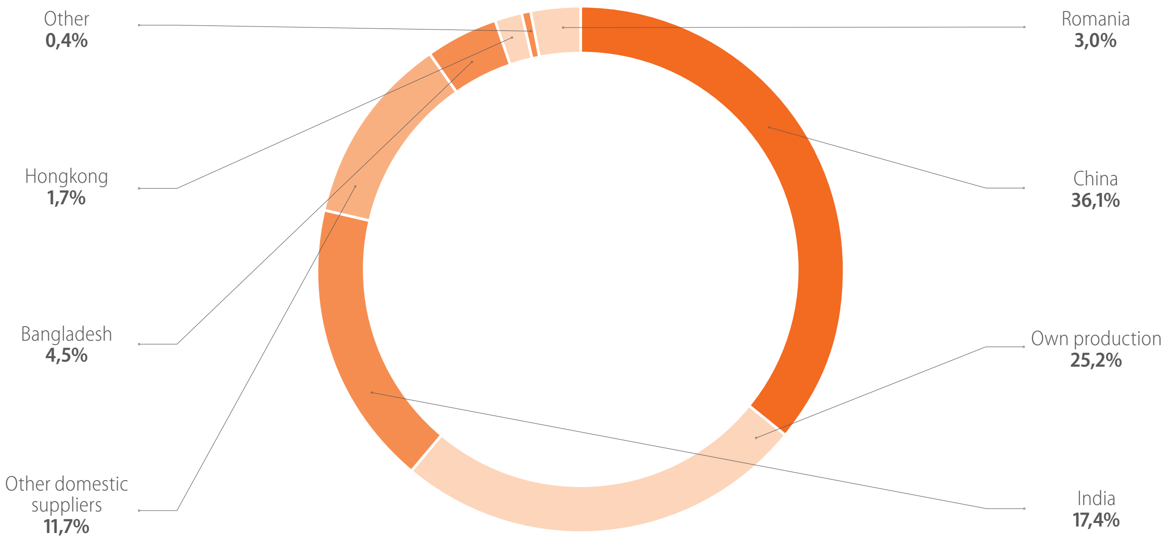
1.3.3 MANUFACTURING AND SUPPLIERS

The company CCC.eu Sp. z o.o. is the supplier of goods to the CCC Group. The company acquires goods from domestic and foreign suppliers and from the Group's factory (CCC Factory Sp. z o.o.).

TERRITORIAL STRUCTURE OF FOOTWEAR PURCHASES IN THE FIRST HALF OF 2017 (VALUE)



TERRITORIAL STRUCTURE OF FOOTWEAR PURCHASES IN THE FIRST HALF OF 2016 (VALUE)



FOOTWEAR

Footwear, the primary product of the CCC Group, is imported from Asia (63.5% of total value of purchase of shoes), manufactured in the Group's own factory (18.6%), purchased from domestic suppliers (14.4%) and in other countries (2.4%). Despite an increase in own production by 13,0% in the first half of 2017, The main direction of footwear import from Asia is China (30.3% of total imports of footwear), from where supplies come from dozens of manufacturers.

BAGS, SHOE CARE PRODUCTS AND OTHERS

The CCC Group sells also bags, shoe care products, jewellery, fancy goods and cycling accessories. All of these goods are purchased from external suppliers. In particular, bags are imported from Asia, while other goods are obtained from European markets.

1.4 LISTING OF SHARES ON WSE

CCC S.A. has been listed on the Warsaw Stock Exchange for nearly 13 years, and as of 30 June 2017 one share of CCC was valued at PLN 225.00, which resulted in a capitalization of CCC of PLN 8.8 billion. The highest price of the reporting period (closing price) amounted to PLN 243.9, while the lowest amounted to PLN 201.20. The maximum transaction price in the first half of 2017 amounted to PLN 249,00, while the minimum price was PLN 198.55.

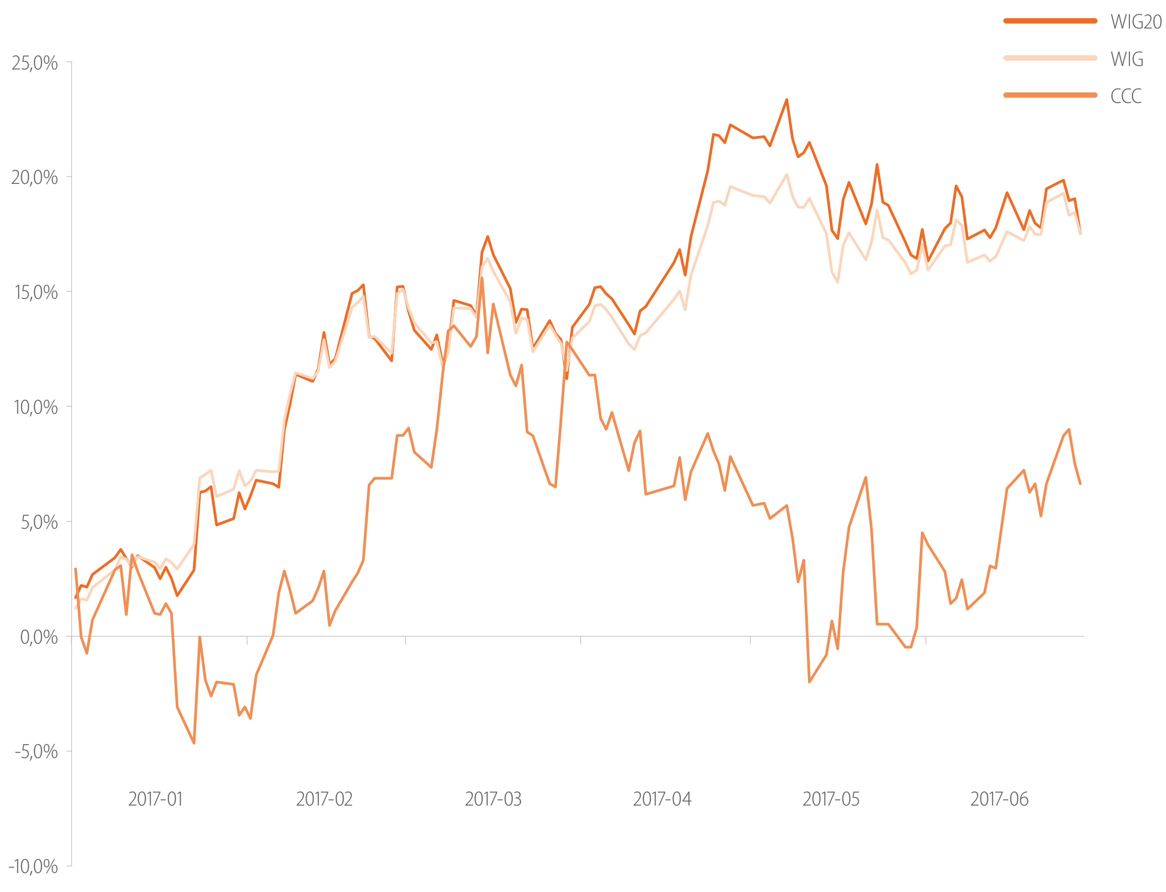
After the balance sheet date, the highest transaction price was 266.90 (28.08.2017).

50 PLN (issue price as of 2 December 2004) to the price of PLN 225.00 at the closing of the trading session on 30 June 2017.

Since the beginning of first quotation, the price of one share of CCC has increased by over 2200% from PLN 9.50 (issue price as of 2 December 2004) to the price of PLN 225.00 at closing of the trading session on 30 June 2017.

