

## DEAR SHAREHOLDERS,

I am presenting you the Management Board's statements on the operations of the CCC Group in 2018, in which we summarize the most significant tasks implemented by us during this period. I take great pride in addressing you in this letter, as shareholders of one of the largest footwear manufacturer and one of the fastest growing footwear company in Europe. It shall be remembered that today CCC is not only present at the traditional offline business, but also in a dynamically developing e-commerce. Furthermore, at the end of 2018 this sales channel accounted for 20% of the entire Group's revenues. It is the development of new sales channels, along with the work on improving the product's fit to the customer's needs, that determines the direction taken by CCC in the past year.

The year 2018 was, from the point of view of the economic results achieved, a very difficult year, mainly due to unfavourable weather conditions that had a negative impact on sales in two key seasons. The level of revenues generated in Poland, i.e. our largest market, was also significantly affected by the ban on Sunday trading. The profitability of CCC stores in Western Europe (and especially in Germany) remained a major challenge.

In this demanding year for us, however, we focused on building foundations for future growth, which will determine the success of the CCC Group from a strategic perspective. As per the previous assumption, we successfully implemented the expansion plan, expanding the floor space at the end of 2018 by slightly over 100,000 square meters. When making a decision on selling CCC Germany, we secured ourselves against potential future losses. We consistently improved working capital, increasing the level of financing of inventory with trade liabilities. We owe this primarily to the programme of trade financing, but also to greater determination in negotiations with suppliers. By

creating a platform for the implementation of strategic goals, we also focused on the dynamic development of technology, the essential element of which was the reconstruction of the central information system, which will allow us to eliminate the barriers to further business development.

Responding to the demanding market environment, we strengthened our position through acquisitions. As a result, we diversified CCC operations – geographically, productively, but also by acquiring new customer groups. Activities regarding structural development of the Group in 2018 were initiated by the takeover of the franchise Shoe Express chain, running sales of CCC products in Romania. We noticed a huge potential in this market, which in our opinion will be most effectively used through the development of own stores. In June 2018, we took over the second largest player on the Swiss market – Voegele Shoes – thanks to which the CCC Group appeared on a very attractive market. The CCC footwear has been very well received as part of the product offer of Voegele stores, taking a large share in the sales structure. In the same month, 41 agency stores were taken over in south-eastern Poland, where saturation with the sales chains gives us great opportunities for growth. This is the consequence of the successive relocation of franchise networks to the Group operating in locations adjacent to those in which CCC own stores already operate. By taking over stake in DeeZee we strengthened the e-commerce channel and our presence in social media, as well as we obtained an exposure to younger, more fashion-oriented, generation of customers. The DeeZee offer, available so far on the Internet only, is currently available also on the shelves of CCC stores. The aforementioned transaction of the sale of the CCC Germany stores' network was accompanied by the acquisition of a stake in the HR Group – the owner of one of the most recognizable

footwear brands in Germany – RENO. This activity is the utterance of the reorganization of the CCC presence in this country. Cooperation with the HR Group will allow us achieve cost and procurement synergies as well as the development of CCC products in the DACH region. The last component of the structural development of the CCC Group in 2018 was the announcement of the tender offer for Gino Rossi shares, preceded by the conclusion of a strategic partnership agreement covering product cooperation and trademark license. The presence of the Gino Rossi brand in the CCC Group is primarily a widening of the product offer by another, higher price segment.

Concentration on customers and their needs has always been the priority to us. Through a constant market and prevailing trends observation, we strive to provide our clients with innovative solutions, products and services, which suit their preferences. Last year, we focused on further development of omnichannel, expanded our offer with brand footwear and a portfolio of brands dedicated to various age segments. The CCC Group provided its clients with foot scanners *esize.me*, which thanks to an advanced technology, are able to perform an accurate 3D foot model. Thanks to this system we can recommend a customer a right size for any brand or type of footwear. *Esized.me* is another idea of *eobuwie.pl* S.A., which effectively combines online sales with offline sales. At the end of 2018, the *eobuwie.pl* offer was available at as many as 14 European markets, whereas in Poland it was available in 9 offline stores, combining features of both traditional and online stores.

The CCC Group in 2018 also means investments in building a socially responsible company. CCC is the first Polish company to have become a global partner of UNICEF. We have always supported charitable activities, and now, thanks to the strength of our brand

and growing international success, we decided to establish cooperation with the largest humanitarian and development organization working for children. Our activities in this area will have a business and sports dimension, and the activities will be conducted, among others in our shoe stores as well as through the CCC Team cycling team taking part in races throughout the world. Our activities focused on a responsible business development have been noticed by the Warsaw Stock Exchange. We are content that since December 2018 we can be hosted in the RESPECT index, i.e. a group of listed companies that conduct their activities in accordance with CSR principles, and those that appreciate the importance of including non-financial factors in communication with investors. Persistent work on the implementation of strategic assumptions made the CCC Group at the end of 2018 be present in 23 countries – in 18 countries sales are carried out in over 1,100 stores, and in 15 countries via an online channel. Last year, our customers purchased about 50 million pairs of footwear in all CCC sales channels. The achievements described in this Letter were based on a hard work of over 15,000 employees of the CCC Group, whom I would like to sincerely thank for their efforts.

I would also like to thank you, our shareholders, who believe in the Company's strategic development vision implemented by the Management Board. I would like to thank our contractors, business partners, market competitors and customers who, on a daily basis, motivate us to continue to improve.

**YOURS SINCERELY,  
PRESIDENT OF THE MANAGEMENT  
BOARD OF CCC S.A.  
DARIUSZ MIŁEK**