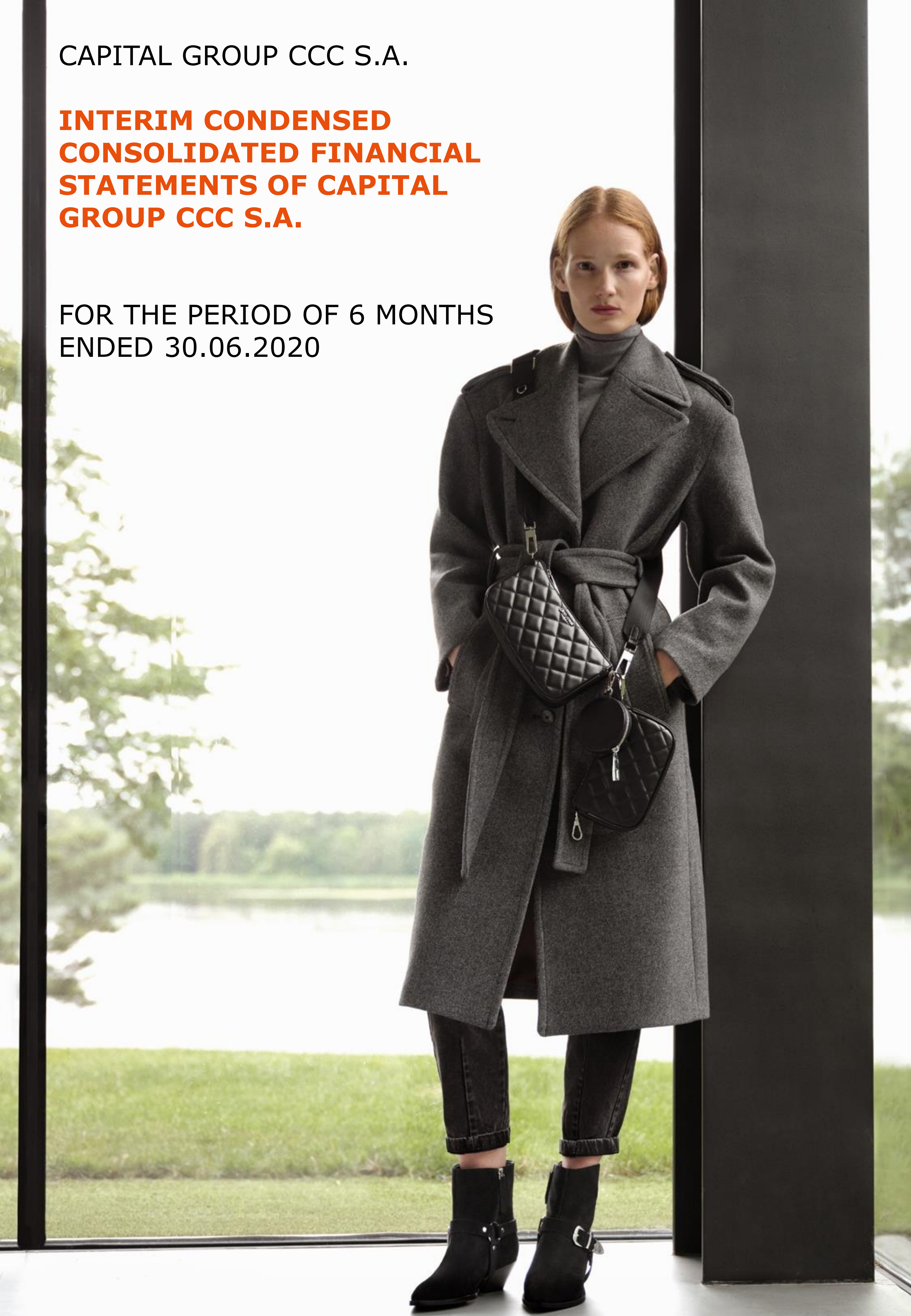
CAPITAL GROUP CCC S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CAPITAL GROUP CCC S.A.

FOR THE PERIOD OF 6 MONTHS ENDED 30.06.2020



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTE		01.2020-6.2020	4.2020-6.2020	01.2019-6.2019 RESTATED FIGURES	4.2019-6.2019 RESTATED FIGURES
		unaudited	unaudited/unrevised	unaudited	unaudited/unrevised
	CONTINUING OPERATIONS				
3.1	Sales revenue	2 186,1	1 253,1	2 457,8	1 520,1
3.2	Cost of goods sold	(1 235,6)	(685,4)	(1 256,9)	(754,5)
	Gross profit on sales	**950,5**	**567,7**	**1 200,9**	**765,6**
3.2	Costs of operating stores	(570,0)	(238,9)	(628,4)	(325,5)
3.2	Other costs of sale	(572,3)	(319,0)	(416,0)	(237,3)
3.2	Administrative expenses	(94,7)	(45,0)	(115,5)	(52,6)
3.3	Other operating income	22,4	8,0	13,2	9,8
3.3	Other operating costs	(169,1)	(141,9)	(7,3)	(1,1)
3.3	Write-off on expected credit losses (write-off on trade receivables)	(63,2)	(63,2)	-	-
	Profit (loss) on operating activity	**(496,4)**	**(232,3)**	**46,9**	**158,8**
3.3	Finance income	38,5	31,5	15,8	7,8
3.3	Write-off on expected credit losses	(116,0)	(116,0)	-	-
3.3	Finance costs	(96,9)	(34,1)	(73,7)	(51,4)
6.2	Share of net profit (loss) of associates accounted for using the equity method	(28,3)	(1,1)	(3,9)	6,4
	Profit (loss) before tax	**(699,1)**	**(352,0)**	**(14,9)**	**121,6**
3.4	Income tax	33,3	2,2	2,0	(18,8)
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(665,8)**	**(349,8)**	**(12,9)**	**102,8**
	DISCONTINUED OPERATION				
6.3	NET PROFIT (LOSS) FROM DISCONTINUED OPERATION	(275,4)	(237,0)	(107,6)	(56,9)
	NET PROFIT (LOSS)	(941,2)	(586,8)	(120,5)	45,9
	Attributable to shareholders of the parent company	(928,0)	(588,1)	(115,6)	37,0
	Attributable to non-controlling interests	(13,2)	1,3	(4,9)	8,9
	Other comprehensive income from continuing operations				
	Attributable to be reclassified to profit - exchange rate differences upon conversion of reports of foreign entities	2,5	(7,6)	(3,1)	(0,8)
	Non-attributable to be reclassified to result - other:	-	-	-	-
	Actuarial profit (losses) related to employee benefits	-	-	-	-
	Other comprehensive income from discontinued operation				
	Attributable to be reclassified to profit - exchange rate differences upon conversion of reports of foreign entities	(0,6)	(0,6)	1,3	1,6
	Non-attributable to be reclassified to result - other:	-	-	-	-
	Actuarial profit (losses) related to employee benefits	-	-	-	-
	Total net comprehensive income	**1,9**	**(8,2)**	**(1,8)**	**0,8**
	TOTAL COMPREHENSIVE INCOME	**(939,3)**	**(595,0)**	**(122,3)**	**46,7**
	Total comprehensive income attributable to:				
	Shareholders of the parent company from:	**(926,1)**	**(596,3)**	**(117,4)**	**37,8**
	- countinuing operations	**(650,1)**	**(320,3)**	**(11,1)**	**71,7**
	- discontinued operation	**(276,0)**	**(276,0)**	**(106,3)**	**(33,9)**
	Non-controlling interests	**(13,2)**	**1,3**	**(4,9)**	**8,9**
	Weighted average number of ordinary shares (mln pcs)	**44,0**	**44,0**	**41,2**	**41,2**
	Basic earnings (loss) per share from continuing operations (in PLN)	**(15,13)**	**(6,53)**	**(0,31)**	**1,94**
	Diluted earnings (loss) per share from continuing operations (in PLN)	**(15,13)**	**(6,53)**	**(0,31)**	**1,94**
	Basic earnings (loss) per share from discontinued operation (in PLN)	**(6,26)**	**(6,26)**	**(2,61)**	**(0,82)**
	Diluted earnings (loss) per share from discontinued operation (in PLN)	**(6,26)**	**(6,26)**	**(2,61)**	**(0,82)**
	Basic earnings per share from profit for the period attributable to shareholders of the parent company	**(21,05)**	**(13,55)**	**(2,85)**	**0,92**
	Basic earnings per share from continuing operations profit for the period attributable to shareholders of the parent company	**(14,77)**	**(7,28)**	**(0,27)**	**1,74**
	Diluted earnings per share from profit for the period attributable to shareholders of the parent company	**(21,05)**	**(13,55)**	**(2,85)**	**0,92**
	Diluted earnings per share from continuing operations profit for the period attributable to shareholders of the parent company	**(14,77)**	**(7,28)**	**(0,27)**	**1,74**

* In connection with the presentation of discontinued operations in current period, data for the comparative period were restated

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOTE		30.06.2020	31.12.2019
		unaudited	
5.1	Intangible assets	313,6	326,4
5.2	Goodwill	216,8	217,9
5.3	Tangible fixed assets - investments in stores	612,4	655,9
5.3	Tangible fixed assets - factory and distribution	604,3	615,8
5.3	Tangible fixed assets - other	103,8	108,3
5.4	Right to use	1 538,1	1 986,6
3.4	Deferred tax assets	157,1	110,3
5.6	Loans granted	-	78,0
6.1, 6.2	Other financial assets	14,9	23,5
4.1	Investments accounted for using the equity method	0,6	29,8
6.2	Investment property	5,3	5,3
5.6	Trade receivables	-	37,2
5.6	Long-term receivables	1,1	15,5
	Total non-current assets	**3 568,0**	**4 210,5**
5.5	Inventories	1 994,6	1 942,3
5.6	Trade receivables	145,8	209,3
3.4	Income tax receivables	1,5	1,4
5.6	Loans granted	-	4,6
5.6	Other receivables	231,5	233,0
5.7	Cash and cash equivalents	505,6	542,6
6.1	Derivative financial instruments	7,6	-
	Total current assets	**2 886,6**	**2 933,2**
6.3	**Assets classified as held for sale**	**288,1**	-
	TOTAL ASSETS	**6 742,7**	**7 143,7**
4.2	Debt liabilities	310,5	683,0
3.4	Deferred tax liabilities	37,4	37,4
5.8	Liabilities to employees	0,3	12,7
5.9	Provisions	14,0	14,0
5.3	Grants received	16,1	19,0
6.2	Obligation to repurchase non-controlling interests	784,3	801,1
5.4	Lease liabilities	1 446,9	1 528,6
	Total non-current liabilities	**2 609,5**	**3 095,8**
4.2	Debt liabilities	1 277,9	830,4
5.8	Trade and other liabilities	935,9	1 158,2
5.8	Other liabilities	485,8	378,0
3.4	Income tax liabilities	17,5	12,8
5.9	Provisions	17,4	18,3
5.3	Grants received	3,7	2,4
5.4	Lease liabilities	440,1	557,2
	Derivative financial instruments	-	1,0
	Total current liabilities	**3 178,3**	**2 958,3**
6.3	**Liabilities directly associated with assets classified as held for sale**	**300,3**	**-**
	TOTAL LIABILITIES	**6 088,1**	**6 054,1**
	NET ASSETS	**654,6**	**1 089,6**
	Equity		
4.1	Share capital	5,5	4,1
	Share premium	1 148,0	645,1
	Exchange rate differences from the translations	2,7	0,2
	Actuarial valuation of employee benefits	1,4	1,4
	Retained earnings (losses)	(610,3)	312,8
	Equity attributable to the shareholders of the parent entity	**547,3**	**963,6**
4.1	Non-controlling interests	107,3	126,0
	TOTAL EQUITY	**654,6**	**1 089,6**
	TOTAL LIABILITIES AND EQUITY	**6 742,7**	**7 143,7**

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE		01.2020-6.2020	01.2019-06-2019
			unaudited
	Profit/ (loss) before tax	(973,2)	(121,8)
3.2	Amortization and depreciation	367,6	349,7
	Impairment on fixed assets, RoU, intangible assets and impact of valuation to fair value	270,3	2,2
	Loss on investment activity	2,1	1,0
	Share of net profit (loss) of associates accounted for using the equity method	29,0	3,9
4.2	Cost of borrowings	41,7	36,2
4.4	Other adjustments to profit before tax	85,9	61,3
3.4	Income tax paid	(10,0)	(28,4)
	Cash flows before changes in working capital	(186,6)	304,1
	Changes in working capital		
4.4	Change in inventory and inventory write-downs	(210,7)	(151,7)
4.4	Change in receivables, inlcuding: allowances	102,4	23,9
4.4	Change in current liabilities, excluding borrowings	(33,9)	281,1
	Net cash flows from operating activities	(328,8)	457,4
	Proceeds from the sale of tangible fixed assets	0,5	10,1
	Other inflows from investing activities	-	11,9
5.1, 5.3	Acquisition of intangible and tangible fixed assets	(32,4)	(264,1)
5.4, 6.2	Loans granted	-	(72,2)
6.2	Payment related to acquisition of Adler enterprise	-	(16,5)
6.2	Payment related to investment in HR Group associate	-	(118,4)
	Expenditures for the acquisition of non-controlling interests	(7,0)	-
6.2	Other outflows from investing activities	(31,6)	(5,5)
	Net cash flows from investing activities	(70,5)	(454,7)
4.2	Proceeds from borrowings	84,9	495,2
4.2	Repayment of borrowings	-	(81,9)
	Lease payments	(198,4)	(241,9)
4.2	Interest paid	(29,2)	(35,6)
4.1	Proceeds from the issue of shares	506,9	-
4.1	Other outflows from financing activities	(2,6)	-
	Net cash flows from financing activities	361,6	135,8
	TOTAL CASH FLOWS	(37,7)	138,5
	Net increase/decrease of cash and cash equivalents	(37,0)	136,6
	Exchange rate changes on cash and cash equivalents	0,7	(1,9)
	Cash and cash equivalents at the beginning of period	542,6	374,3
	Cash and cash equivalents at the end of period	504,9	512,8

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY						
As of 31.12.2019 (01.01.2020)	4,1	645,1	312,8	0,2	1,4	126,0	1 089,6
Net profit (loss) for the period	-	-	(941,2)	-	-	-	(941,2)
Net profit (loss) attributable to non-controlling interests	-	-	13,2	-	-	(13,2)	-
Exchange rate differences from the translations	-	-	-	2,5	-	(0,6)	1,9
Total comprehensive income	**-**	**-**	**(928,0)**	**2,5**	**-**	**(13,8)**	**(939,3)**
Dividend resolution	-	-	-	-	-	-	-
Valuation of employee option scheme	-	-	-	-	-	-	-
Issue of shares	1,4	502,9	-	-	-	-	504,3
Purchase of shares	-	-	-	-	-	-	-
Total transactions with owners	**1,4**	**502,9**	**-**	**-**	**-**	**-**	**504,3**
Acquisition of non-controlling interests	-	-	4,9	-	-	(4,9)	-
As of 30.06.2020 (01.07.2020)	**5,5**	**1 148,0**	**(610,3)**	**2,7**	**1,4**	**107,3**	**654,6**
As of 01.01.2019	**4,1**	**645,1**	**369,1**	**2,9**	**(0,3)**	**126,9**	**1 147,8**
Net profit (loss) for the period	-	-	(120,5)	-	-	-	(120,5)
Net profit (loss) attributable to non-controlling interests	-	-	4,9	-	-	(4,9)	-
Exchange rate differences from the translations	-	-	-	(1,9)	-	0,1	(1,8)
Total comprehensive income	**-**	**-**	**(115,6)**	**(1,9)**	**-**	**(4,8)**	**(122,3)**
Dividend payment	-	-	(23,9)	-	-	-	(23,9)
Valuation of employee option scheme	-	-	11,6	-	-	-	11,6
Purchase of shares	-	-	-	-	-	8,8	8,8
Total transactions with owners	**-**	**-**	**(12,3)**	**-**	**-**	**8,8**	**(3,5)**
Acquisition of non-controlling interests	-	-	-	-	-	-	-
As of 30.06.2019 (01.01.2019)	**4,1**	**645,1**	**241,2**	**1,0**	**(0,3)**	**130,9**	**1 022,0**

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As of 01.01.2019	**4,1**	**645,1**	**369,1**	**2,9**	**(0,3)**	**126,9**	**1 147,8**
Net profit (loss) for the period	-	-	(27,5)	-	-	-	(27,5)
Net profit (loss) attributable to non-controlling interests	-	-	0,1	-	-	(0,1)	-
Exchange rate differences from the translations	-	-	-	(2,7)	-	1,4	(1,3)
Actuarial valuation of employee benefits	-	-	-	-	1,7	-	1,7
Total comprehensive income	**-**	**-**	**(27,4)**	**(2,7)**	**1,7**	**1,3**	**(27,1)**
Dividend payment	-	-	(23,9)	-	-	-	(23,9)
Valuation of employee option scheme	-	-	(12,2)	-	-	-	(12,2)
Purchase of shares	-	-	-	-	-	14,4	14,4
Total transactions with owners	**-**	**-**	**(36,1)**	**-**	**-**	**14,4**	**(21,7)**
Acquisition of non-controlling interests	-	-	7,2	-	-	(16,6)	(9,4)
As of 31.12.2019 (01.01.2020)	**4,1**	**645,1**	**312,8**	**0,2**	**1,4**	**126,0**	**1 089,6**

[in PLN million unless otherwise stated]

EXPLANATORY NOTES

1. GENERAL INFORMATION

Name of the company	CCC Spółka Akcyjna
Headquarters	ul. Strefowa 6, 59-101 Polkowice
Registration	District Court for Wrocław-Fabryczna in Wrocław, IX Commercial Division of the National Court Register,
National Court Register/KRS/	0000211692
Corporate purpose	The Group's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).
Composition of the Management Board:	President of the Management Board: Marcin Czyczerski Vice-President of the Management Board: Mariusz Gnych Vice-President of the Management Board: Karol Półtorak

CCC S.A., parent company in the Capital Group CCC S.A. (hereinafter: Parent Company) has been listed on the Warsaw Stock Exchange S.A. since 2004.