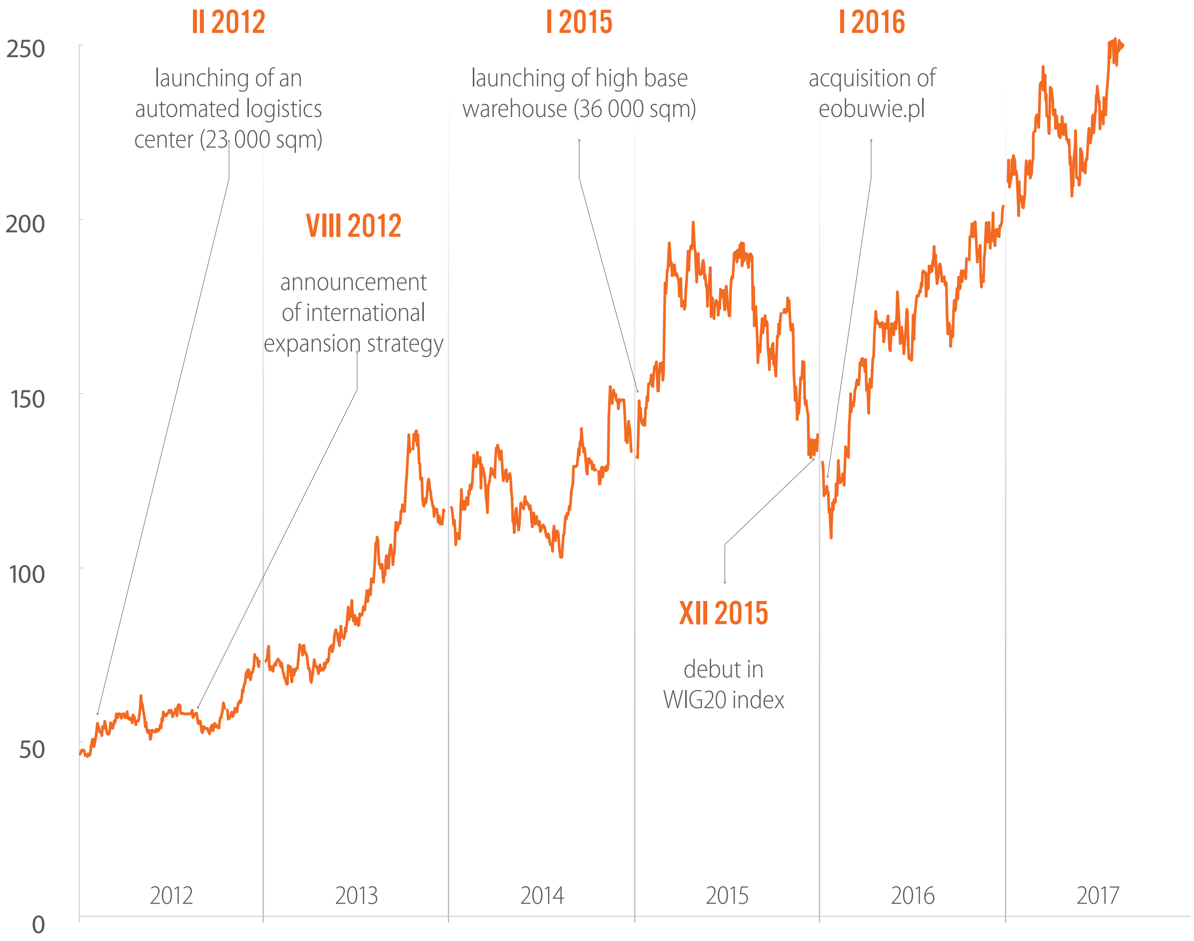
The Annual General Meeting adopted a resolution on distribution of profit for the year 2016 and the dividend payment to shareholders in the amount of PLN 101.4 million, i.e. PLN 2.59 per share. For more information on the dividends paid, see Chapter 5.

SHARE PRICE DURING THE REPORTING PERIOD



LISTING OF SHERES OF CCC SINCE IPO

THE MOST IMPORTANT EVENTS AGAINST LISTING OF SHARES OF CCC ON WSE



REPORTING CALENDAR

14 November 2017 Consolidated quarterly report for Q3 2017

2.
ANALYSIS OF SELECTED FINANCIAL RESULTS OF THE CCC GROUP


CCC
SHOES & BAGS

2.1 ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA

2.1.1 FINANCIAL RESULTS OF THE CCC GROUP

2.1.1.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUE, COST OF GOODS SOLD AND GROSS PROFIT

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL RESULT

Sales revenue comprises revenue from sales of goods, products and sublease services obtained in the normal course of business and revenues from sale of logistics and accounting services for CCC.eu sp. z o.o. Data on revenue by segment included in the tables below represent the sales to external customers – intragroup sales were excluded and consolidation adjustments were included so that the value of revenue was the same as the revenue reported in the consolidated financial statement.

As **cost of goods sold** the Group recognizes: the value of goods sold, the value of packages sold, the cost of the provision concerning claims and returns, the value of finished goods sold, the cost of sublease services, the cost of logistics and accounting services, impairment of inventories and impairment of tangible and intangible assets used in manufacturing of goods or providing services (depreciation of manufacturing machines).

Gross 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 metrics such as r**evenue per m² of floor space and like-for-like sales** – definitions of these measures are included in the tables below.

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

Our sales revenue were as follows:

	SALES REVENUE [1]		CHANGE %	REVENUE PER 1 m² OF FLOOR SPACE (IN THOUSAND PLN) [2]	
	01.2017-06.2017	01.2016-06.2016		01.2017-06.2017	01.2016-06.2016
Poland	922,9	767,1	20,3%	4,18	3,88
CEE	370,9	307,8	20,5%	2,80	2,76
Western Europe	180,3	129,6	39,1%	2,07	2,06
Other countries	29,2	5,2	>100%	2,60	2,88
Retail activities	1 503,3	1 209,7	24,3%	3,33	3,24
Wholesale	82,6	75,3	9,7%	2,27	2,24
E-commerce	259,9	109,3	137,8		
Manufacturing	0,4	0,3	33,3%		
Total	1 846,2	1 394,6	32,4%		

[1] Sales revenue includes only sales to external customers.

[2] Revenue per 1 m² of floor space is calculated by dividing the value of revenues for the period of 6 months of a given year by the number of m² of floor space as at the balance sheet date.

Sales revenue in the first half of 2017 amounted to PLN 1,846.2 billion, which is an increase by PLN 451.6 million (32.4%) compared to the corresponding period in the previous year. Development of business activities and expansion in particular retail markets significantly attributed to the increase of sales, in particular in Poland. Total revenues from retail sales in the first half of 2017 accounted for 81.4% of total sales to external customers, with 4.5% of wholesale and 14.1% of sale via the e-commerce channel. The Polish market is still the largest retail sales market with a share in total sales in first half of 2017 amounted to 50.0% compared to 55.0% in the corresponding period in 2016. Comparing to the previous year, revenue from sales to external customers increased in all markets. The Group maintains high retail sales per 1m^2 – during the first half of 2017, the sales amounted to 3.33 thousand PLN/m^2 (3.24 thousand PLN/m^2 in the first half of 2016) together with an increase in the average area of a CCC store by 8,7% to 551 m^2.

The amount of revenue is affected by changes in sales of existing stores and changes resulting from the opening and closing of retail units. Data on the distribution of sales by facilities continuing operations and newly opened or closed ones are as follows:

	COMPARABLE FACILITIES [1]			CHANGE %	OTHER FACILITIES [2]	
	NUMBER	2017	2016		2017	2016
Poland	332	691,9	612,7	12,9%	231,0	154,4
CEE	187	279,0	266,4	4,7%	91,9	41,4
Western Europe	75	110,8	107,9	2,7%	69,5	21,7
Other countries	—	—	—	—	29,2	5,2
Total	594	1 081,7	987,0	9,6%	421,6	222,7

[1] Like-for-like stores include stores which operated continuously during the year 2016 and 2017.

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

In total, in relation to the reported periods, the increase in like-for-like sales amounted to PLN 94.7 million (+9.6%). Increases in like-for-like sales were reported in all markets (Poland +12.9%, Central and Eastern Europe +4.7%, Western Europe +2.7%).

Revenues from retail sales in Poland in the first half of 2017 amounted to PLN 922.9 million, which is an increase by PLN 155.8 million (+20.3%) compared to the corresponding period of the previous year and the increase by PLN 155.8 million is due to like-for-like sales in CCC like-for-like own and agency stores of PLN +79.2 million (+12.9%) and sales in other stores + PLN 76.6 million (+49.6%). In the same period the new stores of a total floor space 12.2m^2 thousand were opened and the units were closed of a total floor space 3.7 thousand m^2 net, in the first half of 2017, in Poland the floor space increased by 8.5m^2 thousand referring in total it to the CCC network stores. In the reporting period, the Group ceased its operations in franchise stores of BOTI. Throughout the segment of Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bulgaria) revenues from sales amounted to PLN 370.9 million, increasing by PLN 63.1 million (+20.5%) compared to the corresponding period of the previous year. In the same period in Central and Eastern Europe new stores with a total net floor space of 8.2 thousand m^2 were opened.

The largest market in this segment in terms of revenue is the Czech Republic, which accounts for 7.1% of total revenue from external customers. In the first half of 2017 sales to external customers in the Czech Republic amounted to PLN 131.9 million and increased by PLN 17.4 million (+15.2%) compared to the first half of 2016. In the reporting period new stores with a total net floor space of 2.5 thousand m^2 were opened in the Czech Republic.Hungary is the second largest market with a share in total revenues of 5.2%. Revenues from external customers generated in this market in the first half of 2017 amounted to PLN 96.5 million and increased by PLN 18.7 million (+24.0%) compared to first half of 2016. In the reporting period, new stores with total net floor space of 2.6 thousand m^2 were opened in Hungary.

The Slovak market is significant among the markets in Central and Eastern Europe with a share in total revenues of 4.2% (PLN 77.7 million) which recorded an increase in sales by PLN 9.5 million (13.9%). In Slovakia in the first half of 2017 new stores with a total net floor space of 1.1 thousand m^2 were opened. Among other dynamically developing markets is Slovenia (increase in sales revenue from external customers by 43.2%), Bulgaria (35.3%) and Croatia (34.7%).

In the segment of Western Europe the fastest growing market in the first half of 2017 was the Austrian market. During this period in Austria sales revenue from external customers amounted to PLN 69.8 million and increased by 58.3% from PLN 44.1 million compared to the corresponding period of the previous year. Whereas, the German market reached sales revenues from external customers of PLN 110.6 million – an increase by 29.4% from the level of PLN 85.5 million in the corresponding period of the previous year. During this period 5 stores (2.9 thousand m^2) and 2 stores (2.5 thousand m^2) were opened in Germany and Austria respectively. In addition, in Austria 1 store of a floor space 0.4m^2 thousand was closed.

