

Establishing significant provisions and write-downs

(Current report No. 61/2020)

21.09.2020 /Issuer/

Legal basis:

Article 17 sec. 1 MAR - confidential information

The Management Board of CCC S.A. based in Polkowice (hereinafter: "Issuer, Company"),

with reference to Current Report No. 53/2020 of 1 July 2020 as well as Current Report No. 21/2020 of 21 April 2020. ,

in which the Company indicated the possibility of making revaluations and establishing purely accounting nature (non-cash) provisions of PLN 300-400m,

hereby informs that, as part of the work carried out in connection with the preparation of the separate and consolidated report for the first half of 2020, **it created and included** in these financial statements **provisions and write-downs** which will have a significant impact on the Group's result for the first half of 2020.

Provisions of a purely accounting (non-cash) nature were estimated at PLN 448.7m and result mainly from the fair value measurement of Karl Voegele AG and its reclassification to discontinued operations as of June 1st 2020 as well as from the write-down of trade receivables and loans granted to HR Group.

Detailed information on the identified provisions and write-downs and their estimated value is presented below:

- Reclassification of KVAG to discontinued operations: PLN 221.4 million
- Write-downs on receivables and loans from the HR Group: PLN 144.6 million
- Impairment losses on tangible fixed assets (undepreciated capital expenditure in stores): PLN 57.4m
- Impairment of inventories: PLN 13.3 million
- Others: PLN 12.0 million

The above events will affect individual items of the CCC S.A. Capital Group's report for the first half of 2020, including, among others

- Cost of sales (in the amount of PLN 13.3m),
- Selling and general administrative expenses (in the amount of PLN 319.4m),
- Operating profit (PLN 332.7m),
- Financial expenses (amounting to PLN 116.0m),
- Profit before tax (in the amount of PLN 448.7 million)

The creation of provisions is of a one-off nature. The restructuring activities undertaken by the Issuer are mainly aimed at reducing the costs of the Issuer's operations in the fixed segment in the Western European region and reducing its presence on those markets, as part of its focus on key CEE countries.

At the same time, with respect to previously communicated provisions of a cash nature, the Issuer reports that they were reduced by PLN 6.7 million.

The Company stipulates that the separate and consolidated financial statements for H1 2020 are under preparation and will be subject to verification by a certified auditor, therefore the above presentation as well as the amounts are not final and may change.

Signatures:

Marcin Czyczerski - President of the Management Board

Karol Półtorak - Vice-President of the Management Board