As of 30 June 2020 the Capital Group of CCC S.A. (hereinafter: CCC Group, CCC Capital Group, CCC CG) consisted of the parent company CCC S.A. based in Polkowice and its subsidiaries.

Mid-year condensed consolidated financial statements of the Group cover the period of 6 months ended 30 June 2020 and contain comparative data for the period of 6 months ended 30 June 2019 and as at 31 December 2019. The statement of comprehensive income and notes to the statement of comprehensive income covering the period of 3 months ended 30 June 2020 and comparative data for the period of 3 months ended 30 June 2019, these data were not subject to review or audit by a statutory auditor.

These separate interim condensed financial statements of CCC Capital Group for the period of 6 months ended 30 June 2020 were approved for publication by the Management board of the Company on 30 September 2020.

The mid-year financial result may not fully reflect the financial result for the financial year.

COMPOSITION OF CCC S.A. CAPITAL GROUP

The CCC Capital Group is composed of CCC S.A. (parent company) and its subsidiaries. In the period of 6 months ended 30 June 2020, there were changes in the composition of the Group in relation to 31 December 2019, which are described further in this report.
The structure of the CCC S.A. Capital Group is presented below:

[in PLN million unless otherwise stated]

SUBSIDIARIES OF CCC S.A	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY	SHARES AS OF 30.06.2020	SHARES AS OF 31.12.2019
CCC.eu sp. z o.o. [1]	Polkowice, Poland	purchase and selling	100,00%	100,00%
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investment	100,00%	100,00%
CCC Factory sp. z o.o.	Polkowice, Poland	manufacturing	100,00%	100,00%
DeeZee Sp. z o.o. [3]	Kraków, Poland	commercial	75,00%	51,00%
eobuwie.pl S.A.	Zielona Góra, Poland	commercial and manufacturing	74,99%	74,99%
eobuwie.pl Logistics Sp z o.o.	Zielona Góra, Poland	logistic	74,99%	74,99%
eschuhe.de GmbH	Frankfurt on the Oder, Germany	commercial	74,99%	74,99%
eschuhe.ch	Zug, Switzeland	commercial	74,99%	74,99%
Branded Shoes & BAGS sp. z o.o.	Zielona Góra, Poland	commercial	74,99%	74,99%
Gino Rossi S.A.	Słupsk, Poland	commercial/holding	100%	100%
GARDA Sp. z o.o.	Słupsk, Poland	commercial	100%	100%
Gino Rossi s.r.o.	Prague, Czech Republic	commercial	100%	100%
Karl Voegele AG [2]	Uznach, Switzeland	commercial	70%	70%
Vögele Verwaltungs G.m.b.H	Dornbirn, Austria	service	70%	70%
CCC Czech s.r.o.	Prague, Czech Republic	commercial	100%	100%
CCC Slovakia s.r.o.	Bratislava, Slovakia	commercial	100%	100%
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	100%	100%
CCC Austria G.m.b.H	Graz, Austria	commercial	100%	100%
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	100%	100%
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	100%	100%
CCC Shoes Ayakkabicilik Limited Sirketi	Istanbul, Turkey	-	100%	100%
C-AirOp Ltd. (poprzednio: CCC Isle of Man Ltd.) [4]	Douglas, Isle of Man	service	50%	50%
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial	100%	100%
NG2 Suisse s.a.r.l.	Zug, Switzeland	investment	100%	100%
CCC Shoes & Bags d.o.o. Beograd	Belgrad, Serbia	commercial	100%	100%
CCC Russia OOO	Moscow, Russia	commercial	75%	75%
Shoe Express S.A. [5]	Bocharest, Romania	commercial	100%	100%

ASSOCIATED ENTITIES	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY	SHARES AS OF 30.06.2020	SHARES AS OF 31.12.2019
HR Group Holding S.a.r.l.	Luxembourg	commercial	30,55%	30,55%
Pronos Sp. z o.o.	Wrocław, Poland	service	10,00%	10,00%

[1] CCC.eu Sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (99.75%) and a subsidiary of CCC S.A. (0,25%).
[2] Karl Voegele AG is a subsidiary of NG2 Suisse s.a.r.l. (70%).

[3] DeeZee Sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (75%).

[4] Shares in C-AirOp Ltd. have been acquired in 50% by a third party. The Management Board, after analyzing the functions performed by the shareholders of the company, stands on the position that the Group still has control over the company in the scope of its operations and in its management.
[5] Shoe Express S.A. is a subsidiary of CCC Shoes & Bags Ltd. (95%) and a subsidiary of NG2 Suisse s.a.r.l. (5%).

BASIS FOR PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" approved by the EU ("IAS 34").
The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2019 approved for publication on 6 March 2020.

The financial statements have been prepared in accordance with the historical cost principle and at fair value if the historical cost principle could not be applied (i.e. for investment properties, financial instruments measured at fair value).

BASIS FOR CONSOLIDATION

The interim condensed consolidated financial statements include the report of the parent company CCC S.A. and the reports of the subsidiaries. The subsidiaries are subject to consolidation in the period from the date of obtaining control by the CCC Group to the date of cessation of control.
All entities comprising the Capital Group were controlled in the reporting period. All transactions, balances, revenues and costs between the related entities are subject to consolidation exclusions.

GOING CONCERN

The consolidated financial statement has been prepared on the assumption that the Group and the companies comprising the Group remain a going concern in the foreseeable future, i.e. the period of at least 12 months from the balance sheet date.

As of 30 June 2020, the Group's consolidated statement of financial position shows current assets in the amount of PLN 2,886.6 million, which include, among others, inventories in the amount of PLN 1,994.6 million, cash in the amount of PLN 505.6 million, trade and other receivables in the amount of PLN 377.3 million, derivative financial instruments in the amount of PLN 7.6 million and short-term liabilities in the amount of PLN 3,178.3 million, which include, among others, credit debt in the amount of PLN 1,277.9 million, liabilities to suppliers and others in the amount of PLN 1,421.7 million and lease liabilities (IFRS 16) in the amount of PLN 440.1 million, which results in the surplus of short-term liabilities over current assets in the amount of PLN 291.7 million. This situation is to a large extent due to the fact that the right of use is presented in the long-term part of the assets, while the lease liabilities are presented in the short-term and long-term part, the financial debt is presented in the short-term part and the inventories are (valued) at purchase price, while the value of inventories at sales prices would be higher with current sales margins of approx. 40-50%.

At the end of 2019, the Company's Management Board prepared a financial forecast for 2020, which is part of the 3-year strategy (GO.22 - moving towards omnichannel) announced on 29 January 2020. The aforementioned financial forecast for 2020 was prepared for each segment of the CCC S.A. Capital Group. According to this plan, the Parent Company and the Capital Group should achieve positive cash flows in particular years of the projection, which was expected to lead to a lower level of indebtedness During its preparation, the Management Board adopted a number of assumptions, the most important of which concerned:

1. increasing sales in digital channels by developing the existing and launching new ecommerce (including mobile),
2. increase in sales per m2 in offline stores through the increase in conversion rate, the average number of items per receipt and the average receipt value, while a moderate decrease in the number of visits in stores (so-called traffic),
3. moderate expansion of the store chain (compared to previous years) through a selective approach to opening new stores on selected markets,
4. development of the product offer, including the implementation of attractive spring-summer and autumn-winter collections of own brands, as well as supplementation of the offer with selected foreign brands,
5. implementation of a new communication strategy and consequently, among others, broadening the range of the Group's clients,
6. improve product life cycle management, including maximizing sales of products at first prices,
7. implementation of advanced data analysis solutions in order to personalize communication to customers,
8. decrease in investment expenditure in relation to previous years,
9. improvement of working capital management and shortening the cash conversion period,
10. continuation of cooperation with the existing institutions financing the Group's activities by extending the financing of instruments due in 2020 at a similar level.

As a result of the COVID-19 pandemic and the temporary restriction of retail in the countries in which the Group operates, the implementation of the aforementioned strategy and financial plans has been significantly impaired

The most important events related to the development of the pandemic affecting the Company's and the Group's operations and the presented results, described in detail in the following paragraph "IMPACT OF COVID 19 EPIDEMIC ON THE GROUP'S ACTIVITIES", include the following:

- concluding agreements with banks financing the Group's operations ensuring a stable level of financing for the following months, i.e. until April 2021 and with bondholders ensuring financing until the end of June 2021,
- issue of shares and the Group's capital increase of about PLN 506 million,
- renegotiation of commercial space lease agreements,
- recognition of significant write-downs of assets and creation of additional provisions.

The Group's activities are to a large extent financed by financial instruments, mainly in the form of loans, bonds and reverse factoring. Details concerning the structure of financing of the activity are presented in pt. 4.1, 4.2 of the explanatory notes to these consolidated financial statements.

As a result of the outbreak of the pandemic, as mentioned above, the Company's Management Board signed agreements with the banks financing the Group's operations, and the Meeting
The Bondholders have made appropriate changes to the bond issue conditions to ensure a safe level of financing for the Group for the subsequent months, i.e. at least until April 2021 and until June 2021 in respect of bonds. The key conditions of the signed agreements were: recapitalization of the Group at the level of at least PLN 300 million, maintaining cash at the minimum level of PLN 40 million, preparation of financial projections for subsequent months and years, verified by an independent financial advisor and monitored on a monthly basis also by an independent financial advisor.

As at the date of publication of these financial statements, the above conditions were met.
The financial projections mentioned above are based on a number of assumptions, the most important of which are related to:

- achieving the assumed sales levels and margins in the individual months of the pandemic recovery,
- signing contracts for new financing in the amount of about PLN 250 million guaranteed by BGK S A and for financing extending the financing period the Group's activities beyond the period covered by the current agreements, i.e. outside April 2021,
- the appropriate selection of the assortment in the context of changes in fashion trends and weather conditions,
- maintaining appropriate relations with suppliers, who have partially lost their insurance limits concerning the Group,
- no further significant negative factors resulting from the spread of the pandemic COVID 19

The implementation of the above forecasts involves various types of risk. The most important issues include those related to:

- potentially negative reaction of financial institutions to possible shifts in performance in particular periods of the year affecting the reported margin levels and indicators
- failure to sign contracts to provide new financing as foreseen in the prepared projections or required due to potentially worse than expected results,
- actions taken by the Group's competitors
- unplanned unforeseen changes in fashion trends and weather conditions
- significant changes in behaviour of customers infuenced by the COVID 19 pandemic
- suspension of financing by the institutions financing the Group's activities in case of failure to implement the financial parameters adopted in the prepared projections, including the obligation to maintain cash at a specified minimum level;
- non-business factors, including the further spread of the COVID-19 pandemic, for which more information is provided in the paragraph "THE IMPACT OF THE COVID 19 EPIDEMY ON THE GROUP'S ACTIVITIES".

Considering the above, the Management Board of the parent company, when preparing this consolidated financial statement, identified a number of the above-mentioned risks and circumstances that could significantly affect the results and liquidity situation of the Company and the CCC Group and the risk of failure to meet the signed agreement with the institutions financing its activities, this would result in the financial institutions expecting to settle the obligations of the Company and the CCC Group and could result in the inability to provide further financing for its activities, which in turn could threaten the continuation of its operations.

Despite the above mentioned risks, the Management Board of the Company, based on the current financial results, consistent with or even in some areas better than planned, believes that appropriate measures have been taken and are being taken to ensure the implementation of the Group's plans and has therefore prepared the attached consolidated financial statements on a going concern basis.

SIGNIFICANT EVENTS AND TRANSACTIONS THAT OCCURRED SINCE THE END OF THE LAST ANNUAL REPORTING PERIOD

- The influence of the COVID-19 epidemic on the Group's operations is described in the section below.
- The agreement with the institutions financing the activities of the CCC Capital Group, including CCC S.A., described in the point above.
- The issue of 13.7 million shares at the price of PLN 37, as a result of which the Company acquires PLN 506.9 million - is described in more detail in explanatory note 4.1 to these interim condensed consolidated financial statements.
- Creation of revaluation write-offs for assets referred to in explanatory notes 5.1, 5.2, 5.3, 5.5, 5.6 to these interim condensed consolidated financial statements.
- The acquisition of 24% of DeeZee - exercise of the put option in accordance with the agreement - is described in note 6.2.

IMPACT OF THE COVID-19 EPIDEMIC ON THE GROUP'S ACTIVITIES

Since the fourth quarter of 2019, the COVID-19 virus (coronavirus) has been spreading worldwide. In response to the pandemic, governments of individual countries took specific countermeasures in order to limit its negative effects.

During the first quarter of 2020 and in the period until the date of this report the COVID-19 pandemic had a very significant negative impact on the global economy and the economies of individual countries, including those related to the operations of the Group and the Company

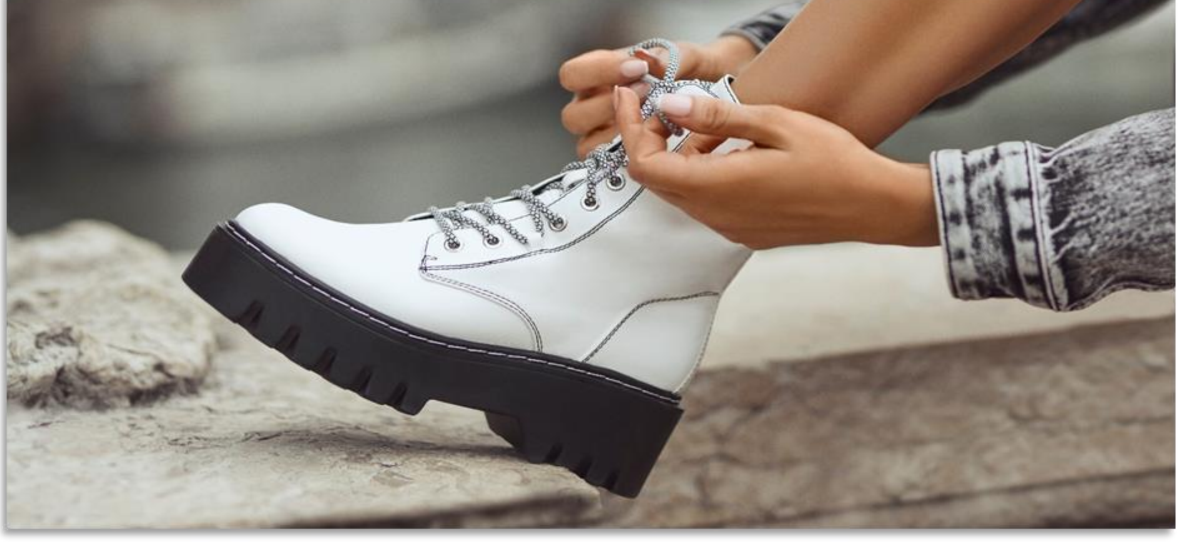
The COVID-19 pandemic also had a negative impact on the supply chain. Many of the Group's major suppliers are located in Asia. In the first phase of the pandemic, the start of production of the autumn-winter 2020 collection in China was delayed. In the following weeks, the situation in China stabilized and manufacturers returned to work. At the same time, production difficulties emerged in other countries, including India and Bangladesh, where the Group's suppliers are located. As a result of the actions taken, as of the day of preparing this report, the Group has a secured assortment of goods for sale in the autumn-winter 2020 season.

In response to the pandemic, the Group has prepared a comprehensive plan to stabilize operations, including operational, financial and strategic dimensions. Key actions included maintaining the Group's functioning processes in the environment of widely used remote work, strengthening e-commerce logistics processes, accelerating the launch of e-commerce platforms in the new markets, starting negotiations with landlords in terms of adjusting the lease conditions to the circumstances of the pandemic and the expected decrease in the number of people visiting the stores after their opening, applying for and receiving support from available public aid programs in terms of labor costs and others.

In financial terms, the Company began negotiations with bondholders, banks and financing institutions aimed at maintaining the stability of long-term financing, and announced the issue of new shares in order to raise additional capital to financially support the Group's operations, in particular orders for subsequent seasons. The Group is also engaged in activities aimed at obtaining additional financing under the guarantee of the BGK Liquidity Guarantee Fund and the Polish Development Fund.

In the strategic dimension, the Company assumes restrictions and shifts of investment expenditures, while maintaining the assumptions of GO.22 strategy.

In the medium and long term, the Group expects:
A significant drop in the value of the footwear market in 2020 and its reconstruction in 2021 (assuming no administrative store closing at the end of 2020 or in 2021), increase in the share of the e-commerce channel in revenues, the shift in consumer demand towards goods with the best price/quality ratio due to the reduction of their disposable income.



ANALYSIS OF THE IMPACT OF CHANGES IN THE ECONOMIC SITUATION ON THE VALUATION OF ASSETS AND LIABILITIES OF CCC S.A. CAPITAL GROUP.

Inventory write-downs
See note 5.5 for additional information.