In the segment of other countries, the dominant market is Russia accounting for 1.4% of total revenues from external customers. In the first half of 2017, in Russia sales to external customers amounted to PLN 25.8 million. The second market within this segment is Serbia with sales accounting for 0.2% of total revenue from external customers. In the first half of 2017, in Serbia, sales to external customers amounted to PLN 3.4 million. The Group generated sales revenue of PLN 259.9 million in e-commerce channel in the first half of 2017, which is the increase by 137.8% from PLN 109.3 million. Sales to external customers in the wholesale segment amounted to PLN 82.6 million in the first half of 2017 and increased by 9.7% over the first half of 2016. As part of this activity, the two largest counterparties, namely entities operating in Romania and in Latvia deserved their attention. Revenues from sales in Romania in the reporting period amounted to PLN 50.3 million (+ 21.8%), while in Latvia, PLN 11.6 million (+ 18.4%).

[in mln PLN unless otherwise stated]

GROSS PROFIT

As a result of our activity we achieved the following gross profit:

	01.2017-06.2017	01.2016-06.2016	CHANGE %
Sales revenue from external clients	1 846,2	1 394,6	32,4%
Cost of goods sold	(907,8)	(660,8)	37,4%
Cost of purchase of goods sold	(759,0)	(526,5)	44,2%
Cost of manufacturing goods sold	(152,8)	(134,3)	13,8%
Inventory write-offs / change in provisions for warranty repairs	4,0	—	—
Gross profit on sale	938,4	733,8	27,9%

Gross profit by each segment was as follows:

	GROSS PROFIT ON SALE		CHANGE %	GROSS MARGIN	
	01.2017-06.2017	01.2016-06.2016		01.2017-06.2017	01.2016-06.2016
Poland	461,7	395,6	16,7%	50,0%	51,6%
CEE	215,1	182,4	17,9%	58,0%	59,3%
Western Europe	104,8	81,5	28,6%	58,1%	62,9%
Other countries	15,8	1,4	>100%	54,1%	26,9%
Retail activity	797,4	660,9	20,7%	53,0%	54,6%
E-commerce	108,2	47,5	127,8%	41,6%	43,5%
Wholesale	32,8	25,4	29,1%	39,7%	33,7%
Total	938,4	733,8	27,9%	50,8%	52,6%
Unallocated to segments					
Total	938,4	733,8	27,9%	50,8%	52,6%

Consolidated sales gross profit of the Group increased by 27.9% and amounted to PLN 938.4 million in the first half of 2017. A higher growth rate of cost of goods sold of +37.4%, resulting from a change in the structure of sales channels (a bigger share of e-commerce), compared to a growth rate of sales revenue +32.4% resulted in a slight decrease in the sales gross margin by 1.8 p.p. in relation to the corresponding period of the previous year.

The gross margin in the retail sales segment amounted to 53.0% in the first half of 2017 and changed slightly (1.6 p.p.) compared to the corresponding period of the previous year.

[in mln PLN unless otherwise stated]

COST OF OPERATING STORES/ WHOLESALE AND SEGMENTS RESULT

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL 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; depreciation of tangible fixed assets; amortization of intangible assets; costs of external services; cost of remuneration of store employees ; and other flat costs.

RESULT OF SEGMENTS

01.2017-06.2017	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	922,9	461,7	(247,3)	(62,6)	151,9
CEE	370,9	215,1	(139,4)	(40,0)	35,7
Western Europe	180,3	104,8	(139,3)	(19,6)	(54,1)
Other countries	29,2	15,8	(12,1)	(2,0)	1,8
Retail activity	1 503,3	797,4	(538,1)	(124,2)	135,3

01.2016-06.2016	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	767,1	395,6	(209,4)	(51,4)	134,8
CEE	307,8	182,4	(115,0)	(33,2)	34,2
Western Europe	129,6	81,5	(98,8)	(18,6)	(35,9)
Other countries	5,2	1,4	(3,3)	(0,4)	(2,3)
Retail activity	1 209,7	660,9	(426,5)	(103,6)	130,8

[in mln PLN unless otherwise stated]

Changes in gross profit, costs of operating stores and segment result between the first half of 2017 and the corresponding period of 2016 are shown in the table below:

Change %	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	20,3%	16,7%	18,1%	21,8%	12,7%
CEE	20,5%	17,9%	21,2%	20,5%	4,4%
Western Europe	39,1%	28,6%	41,0%	5,4%	50,7%
Other countries	>100%	>100%	>100%	>100%	>100%
Retail activity	24,3%	20,7%	26,2%	19,9%	3,4%

A generated sales gross profit covers the costs of operating stores and creates the segment results. In the first half of 2017, as compared to the corresponding period of the previous year, costs of operating stores increased by PLN 111.6 million, and the result of the retail segment increased by PLN 4.5 million.

Costs of operating stores were as follows:

	01.2017-06.2017	01.2016-06.2016	CHANGE %
Remuneration and other employee benefits	(203,9)	(161,5)	26,3%
Agency services	(23,9)	(21,1)	13,3%
Lease costs	(226,5)	(179,8)	26,0%
Amortization and depreciation	(27,9)	(22,0)	26,8%
Taxes and fees	(2,5)	(0,9)	>100%
Consumption of materials and energy	(20,2)	(17,5)	15,4%
Other flat costs	(33,2)	(23,7)	40,1%
Total	(538,1)	(426,5)	26,2%

In the first half of 2017, the most significant cost item of the CCC Group were the costs of operating stores, which in comparison with the corresponding period of the previous year increased by PLN 111.6 million (+26.2%) up to PLN 538.1 million. The main reason for the increased costs of operating stores was the increase in floor space by 79.4m^2 thousand (+21.4%). Alongside the market expansion and the opening of new business units, all components of the costs of operating stores increased, the most significant ones being the costs of lease and remuneration of employees (sellers and other employees employed in the stores), which accounted respectively for 42.1% and 37.9% of the total costs of operating stores.

In order to analyse and compare the performance of individual stores, the Group uses the ratio of the cost incurred per square meter of floor space. In aggregate, the costs of operating stores per square meter between the first half of 2016 and 2017 changed slightly – in the first half of 2017 this ratio amounted to 1.19 thousand PLN/m^2, and in 2016 it amounted to PLN 1.14 PLN/m^2. This ratio is the most favourable in Central and Eastern Europe whereas the biggest cost/m^2 ratio was recorded in Western Europe

[in mln PLN unless otherwise stated]

THE IMPACT OF OTHER INCOME AND COSTS

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL RESULT

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

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

Other operating income and costs include income and costs of non-core business activities of the operating units, e.g. profits or losses 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 finance income.

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

Income tax includes accrued tax and deferred tax.

When presenting **adjusted net profit** the Group excludes items that according to the Management Board are of a one-off nature and are not taken into account when assessing performance and in making decisions. Adjusted net profit is not an IFRS measure. More information on the measure is presented on page 54.

	01.2017-06.2017	01.2016-06.2016	CHANGE %
Performance of segment	205,3	168,7	21,7%
Administrative expenses	(44,3)	(53,8)	(17,7%)
Other cost and revenue	2,9	15,9	(81,8%)
Operating profit	163,9	130,8	25,3%
Finance revenue	1,5	8,6	(82,6%)
Finance cost	(35,6)	(14,1)	>100%
Profit before tax	129,8	125,3	3,6%
Income tax	(16,7)	(12,0)	39,2%
Net profit	113,1	113,3	(0,2%)
Adjusted net profit [1]	115,1	125,9	(8,6%)

[1] Adjusted net profit is the Company's own performance measure – the explanation of this measure is included in section on p. 54

Other operating costs and income accounted for PLN 9.2 million and PLN 12.1 million respectively, which on a net basis resulted in a PLN 2.9 million of income, compared to PLN 15.9 million of net income in the corresponding period of the previous year on the income side. The main reason for the change in the first half 2017 against first half 2016 was exchange rate differences which amounted to PLN -12.0 million. As a result of the factors described above, the CCC Group achieved operating profit in the first half of 2017 in the amount of PLN 163.9 million, an increase of 25.3% compared to the corresponding period of 2016.

FINANCE INCOME AND COSTS

In the first half of 2017, finance income amounted to PLN 1.5 million and compared with the corresponding period of the previous year it was lower by PLN 7.1 million, which was mainly due in the first half of 2017 to the exchange rate differences of PLN -7.7 million.

In the first half of 2017, finance costs amounted to PLN 35.6 million and compared to the corresponding period of the previous year they were higher by PLN 21.5 million. The main item impacting finance costs in the reporting period was the result on exchange rate differences (46.9% of the total income costs), which amounted to PLN 16.7 million and was higher compared to the previous year by PLN 16.4 million. The other items impacting income costs were interest on borrowings (PLN 13.2 million), commissions paid (PLN 0.8 million) and other finance costs (PLN 4.9 million).

Income tax in the first half of 2017 amounted to PLN 16.7 million against PLN 12.0 million in the corresponding period. After taking into account finance income and costs and income tax, the net profit amounted to PLN 113.1 million and was 0.2% higher than in the first half of 2016. The performance measures used by the Management Board are EBITDA and adjusted net profit. EBITDA is a measure used primarily for the analysis of debt due to covenants imposed by the lending banks. For more information on the EBITDA measure, please refer to section 2.2.1. „Debt and liquidity of the CCC Group".