Evaluation of expected ECL credit loss
As of 30 June 2020, the Group has made a detailed analysis of the impact of changes in the economic environment associated with the coronavirus pandemic on the calculation of expected credit losses in terms of the potential need to modify the assumptions made in the estimates made and to take into account an additional element of risk associated with the current economic situation and forecasts for the future.
The Group's activities are mainly related to retail activities, therefore the level of trade receivables is not significant. Trade receivables relate primarily to wholesale operations and cooperation with franchisees. The economic situation in the period from March to May/June 2020 caused significant decreases in sales in the retail and wholesale segment. The Group did not observe any significant deterioration in profitability or increase in the number of bankruptcies or restructuring among its customers.
Moreover, receivables from entities which, in the Group's opinion, are exposed to the highest risk of default in the short term were covered by write-downs. In the first half of 2020, the Group created a write-down of receivables from customers in the amount of PLN 63.2 million.
In view of the above, the Group expects that the repayment of receivables shown in the statement of financial position as at 30 June 2020, which fall due in the coming months, will remain significantly unchanged. The Group estimates that despite the coronavirus pandemic, the risk of defaulting contractors has not changed significantly.
The second group of assets exposed to credit losses are loans granted. The Group has identified the risk of default on the loans granted, therefore it has created an impairment charge of PLN 116.0 million.
Additional description of write-offs and provisions for expected losses is included in Note 3.3 and 6.1.

The Group analyzes the situation on the markets on a current basis and the signals coming from contractors that may indicate a worsening of the financial situation and, if necessary, will update the adopted estimates for the calculation of ECL for the purpose of preparing the financial statement for the third quarter of 2020. More information in note 5.6

Loss of value of property, plant and equipment, company goodwill and assets due to rights of use
The outbreak of the COVID-19 epidemic caused significant changes in business conditions and economic situation, therefore the Group considered it as a premise for impairment testing of assets at the end of the second quarter of 2020. Additional information is provided in note 5.2, 5.3 and 5.4.

Other accounting estimates

At the moment of preparing this half-year condensed consolidated financial statement, the Group does not identify any significant risks related to potential breach of the terms of signed trade agreements and supply contracts.

Liquidity situation

Through the issue of shares, the Company has secured the funds necessary to stock the AW20 season, and the funds obtained from current operations and from the planned new financing secured by a guarantee from BGK will be enough to back up the SS21 season while maintaining a safe level of liquidity. The company has taken additional steps to improve liquidity in the next 12 months. Such measures include:

- renegotiation of rental agreements,
- introduction of a savings program,
- strong development of the e-commerce channel,
- improvment in planning and inventory management process.

The risks that could affect the liquidity in the indicated period include the issues presented in point "Business continuity" in explanatory note 1 to these consolidated financial statements.

[in PLN million unless otherwise stated]

FUNCTIONAL CURRENCY AND CURRENCY OF FINANCIAL STATEMENTS

Items included in the interim condensed financial statements of the Group's individual entities are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in the Polish zloty (PLN), which is the functional currency of the parent company and the presentation currency of the Group.

ACCOUNTING PRINCIPLES APPLIED

The accounting principles applied by the Companies of the CCC S.A. Capital Group have not changed in relation to those applied in the financial statements for the financial year from 1 January to 31 December 2019, except for the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2020 or later.

MAJOR ESTIMATES AND JUDGEMENTS

Below is a list of accounting policies and major estimates and judgments for particular items of the financial result and financial situation reports:

NOTE	TITLE	ACCOUNTING POLICIES (Y/N)	CRITICAL ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
3.1	Sales revenue	Y	N	21
3.2	Cost of sales of goods	Y	N	23
3.2	Costs of operating stores	Y	N	23
3.2	Other costs of sales	Y	N	23
3.2	Administrative expenses	Y	N	23
5.4	Leasing	Y	Y	55
3.3	Other operating and finance costs and revenues	Y	N	26
3.4	Income tax	Y	Y	29
3.4	Deferred tax assets	Y	Y	29
3.4	Income tax liabilities	Y	N	29
4.1	Equity	Y	Y	35
4.2	Debt liabilities	Y	N	40
5.1	Intangible assets	Y	Y	46
5.3	Tangible fixed assets	Y	Y	51
5.3	Grants received	Y	N	51
5.5	Inventories	Y	Y	58
5.6	Loans granted	Y	N	60
5.6	Trade receivables	Y	N	60
5.6	Other receivables	Y	N	60
5.7	Cash and cash equivalents	Y	N	62
5.8	Trade and other liabilities	Y	N	62
5.8	Other liabilities	Y	N	62
5.9	Provisions	Y	Y	64
6.1	Financial instruments	Y	Y	65
6.4	Discontinued operations	Y	Y	75
6.5	Cost of incentive program	Y	Y	79

▲ *This symbol indicates the notes for which important estimates and judgments are applied.*

New and amended accounting standards applied

The amended standards and interpretations, which apply for the first time in 2020, do not have a significant impact on the interim condensed separate financial statements of the Company:

1. Changes to IFRS 3: Definition of a Business The changes to IFRS 3 clarify that in order to be considered a business, an integrated set of activities and assets must include at least one input and one significant process that together significantly contribute to the ability to create a product. The changes also clarify that a project could exist without all the inputs and processes necessary to produce products.

2. Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of interest rate benchmarks. The amendments to IFRS 9 and IAS 39 introduce a number of derogations for all hedging relationships directly affected by the IBOR reform. The IBOR reform affects securing links if it leads to uncertainty as to the timing and/or amount of cash flows based on the interest rate reference index resulting from the hedged item or the hedging instrument based on the interest rate reference index.

3. Amendments to IFRS 1 and IFRS 8: Definition of "material". The amendments to IAS 1 and IAS 8 introduce a new definition of "material" which states that "information is significant if its omission, misstatement or opaque nature may reasonably be expected to influence the decisions of major users of general purpose financial statements based on such statements containing financial information about a particular reporting entity". The amendments clarify that materiality will depend on the nature or amount of the information, individually or in combination with other information, in the context of the overall financial statements.

4. Conceptual assumptions of financial reporting as of 29 March 2018. The conceptual assumptions do not constitute a separate standard and none of the terms presented therein supersedes or repeals the terms presented in any standard or the requirements of any standard. The purpose of the Conceptual Assumptions is to support the IASB in the development of standards, to help prepare financial statements in the development of coherent accounting principles (policies) where there is no relevant standard, and to support all parties in financial reporting in understanding and applying the standards. The updated conceptual framework includes some new concepts, updates the definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

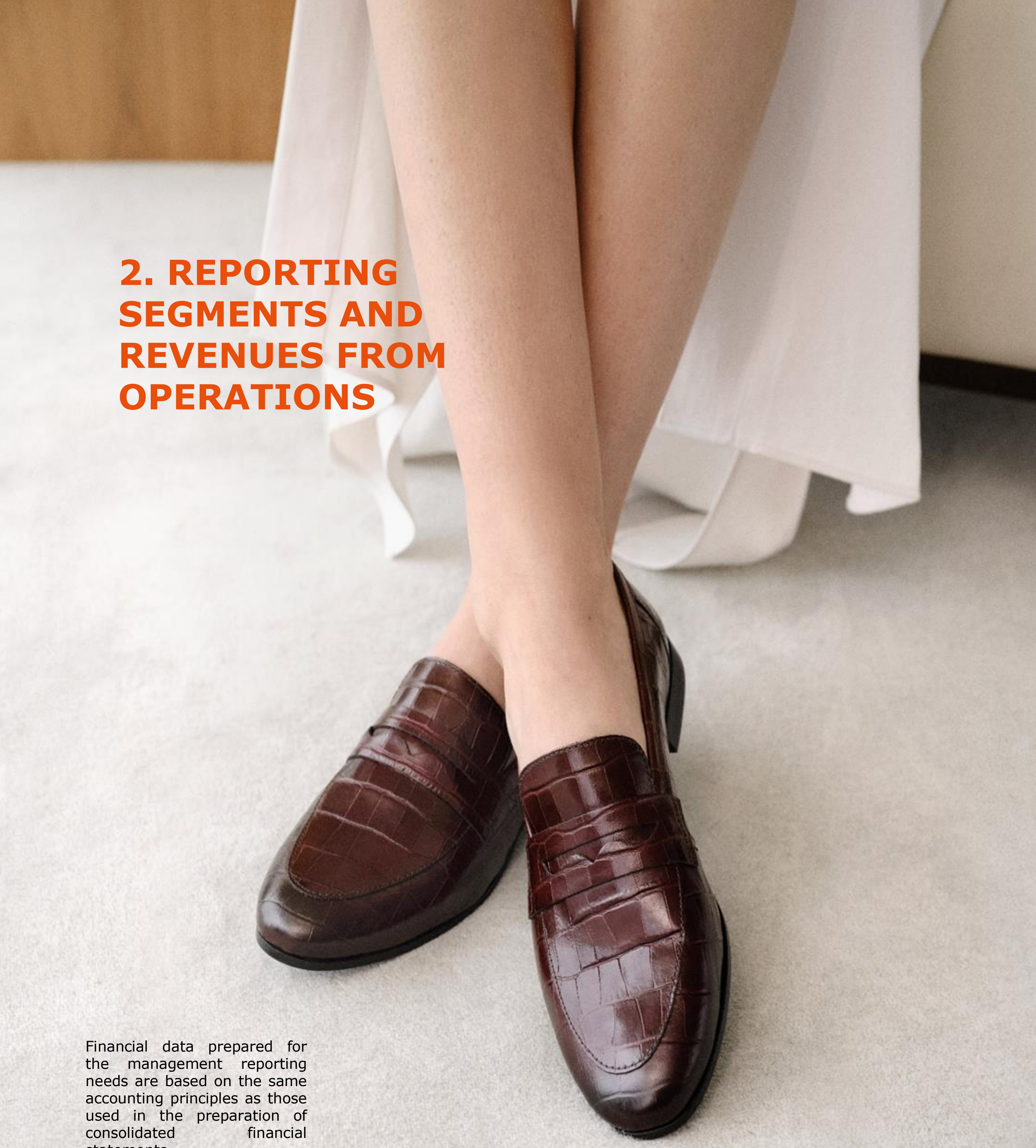
The Group has not decided to apply earlier any standard, interpretation or amendment that has been published but has not yet entered into force under European Union regulations.

Published standards and interpretations not yet in force and not previously applied by the Group

The standards and interpretations published by the International Accounting Standards Board are listed below, but have not yet entered into effect. In the opinion of the Management Board, they would not have a significant impact on the financial statement if they had been applied by the Company as of the balance sheet date.

- IFRS 14 Regulatory Accruals and Deferred Tax (published on 30 January 2014) - in accordance with the decision of the European Commission, the process of approval of the standard in its initial version will not be initiated before the publication of the standard in its final version - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2016 or later;
- Changes to IFRS 10 and IAS 28: Transactions of sale or contribution of assets between an investor and its associate or joint venture (published on 11 September 2014) - the work leading to the approval of these changes has been postponed by the EU permanently - the effective date has been delayed by the IASB for an indefinite period;
- IFRS 17 Insurance Contracts (published on 18 May 2017) including Amendments to IFRS 17 (published on 25 June 2020) - not approved by EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2023 or later;
- Amendments to IAS 1: Presentation of Financial Statements - Division of Liabilities into Short-term and Long-term Liabilities and Division of Liabilities into Short-term and Long-term Liabilities - Deferral of the effective date (published on 23 January 2020 and 15 July 2020 respectively) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2023 or later;
- Amendments to IFRS 3 Amendments to references to Conceptual Assumptions (published on 14 May 2020) - not approved by EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2022 or later;
- Amendments to IAS 16 Property, Plant and Equipment: Revenues generated before commissioning (published on 14 May 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2022 or later;
- Amendments to IAS 37 Borrowing Contracts - Costs of fulfilling contractual obligations (published on 14 May 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2022 or later;
- Amendments resulting from the review of IFRS 2018-2020 (published on 14 May 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2022 or later;
- Amendment to IFRS 16 Leasing: Rental concessions related to Covid-19 (published on 28 May 2020) - not approved by EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 June 2020 or later. Earlier application is permitted, including for financial statements not approved for publication on 28 May 2020;
- Amendments to IFRS 4 Insurance Contracts - Deferral of IFRS 9 (published on 25 June 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2021 or later;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Reform of Reference Interest Rate Indices - Phase 2 (published on 27 August 2020) - not approved by the EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 January 2021 or later;
- Amendment to IFRS 16 Leasing: Rental concessions related to Covid-19 (published on 28 May 2020) - not approved by EU until the date of approval of these financial statements - applicable to annual periods beginning on 1 June 2020 or later. Earlier application is permitted, including for financial statements not approved for publication on 28 May 2020.

Entry into force dates are those resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of the standards in the European Union may be different from the application dates resulting from the content of the standards and are published at the time of approval for application by the European Union.



2. REPORTING SEGMENTS AND REVENUES FROM OPERATIONS

Financial data prepared for the management reporting needs are based on the same accounting principles as those used in the preparation of consolidated financial statements.

Operating segments and revenues from operations are presented in a manner consistent with internal reporting provided to the key operational decision-maker, on the basis of which he assesses results and decides on the allocation of resources. The Parent's Management Board is the main operational decision maker.

The Management Board analyzes the Group's operations from a geographical and product perspective:
- from a geographical perspective, the Management Board analyses the Group's operations in Poland, Central and Eastern Europe, Western Europe and other countries;
- from a product perspective, the Management Board analyses retail, e-commerce and wholesale operations in the above-mentioned geographical areas.

The Group identifies the following operating and reporting segments:

<table>
<tr><th>Reporting segment</th><th>Description of the reporting segment’s operations and the applied measures of result</th><th>Premises for aggregation of operating segments into reporting segments, including economic circumstances taken into account in assessing the similarity of the economic characteristics of the operating segments</th></tr>
<tr><td>Distribution activities – retail in Poland. Stores operate in CCC, eObuwie and Gino Rossi chains.</td><td rowspan="4">Each individual own store operating in these countries is an operating segment.

The stores sell shoes, handbags, shoe care accessories, small clothing accessories in their own stores, within the chains: CCC, Eobuwie.pl, Gino Rossi

The result’s measures are gross profit on sales calculated in relation to external sales and the segment’s operating result constituting the difference between sales, cost of goods sold, direct costs of sales related to the functioning of the retail chain (costs of operating stores) and costs of organizational units supporting sales.</td><td rowspan="4">Financial information was aggregated for the CCC chain according to geographical markets because of:

• Similarity of long-term average gross margins,
• Similar character of goods (e.g. shoes, handbags, shoe care accessories, small clothing accessories),
• A similar way of distributing goods,
• Similar categories of customers (sales carried out in own units and Directed towards retail customers).</td></tr>
<tr><td>Distribution activities – retail in EU – Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria, Romania). Stores operate only in the CCC chain.</td></tr>
<tr><td>Distribution activities – retail in EU Western Europe (Austria) Stores operate only in the CCC chain.</td></tr>
<tr><td>Distribution activities – retail in other countries (Russia, Serbia). Stores operate in the CCC chain.</td></tr>
<tr><td>Distribution activities – e -commerce</td><td colspan="2">The activity is carried out by eobuwie.pl S.A., DeeZee Sp. z o.o., Gino Rossi S.A., CCC Czech s.r.o., CCC Slovakia s.r.o., Shoe Express S.A. and CCC S.A. distributing goods via the Internet.

The Group sells footwear, handbags, shoe care accessories, small clothing accessories etc. to domestic and foreign retail customers.

The measures of the result are the gross profit on sales calculated in relation to external sales and the operating result of the segment constituting the difference between sales, cost of goods sold and direct sales costs related to the functioning of the sales channel (including logistics costs).</td></tr>
<tr><td>Distribution activities – wholesale</td><td colspan="2">The whole activity is performed by CCC.eu, which distributes goods to the companies within the Group.

The company sells footwear, handbags, shoe care accessories, small clothing accessories to foreign franchisees and other wholesale customers.

The result’s measures are gross profit on sales calculated in relation to external sales and the segment’s operating result constituting the difference between sales, cost of goods sold, direct costs of sales related to the functioning of the distribution chain (i.e. logistics costs)</td></tr>
<tr><td>Manufacturing activities</td><td colspan="2">Manufacturing of women’s leather shoes is carried out in Poland. The result’s measure is segment’s operating result constituting the difference between sales, cost of goods sold, direct costs of sales.
Eobuwie.pl company is also a producer of premium clothing brand Rage Age. The company does not have its own production department - it uses the services of external sewing factories, to which it supplies raw materials and materials.</td></tr>
<tr><td>Discontinued operations</td><td colspan="2">CCC stores in Germany and Simple stores sold before the balance sheet date. Stores of the CCC and Voegele chains in Switzerland intended for sale.</td></tr>
</table>

[in PLN million unless otherwise stated]

A reconciliation of the reporting segments and the consolidated financial statements is shown below:

1-6.2020	DISTRIBUTION ACTIVITY						MANUFACTURING ACTIVITY	TOTAL	DISCONTINUED OPERATION
	RETAIL				E-COMMERCE	WHOLESALE			
	POLAND	UE - CEE	UE - WESTERN EUROPE	OTHER COUNTRIES					
Total sales revenue	662,0	307,7	41,8	41,2	1 041,8	725,2	64,0	2 883,7	132,1
Revenue from sales to other segments	-	-	-	-	-	(695,4)	(63,8)	(759,2)	-
Revenue from sales from external customers	662,0	307,7	41,8	41,2	1 041,8	29,8	0,2	2 124,5	132,1
Gross profit on sale	295,5	154,5	22,9	11,8	461,6	4,3	(0,1)	950,5	63,9
Gross profit margin on sales (gross profit on sales / Revenue from sales from external customers)	*44,6%*	*50,2%*	*54,8%*	*28,6%*	*44,3%*	*14,4%*	*0%*	*44,7%*	*48,4%*
PROFIT OF SEGMENT	(109,9)	(123,4)	(33,9)	(22,9)	100,0	(1,7)	-	(191,8)	(52,8)
Assets of segments									
Fixed assets except other financial assets and deferred tax assets and granted loans	1 447,5	809,5	156,9	205,9	567,1	141,4	67,7	3 396,0	128,4
Deferred tax assets	17,0	0,8	-	1,8	44,9	16,2	1,4	82,2	-
Inventories	372,4	256,2	36,4	60,9	540,9	724,3	62,9	2 054,0	158,5
Outlays on tangible fixed assets and intangibles	666,8	263,9	17,8	41,9	443,3	132,7	67,7	1 634,1	15,0
Other revenue/costs:									
Amortization and depreciation	(147,6)	(104,0)	(22,9)	(16,8)	(9,7)	(2,8)	-	(303,8)	(43,4)
Impairment loss of tangible fixed assets and intangibles	(15,7)	(8,8)	(29,0)	(4,0)	-	-	-	(57,5)	(30,5)
1-6.2019									
Total sales revenue	1 065,6	515,6	60,9	64,0	628,4	1 254,5	82,3	3 671,2	266,1
Revenue from sales to other segments	-	-	-	-	-	(1 160,1)	(82,2)	(1 242,3)	-
Revenue from sales from external customers	1 065,5	515,6	60,9	64,0	628,4	94,4	0,1	2 428,9	266,1
Gross profit on sale	541,3	300,6	40,0	33,6	270,0	15,8	(0,4)	1 200,9	136,7
Gross profit margin on sales (gross profit on sales / Revenue from sales from external customers)	*50,8%*	*58,3%*	*65,8%*	*52,5%*	*43,0%*	*16,7%*	*0,0%*	*49,4%*	*51,4%*
PROFIT OF SEGMENT	130,1	17,1	(28,5)	(7,3)	39,1	6,5	(0,4)	156,5	(57,6)
31.12.2019									
Assets of segments									
Fixed assets except other financial assets and deferred tax assets and granted loans	1 462,8	914,2	533,1	237,0	551,8	308,9	68,9	4 076,7	-
Deferred tax assets	9,9	0,8	-	-	44,9	8,3	3,5	67,4	-
Inventories	352,8	248,6	195,9	63,0	487,5	565,1	86,7	1 999,6	-
Outlays on tangible fixed assets and intangibles	647,0	276,7	94,0	49,7	429,0	141,1	68,9	1 706,4	-
Other revenue/costs:									
Amortization and depreciation	(130,1)	(94,3)	(22,1)	(17,3)	(4,3)	(0,5)	-	(268,6)	(49,8)
Impairment loss of tangible fixed assets and intangibles	-	(2,2)	-	-	-	-	-	-	-

[in PLN million unless otherwise stated]

	1-6.2020			01.2019-6.2019 RESTATED FIGURES		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT
Total sales revenue	2 883,7	(759,2)	2 124,5	3 671,2	(1 242,3)	2 428,9
Sales revenue not allocated to segments	-	61,6	61,6	-	28,7	28,7
Sales revenue in the financial statement	-	-	2 186,1	-	-	2 457,6
Cost of goods sold in the financial statement	-	-	(1 174,0)	-	-	(1 228,0)
Cost of goods sold not allocated to segments	-	(61,6)	(61,6)	-	(28,7)	(28,7)
Gross profit on sale	**950,5**	**-**	**950,5**	1 200,9	-	1 200,9
Gross profit on sale not allocated to segments	-	-	-	-	-	-
Gross profit on sale in the financial statement	950,5	-	950,5	1 200,9	-	1 200,9
Costs of sales related to segment operations	(1 142,3)	-	(1 142,3)	(1 044,4)	-	(1 044,4)
Result on segment	**(191,8)**	**-**	**(191,8)**	**156,5**	**-**	**156,5**
Not allocated costs of sale	-	-	-	-	-	-
Administrative expenses	-	-	(94,7)	-	-	(115,5)
Other operating income	-	-	22,4	-	-	13,2
Other operating costs	-	-	(169,1)	-	-	(7,3)
Write-off for expected credit losses (write-off of trade receivables)	-	-	(63,2)	-	-	-
Finance income	-	-	38,5	-	-	15,8
Write-off for expected credit losses	-	-	(116,0)	-	-	-
Finance costs	-	-	(96,9)	-	-	(73,7)
Share of net profit (loss) of associates accounted for using the equity method	-	-	(28,3)	-	-	(3,9)
Profit (loss) before tax	**-**	**-**	**(699,1)**	**-**	**-**	**(14,9)**
	30.06.2020			31.12.2019		
Assets of segments	-	-	-	-	-	-
Fixed assets (excluding deferred tax assets and other financial assets)	3 396,0	-	3 396,0	4 076,7	-	4 076,7
Deferred tax assets	82,2	74,9	157,1	67,4	42,9	110,3
Inventories	2 054,0	(59,4)	1 994,6	1 999,6	(57,3)	1 942,3
Outlays on tangible and intangible assets	1 634,1	-	1 634,1	1 706,4	-	1 706,4
Other revenue/costs:	-	-	-	-	-	-
Amortization and depreciation	(303,8)	(18,2)	(322,0)	(268,6)	(26,9)	(295,5)
Impairment loss of tangible fixed assets and intangibles	(57,5)	-	(57,5)	(2,2)	-	**(2,2)**

Discontinued operations						
Total sales revenue	132,1	(61,6)	70,5	266,1	(28,7)	237,4
Cost of goods sold	(68,2)	61,6	(6,6)	(129,4)	28,7	(100,7)
Gross profit on sale	**63,9**	**-**	**63,9**	136,7	-	136,7

Data concerning discontinued operations, shown in the table above in the column "Consolidated financial statements" corresponds to those presented in note 6.4 of these financial statements.

[in PLN million unless otherwise stated]

	1-6.2020			1-6.2019		
	offline	**e-commerce**	**total**	**offline**	**e-commerce**	**total**
Poland	662,0	441,9	1 103,9	1 065,6	249,2	1 314,8
Czech Republic	87,9	78,8	166,7	142,5	56,5	199,0
Hungary	66,9	80,5	147,4	109,3	63,5	172,8
Romania	51,8	118,8	170,6	107,3	75,7	183,0
Slovakia	49,5	55,1	104,6	82,7	32,0	114,7
Austria	41,8	0,6	42,4	61,0	-	61,0
Russia	28,9	-	28,9	51,4	-	51,4
Croatia	24,4	-	24,4	35,2	-	35,2
Slovenia	16,9	-	16,9	23,5	-	23,5
Serbia	12,3	-	12,3	12,5	-	12,5
Bulgaria	10,3	50,0	60,3	15,2	32,4	47,6
Greece	-	57,9	57,9	-	29,1	29,1
Germany	-	50,8	50,8	-	25,2	25,2
Italy	-	33,1	33,1	-	11,0	11,0
Lithuania	-	27,6	27,6	-	18,5	18,5
Switzerland	-	13,9	13,9	-	-	-
Ukraine	-	9,7	9,7	-	-	-
France	-	9,7	9,7	-	10,4	10,4
Spain	-	6,2	6,2	-	8,3	8,3
Other	30,0	7,2	37,2	94,3	16,6	110,9
Total	**1 082,7**	**1 041,8**	**2 124,5**	**1 800,5**	**628,4**	**2 428,9**
Discontinued operations						
Switzerland	132,1	-	132,1	241,2	9,8	251,0
Germany	-	-	-	11,6	-	11,6
Poland	-	-	-	3,5	-	3,5
Total	**132,1**	**0,0**	**132,1**	**256,3**	**9,8**	**266,1**

	FIXED ASSETS (EXCEPT FINANCIAL INSTRUMENTS AND DEFERRED TAX)	
	30.06.2020	**31.12.2019**
Poland	1 656,6	1 840,7
Switzerland	-	323,0
Czech Republic	171,2	199,5
Hungary	171,6	196,1
Romania	194,3	213,7
Slovakia	88,1	107,5
Austria	156,9	210,1
Russia	134,6	169,3
Croatia	65,7	73,5
Slovenia	60,7	64,7
Serbia	71,3	67,6
Bulgaria	58,0	59,2
e-commerce	567,0	551,8
Total	**3 396,0**	**4 076,7**
Deferred tax	157,1	110,3
Other financial assets	14,9	23,5
Total assets	**3 568,0**	**4 210,5**

3. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 SALES REVENUE

Accounting policy

Sales revenue
IFRS 15 establishes the so-called The Five-Step Model for recognizing revenue resulting from contracts with clients. In accordance with the above standard, revenue is recognized in the amount of remuneration that the entity is entitled in exchange for transferring the promised goods or services to the customer. The company recognizes revenue at the time of transferring the goods to the customer in a value reflecting the price expected by the entity in exchange for the transfer of these goods and services. Sales revenue comprises revenue from the sale of goods, products obtained in the normal course of business. Sales revenue is recognized at the fair value of the amount received or due from the sale of goods, finished goods and services in the ordinary course of the Group's business. Revenue is presented after deducting value added tax, returns, rebates and discounts, and after eliminating intragroup sales.

Revenue from sales of goods and products – wholesale
The Group sells footwear, handbags, shoe care accessories and small clothing accessories on the domestic and foreign wholesale market. Revenue from sales is recognized at the moment when control over the goods is transferred to the contractor. The Group, within its subsidiaries, has all risks related to the aging of the goods and post-sales service for the retail customer, i.e. the Group is obliged to cover the costs incurred and accept the goods from the complaint handling. The rules of creating write-offs for complaints are presented in Note 5.9.

Revenue from sales of goods and products – retail sales
The Group sells footwear, handbags, shoe care accessories and small clothing accessories through its own chain of stores located in Poland and abroad. Revenue from sales is recognized when the goods are delivered to the customer in the store. Retail sales are usually made for cash or using payment cards. The Group accepts the customer's return policy within 14 days from the date of purchase. In order to estimate the volume of returns, the historical return ratio of goods to sales is used. Based on this estimation, the sales revenue is adjusted.

Revenue from sale of goods – e-commerce sales
The Group sells footwear, handbags, shoe care accessories and small clothing accessories through an online store operating in the local and foreign markets. Revenue from sales is recognized at the time of delivery to the courier and adjusted accordingly as at the balance sheet date taking into account the date of receipt of the delivery by the customer. The Group applies the customer's return policy within 30 days from the date of receipt of the order. In addition, at the balance sheet date the value of potential returns resulting from the consumer's right to return is also estimated. The experience gained so far is used to estimate the volume of returns and create a write-off for them.

[in PLN million unless otherwise stated]

Revenues from contracts with customers, broken down by categories, are as follows:

Sales revenue	01-06.2020	01-06.2019	change %
Shoes	928,8	1 542,6	-40%
Bags	56,6	92,9	-39%
Other	67,3	70,7	-5%
Retail activity	**1 052,7**	**1 706,2**	-38%
Shoes	854,3	513,6	66%
Bags	46,2	27,7	67%
Other	141,3	87,1	62%
E-commerce	**1 041,8**	**628,4**	66%
Wholesale / service	91,6	123,2	-26%
Total	**2 186,1**	**2 457,8**	-11%

Sales revenue	4-6.2020	4-6.2019	change %
Shoes	516,0	988,7	-48%
Bags	30,3	59,2	-49%
Other	35,6	47,9	-26%
Retail activity	**581,9**	**1 095,8**	-47%
Shoes	524,8	283,3	85%
Bags	28,4	15,1	88%
Other	76,2	47,5	60%
E-commerce	**629,4**	**345,9**	82%
Wholesale / service	41,6	78,4	-47%
Total	**1 252,9**	**1 520,1**	-18%

The Group conducts retail sales to individual recipients, sales to no single recipient exceeded 10% of total revenues.

The Group recorded an increase in the share of revenue in the e-commerce channel from 25.6% in the first half of 2019 to 47.7%. The increase in revenue in this segment was driven by the closure of stationary sales points due to the impact of the COVID-19 epidemic and the shift of some customers to shopping through the e-commerce channel instead of shopping in stores after the opening of stores.

In the first half of 2020 there was a 38% decrease in revenue from retail operations compared to the first half of 2019 due to the closure of points of sale in the period from March to June 2020 (depending on the country) in connection with the spreading COVID-19 pandemic. After the lockdown period, a slow return of customers to stationary stores was observed, as well as the shift of some customers to shopping through the e-commerce channel and the sale of goods after the peak season, which was associated with discounts.

3.2 COSTS BY NATURE

Accounting policy

Cost of goods sold
As the cost of goods sold the Group recognizes:
- value of goods sold,
- the value of the packaging released for sale,
- costs of provision for warranty repairs (note 5.9),
- value of the finished products sold,
- inventory write-down,
- write-offs for impairment of tangible and intangible fixed assets used in the production of goods or services (depreciation of production machines), costs of salaries of production employees,
- other production-related costs.

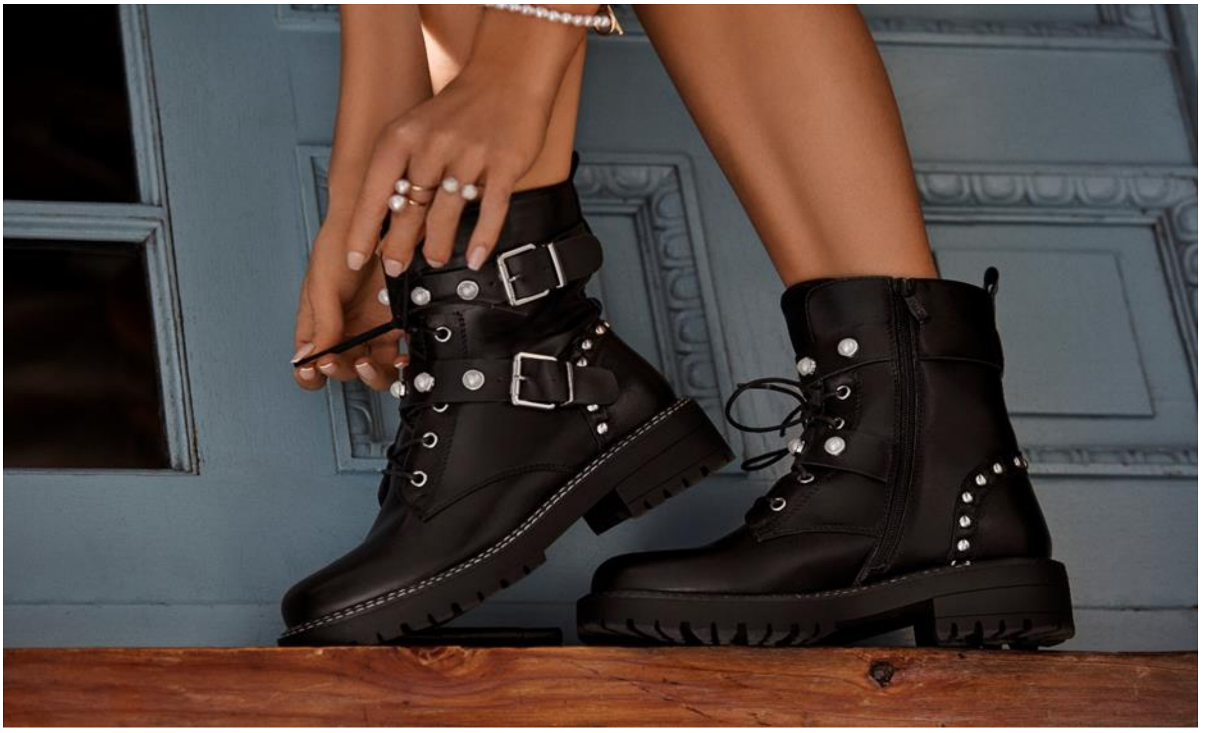
Cost of operating stores
Costs of operating stores include the costs of maintaining stores and other retail outlets. This item includes mainly:
- costs of remuneration of store employees,
- depreciation of tangible fixed assets (investments in stores),
- depreciation of the asset due to the right of use,
- costs of third party services (e.g. agent's remuneration, consumption of utilities),),
- variable payments concerning leasing (sales-based rents).

Other costs of sales
Other costs of sales include costs of sales not directly related to the maintenance of stores, concerning organizational units supporting sales. This item includes mainly:
- costs of salaries of employees of organizational units supporting sales,
- amortisation of property, plant and equipment,
- costs of external services,
- other generic costs,
- low value and short-term leasing.

Administrative expenses
Administrative expenses include costs related to the management of the entire business activity of the Group (general and administrative costs) and general costs of the Group.

Government grants
Government grants are recognized using the income method (they reduce costs).