Adjusted net profit is calculated based on the net profit adjusted for items which, according to the Management Board are of a one-off nature and are not taken into account when assessing performance and when making decisions. Below there is a list of items excluded from net income together with an explanation:

NON-CASH ITEMS:

- Deferred tax concerning trademark – this item concerns temporary differences which resulted from business restructuring processes undertaken in CCC Group.
- Deferred tax concerning the investment relief – this item concerns temporary differences which resulted from investments undertaken in CCC Group.
- Cost of incentive scheme – this item concerns costs of incentive scheme functioning in the CCC Group.

[in mln PLN unless otherwise stated]

RECONCILIATION OF ADJUSTED NET PROFIT

	01.2017-06.2017	01.2016-06.2016
Net profit	113,1	113,3
Effects of business restructuring		
Recognition of a deferred tax asset relating to the trademark	(2,0)	2,0
Consultancy costs	—	—
Costs of the incentive scheme	—	(14,6)
Adjusted net profit	115,1	125,9

2.1.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (OVERVIEW OF MAIN ITEMS)

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

	30.06.2017	31.12.2016	CHANGE %
Fixed assets, and including:	1 087,6	1 027,1	5,9%
Tangible fixed assets	736,9	679,6	8,4%
Deferred tax assets	55,3	60,1	–8,0%
Current assets, and including:	1 989,8	1 373,8	44,8%
Inventories	1 359,9	1 019,7	33,4%
Cash and cash equivalents	328,6	143,4	>100%
TOTAL ASSETS	3 077,4	2 400,9	28,2%
Non-current liabilities, and including:	732,3	660,4	10,9%
Debt liabilities	436,0	366,0	19,1%
Current liabilities, and including:	1 361,4	769,4	76,9%
Debt liabilities	797,3	429,5	85,6%
Trade liabilities and other liabilities	546,0	311,9	75,1%
TOTAL LIABILITIES	2 093,7	1 429,8	46,4%
EQUITY	983,7	971,1	1,3%

[in mln PLN unless otherwise stated]

NON-CURRENT ASSETS

HOW WE DEFINE PARTICULAR COMPONENTS OF ASSETS

Tangible fixed assets include: investments in non-proprietary fixed assets (namely, investments in leased stores which are used for sales of retail goods); fixed assets used in production and distribution activities and other.

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

Non-current assets as at 30 June 2017 included tangible fixed assets (PLN 736.9 million), intangible assets (PLN 189.2 million), goodwill (PLN 106.2 million) and deferred tax assets (PLN 55.3 million). The value of non-current assets compared to 31 December 2016 increased by 5.9% up to PLN 1,087.6 billion, which was mainly due to the increase in tangible fixed assets by 8.4% (PLN 57.3 million).

	TANGIBLE FIXED ASSETS		CHANGE %	
	30.06.2017	31.12.2016	VALUE OF TANGIBLE FIXED ASSETS	CHANGE OF FLOOR SPACE
Investment in stores	362,1	358,6	1,0%	6,1%
Land, buildings and constructions	183,4	181,9	0,8%	
Machines and equipment	69,8	67,4	3,6%	
Tangible fixed assets in progress	47,2	2,5	>100%	
Factory and distribution	300,4	251,9	19,3%	
Other	74,4	69,1	7,7%	
Total	736,9	679,6	8,4%	

Tangible fixed assets as at 30 June 2017 amounted to PLN 736.9 million and increased by PLN 57.3 million (8.4%) as compared to 31 December 2016, mainly as a result of investment outlays in manufacturing and logistics activities which were PLN 48.5 million higher than at the end of 2016 and amounted to PLN 300.4 million. Deferred tax assets disclosed as at 30 June 2017 related mainly to the recognition of deferred tax assets related to the acquisition of trademarks and amounted to PLN 55.3 million at the balance sheet date. Detailed description of assets and liabilities recognition under deferred tax is included in note 3.3c to the consolidated financial statements.

[in mln PLN unless otherwise stated]

CURRENT ASSETS

HOW WE DEFINE PARTICULAR COMPONENTS OF ASSETS

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

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

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

Current assets as at 30 June 2017 amounted to PLN 1,989.8 billion and consisted of inventories (PLN 1359.9 billion), cash and cash equivalents (PLN 328.6 million), loans granted (PLN 11.1 million) and income tax receivables (PLN 27.6 million) and receivables from customers and other receivables (PLN 262.6 million). The value of current assets compared to 31 December 2016 increased by 44.8% from PLN 1,373.8 billion. The main reason for the increase in the value of current assets was the increase of inventory (increase by PLN 340.2 million, which included: inventory in stores +PLN 153.1 million, a warehouse inventory +PLN 154.6 million and inventory of eobuwie.pl S.A. +PLN 36.4 million), which at the end of the year amounted to PLN 1,359.9 billion.

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

	30.06.2017	31.12.2016	CHANGE %
Retail activity	495,9	340,5	45,6%
Warehouse	714,1	561,0	27,3%
E-commerce	132,4	96,0	37,9%
Factory	62,4	59,6	4,7%
Gross total inventories	1 404,8	1 057,1	32,9%
Write-down on inventories	(7,0)	(12,5)	(44,0)
Consolidation adjustments	(37,9)	(24,9)	
Net total inventories	1 359,9	1 019,7	33,4%
Share of write-down on inventories against the net value of inventories	(0,50%)	(1,18%)	
Inventory turnover ratio [1]	269 dni	247 dni	8,9%

[1] Inventory turnover ratio is calculated as the proportion between the amount of inventory at the end of the period and cost of goods sold multiplied by the number of days in the period.

Half of the CCC Group's products as at 30 June 2017 was located in the Group's main warehouse, i.e. in the Logistic Center in Polkowice (52.5% of all goods), while 36.5% was located inside the retail network. In 2017, the Group created a write-down of inventories in the amount of PLN 7.0 million, compared to PLN 12.5 million in the previous year (decrease by 44.0%). The inventory turnover ratio (269 days in 2017) increased by 8.9% (22 days) compared to the end of 2016 and is due to seasonality of stock replenishment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the CCC Group as at 30 June 2017 amounted to PLN 328.6 million, increasing by PLN 185.2 million (129.1%) compared with the end of 2016. At the end of the first half of 2017, 46.2% of cash was held in the bank account and in hand, and 53.8% were deposited on current deposits.

EQUITY AND DEBT LIABILITIES

HOW WE DEFINE PARTICULAR COMPONENTS OF EQUITY AND LIABILITIES

Equity is recognized in the accounting books by the following types: share capital; reserve capital; retained earnings; and other reserves.

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 recognised as non-current. Liabilities to suppliers are valued at the amount due.

As at June 30, 2017, the CCC Group's equity increased by PLN 12.6 million (1.3%) compared to the end of 2016. This change was caused primarily by achieving a net profit in the first half of 2017 (PLN 113.1 million) and making a decision by the AGM to distribute the profit for 2016 in the amount of PLN 101.4 million. Non-current liabilities as at 30 June 2017 amounted to PLN 732.3 million increasing by PLN 71.9 million (10.9%) from PLN 660.4 million as at 31 December 2016. The total amount of non-current liabilities as at 30 June 2017 included mainly non-current debt liabilities (PLN 436.0 million); liabilities from non-controlling interests buyout, which amounted to PLN 233.3 million; deferred tax liabilities of PLN 33.4 million, provisions of PLN 7.3 million and subsidies received, amounting to PLN 22.3 million. Current liabilities at 30 June 2017 amounted to PLN 1,361.4 billion increasing by PLN 592.0 million (76.9%) from PLN 660.4 million as at 31 December 2016. The total current liabilities as of 30 June 2017 consisted mainly of debt liabilities (PLN 797.3 million); liabilities to customers, which amounted to PLN 291.8 million (an increase of 67.4% over the end of 2016); other liabilities, which amounted to PLN 254.2 million (an increase of PLN 116.6 million compared to the end of 2016, which included, inter alia, a PLN 101.4 million dividend pay-out liability); income tax liabilities of PLN 7.1 million (decrease by PLN 9.7 million over the end of 2016); provisions that amounted to PLN 8.3 million (an increase by PLN 1.5 million); and subsidies, which amounted to PLN 2.7 million (decrease by PLN 1.7 million).

Debt liabilities are discussed in section 2.2.1. „Debt and liquidity of the CCC Group".