[in PLN million unless otherwise stated]



NOTE	01.2020-6.2020	COST OF GOODS SOLD	COSTS OF OPERATING STORES	OTHER COSTS OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase and manufacturing of goods sold	(1 129,0)	-	-	-	(1 129,0)
	including discontinued operation:	*(3,0)*	-	-	-	*(3,0)*
	Consumption of materials and energy	(70,5)	(27,3)	(23,1)	(6,4)	(127,3)
	including discontinued operation:	-	-	*(0,6)*	*(0,1)*	*(0,7)*
5.5	Write-down on inventories	(13,3)	-	-	-	(13,3)
	including discontinued operation:	*(3,6)*	-	-	-	*(3,6)*
	Remuneration and employee benefits	(25,4)	(212,0)	(108,9)	(33,9)	(380,2)
	including discontinued operation:	-	*(43,7)*	*(9,6)*	*(3,0)*	*(56,3)*
	Transportation services	(0,5)	(2,6)	(109,5)	-	(112,6)
	including discontinued operation:	-	-	(2,0)	-	*(2,0)*
	Lease costs	(0,1)	(58,8)	(16,1)	(6,6)	(81,6)
	including discontinued operation:	-	*(7,2)*	*(3,9)*	*(1,1)*	*(12,2)*
	Other outsourcing services	(2,6)	(30,8)	(202,7)	(32,3)	(268,4)
	including discontinued operation:	-	*(2,2)*	*(0,7)*	*(3,3)*	*(6,2)*
	Amortization and depreciation	(2,5)	(330,6)	(15,8)	(18,7)	(367,6)
	including discontinued operation:	-	*(43,0)*	*(0,4)*	*(2,2)*	*(45,6)*
	Taxes and charges	(0,4)	(2,0)	(7,9)	(3,5)	(13,8)
	including discontinued operation:	-	(0,1)	(0,1)	-	*(0,2)*
	Other flat costs	(0,2)	(2,4)	(108,5)	(3,7)	(114,8)
	including discontinued operation:	-	*(0,3)*	*(2,9)*	*(0,7)*	*(3,9)*
	Change in products and production in progress	2,3	-	-	-	2,3
	Total	(1 242,2)	(666,5)	(592,5)	(105,1)	(2 606,3)
	Including continuing operations	(1 235,6)	(570,0)	(572,3)	(94,7)	(2 472,6)
	including discontinued operation:	(6,6)	(96,5)	(20,2)	(10,4)	(133,7)

[in PLN million unless otherwise stated]

NOTE	01.2019-6.2019 RESTATED FIGURES	COST OF GOODS SOLD	COSTS OF OPERATING STORES	OTHER COSTS OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase and manufacturing of goods sold	(1 236,1)	-	-	-	**(1 236,1)**
	including discontinued operation:	*(97,7)*	-	-	-	**(97,7)**
	Consumption of materials and energy	(70,7)	(32,0)	(13,9)	(6,6)	**(123,2)**
	including discontinued operation:	-	*(1,2)*	*(1,7)*	*(1,5)*	**(4,4)**
5.5	Write-down on inventories	(10,2)	-	-	-	**(10,2)**
	including discontinued operation:	*(3,0)*	-	-	-	**(3,0)**
	Remuneration and employee benefits	(31,3)	(280,0)	(113,3)	(37,5)	**(462,1)**
	including discontinued operation:	-	*(65,9)*	*(22,5)*	*(7,2)*	**(95,6)**
	Costs of the incentive program	-	-	-	(11,2)	**(11,2)**
	Agency services	-	(2,7)	-	(0,1)	**(2,8)**
	Transportation services	(0,9)	(2,5)	(94,5)	(0,1)	**(98,0)**
	including discontinued operation:	-	*(0,1)*	*(3,2)*	-	**(3,3)**
	Lease costs	(0,1)	(75,8)	(15,9)	(4,5)	**(96,3)**
	including discontinued operation:	-	*(20,1)*	*(4,6)*	*(2,0)*	**(26,7)**
	Other outsourcing services	(4,8)	(58,0)	(132,1)	(23,7)	**(218,6)**
	including discontinued operation:	-	*(9,7)*	*(4,8)*	*(3,5)*	**(18,0)**
	Amortization and depreciation	(2,2)	(314,7)	(16,1)	(16,7)	**(349,7)**
	including discontinued operation:	-	*(49,0)*	*(0,8)*	*(4,4)*	**(54,2)**
	Taxes and charges	(0,6)	(4,2)	(3,0)	(26,4)	**(34,2)**
	including discontinued operation:	-	*(0,1)*	*(0,6)*	*(0,1)*	**(0,8)**
	Other flat costs	(0,9)	(7,4)	(72,3)	(8,2)	**(88,8)**
	including discontinued operation:	-	*(2,8)*	*(7,2)*	*(0,8)*	**(10,8)**
	Change in products and production in progress	0,2	-	(0,3)	-	**(0,1)**
	Total	(1 357,6)	(777,3)	(461,4)	(135,0)	**(2 731,3)**
	Including continuing operations	(1 256,9)	(628,4)	(416,0)	(115,5)	(2 416,8)
	including discontinued operation:	*(100,7)*	*(148,9)*	*(45,4)*	*(19,5)*	**(314,5)**

The cost of goods sold dropped by 8.5% (of which 1.69% on continuing operations) compared to the same period last year. This decrease is primarily caused by the COVID-19 pandemic. Analyzing the gross profit on sales, first-degree margins in the first half of 2020 are observed to decrease from 45.3% to 43.5%. The margin drop is related to the market situation caused by the COVID-19 pandemic and forced store closures.

The costs of operating stores dropped by 14.3% compared to the same period last year. The decrease was mainly caused by lower costs of salaries and employee benefits, which resulted from the closures of stores during the lockdown period and the government subsidy received for salaries and employee benefits in the amount of PLN 25.3 million (this amount reduces the value of costs), as well as lower lease costs due to the closures of stores during the lockdown period and the renegotiation of lease agreements.
The total value of the public aid received to the employee compensation and benefits costs amounted to PLN 50.6 million in the first half of 2020, of which PLN 10.9 million was reclassified as discontinued operations. The subsidy was recognized as a direct reduction of remuneration costs.

Other external services increased by 22.8% compared to the previous year. The increase in other costs of sales was mainly influenced by expenditure on advertising and marketing, costs of logistics and warehouse services, as well as IT service maintenance costs. This increase was offset by a decrease in this category of costs within the operating costs of stores due to the impact of the COVID-19 pandemic, cost discipline and implemented saving programs.

Other flat costs increased by 29.3% compared to the previous year. The increase in costs in this item is mostly driven by sponsorship costs.

[in PLN million unless otherwise stated]

3.3 OTHER OPERATING AND FINANCIAL INCOME AND COSTS

Accounting policy

Other operating income and costs
Other operating income and costs include income and expenses from activities which are not the main operating activity of the entity, e.g. profits or losses from the disposal of tangible fixed assets, write-downs of receivables, penalties and fines, donations, grants, etc. If a grant relates to a given cost item, then it is recognized as income in a manner commensurate with the costs that the grant is intended to compensate. If a subsidy concerns an asset component, then its fair value is recognized on the account of revenues of future periods and then gradually, by equal annual write-offs, recognized in profit or loss for the estimated period of use of the related asset component.

Finance income and costs
Finance income and costs resulting from the Group's financial activities include, i.e.: interest, commissions, gains and losses on exchange rate differences.

NOTE	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Total other operating costs		
Loss on disposal of tangible fixed assets	-	(1,1)
including discontinued operation:	-	(5,7)
Stocktaking net losses	-	(3,5)
Impairment on fixed assets and intangible assets	(88,0)	(2,2)
including discontinued operation:	*(30,5)*	-
Provision for costs related to store closures	(48,8)	-
including discontinued operation:	*(2,7)*	-
Provision establishment	-	(31,6)
including discontinued operation:	-	*(31,6)*
Other	(54,0)	(10,8)
including discontinued operation:	-	*(4,6)*
Loss on exchange rate differences on items other than debt	(11,5)	-
Total other operating costs	**(202,3)**	**(49,2)**
including continuing operations:	*(169,1)*	(7,3)
including discontinued operation:	*(33,2)*	(41,9)

Write-down for impermanent loss of value of fixed assets and intangible assets applies accordingly: PLN 12.0 million of intangible assets, PLN 19.2 million in property, plant and equipment - investments in stores, PLN 3.8 million in property, plant and equipment - other (note 5.2) and PLN 53.0 million of the right to use (note 5.3), of which PLN 30.5 million relates to assets related to discontinued operations (note 6.4). The provision for costs related to store closures is described in Note 5.8.

NOTE	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Write-off on expected credit losses (write-off on trade receivables)		
Write-down on trade receivables	*(63,8)*	-
including discontinued operation:	*(0,6)*	-
Total write-off on expected credit losses (write-off on trade receivables)	*(63,8)*	-
including continuing operations:	*(63,2)*	-
including discontinued operation:	*(0,6)*	-

[in PLN million unless otherwise stated]

NOTE	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Total other operating income		
Profit on disposal of tangible fixed assets	(2,1)	-
including discontinued operation:	*0,1*	-
Profit from exchange rate differences on items other than debt	-	2,1
including discontinued operation:	0,1	0,5
Compensations	1,1	3,2
including discontinued operation:	*0,3*	-
Subsidy of SFRDP remuneration	1,6	2,1
Gain on sale of Simple	-	13,7
including discontinued operation:	-	13,7
Grants	0,5	-
Other	21,9	8,1
including discontinued operation:	*0,1*	1,8
Total other operating income	**23,0**	**29,2**
including continuing operations:	**22,4**	**13,2**
including discontinued operation:	***0,6***	**16,0**
Total other operating costs and income	**(179,3)**	**(20,0)**
including continuing operations:	***(146,7)***	***5,9***
including discontinued operation:	***(32,6)***	***(25,9)***

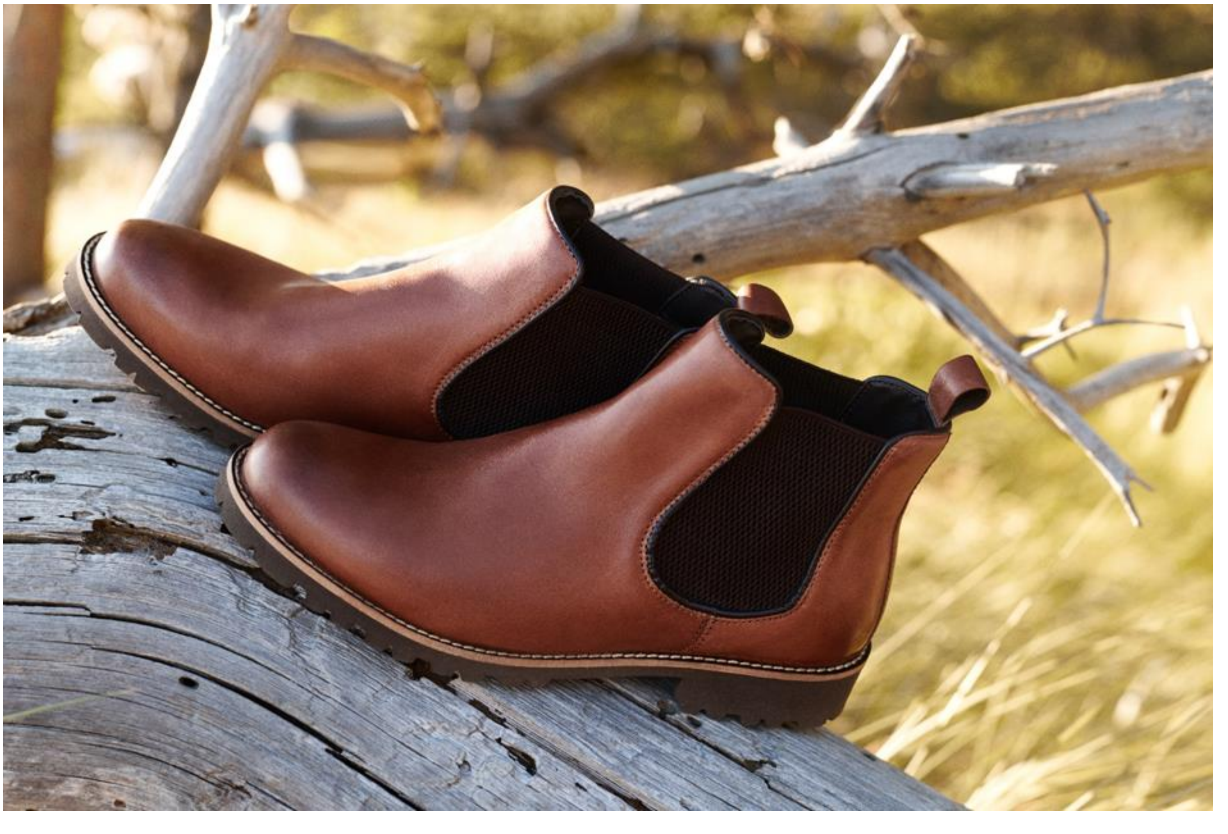
NOTE	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Finance costs		
Interest on borrowings and bonds	(18,8)	(18,0)
including discontinued operation:	*(0,1)*	-
Interest on leasing	(19,3)	(19,1)
including discontinued operation:	*(4,2)*	*(4,3)*
Result on exchange rates	(23,5)	(0,4)
including discontinued operation:	*(0,4)*	-
Commissions	(3,6)	(1,6)
Valuation of the option to redeem non-controlling interests	(13,0)	(14,3)
Valuation of options to acquire shares in HR Group	(13,2)	(23,1)
Other	(10,1)	(1,7)
including discontinued operation:	*0,1*	*(0,2)*
Total finance costs	**(101,5)**	**(78,2)**
including continuing operations:	(96,9)	(73,7)
including discontinued operation:	(4,6)	(4,5)
Finance income		
Interest from current account and other	5,8	1,9
including discontinued operation:	*0,2*	-
Result on exchange rates	-	12,5
including discontinued operation:	*7,3*	*0,6*
Valuation of derivative financial instruments	6,3	-
Profit from modification of credit agreements	5,6	-
Other	5,5	1,4
Valuation of the option to redeem non-controlling interests	22,8	-
Total finance income	**46,0**	**16,4**
including continuing operations:	38,5	15,8
including discontinued operation:	*7,5*	**0,6**

[in PLN million unless otherwise stated]

NOTE	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Write-off on expected credit losses	(116,0)	-
Total write-off on expected credit losses	(116,0)	-

Loans granted	Gross value	Net value
HR Group Holding s.a.r.l.	116,0	-
Total	116,0	-

The ongoing COVID-19 pandemic has had a significant impact on the operating results, financial position and future prospects of the HRG associate. Therefore, in the first half of 2020 the Group identified an impairment loss on loans granted to HRG associated company. With regard to this capital group, the entire credit exposure to which the CCC S.A. Capital Group is exposed was analyzed. Then, the value of the exposure was compared with the current value of cash flows, which, according to the forecasts, CCC S.A. expects to receive, and the impairment write-offs up to that amount were created. The Company covered the impairment write-off on the loan granted to HRG in the amount of PLN 116.0 million.
A detailed statement of granted loans and sureties, broken down into gross value / credit exposure, impairment write-off, level is presented in note 6.1.



3.4 TAXATION

Regulations on the value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in the lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could apply. The current legislation also contains ambiguities which result in differences in opinion on the legal interpretation of tax rules, both between state authorities and between state authorities and businesses as well.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be subject to control by authorities that have the power to impose heavy fines and penalties, and any additional tax liabilities arising from the control must be paid along with high interest. Such conditions make the tax risk in Poland higher than in countries with a more mature tax system.

As a result, the amounts presented and disclosed in the financial statements may change in the future as a consequence of a final decision of the tax inspection authority.

As of 15 July 2016, the Tax Code was mended to take into account the provisions of the general Anti-Abuse Rule (GAAR). GAAR's aim is to prevent the establishment and use of artificial legal structures created to avoid payment of tax in Poland. GAAR defines tax avoidance as an activity carried out primarily for the purpose of obtaining a tax advantage, contrary to the object and purpose of the provisions of the Tax Act in the circumstances. According to GAAR, such an activity does not result in a tax advantage if the method of operation was artificial.

Any occurrence of (i) unjustified dividing of operations, (ii) engaging intermediary entities in the absence of economic or economic justification, (iii) mutually eliminating or compensating elements, and (iv) other activities with a similar effect to those previously mentioned may be treated as a prerequisite for the existence of artificial activities subject to GAAR regulations. The new regulations shall require much greater judgment in assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out prior to the entry into force of the GAAR clause, but for which benefits were or are still being achieved after the date of entry into force of the clause. The implementation of the aforementioned provisions shall enable the Polish tax inspection authorities to question the legal arrangements and arrangements made by legal taxpayers, such as the restructuring and reorganization of the group.

The Group recognizes and measures current and deferred income tax assets or liabilities, applying the requirements of IAS 12 Income tax based on profit (tax loss), tax base, unsettled tax losses, unused tax credits and tax rates, including uncertainty assessments related to tax settlements. When there is uncertainty whether and to what extent the tax authority shall accept individual tax settlements of the transaction, the Group recognizes these settlements taking into account the uncertainty assessment. The above risk estimates are subject to assessment by the Management Board.

ACCOUNTING POLICIES

Mandatory charges to the result consist of current tax (CIT) and deferred tax. The current tax burden is calculated based on the tax result of a given reporting period in the countries where the company and its subsidiaries operate and generate taxable income based on the rates applicable in a given country. Changes in estimates relating to previous years are recognized as an adjustment of the charge for the current year.

Uncertainty related to income tax recognition

If, in the Group's opinion, it is likely that the Group's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Group determines the taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the approach to taxation planned or applied in its tax return. In assessing this possibility, the Group assumes that the tax authorities authorized to audit and challenge the tax treatment will conduct such audit and have access to all information. If the Group determines that it is unlikely that the tax authority will accept the Group's approach to a tax issue or a group of tax issues, then the Group reflects the effects of the uncertainty in the accounting treatment of the tax during the period in which it has determined this. The Group captures the income tax liability using one of the two methods listed below, whichever better reflects how the uncertainty may materialize:

- The Group determines the most probable scenario - it is a single amount among possible results or
- The Group recognizes the expected value - this is the sum of probability-weighted amounts from among possible results.

Deferred tax assets and liabilities are recognized as a result of differences between the carrying values of assets and liabilities and the corresponding tax values, as well as on unsettled tax losses. Such differences arise in the Group when depreciation is accounted for differently for accounting and tax purposes, when the value of assets (which will be realized for tax purposes in the form of tax depreciation in future periods) or provisions created for accounting purposes (which will be recognized for tax purposes when the relevant costs are incurred). The recognition excludes differences (other than acquisition transactions) related to the initial recognition of an asset or liability, which at the time of recognition of a given asset or liability affects neither the result nor the tax income (loss).