[in mln PLN unless otherwise stated]

2.1.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS (OVERVIEW OF MAIN ITEMS)

	01.2017-06.2017	01.2016-06.2016	CHANGE %
Gross profit before tax	129,8	125,3	3,6%
Adjustments	60,5	72,7	(16,8%)
Income tax paid	(37,9)	(23,4)	62,0%
Cash flows before changes in working capital	152,4	174,6	(12,7%)
Changes in working capital	(299,6)	(148,5)	>100%
Cash flows from operating activities	(147,2)	26,1	<-100%
Cash flows from investing activities	(92,6)	(294,2)	(68,5%)
Cash flows from financing activities	425,0	181,8	>100%
Total cash flows	185,2	(86,3)	>100%

NET CASH FLOWS FROM OPERATING ACTIVITIES

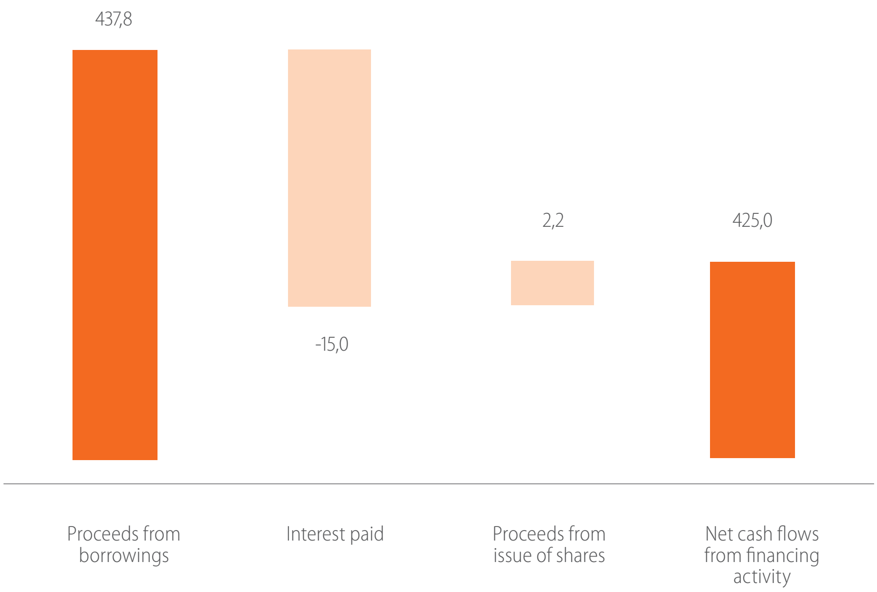
Consolidated net cash flows from operating activities in the first half of 2017 amounted to PLN -147.2 million and resulted from changes in working capital of PLN -299.6 million (including change in inventory and inventory write-downs of PLN -340.3 million) and operating profit adjusted by non-cash items of PLN 152.4 million.

NET CASH FLOWS FROM FINANCE ACTIVITIES

Consolidated net cash flows from financing activities in the first half of 2017 amounted to PLN 427.2 million. This amount included an increase in cash by PLN 437.8 million on financial debt, interest expense of PLN -15.0 million, dividends and other payments to owners and net proceeds from the issue of shares of PLN 2.2 million.

NET CASH FLOWS FROM INVESTING ACTIVITIES

Consolidated net cash flows from investing activities in the first half of 2017 amounted to PLN -92.6 million. This amount was mainly attributable to an increase in expenditure on tangible fixed assets intangible assets and legal assets related to the implementation of the market expansion strategy and the increase of floor space in Poland and abroad - these expenditures in the first half of 2017 amounted to PLN 92.4 million.



More information about net cash flows from finance activities is presented in section 2.2.1. „Debt and liquidity of the CCC Group".

Taking into account the above mentioned cash flows, the CCC Group's cash and cash equivalents amounted to PLN 328.6 million at the end of the first half of 2017, which was an increase by PLN 185.2 million (129.1%) compared to the end of the first half 2016.

2.1.2 PUBLICATION OF PROFIT FORECASTS

CCC S.A. did not publish profit forecasts for the first half of 2017.

2.2 CAPITAL MANAGEMENT AND LIQUIDITY

2.2.1 DEBT AND LIQUIDITY OF THE CCC GROUP

The CCC Group finances its operations through equity and debt, which consists mainly of bank loans, borrowings and issued bonds.

CREDITS AND BONDS

As of 30 June 2017 the Group had non-current debt liabilities in the amount of PLN 436.0 million, which consisted mainly of bonds issued in June 2014 with a total value of PLN 210.0 million and bank loans, the non-current part of which amounted to PLN 226.0 million. Compared to 31 December 2016 the non-current part of bank loans increased by PLN 70 million.

[in mln PLN unless otherwise stated]

Current debt liabilities item as at the end of the first half of 2017 consisted mainly of bank loans in the amount of PLN 797.3 million. This item increased by PLN 367.8 million (85.6%) compared the end of the first half of 2017.

Below are the details regarding changes in bank loans agreements which were made in the first half of 2017:

BANK	COMPANY	TYPE	DATE OF CONCLUSION	MATURITY DATE	AMOUNT
loan agreement					
Bank Handlowy S.A.	CCC EU	Annex to the agreement on revolving credit as of 03.03.2009	2017-02-16	2019-02-13	226,0
Bank Handlowy S.A.	CCC EU	Annex to the overdraft agreement as of 03.03.2009	2017-02-16	2019-02-13	64,0
Powszechna Kasa Oszczędności BP S.A.	CCC EU	Annex to agreement for multipurpose credit limit as of 30.05.2016	2017-05-08	2018-05-29	220,0
limit for guarantees					
Raiffeisen Bank Polska S.A.	CCC S.A.	Annex to the debt limit agreement as of 11.06.2014	2017-04-13	2018-09-14	1,0
Raiffeisen Bank Polska S.A.	CCC S.A.	Annex to the debt limit agreement as of 04.05.2011	2017-04-13	2018-09-14	14,0
BZ WBK S.A.	CCC S.A.	Annex to bank guarantees limit agreement as of 30.03.2009	2017-03-29	2023-05-23	65,0

INFORMATION ON BONDS

In June 2014 the Company carried out an issue of bonds within the Bond Issue Programme for the amount of PLN 500 million. The bonds were issued in PLN, as bearer securities, dematerialized and as coupon bonds. The Agent of the issue was mBank S.A.

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

- The nominal value of one Bond – PLN 1.000;
- Issue price: equal to the nominal value of one Bond;
- The number of Bonds – 210,000;
- The total nominal value of Bonds – PLN 210 million;
- Redemption of Bonds – a one-off redemption at par value on 10 June 2019;
- Interest on coupon bonds: at a variable interest rate based on WIBOR 6M plus a fixed margin; interest paid semi-annually;
- Quotations in the alternative trading system Catalyst – bonds traded from 16 October 2014.

INFORMATION ON COVENANTS

Under the terms of the bond issue, the balance of which at the balance sheet date amounted to PLN 210.0 million (2016: PLN 210.0 million) and together with bank loan agreements – PLN 1,023.3 billion as of 30.06.2017, the Group is required to comply with the following covenants:

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

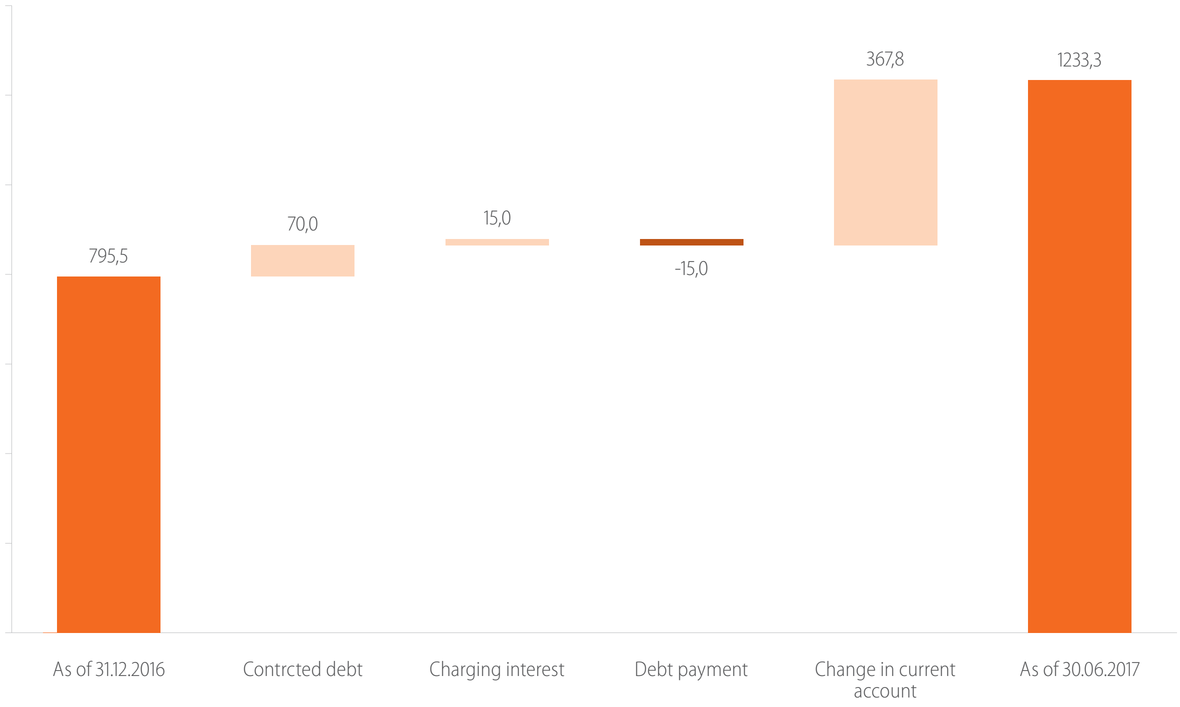
As of 30 June 2017 the value of Ratio 1 was 1.8 (1.5 as of 31 December 2016), the value of Ratio 2 was 17.9 (21.2 as of 31 December 2016) whereas the value of Ratio 3 was 8.9% (11.7% as of 31 December 2016).

In the case of Ratio 3, the covenant was not broken because since according to the definition, the ratio is calculated for the data referring to the full fiscal year.