Differences in transition also arise in takeovers and internal reorganisations within the group. In the case of acquisitions of external entities, temporary differences arise from the measurement of assets and liabilities to their fair values without affecting the tax values of those assets and liabilities - the deferred tax liability or assets arising from those differences adjust the goodwill (profit on an occasional acquisition). In the case of intragroup reorganisations, deferred tax assets or liabilities arise from the recognition or change in the value of assets or liabilities for tax purposes (e.g. a trademark) without their simultaneous recognition in the balance sheet due to the elimination of the result on intragroup transactions - the effects of the recognition of related deferred tax assets and liabilities are recognised in profit or loss unless the related transactions affected other comprehensive income or capital. Positive temporary differences relating to goodwill are excluded from recognition, however, if the tax value of goodwill arising in a transaction is higher than its carrying amount, then deferred tax assets are recognised at the moment of initial recognition of goodwill if it is probable that tax income will be generated which will allow to realize this negative temporary difference.

Deferred tax assets and liabilities are calculated using the applicable (or practically applicable) tax rates. Deferred tax assets and liabilities are subject to offsetting within particular entities of the Group, which have the right to settle the current tax in the net amount.

Deferred income tax assets are recognized up to the amount in which it is probable that tax income will be generated that will allow realization of negative temporary differences and tax losses, or when positive temporary differences are expected to be realized simultaneously. Amounts above this amount are only subject to disclosure. The Group carefully assesses the nature and extent of the evidence supporting the conclusion that it is likely that sufficient future taxable profit will be available to allow for the deduction of unused tax losses, unused tax credits or other negative temporary differences.

In assessing whether it is probable that future taxable income will be achieved (probability above 50%), the Group takes into account all available evidence, both the evidence of probability and the evidence of lack of probability.

[in PLN million unless otherwise stated]

INFORMATION ON TAX ON CIVIL-LAW TRANSACTIONS

On 11 April 2019 CCC.eu Sp. z o.o. obtained a resolution concerning the initiation of tax proceedings to determine the amount of tax liability in the tax on civil law transactions for the acquisition of an organized part of the enterprise. On 23 August 2019 the Company received a decision from the Tax Office, which states that the Company, underestimated the tax on civil law transactions by the amount of PLN 21,160,496.00. The Company appealed to the above mentioned decision. Despite the lack of completion of the proceedings, the Company recognized the tax liability in the books in 2019 in the amount of PLN 21,160,496.00 plus interest amounting to PLN 7,040,050.00. In connection with the control proceedings and tax inspection, carried out by the Head of the Lower Silesian Customs and Fiscal Office in Wroclaw for the years 2014-2015 in the field of corporate income tax and in connection with the decisions of the authority included in the control protocol, after legal consultation and tax opinion, following the precautionary principle, the Board of CCC.eu Sp. z o.o. decided to suspend the tax amortization of goodwill starting from 2017.

AMOUNTS OF INCOME TAX RECOGNIZED IN THE INCOME STATEMENTS AND STATEMENTS OF CASH FLOWS

NOTE		01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
	Current tax	(14,8)	(23,4)
	including discontinued operation:	-	-
3.4.	Deferred tax	46,8	24,7
	including discontinued operation:	*(1,3)*	*(0,7)*
3.4.	Income tax recognized in income statement	32,0	1,3
	including discontinued operation:	(1,3)	(0,7)
	Current tax recognized in the result	14,8	23,4
	including discontinued operation:	-	-
	Balance of liabilities /(receivables) at the beginning of period	11,4	22,2
	Balance of receivables / (liabilities) at the end of the period	(16,0)	(13,5)
	Other changes	(0,2)	(3,7)
	Tax paid recognized in statement of cash flows	10,0	28,4
	including discontinued operation:	-	-

INFORMATION ON APPLIED TAX RATES AND RECONCILIATION FOR CHARGING THE RESULT

The table below shows the countries in which the Group achieves the highest tax revenues, along with an indication of the tax rate corresponding to a given jurisdiction:

	2020	2019
Poland	19%	19%
Czech Republic	19%	19%
Hungary	10%	10%
Slovakia	22%	22%
Other countries	8,47% - 25%	8,47% - 25%
Weighted average income tax rate	19,05%	18,61%

[in PLN million unless otherwise stated]

The income tax on the profit before tax of the Group differs as follows from the theoretical amount that would be obtained using the weighted average tax rate applicable to the profits of consolidated companies:

	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Profit before tax	(973,2)	(121,8)
including profit (loss) on continuing operations	*(699,1)*	*(14,9)*
including losses on discontinued operations	*(274,1)*	*(106,9)*
Weighted average tax rate	19,05%	18,60%
Tax calculated according to w eighted average tax rate	185,4	22,7
Tax effects of the follow ing items:		
• income not allow able for tax income	3,7	-
• non-tax-deductible expenses	(7,5)	(6,3)
• fair value valuation of Karl Voegele AG	(42,8)	-
• w rite-off on expected credit losses	(22,1)	-
• profit on disposal of Simple	-	2,6
• w rite-off on receivables	(6,7)	-
• tax losses in respect of w hich deferred tax assets w ere not recognized	(72,3)	(19,6)
• other adjustments	(5,7)	1,9
Charging financial result on income tax	32,0	1,3
Including continuing operations	*33,3*	*(0,7)*
including discontinued operation:	*(1,3)*	*2,0*

The main item of non-taxable revenues in the first half of 2020 were subsidies to payroll costs related to the public aid received and revenues related to the settlement of subsidies.

Non-deductible expenses include the loss of the associated company in the first half of 2020 (tax effect amounting to PLN 5.3 million). The non-deductible costs in 2019 mainly include the costs of the negative fair value of CCC Germany (tax effect amounting to PLN 6.0 million).

[in PLN million unless otherwise stated]

BALANCES AND CHANGES IN DEFERRED TAX

The change in deferred income tax assets and liabilities during the year is as follows:

NOTE		30.06.2020	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2019	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2019
	Assets					
5.2	Trademarks	17,5	(3,0)	20,5	(3,1)	23,6
	Inventories - adjustment of margin on intragroup sale	12,2	1,4	10,8	2,3	8,5
	Impairment of inventories and receivables	10,4	6,6	3,8	0,1	3,7
	Impairment of tangible fixed assets (investments in stores) and right of use	12,1	12,1	-	-	-
	Provisions for liabilities	36,2	9,6	26,6	14,2	12,4
	Special economical zone relief	35,9	(3,2)	39,1	36,5	2,6
	Others	1,4	(3,6)	5,0	(0,8)	5,8
	Tax losses	17,9	-	17,9	(10,3)	28,2
	including discontinued operation:	*17,9*		*17,9*	-	-
	Leasing valuation	39,7	29,3	10,4	7,1	3,3
	Total before offsetting	183,3	49,2	134,1	46,0	88,1
	Liabilities					
	Accelerated tax depreciation of tangible fixed assets	13,2	(0,4)	13,6	4,0	9,6
	including discontinued operation:	*12,7*		*12,7*		
	Others	10,7	2,8	7,9	3,3	4,6
	including discontinued operation:	*5,2*	-	*5,2*		
	Purchase of intangible assets revealed during aquisition of subsidiaries	39,7	-	39,7	6,4	33,3
	Total before offsetting	63,6	2,4	61,2	13,7	47,5
	Offsetting	26,2	2,4	23,8	10,5	13,3
	including discontinued operation:	17,9		*17,9*		
	Balance of deferred tax in the balance sheet:					
	Assets	157,1	46,8	110,3	35,5	74,8
	Liabilities	37,4	-	37,4	3,2	34,2

[in PLN million unless otherwise stated]

SIGNIFICANT ESTIMATES REGARDING THE RECOGNITION OF DEFERRED TAX ASSETS AND INFORMATION ON UNRECOGNIZED DEFERRED TAX ASSETS

The realization and reversal of the temporary differences requires the Management Board to make significant estimates of the expected taxable results in the individual Group entities. Recognition of deferred tax assets in the amount exceeding the recognized deferred tax liabilities means that it is probable that the Group will be able to realize future economic benefits.

The table below shows the periods in which the realization of recognized deferred tax assets and liabilities is estimated:

PERIOD OF REALIZATION OF ASSETS AND LIABILITIES DUE TO DEFERRED TAX	30.06.2020		31.12.2019	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	76,3	7,9	38,8	8,0
1-2 years	17,0	2,0	12,4	2,0
2-3 years	11,4	2,0	10,4	2,0
3-5 years	22,8	4,9	21,2	4,9
Over 5 years	29,6	20,6	27,5	20,5
Total	157,1	37,4	110,3	37,4
Unrecognized	72,3	-	28,2	-
• Relating to goodw ill	-	-	-	-
• Relating to tax losses	72,3	-	28,2	-

4. DEBT, CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

The Group's objective in capital risk management is to secure Group's ability to continue its operations so that it can generate return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce its costs.
In accordance with the Group's policy, the dividend is possible in the amount from 33% to 66% of consolidated net profit of CCC Capital Group, assigned to the shareholders of the parent company, with the assumption, that the ratio of net debt to EBITDA at the end of the financial year, to which the division of the profit will pertain, will be below 3.0. Detailed information on the dividend policy is described in the Report on the operations of the Group. Section 7.2
To maintain or adjust the capital structure, the Group may adjust the amount of dividends declared to be paid to shareholders, return capital to shareholders, issue new shares or sell assets in order to reduce debt.

ACCOUNTING POLICY

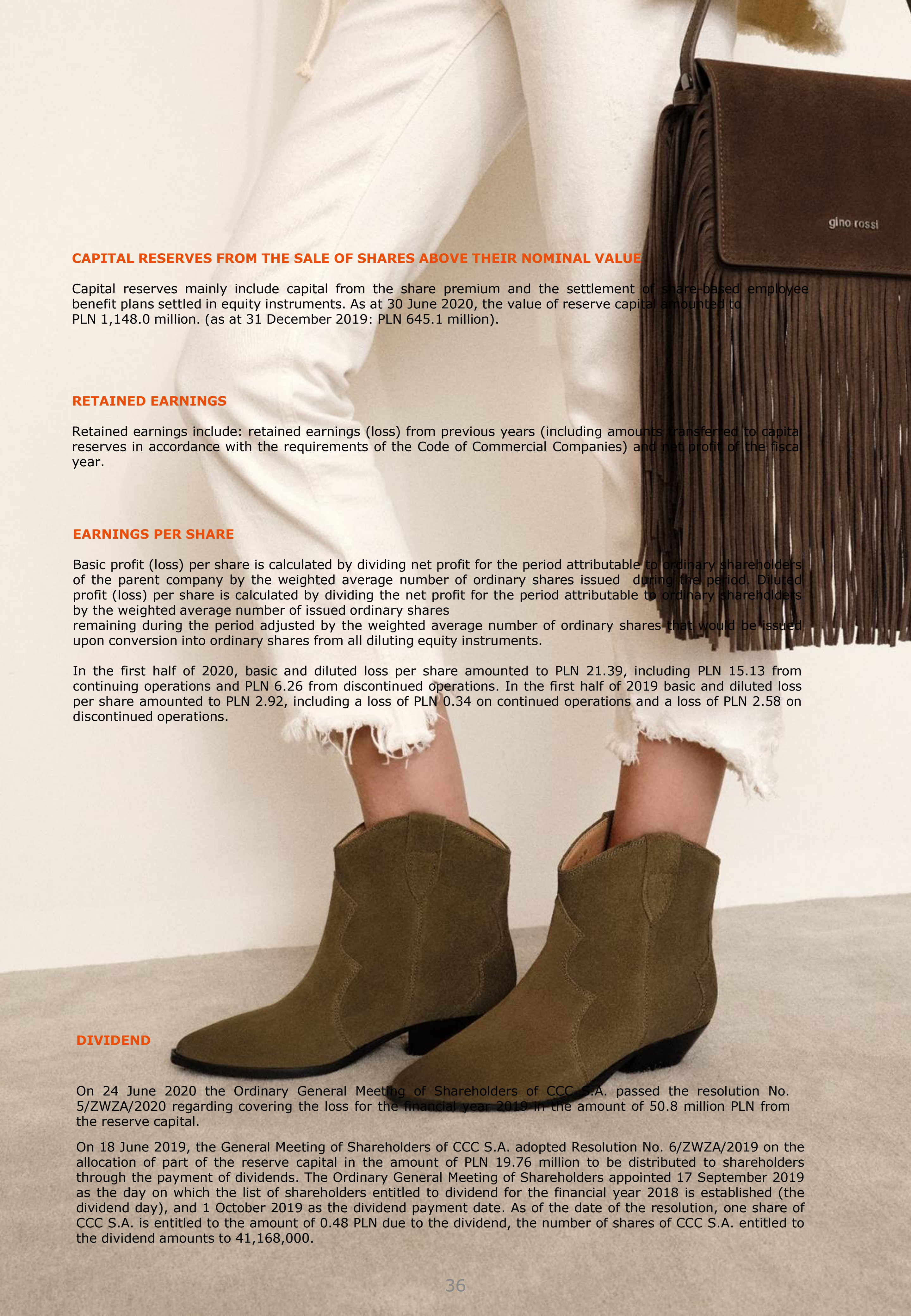
Equity is recognized in the accounting books by type and in accordance with legal regulations and the provisions of the Articles of Association. Types of equity:
- share capital of the parent comapny is recognized in the value specified in the Articles of Association and entered in the court register,
- capital reserves arising from the issuing shares above the par value
- retained earnings created from the dividing of financial result, undivided financial result and profit (loss) for the period covered by the financial statements

Dividend payments to shareholders of the parent company are recognized as liabilities in the consolidated financial statements of the Capital Group in the period in which they were approved by shareholders of the parent company

SHARE CAPITAL

As at 30 June 2020, the equity capital of the Parent Company consisted of 54,87 million shares (as at 31 December 2019 it consisted of 41,16 million shares) with a nominal value of PLN 0.1 each, including 48,22 million ordinary shares and 6,65 million voting preference shares. As at 30 June 2020, the share capital amounted to PLN 5.5 million. As at the balance sheet date, the share capital was fully paid and registered. Shareholders have the pre-emptive right to acquire registered preference shares intended for sale.

The entity with a significant influence on the Parent Company is ULTRO s.a.r.l., a Luxembourg-based company, holding 31.12% of shares in the Company's share capital and 38.32% of total votes. This entity is dependent on Dariusz Miłek, Chairman of the Supervisory Board of CCC S.A. Other information concerning the shareholders was included in the Statements on operations of the Group



CAPITAL RESERVES FROM THE SALE OF SHARES ABOVE THEIR NOMINAL VALUE

Capital reserves mainly include capital from the share premium and the settlement of share-based employee benefit plans settled in equity instruments. As at 30 June 2020, the value of reserve capital amounted to PLN 1,148.0 million. (as at 31 December 2019: PLN 645.1 million).

RETAINED EARNINGS

Retained earnings include: retained earnings (loss) from previous years (including amounts transferred to capital reserves in accordance with the requirements of the Code of Commercial Companies) and net profit of the fiscal year.

EARNINGS PER SHARE

Basic profit (loss) per share is calculated by dividing net profit for the period attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued during the period. Diluted profit (loss) per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of issued ordinary shares remaining during the period adjusted by the weighted average number of ordinary shares that would be issued upon conversion into ordinary shares from all diluting equity instruments.

In the first half of 2020, basic and diluted loss per share amounted to PLN 21.39, including PLN 15.13 from continuing operations and PLN 6.26 from discontinued operations. In the first half of 2019 basic and diluted loss per share amounted to PLN 2.92, including a loss of PLN 0.34 on continued operations and a loss of PLN 2.58 on discontinued operations.

DIVIDEND

On 24 June 2020 the Ordinary General Meeting of Shareholders of CCC S.A. passed the resolution No. 5/ZWZA/2020 regarding covering the loss for the financial year 2019 in the amount of 50.8 million PLN from the reserve capital.

On 18 June 2019, the General Meeting of Shareholders of CCC S.A. adopted Resolution No. 6/ZWZA/2019 on the allocation of part of the reserve capital in the amount of PLN 19.76 million to be distributed to shareholders through the payment of dividends. The Ordinary General Meeting of Shareholders appointed 17 September 2019 as the day on which the list of shareholders entitled to dividend for the financial year 2018 is established (the dividend day), and 1 October 2019 as the dividend payment date. As of the date of the resolution, one share of CCC S.A. is entitled to the amount of 0.48 PLN due to the dividend, the number of shares of CCC S.A. entitled to the dividend amounts to 41,168,000.

ISSUE OF SHARES

On 19 May 2020 the District Court for Wrocław-Fabryczna in Wrocław, 9th Business Division (National Court Register) recorded in the register of entrepreneurs kept for the Company an increase of the Company's share capital from the amount of PLN 4,116,800.00 to the amount of PLN 5,486,800.00 through the issue of 6,850,000 Series I ordinary bearer shares of the Company with the nominal value of PLN 0.10 each and of 6,850,000 Series J ordinary registered shares of the Company with the nominal value of PLN 0.10 each, issued pursuant to Resolution No. 3/NWZA/2020 of the Extraordinary General Meeting of the Company of 17 April 2020 regarding an increase of the Company's share capital by way of issuing Series I and Series J ordinary shares, excluding the existing shareholders' preemptive rights with respect to all Series I and Series J shares, seeking the admission and introduction of the Series I and Series J shares and Series I and Series J Shares Rights to Shares to trading on the regulated market operated by the Warsaw Stock Exchange, dematerialization of the Series I and Series J shares and the Series I Rights to Shares and authorization to execute an agreement for the registration of the Series I and Series J shares and Series I and Series J Rights to Shares in the national depository of securities, as well as amending the Articles of Association of the Company and to register the relevant amendments to the Articles of Association of the Company.
As at the date of this current report, the total number of votes attached to all the shares issued by the Company (after the Registration) is 61,518,000 with the share capital being represented by 54,868,000 shares in the Company with the nominal value of PLN 0.10 (ten grosz) each, including:
– 6,650,000 Series A1 preferred registered shares;
– 13,600,000 Series A2 ordinary bearer shares;
– 9,750,000 Series B ordinary bearer shares;
– 2,000,000 Series C ordinary bearer shares;
– 6,400,000 Series D ordinary bearer shares;
– 768,000 Series E ordinary bearer shares;
– 2,000,000 Series H ordinary bearer shares;
– 6,850,000 Series I ordinary bearer shares; and
– 6,850,000 Series J ordinary registered shares in the Company.
The Company has placed all 13.7 million of its new shares. The issue price was set at PLN 37 per share, which means that the Company has raised PLN 506.9 million from the issue. The proceeds will be used to reinforce the Company's working capital, including purchase of products for the autumn/winter 2020 season.