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

CHANGES IN DEBT LEVEL

Below there is a chart presenting the change of the debt level (according to a note 4.2 "Debt" to the consolidated financial statements):



In the first half of 2017 cash flows from borrowings taken and paid amounted to PLN 70.0 million and PLN 15.0 million, respectively (including interest PLN 15.0 million). In the reporting period, the current account increased by PLN 367.8 million. Taking into account the above described changes in financial activity, the consolidated cash flow from financing activities in the first half of 2017 amounted to PLN 425.0 million, while in the analogical period of 2016 it amounted to PLN 181.8 million.

[in mln PLN unless otherwise stated]

DEBT RATIOS

The Management Board of the CCC Group, when analysing the level of debt, uses the net debt to capital ratio and net debt to EBITDA ratio. The following is a description of the two ratios.

Net debt to capital 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, borrowings and issued bonds as indicated in the consolidated statement of financial position) less cash and cash equivalents. Total capital employed is calculated as the sum of equity as shown in the consolidated statement of financial position and the net debt. The following is a calculation of the net debt to capital ratio:

	30.06.2017	31.12.2016
Net debt		
Loan liabilities	1 023,3	585,5
(+) Bonds liabilities	210,0	210,0
= Debt liabilities	1 233,3	795,5
(-) Cash and cash equivalents	328,6	143,4
= Net debt	904,7	652,1
Debt ratio		
Total equity	983,7	971,1
(+) Net debt	904,7	652,1
= Capital employed	1 888,4	1 623,2
The debt ratio (net debt/capital employed)	48%	40%

The net debt to capital ratio increased by 8 p.p. compared to the end of the previous year, primarily due to the increase of borrowings by PLN 437.8 million.

Net debt to EBITDA ratio is calculated as the ratio of net debt and EBITDA.

EBITDA is used by the Management Board of CCC S.A. when analysing debt which is a result of covenants imposed by banks.

[in mln PLN unless otherwise stated]

The calculation and reconciliation of net debt to EBITDA ratio is presented below:

	30.06.2017	31.12.2016
Net debt		
Loan liabilities	1 023,3	585,5
(+) Bonds liabilities	210,0	210,0
= Debt liabilities	1 233,3	795,5
(-) Cash and cash equivalents	328,6	143,4
= Net debt	904,7	652,1
EBITDA [1]		
Net profit	315,3	315,5
(+) Income tax	(30,1)	(25,4)
Profit before tax	345,4	340,9
(+) Finance cost	(54,9)	(33,4)
(-) Finance revenue	(6,2)	0,9
Operating profit	406,5	373,4
(+) Amortization and depreciation	(83,4)	(72,7)
= EBITDA	489,9	446,1
EBITDA debt ratio (net debt/EBITDA)	1,8	1,5

[1] annualized EBITDA has been calculated as EBITDA for the first half of 2017 and second half 2016

Data for the year 2016 is based on the approved financial statements, the transformations made do not affect the EBITDA and the ratio itself.

The net debt to EBITDA ratio increased compared to the previous year primarily due to the increase of net debt compared to the decrease of EBITDA

[in mln PLN unless otherwise stated]

CURRENT LIQUIDITY RATIO

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

	30.06.2017	31.12.2016
Inventories	1 359,9	1 019,7
(+) Trade and other receivables	301,3	210,7
(+) Cash and cash equivalents	328,6	143,4
= Current assets	1 989,8	1 373,8
Current debt liabilities	797,3	429,5
(+) Trade liabilities and other liabilities	553,1	328,7
(+) Provisions and subsidies	11,0	11,2
= Current liabilities	1 361,4	769,4
Current liquidity ratio (current assets/current liabilities)	1,46	1,79

Current ratio of the CCC Group from the end of 2016 till 30 June 2017 decreased from 1.79 to 1.46, mainly due to a significant increase in current liabilities (inter alia by the increase of debt liabilities compared to current assets which only increased by 44.8%). The Management Board of CCC S.A. highly assesses that the CCC Capital Group is capable of fulfilling all of its contracted liabilities and believes that the level of realized cash flows and financial results achieved will enable to maintain liquidity ratios at a level enabling the proper functioning of the Group. In addition, in order to mitigate potential risks, the Group is constantly diversifying sources of financing.

2.3 INFORMATION ON AGREEMENTS CONCLUDED BY THE COMPANIES OF THE CCC GROUP

2.3.1 LOANS GRANTED

During the reporting period the following annexes to loan agreements were concluded:

- Annex No. 1, dated 09.02.2017, to the loan agreement, dated 26.09.2016, concluded with CCC Austria Ges. m.b.H. This annex amended the loan amount to EUR 4.0 million.
- Annex No. 3, dated 03.04.2017, to the loan agreement, dated 19.01.2016, concluded with eobuwie.pl S.A. This annex amended the date of loan payment tranches.

2.3.2 SURETIES, GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

In the reporting period, CCC S.A. received the following sureties and guarantees:

1. SURETIES GRANTED DUE TO THE SIGNING OF THE LEASE AGREEMENT FOR RETAIL FLOOR SPACE

COMPANY	NUMBER OF GUARANTEES	DEBTOR	VALUE OF SURETY OR GUARANTEE [THOUS]	CURRENCY
CCC S.A.	1	CCC Slovakia s.r.o.	24,4	EUR
CCC S.A.	1	CCC Hrvatska d.o.o.	46,3	EUR
CCC S.A.	5	CCC HUNGARY Kft	163,1	EUR
CCC S.A.	3	CCC HUNGARY Kft	21 760,6	HUF
CCC S.A.	5	CCC RUSSIA Sp. z o.o.	8 846,3	RUB
CCC S.A.	1	CCC RUSSIA Sp. z o.o.	60,2	USD
CCC S.A.	1	CCC RUSSIA Sp. z o.o.	20,0	EUR
CCC S.A.	1	CCC UKRAINA	60,7	EUR
CCC S.A.	1	CCC GERMANY G.m.b.H	60,0	EUR
CCC S.A.	3	CCC AUSTRIA Ges.m.b.H	153,0	EUR
CCC S.A.	1	CCC SHOES BULGARIA EOOD	22,7	EUR
CCC S.A.	1	Eobuwie.pl S.A.	117,6	PLN

2. OTHER SURETIES AND GUARANTEES

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

COMPANY	ISSUER	DEBTOR	TYPE OF COLLATERAL	DURATION		"VALUE OF SURETY OR GUARANTEE [MLN]"	CURRENCY
				BEGINNING	END		
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.	Bank Polska Kasa Opieki S.A.	CCC.eu Sp. z o.o.	Surety according to the civil law to the multi-purpose credit limit agreement	2017-05-08	2018-05-29	374,0	PLN
CCC S.A. (Surety granted jointly with CCC Shoes & Bags Sp. z o.o.	Bank Handlowy S.A.	CCC.eu Sp. z o.o.	Surety according to the civil law	2017-02-16	2017-08-31	103,2	PLN
CCC Shoes & Bags Sp. z o.o.	Citibank Europe PLC	CCC Czech S.r.o.	Bank guarantee limit	2017-01-16	2018-03-15	1,3	EUR

2.3.3 SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED PARTIES

To the best knowledge of the Group there were no significant transactions concluded between the Company and its related parties on non-market terms. Information on transactions with related parties is included in the consolidated financial statements in point. 6.2. „Transactions with related parties".

2.3.4 DESCRIPTION OF SIGNIFICANT AGREEMENTS

LEASE AGREEMENTS FOR FLOOR SPACE

There were no above-mentioned agreements concluded in the reporting period.

AGREEMENT ON THE LIMIT FOR BANK GUARANTEES

There were no above-mentioned agreements concluded in the reporting period.

BORROWINGS AGREEMENTS

There were no above-mentioned agreements concluded in the reporting period.

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

LOAN AGREEMENTS

1. Annex No. 2, dated 08.05.2017, to the multi-credit limit agreement, dated 30.05.2016, concluded with PKO BP S.A.. This annex amended the amount of the agreement to PLN 220 million and the value of collaterals:
   - contractual mortgage up to PLN 330 million on properties located in Polkowice at ul. Strefowa 6.
   - civil law surety issued by CCC S.A. and CCC Shoes & Bags Sp. z o.o. covering liabilities up to PLN 374 million, valid until 29 May 2021.
2. Annex No. 8, dated 17.02.2016, to the revolving credit agreement, dated 3.03.2009, concluded with Bank Handlowy S.A.. This annex amended the amount of agreement to PLN 226 million and the duration of agreement until 13 February 2019 and the value of collaterals:
   - contractual mortgage up to PLN 330 million on properties located in Polkowice at ul. Strefowa 6.
   - civil law surety issued by CCC S.A. and CCC Shoes & Bags Sp. z o.o. covering liabilities up to PLN 374 million, valid until 29 May 2021.

LEASE AGREEMENTS FOR FLOOR SPACE

There were no above-mentioned agreements concluded in the reporting period.

3.
ORGANIZATION OF THE CAPITAL GROUP CCC


CCC
SHOES & BAGS

3.1 STRUCTURE OF THE CAPITAL GROUP

3.1.1 DESCRIPTION/SCHEME OF ORGANIZATION OF THE GROUP CCC TOGETHER WITH ORGANIZATIONAL LINKS.

The Company CCC S.A. is the parent company of the Capital Group CCC. At the balance sheet date, CCC S.A. held directly and indirectly 100% of the share capital of all 16 subsidiaries located on a Polish territory, Central and Eastern Europe, Western Europe and in other countries. The chart below shows the organizational structure of CCC with capital links.

CCC Group

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

3.1.2 CHANGES IN ORGANIZATION AND MANAGEMENT IN THE GROUP CCC

CHANGES IN ORGANIZATION OF THE CAPITAL GROUP CCC IN FIRST HALF OF 2017.

There were no above-mentioned changes in the reporting period.

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

There were no above-mentioned changes in the reporting period.

[in mln PLN unless otherwise stated]

3.2 SHARE CAPITAL AND SHAREHOLDERS

3.2.1 SHARE CAPITAL OF THE GROUP CCC AND OWNERSHIP STRUCTURE

As of 31 December 2017 the share capital of CCC S.A. amounted to PLN 3,916,400.00 and was divided into 39,164,000 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 voting preference shares	2 votes per share	6.650.000	665.000	cash contributions
"A2"	ordinary bearer shares	na	13.600.000	1.360.000	cash contributions
B	ordinary bearer shares	na	9.750.000	975.000	cash contributions
C	ordinary bearer shares	na	2.000.000	200.000	cash contributions
D	ordinary bearer shares	na	6.400.000	640.000	cash contributions
E	ordinary bearer shares	na	764.000	76.400	cash contributions
Total			39.164.000	3.916.400	

Further changes to the ownership structure are expected since there are more than 4000 subscription warrants that can be exercised for conversion to Series E shares until 30 June 2018. For more information, see Section 3.2.4 of this report.

[in mln PLN unless otherwise stated]

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

According to information available to by the Company, the shareholders holding at least 5% of the total number of votes at the General Meeting of CCC SA as of 30 June 2017 were:

- ULTRO S.A. (a subsidiary to Dariusz Miłek) which held 11,060,000 shares of the Company, representing 28.24% of the share capital of the Company and giving the right to 36.43% of votes at the General Meeting of the Company
- Leszek Gaczorek who held 2,000,000 shares of the Company, representing 5.11% of the share capital of the Company and giving the right to 6.64% of votes at the General Meeting of the Company
- Aviva OFE, which held 3,069,920 shares of the Company, representing 7,84% of the share capital of the Company and giving the right to 6,70% of votes at the General Meeting of the Company

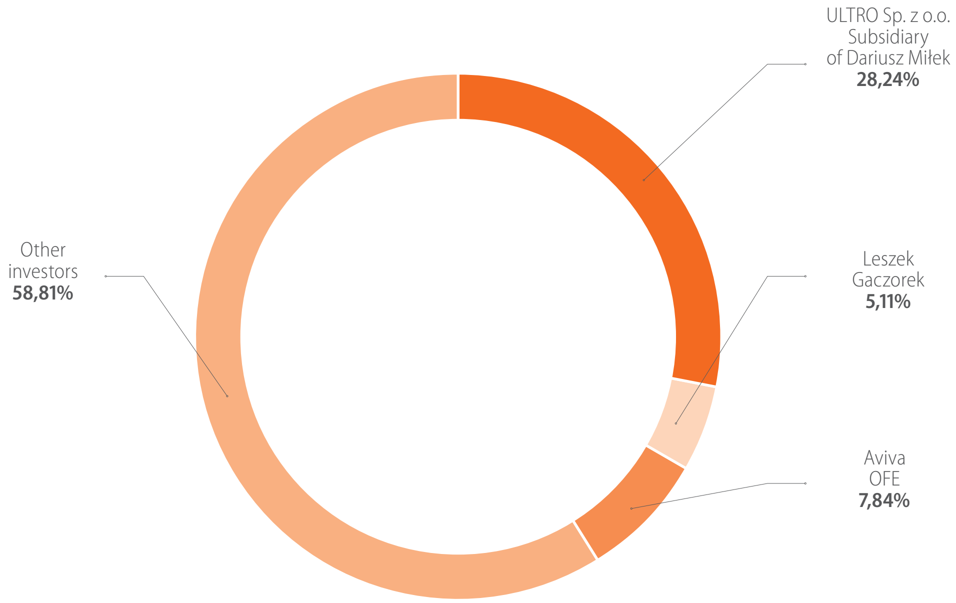
SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO Sp. z o.o. Subsidiary of Dariusz Miłek [1]	11 060 000	28,24%	16 690 000	36,43%
Leszek Gaczorek	2 000 000	5,11%	3 040 000	6,64%
Aviva OFE [2]	3 069 920	7,84%	3 069 920	6,70%
Other investors [3]	23 034 080	58,81%	23 140 080	50,23%
	39 164 000	100,00%	45 814 000	100,00%

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

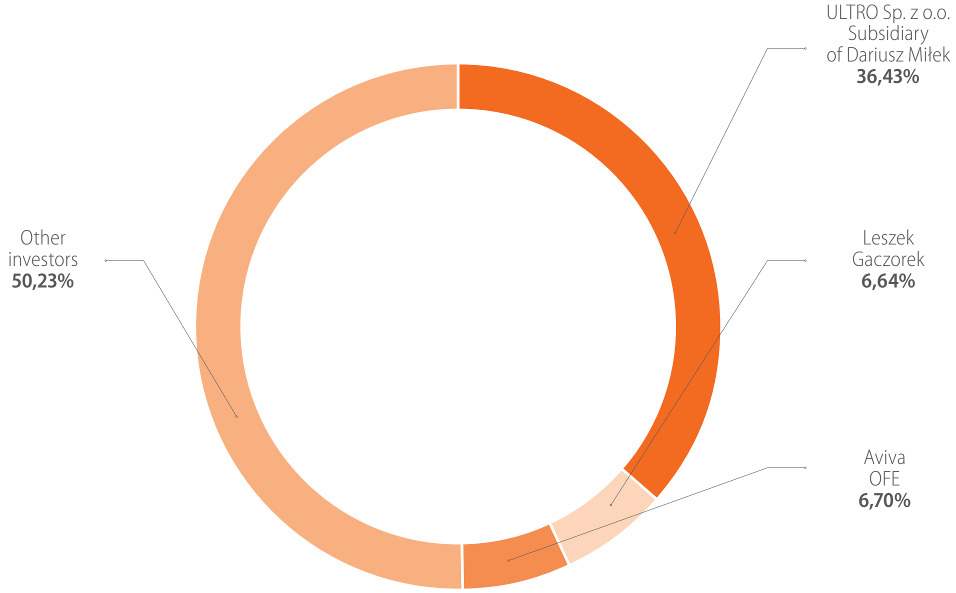
[2] Details derived from annual information on the structure of assets of the Fund Aviva OFE as of 30.12.2016.

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

SHAREHOLDERS BY NUMBER OF SHARES AS OF 30.06.2017



SHAREHOLDERS BY NUMBER OF VOTES AS OF 30.06.2017



[in mln PLN unless otherwise stated]

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

To the best knowledge of the Management Board, persons managing and supervising the Company at the date of this report and at the date of publication of the consolidated statement for the 6 months ended 30 June 2017 held the following number of shares:

SHAREHOLDER	NUMBER OF SHARES AS OF SUBMISSION DATE OF THE QUARTERLY REPORT FOR THE FIRST QUARTER OF 2017 (PCS.)	THE NOMINAL VALUE OF THE SHARES AS OF SUBMISSION DATE OF THE QUARTERLY REPORT FOR THE FIRST QUARTER OF 2017 (PLN)	NUMBER OF SHARES AS OF SUBMISSION DATE OF THE REPORT FOR THE FIRST HALF OF 2017 (PCS)	THE NOMINAL VALUE OF THE SHARES AS OF SUBMISSION DATE OF THE REPORT FOR THE FIRST HALF OF 2017 (PLN)
President Dariusz Miłek [1]	10 060 000	1 106 000	11 060 000	1 106 000
Vice-President Mariusz Gnych	202 000	20 200	202 000	20 200

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

Other members of the Management Board and the Supervisory Board did not hold any shares of CCC S.A.. Members of the Management Board and the Supervisory Board did not hold any shares in entities affiliated with CCC S.A.

3.2.4 SYSTEM OF CONTROL OF EMPLOYEES SHARES SCHEME

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

On 19.12.2012, The Extraordinary General Meeting of Shareholders of CCC S.A. adopted the resolutions, among others, on the conditional increase of the share capital of the Parent Company and the issuance of subscription warrants with the exclusion of pre-emptive rights of shareholders with respect to shares issued within the conditional capital and subscription warrants in the connection with the launch of the incentive scheme for current and future members of the Management Board, current and future members of the management boards of subsidiaries and the management of the Parent Company. The resolution provides for the conditional share capital increase of the Parent Company by not more than PLN 76,800 by issuing no more than 768,000 series E ordinary bearer shares with a nominal value of PLN 0.10 each (the „series E Shares" or „Incentive Shares") and the issuance of a total of no more than 768,000 series A registered subscription warrants („Subscription Warrants"), each of which entitles to subscribe for one (1) series E Shares to the exclusion of pre-emptive rights of shareholders with respect to the Series E Shares and Subscription Warrants.