The Company's share capital amounts to 5,486,800.00 PLN and is divided into 54,868,000 shares with a nominal value of 0.10 PLN each, including 6,650,000 registered preference shares, so that there are two votes for each share. The Issuer's share capital consists of 54,868,000 shares.

The Company incurred transaction costs in the amount of PLN 2.6 million, which reduced the AGIO.

[in PLN million unless otherwise stated]

SUBSIDIARIES WHERE NON-CONTROLLING INTERESTS ARE MATERIAL

The financial information on subsidiaries with non-controlling interests that are material to the Group is as follows:

SHAREHOLDINGS HELD BY NON-CONTROLLING INTERESTS

Company	Location of business activity	30.06.2020	2019-12-31	30.06.2019
CCC Russia OOO	Russia	25,00%	25,00%	25,00%
Group eobuwie.pl	Poland	25,01%	25,01%	25,01%
DeeZee Sp. z o.o.	Poland	25,00%	49,00%	49,00%
Karl Voegele AG	Switzerland	30,00%	30,00%	30,00%
C-AirOp Ltd. (formerly: CCC Isle of Man)	Isle of Man	50,00%	50,00%	0,00%
Gino Rossi	Poland	0,00%	0,00%	9,98%

CONDENSED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS IS AS FOLLOWS:

STATEMENT OF COMPREHENSIVE INCOME

	CCC Russia OOO		Group eobuwie.pl		DeeZee Sp. z o.o.		Karl Voegele AG		C-AirOp Ltd. (formerly: CCC Isle of Man)		Gino Rossi S.A.	
	2020-06-30	2019-06-30	2020-06-30	2019-06-30	2020-06-30	2019-06-30	2020-06-30	2019-06-30	2020-06-30	2019-06-30	2020-06-30	2019-06-30
Sales revenue	28,8	51,4	926,3	637,1	30,1	18,4	70,5	251,0	6,0	na	na	48,2
Cost of goods sold	(18,3)	(25,9)	(521,9)	(363,4)	(15,1)	(10,4)	(6,6)	(119,3)	-	na	na	(34,0)
Gross profit on sales	10,5	25,6	404,3	273,6	15,1	8,0	63,9	131,7	6,0	na	na	14,2
Costs of operating stores	(24,8)	(29,3)	(27,2)	(12,9)	0,0	-	(96,5)	(130,6)	-	na	na	(22,4)
Other costs of sale	(0,5)	-	(301,7)	(222,4)	(10,3)	(6,8)	(20,2)	(43,7)	-	na	na	(2,2)
Administrative expenses	(3,2)	(3,4)	(12,1)	(11,9)	(1,3)	(1,8)	(10,4)	(17,8)	(4,7)	na	na	(4,8)
Other operating income and costs	(1,0)	(0,9)	(1,8)	(0,7)	3,7	(1,0)	(33,2)	1,0	1,0	na	na	47,0
Profit (loss) on operating activity	(18,9)	(7,9)	61,5	25,8	7,2	(1,5)	(96,4)	(59,5)	2,3	na	na	31,8
Finance income	0,3	8,8	2,1	(0,2)	0,0	-	7,5	0,2	-	na	na	-
Finance costs	(12,2)	(1,4)	(10,8)	(2,1)	(0,0)	-	(4,6)	(0,8)	(0,0)	na	na	(1,7)
Profit (loss) before tax	(30,9)	(0,5)	52,8	23,5	7,2	(1,5)	(93,5)	(60,0)	2,3	na	na	30,1
Income tax	4,2	(0,1)	(8,2)	(2,8)	0,1	-	(1,3)	(0,3)	-	na	na	(3,0)
Net profit (loss)	(26,7)	(0,6)	44,6	20,7	7,3	(1,5)	(94,8)	(60,4)	2,3	na	na	27,1
Total net comrehensive income	(26,7)	(2,0)	44,6	20,7	7,3	(1,5)	(95,4)	(60,6)	1,9	na	na	27,1
Attributable to non-controlling interests	(6,7)	(0,1)	11,2	5,2	1,8	(0,7)	(28,6)	(18,1)	1,1	na	-	2,7
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	na	-	-

Condensed Statement of Financial Position - data from the individual statements of the subsidiaries (in PLN million):

	CCC Russia OOO		Group eobuwie.pl		DeeZee Sp. z o.o.		Karl Voegele AG		C-AirOp Ltd. (formerly: CCC Isle of Man)	
	2020-06-30	2019-12-31	2020-06-30	2019-12-31	2020-06-30	2019-12-31	2020-06-30	2019-12-31	2020-06-30	2019-12-31
Non-current assets	35,2	39,2	338,6	324,1	6,8	7,4	96,4	100,0	-	-
Current assets	72,5	66,9	731,1	675,8	25,8	18,0	204,8	208,6	16,9	15,3
Non-current liabilities	0,3	0,6	149,7	174,5	-	-	119,5	110,3	-	-
Current liabilities	147,0	130,9	617,8	570,5	9,6	10,0	293,0	235,9	1,2	1,5
Equity	(39,5)	(25,5)	302,2	254,8	23,0	15,4	(111,2)	(37,6)	-	13,9

As at 31.12.2019 the Group held 100% of shares in Gino Rossi S.A.
As at 30.06.2019, the Group held 100% of shares in C-AirOP Ltd. (previously: CCC Isle of Man).

INVESTMENTS IN ASSOCIATES

Accounting policy

Associates are entities on which the parent company directly or through subsidiaries exercises significant control and which are not its subsidiaries.

The Group's investments in associates are recognized in the consolidated financial statements using the equity method. In accordance with the equity method, the investment in associates is initially recognized at cost and then adjusted to include the Group's share in the financial result and other comprehensive income of the associate. If the Group's share in losses of the associated entity exceeds the value of its shares in that entity, the Group ceases to recognize its share in further losses. Additional losses are recognized only to the extent corresponding to legal or customary obligations assumed by the Group or payments made on behalf of the associated entity.

Investments in associates are recognized using the equity method from the date on which a given entity has obtained the status of an associate. On the date of investment in the associated entity, the amount by which the investment costs exceed the value of the Group's share in the net fair value of identifiable assets and liabilities of that entity is recognized as goodwill and included in the carrying amount of that investment. The amount by which the Group's share in the net fair value of identifiable assets and liabilities exceeds the investment costs is recognized directly in the financial result in the period in which the investment was made.

The requirements of IFRS 9 are applied when assessing the necessity of recognition of impairment of the Group's investment in an associate. If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset, comparing its recoverable amount with its carrying amount. Recognized impairment is part of the carrying amount of the investment. A reversal of that impairment is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group ceases to apply the equity method on the date when a given investment ceases to be its associate and when it is classified as held for sale. The difference between the carrying amount of an associate or joint venture as at the date of ceasing to apply the equity method and the fair value of the retained shares and proceeds from the disposal of part of the shares in that entity is taken into account when calculating the profit or loss on the disposal of a given associate.

The financial year of associates and parent company varies for HR Group (ending 30.09) and the same for Pronos Sp. z o.o.

[in PLN million unless otherwise stated]

ASSOCIATES	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY	SHARES AS OF 30.06.2020	SHARES AS OF 31.12.2019
HR Group Holding S.a.r.l.	Luxembourg	commercial	30,55%	30,55%
Pronos Sp. z o.o.	Wrocław , Poland	service	10,00%	10,00%

ASSOCIATES	SHARES AS OF 31.12.2019	Share in profits (losses) of associated entities	SHARES AS OF 30.06.2020
HR Group	29,2	(29,2)	-
Pronos Sp. z o.o.	0,6	-	0,6
	29,8	**(29,2)**	**0,6**

4.2 DEBT DUE TO LOANS AND BONDS

ACCOUNTING POLICY

Debt liabilities cover mainly bank loans, lease liabilities and issued bonds. Debt liabilities are recognized initially at fair value less transaction costs related to obtaining financing.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate. Financial costs are recognized in the financial result in financial costs except for costs that relate to the financing of production of fixed assets (according to the policy in note 5.3).
Cash flows relating to financial liabilities may change as a result of a modification of contractual terms and conditions or expectations regarding estimated cash flows for the purposes of valuation of financial liabilities at amortized cost.

A) Change in contractual conditions

In the event of a change in the contractual terms of a financial liability, the Group analyzes whether the modification of cash flows was material or not. The Group applies both quantitative and qualitative criteria in order to identify a significant modification leading to the discontinuation of recognition of an existing financial liability. The Group considers a significant modification to be a change in the discounted current value of cash flows resulting from new conditions, including any payments made, less payments received and discounted using the original effective interest rate, by no less than 10% from the discounted current value of other cash flows under the original financial liability.
Regardless of the quantitative criterion, the modification is considered material in the following cases:
a) currency conversion of a financial liability, unless the terms of the contract provide otherwise,
b) replacement of a creditor,
c) significant extension of the financing period from the original financing period,
d) change in the interest rate from variable to fixed and vice versa,
e) change in the legal form/type of the financial instrument.

A significant modification of a financial liability is recognized by the Group as expiry of the original financial liability and recognition of a new financial liability. In the event of a modification of the contractual terms of a financial liability that does not result in the discontinuation of the recognition of the existing liability, profit or loss is recognized immediately in profit or loss. The profit or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

B) Change in expected cash flows

In case of financial liabilities with a variable rate, a periodic revaluation of cash flows to reflect changes in market interest rates, results in a change in the effective interest rate. If the Group changes the estimates of payments under a financial liability (except for changes in contractual cash flows), the carrying amount of the financial liability is adjusted so that it reflects actual and changed estimated contractual cash flows. The Group determines the carrying amount of a financial liability at amortized cost as the present value of estimated future contractual cash flows, which are discounted at the financial instrument's original effective interest rate. The difference in valuation is recognized as income or costs in the financial result.

[in PLN million unless otherwise stated]

LOANS AND BONDS LIABILITIES

NOTE	DEBT LIABILITIES			BONDS PAYABLE	TOTAL
	NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
As of 01.01.2019	-	176,0	624,0	216,8	1 016,8
Proceeds from debt contracted	-	-	-	-	-
- financing received	371,6	28,4	-	-	400,0
- transactional cost	0,4	-	3,2	-	3,6
Charging interest	-	2,7	28,4	6,6	37,7
Repayment of debt	-	-	-	-	-
- repayment of capital	-	(75,0)	-	(6,8)	(81,8)
- interest paid	-	(2,7)	(31,4)	(6,6)	(40,7)
Increase due to the the change in overdraft	-	-	169,6	-	169,6
Decrease due to the the change in overdraft	-	-	-	-	-
Change of presentation from short to long-term	101,0	(101,0)			-
Increase due to the acquisition of subsidiary	-	-	-	-	-
Other non-cash changes	-	-	8,2	-	8,2
As of 31.12.2019	473,0	28,4	802,0	210,0	1 513,4
Proceeds from debt contracted	-	-	-	-	-
- financing received	-	-	2,0	-	2,0
- transactional cost	0,2	1,1	0,8	-	2,1
Charging interest	2,0	7,5	7,6	3,2	20,3
Repayment of debt	-	-	-	-	-
- repayment of capital	-	-	-	0,1	0,1
- interest paid	(1,1)	(8,3)	(3,1)	(3,2)	(15,7)
Increase due to the the change in overdraft	-	-	82,8	-	82,8
Decrease due to the the change in overdraft	-	-	-	-	-
Change of presentation from long to short-term	(157,9)	157,9	-	-	-
Increase due to the acquisition of subsidiary	-	-	-	-	-
Reclassification to liabilities related to the Group to be disposed of	-	-	-	-	-
Other non-cash changes	(5,6)	(0,9)	(10,1)	-	(16,6)
As of 30.06.2020	310,6	185,7	882,0	210,1	1 588,4

As a result of the coronavirus pandemic, the CCC Group concluded an agreement with the institutions financing the activities of the Capital Group - a further description is included in the section "Continued operations" in explanatory note 1 to these financial statements. The influence of modifications to the agreements was included in the item of non-cash changes in the amount of PLN 5.6 million. The costs related to signing the agreements are settled during the financing period. The remaining amount to be settled is PLN 5.4 million and was recognized as non-cash changes.

A significant part of the financing was incurred in PLN. The interest on the entire financing (credits and bonds) is based on a variable interest rate (WIBOR rate plus bank margin). The existing debt is associated with interest rate risk and currency risk. The description of exposure to financial risks can be found in note 6.1.

[in PLN million unless otherwise stated]

On 20 December 2019, CCC Russia with its registered office in Moscow concluded a credit agreement with AO Citibank with its registered office in Moscow, Gasheka 8-10, 125047 Moscow, in the form of a credit limit of RUB 1,124.6 million. The credit limit expires on 18 December 2020. The credit utilization on the balance sheet date amounted to RUB 1,124.6 million, which was equivalent to PLN 68.8 million.

On 21 November 2019, entities from the CCC Group, i.e: CCC.eu Sp. z o.o., eobuwie.pl S.A., Gino Rossi S.A. concluded a multi-purpose credit limit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. based in Warsaw, 15 Puławska Street, 02-515 Warsaw. Under this agreement the bank granted a multi-purpose credit limit in the amount of PLN 530.0 million for the period of 36 months, i.e. from 21 November 2019 to 21 November 2022. The period of using the limit expires on 21 November 2022. Within the limit, the bank granted sublimits to the borrowers:

1. non-revolving working capital credit up to the amount of 400.0 million PLN for financing the liabilities resulting from the performed activity and for the repayment of liabilities under the multi-purpose credit limit agreement concluded on 30 May 2016 between the bank and the subsidiary CCC.eu Sp. z o.o. (utilization on the balance sheet date 400.0 million PLN);
2. overdraft, limit for bank guarantees and letters of credit up to the total amount of PLN 130.0 million (utilization on the balance sheet date PLN 49.2 million).

On 21 October 2019 CCC S.A. and Karl Vögele AG concluded an overdraft agreement with BNP Paribas Bank Polski Spółka Akcyjna based in Warsaw, 10/16 Kasprzaka Street, 01-211 Warsaw. Under the agreement, the Bank granted a credit in the amount of CHF 17.0 million for 12 months, i.e. until 19 October 2020, with the aim to finance current operations. The loan utilization as of the balance sheet date amounted to CHF 14.4 million, which was equal to PLN 56.4 million.

On 29 June 2018 CCC S.A. issued 1/2018 series bonds, as part of the Company's program of bonds issue. The bonds were not subject to public offering. The bonds were issued on the following conditions of issue:

1. The nominal value of one Bond - 1 000 PLN;
2. Form of the Bonds: dematerialized bearer bonds;
3. Issue price: equal to the nominal value of one Bond;
4. Number of Bonds: 210,000;
5. Total nominal value of the Bonds - PLN 210 000 000;
6. Redemption of the Bonds: one-off repurchase at the nominal value of the Bonds on 29 June 2021;
7. Interest rate: at a variable interest rate, based on WIBOR 6M, increased by a fixed margin; interest will be paid in semi-annual periods;
8. Security: surety granted by the Company's subsidiaries, i.e. CCC.eu Sp. z o.o. based in Polkowice and CCC Shoes & Bags Sp. z o.o. based in Polkowice.

Repayments of the above liabilities are covered by the following securities:

	30.06.2020	31.12.2019
	AMOUNT/OR BOOK VALUE OF GUARANTEE	
Bank guarantees	151,6	194,7
Capped mortgages on property	1 814,7	795,0
Registered pledge on movable assets	2 083,4	1 322,9
In blanco bills of exchange	828,0	-
Assignments of insurance policies	-	-
Statement on submission to execution	-	-

4.3 AGREED MATURITY DATES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

Prudent liquidity management assumes maintaining sufficient cash and cash equivalents and the availability of further financing through guaranteed funds from credit lines.