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

Out of the remaining 40,100 A-series subscription warrants, at the date of this report, 36,100 E-share warrants were exercised to convert 36,100 warrants into series E shares. Regarding the remaining 4,000 A-series subscription warrants to which no conversion rights were exercised for Series E Shares, there is the possibility of taking up Shares by 30 June 2018.

The value of the scheme attributable in the costs of financial result in 2016 amounted to PLN 14.6 million, in 2015 it amounted to PLN 26.9 million and in 2014 it amounted to PLN 2.2 million.

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

On 8 June 2017, the Annual General Meeting of Shareholders adopted a resolution on the conditional increase of the Company's share capital and the issue of subscription warrants. As a result, the incentive scheme (Scheme), comprising current and future members of the Management Board, present and future members of the management boards of the subsidiaries and management of the subsidiaries.

Under this scheme, the Supervisory Board has the right to grant warrants in the total number of 1,174,920 warrants. At the date of publication of the report there were no warrants granted to eligible persons. The Company will make the valuation of the Scheme after approval of the regulations and identification of eligible persons.

4.
RISK MANAGEMENT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4.1
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

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Strengthening own sales network	In 2017 the Group plans to increase retail space of CCC stores by 100 thousand m², of which 40% will be opened in Poland In case of non-implementation of its assumed objectives, the Group may prove to be less competitive than its competitors, and thus lose market share, which could result in lower revenues. At the same time in case of chain development, contrary to the demand, the Group may incur costs higher than necessary.	In order to minimize the risks associated with the strengthening of own sales chain, the Group introduced the following solutions: • monitoring the activities of competitors, • monitoring the situation in the industry, • monitoring of the macroeconomic situation, • creating a detailed plan and a dedicated team responsible for the implementation of the objectives connected to the development of own sales chain.
Activities aimed at increasing brand recognition and value of the brand	Increase of brand recognition and its value can contribute to the increase in keeping regular customers, as well as to increased growth in new customers. The result will lead to an increase in market share and revenue. In case of fall in brand recognition and its value the outflow of customers may occur and a drop in market share and ultimately a drop in revenue	Group in order to ensure further increase in brand recognition and value of the brand has undertaken the following actions: • the introduction of appropriate instruments and advertising – promotion media, • the introduction of interesting interior of stores • presence of stores in prestigious locations.
Location of commercial facilities	The location of commercial facilities is an important factor in the attractiveness of the brand to consumers. Inappropriate choice of location, may lead to low profitability of m², and thus to reduce the Group's profitability. Strengthening the market position by the dynamic development of the chain of commercial facilities may be associated with the risk of an unfortunate location of the store, and with a limited number of new, attractive locations.	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.

EXTERNAL RISKS

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Exchange rate risk	Companies of the Capital Group CCC S.A. generate revenues in PLN, EUR, CZK, HUF, HRK, BGN, RUB,RSD. Most of the costs is borne in foreign currencies. Hence exchange rates of CZK, HUF, HRK, USD and EUR (practically all import is denominated in USD and EUR, and a large percentage of the cost of renting space in EUR) will affect the structure of revenues and expenses. The main supply market for the Group CCC S. A. is the Chinese market, and consequently, the exchange rate of the Chinese RMB against the major world currencies can also have a significant impact on the costs of the Group. The appreciation of the RMB may worsen the conditions of imports, and thus result in increased costs to consumers.	The Group has undertaken the following measures to reduce the impact of exchange rate risk: • continuous monitoring of significant, for the Group, changes in exchange rates, • introduction of natural hedging strategy.
The risk of changes in interest rates	The Capital Group CCC S.A. is exposed to the risk of changes in interest rates, in connection with the loan agreements. These loans bear interest at a variable interest rate based on WIBOR or BLR. Increase in interest rates will affect the amount of interest paid on loans.	The Group has undertaken the following measures to reduce the impact of interest rate risk: • 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).	The Group has undertaken the following measures to reduce the impact of risk of the overall economic situation: • diversification in terms of countries where the Group operates (decrease of economic situation correlation between countries) • monitoring the economic situation in the world and in the countries important for the Group, as well as suitable adjustment to the Group's strategy, • monitoring of important economic indicators in selected countries (unemployment rate, GDP per capita, CPI).
Seasonality of sales and weather conditions	Sales and inventory value depends on the seasonality of demand (peak of demand is in spring and autumn). The disorder of weather conditions may result in putting away customer purchase decisions or shortening the season of the highest sales.	Element in reducing the sensitivity of the Capital Group CCC S. A. to seasonal factors and weather is having its own manufacturing capacity. The Group is able to rapidly adjust production and deliver goods to shops line with expectations and current weather conditions.
Trends in fashion and unsuccessful collections	The Capital Group CCC S. A. is exposed to risks associated with unsuccessful collections of footwear.	The factor enabling to reduce this risk is a long-standing market experience of the parent company, permanent observation of trends in the European and world fashion (participation in international fairs of footwear fashion, inter alia: Milan, Garda, Dusseldorf).

INTERNAL RISK

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Credit risk	The source of this risk is uncertainty regarding whether and when the receivables are settled. Within the wholesale trade sale with deferred payment is used, therefore The Capital Group CCC S.A. is exposed to the risk of funding the recipients. In order to maintain its leading position in the footwear industry, The Capital Group CCC S.A. uses the instrument of a trade credit, additionally increasing the attractiveness of the company for wholesale partners.	The Group has undertaken the following measures to reduce the impact of credit risk: • a continuous verification of the financial situation of the counterparties • a continuous review of the history of cooperation with counterparties.

5.
STATEMENTS
OF THE MANAGEMENT BOARD


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5.1 STATEMENT ON THE FAIRNESS OF FINANCIAL STATEMENTS PREPARATION

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

Management Board's Report on the operations of the Capital Group CCC presents a true picture of the development and achievements and situation of the Capital Group, including basic risks and threats.

5.2 THE STATEMENT AND INFORMATION ABOUT THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

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

The company CCC S.A., on 23 June 2017, concluded with Ernst & Young Audyt Polska Sp. z o.o., Sp. K., the agreement for the audit of the financial statements and the consolidated financial statements for the period from 1 January to 31 December 2017 and 1 January to 31 December 2018; review of the financial statements and consolidated financial statements for the period from 1 January to 30 June 2017 and 1 January to 30 June 2018. The net remuneration for these serviaounts to PLN 240 thousand.

6.
OTHER INFORMATION


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6.1 PROCEEDINGS PENDING BEFORE THE COURT, A BODY COMPETENT FOR ARBITRATION OR A PUBLIC ADMINISTRATION BODY

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

6.2 INFORMATION THAT THE ISSUER CONSIDERS RELEVANT FOR THE ASSESSMENT OF ITS PERSONNEL SITUATION, PROPERTY, FINANCIAL, FINANCIAL PERFORMANCE AND THEIR CHANGES AS WELL AS THE INFORMATION THAT IS RELEVANT FOR ASSESSING THE FEASIBILITY OF THE ISSUER'S OBLIGATIONS

The financial statements contain basic information that is relevant to the assessment of the Capital Group CCC S.A.. In the opinion of the Management Board, there are currently no risks to the realization of the Group's liabilities.

6.3 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE WHICH MAY AFFECT THE FUTURE FINANCIAL RESULTS OF THE ISSUER

On 21 August 2017, CCC S.A. signed an annex to the agreement obliging the sale of shares of eobuwie.pl S.A. as of 26 August 2015 concluded between CCC S.A., based in Polkowice as a buyer and shareholders of the Company eobuwie.pl S.A. as a seller.

According to the annex, the following conditions have changed:

- It was prolonged until 28 February 2023 the right of CCC S.A. to acquire registered shares of the Company from eobuwie.pl S.A., constituting a total of 25.01% of the nominal value of the share capital of eobuwie.pl SA (Call Option) and the right of eobuwie.pl S.A. to sell shares for CCC S.A. or another entity from the CCC S.A. Capital Group (Put option). The price for the Shares was set at 25.01% of the amount of the EBITDA 2021 x 12, whereby, unless there occurs any of the cases specified in the annex meeting the terms of the Significant Unfavourable Change, then the amount may not be less than PLN 100 million (one hundred million zlotys) and under no circumstances it cannot be higher than PLN 1 billion 200 million (one billion two hundred million zlotys) and if a) EBITDA 2021 will be zero or negative and b) sales for year 2021 from core business (sale from an individual customer, excluding wholesale) will be less than PLN 500 million, then the price for all Shares will be equal to the total par value of the Shares. EBITDA ratio may be modified in good faith by the Parties in the case of acquisitions made by the Company. In addition, eobuwie.pl S.A. was granted the right to use the accelerated Put Option in the case of a Change of Control in relation to CCC S.A., then the price of the Shares in this case will be determined on the basis of EBITDA for the last two full half-years prior to the date of using the accelerated Put Option;
- 20% of the net profit of eobuwie.pl S.A. for the fiscal years 2019-2021 will be allocated for dividend for the shareholders of the Company;

Due to the changed terms of the buyout of shares of eobuwie.pl S.A., the Group will assess the economic impact of this change and will include it in its annual report.

Condensed consolidated statements on operations of the Group CCC were approved for publication by the Management Board of the Company on 31 July 2017.

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

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

Polkowice, 31 July 2017 r.