The table indicated below, being a current result of the analysis of contractual maturity dates of financial liabilities as of the day of preparing this financial statement, contains a list of undiscounted payments resulting from the existing financial debt and shows the contractual maturity dates of the CCC Capital Group.
The CCC Capital Group records revenues from its main activity consisting of retail sales of goods. In general, the cash revenues are realized on dates corresponding to the dates of retail sales transactions, and therefore the units of the CCC Capital Group do not bear a significant risk of receiving payments from commercial transactions from retail contractors. On the basis of retail sales transactions, units of the CCC Capital Group recognize cash revenue at the time of sale in most cases.
In accordance with the concluded financial agreements, the cash revenues of the CCC Capital Group from the retail trade activity are primarily allocated to the payment of the financial debt of the CCC Capital Group on time. On the basis of the concluded financial agreements, the CCC Capital Group uses, as a rule, the possibility of clearing current balances on bank accounts and accounts where the lenders make funds available for financing current operations (among others: working capital credits and reverse factoring agreements), in periods from two to six months. Delay in the maturity of current financial liabilities, generally by three months in relation to the date of use of the funds made available by the lenders, allows for reasonable management of product sales and ensure on-time payment of financial liabilities by the CCC Capital Group. According to the historical financial data, the volumes of sales of goods, within the framework of the conducted retail business, in each period allowed for the current coverage of the entire financial liabilities of the CCC Capital Group. Also the planned future revenues from the commercial activity usually allow to ensure full coverage of the expected future liabilities due to the financial debt in the assumed time intervals, for which the Group performs liquidity risk analysis. The only period in which the CCC Capital Group recognized a significant risk of breaching the deadlines for payment of financial liabilities in the analyzed period from one to three months was the period of restrictions in commercial activity in shopping centers as a result of introducing administrative restrictions related to the COVID-19 epidemic. However, it was an exceptional situation which could not be foreseen within the normal economic risk assessment and which is not a recurring situation. At the end of the current period the Group does not recognize liquidity risk in any of the analyzed periods.
An additional factor limiting the liquidity risk related to the service of financial liabilities is the use of deferred payment dates of trade liabilities related to the purchase of goods for further resale and processing and further resale by the CCC Capital Group. The application of this mechanism allows the CCC Group to accumulate stocks of goods in each period of activity, the sale of which primarily serves the service of financial liabilities, incurred almost entirely in order to finance the commercial activity and sales of the CCC Capital Group. Seasonality of purchases of goods, which is significant for the liquidity of the CCC Capital Group, does not considerably affect the risk of liquidity necessary to service financial liabilities. Taking into account the liquidity reserves resulting from the use of the mechanism of deferral of payment dates for goods purchased by the CCC Capital Group, allows to maintain a safe margin of current income above the due current payments related to the current service of financial obligations, with the exception of extraordinary or unpredictable events within the normal economic risk assessment.

Prudent financial liquidity management also assumes that the CCC Capital Group maintains sufficient resources of cash and cash equivalents in each period to cover all maturing current liabilities on their due dates, and taking up in advance measures to ensure the availability of further financing by guaranteeing funds from credit lines and renewed credit lines and monitoring the dates of their availability to CCC Capital Group companies.
In the opinion of the Management Board of the Parent Company, the disclosures in the scope of liquidity risk management included in these interim consolidated financial statements contain key information in this respect. Nevertheless, the issue of liquidity risk management is constantly analyzed by the Management Board of the Parent Company, which is aware of the significance of information provided in the reports in this respect.

The table below provides information on undiscounted contractual payments resulting from the existing debt.

[in PLN million unless otherwise stated]

NOTE	As of 31.06.2020	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTIN					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	0,6	1 069,5	311,9	-	-	1 382,0	1 378,3
4.2	Bonds	-	212,5	-	-	-	212,5	210,1
5.8	Trade liabilities	712,3	223,6	-	-	-	935,9	935,9
	Obligation to return	37,7	-	-	-	-	37,7	37,7
	Obligation to repurchase non-controlling interests	-	-	819,3	18,8	-	838,0	784,3
	Lease liabilities	135,8	397,8	829,0	552,7	278,7	2 194,0	1 887,0
	Dividend liabilities	-	-	-	-	-	-	-
	Obligation to pay to the associate	3,2	-	-	-	-	3,2	3,2
	Total financial liabilities	889,6	1 903,4	1 960,2	571,5	278,7	5 603,3	5 236,5

NOTE	As of 31.12.2019	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTIN					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	805,3	38,4	488,2	-	-	1 331,9	1 303,4
4.2	Bonds	-	6,4	213,2	-	-	219,6	210,0
5.8	Trade liabilities	847,5	310,7	-	-	-	1 158,2	1 158,2
	Obligation to return	40,2	-	-	-	-	40,2	40,2
	Obligation to repurchase non-controlling interests	-	7,0	843,7	18,8	-	869,5	801,1
	Lease liabilities	145,2	418,4	713,7	675,1	325,8	2 278,2	2 085,8
	Obligation to pay for the acquired Adler enterprise	-	2,5	-	-	-	2,5	2,5
	Obligation to pay to the associate	-	32,7	-	-	-	32,7	32,7
	Total financial liabilities	1 838,2	816,1	2 258,8	693,9	325,8	5 932,8	5 633,9

4.4 ADDITIONAL INFORMATION TO SELECTED ITEMS OF THE STATEMENTS OF CASH FLOWS

	TRADE AND OTHER RECEIVABLES	TRADE AND OTHER LIABILITIES
As of 31.12.2019	442,3	1 536,2
As of 30.06.2020	377,3	1 421,7
Change in the statement of financial position	65,0	(114,5)
Difference arising from:		
Change in investment liabilities/receivables	(0,5)	15,5
Change in non-current receivables	37,2	-
Obligation to pay to the associate	-	29,4
Adjustment for items reclassified to discontinued operations	-	36,1
Other	0,7	(0,4)
Change recognized in the statement of cash flows	102,4	(33,9)
As of 31.12.2018	430,8	1 151,2
As of 30.06.2019	350,5	1 581,0
Change in the statement of financial position	80,3	429,8
Difference arising from:		
Change in investment liabilities/receivables	4,9	16,1
Change due to the acquisition of subsidiary	4,3	(58,0)
Receivables related to expenditure on acquisition of financial assets	(27,7)	-
Liabilities related to acquisition of an enterprise	-	16,5
Adjustment with respect to change in long-term receivables	(36,1)	-
Adjustment with respect to changes in balances related to the disposal of a	2,1	(1,4)
Obligation to pay to the associate	-	(101,4)
Other	(3,9)	3,4
Declared dividend liabilities	-	(23,9)
Change recognized in the statement of cash flows	23,9	281,1

[in PLN million unless otherwise stated]

	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Other profit adjustments before taxation:		
Accrued interest and exchange rate differences	(5,3)	(5,0)
Change in provisions	(10,3)	0,5
Change in valuation of CCC Germany negative fair value	-	31,6
Change in provisions related to acquisition of subsidiary	-	(3,6)
Valuation of employee option scheme	-	11,6
Valuation of derivative financial instruments	(12,3)	37,4
Gain on sale of Simple	-	(13,7)
Valuation of the option to redeem non-controlling interests eObuwie and DeeZee	13,0	-
Valuation of the option to redeem non-controlling interests Voegele	(22,8)	-
Valuation of options to acquire shares in HR Group	13,2	-
Write-off on expected credit losses	116,0	-
Conversion from receivables to loans	(34,1)	-
Other	28,5	2,6
Total	**85,9**	**61,4**

	01.2020-6.2020	01.2019-6.2019 RESTATED FIGURES
Amortization and depreciation resulting from changes in fixed assets		
Amortization and depreciation disclosed in note of costs by nature	367,6	349,7
Other	-	-
Total	**367,6**	**349,7**

[in PLN million unless otherwise stated]

5. NOTES TO THE INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

The Company measures intangible assets at cost less amortization and impairment losses.
Depreciation is calculated using the straight-line method by estimating the useful life of a given asset, which for selected groups is equal:

- patents and licenses – from 5 to 10 years
- trademarks – are not subject to depreciation
- other intangible assets – 5 to 10 years

If there are events or changes that indicate that the carrying amount of an intangible asset may not be recoverable, they are reviewed for impairment in accordance with the policy described in note 5.2.

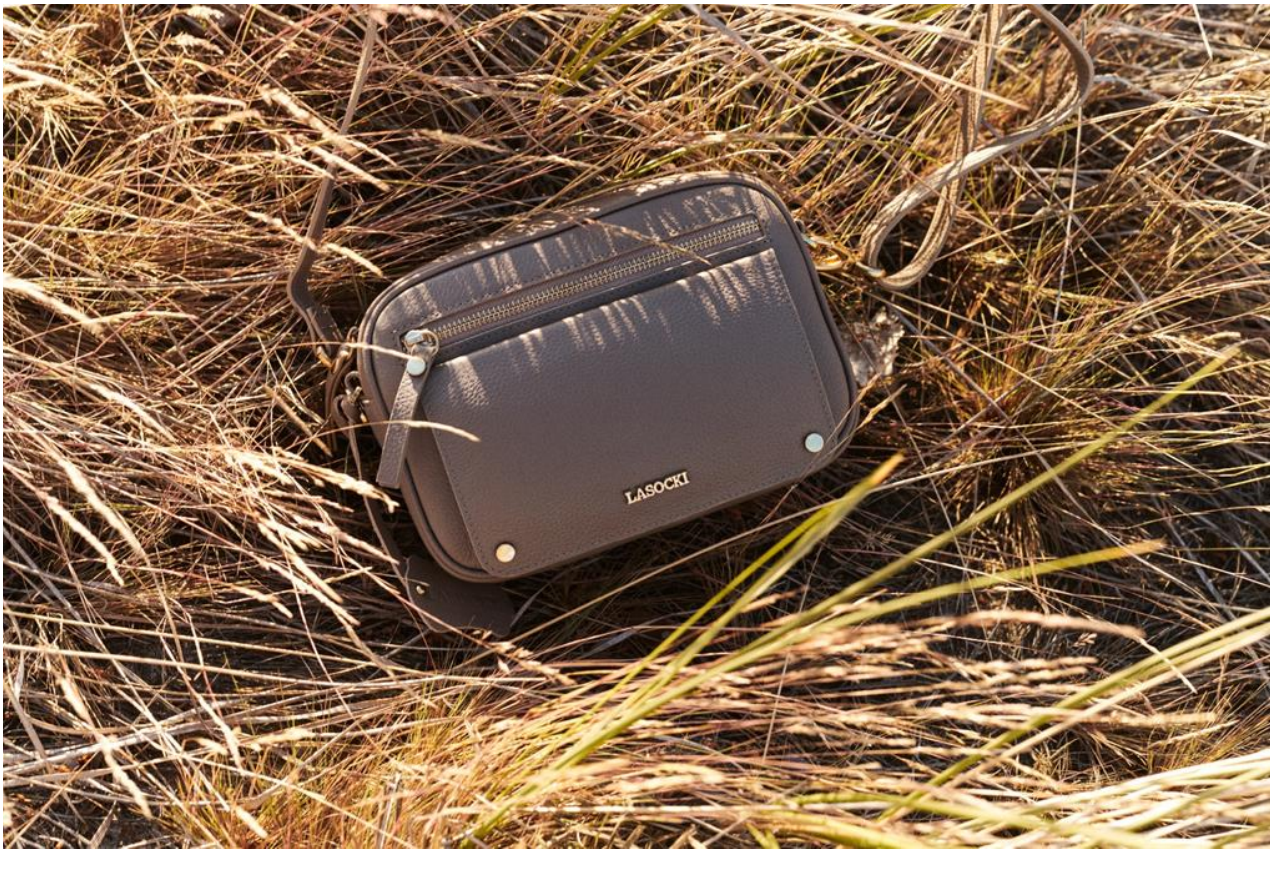
Intangible assets with indefinite economic life and those that are not in use are tested for impairment annually, either for individual assets or at the level of the cash-generating unit.

	PATENTS AND LICENCES	TRADEMARKS	CUSTOMERS RELATIONS	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 01.01.2019	26,2	178,1	18,5	68,4	291,2
Aggregated amortization	(18,4)	(0,5)	(10,6)	-	(29,5)
Net value 01.01.2019	7,8	177,6	7,9	68,4	261,7
Exchange rate differences from the translations	(0,1)	0,2	0,4	-	0,5
Amortization	(4,5)	0,5	(3,0)	-	(7,0)
Purchase	6,2	(4,5)	0,6	57,3	59,6
Liquidation and sale	(8,7)	-	-	(3,0)	(11,7)
Aggregated depreciation (liquidation and sale)	3,6	-	-	-	3,6
Transfer between groups	101,3	-	-	(103,3)	(2,0)
Transfer between groups - aggregated amortization	2,7	-	(2,7)	-	-
Increase related to acquisition of subsidiary	(1,1)	22,8	-	-	21,7
Gross value 31.12.2019 (01.01.2020)	123,8	196,6	19,5	19,4	359,3
Aggregated amortization	(16,6)	-	(16,3)	-	(32,9)
Net value 31.12.2019 (01.01.2020)	107,2	196,6	3,2	19,4	326,4

[in PLN million unless otherwise stated]

Gross value 31.12.2019 (01.01.2020)	123,8	196,6	19,5	19,4	359,3
Aggregated amortization	(16,6)	-	(16,3)	-	(32,9)
Net value 31.12.2019 (01.01.2020)	107,2	196,6	3,2	19,4	326,4
Exchange rate differences from the translations	(0,1)	-	0,5	-	0,4
Amortization	(11,8)	-	(0,1)	-	(11,9)
Purchase	0,9	-	-	12,9	13,8
Liquidation and sale	(4,4)	-	-	-	(4,4)
Transfer between groups	(0,4)	-	-	1,7	1,3
Impairment loss	(4,6)	(7,4)	-	-	(12,0)
Reclassification to assets held for sale (gross value)	(33,3)	(7,4)	-	-	(40,7)
Reclassification to assets held for sale (aggregated depreciation)	28,7	-	-	-	28,7
Reclassification to assets held for sale (impairment loss)	4,6	7,4	-	-	12,0
Gross value 30.06.2020	86,9	189,2	20,0	34,0	330,1
Aggregated amortization	(0,1)	-	(16,4)	-	(16,5)
Net value 30.06.2020	86,8	189,2	3,6	34,0	313,6

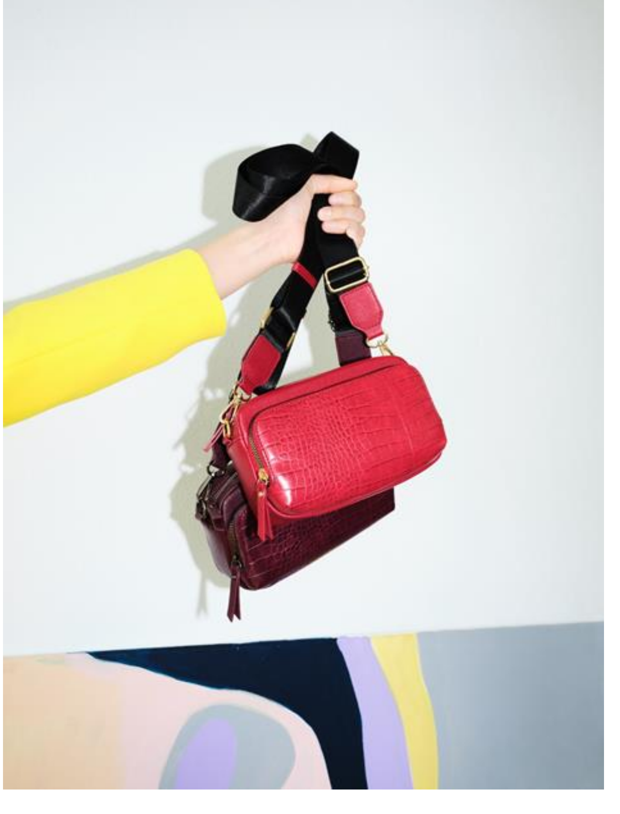
As at the balance sheet date of 30 June 2020, the balance of intangible assets under construction consists of expenditures incurred for implementation of a new financial and accounting system SAP for the Shared Services Center as well as projects carried out since 2019: update of software for electronic document workflow and expenditures related to implementation of a new ERP system. The Group did not identify any impairment of their value.



[in PLN million unless otherwise stated]

TRADEMARKS	eobuwie.pl S.A.	Karl Voegele	DeeZee Sp. z o.o.	Gino Rossi S.A.	Total
PERIOD OF USE / AMORTISATION METHOD	Unspecified	Unspecified	Unspecified	Unspecified	
Gross value 01.01.2019	161,2	7,7	9,2	-	178,1
Aggregated amortization	-	-	(0,5)	-	(0,5)
Net value 01.01.2019	161,2	7,7	8,7	-	177,6
Exchange rate differences from the translations	-	0,2	-	-	0,2
Amortization	-	-	0,5	-	0,5
Acquisition	-	-	(4,5)	-	(4,5)
Increase related to acquisition of subsidiary	-	-	-	22,8	22,8
Gross value 31.12.2019 (01.01.2020)	161,2	7,9	4,7	22,8	196,6
Aggregated amortization	-	-	-	-	-
Net value 31.12.2019 (01.01.2020)	161,2	7,9	4,7	22,8	196,6
Impairment loss	-	(7,9)	-	-	(7,9)
Reclassification to assets held for sale (gross value)	-	(7,9)	-	-	(7,9)
Reclassification to assets held for sale (aggregated depreciation and impairment loss)	-	7,9	-	-	7,9
Gross value 30.06.2020	161,2	-	4,7	22,8	188,7
Aggregated amortization	-	-	-	-	-
Net value 30.06.2020	161,2	-	4,7	22,8	188,7

Within intangible assets, the Group presents trademarks with an indefinite economic life. The Group considers these trademarks to be recognizable on the market and plans to use them in its operations for an indefinite period. Therefore, the Group assumes that trademarks have an indefinite economic life and are not subject to depreciation. All trademarks are tested for impairment annually. Details of impairment testing for eObuwiewie.pl S.A., DeeZee Sp. z o.o. and Gino Rossi are presented in note 5.2 below.



[in PLN million unless otherwise stated]

5.2 GOODWILL

ACCOUNTING POLICY

Goodwill on account of the acquisition of an entity is initially recognized at the purchase price, which is the amount of the surplus:

- payment made,
- the amount of any non-controlling interest in the acquiree, and
- in the case of a business combination achieved in stages, the acquisition-date fair value of the acquiree's previously held equity interest in the acquirer over the net amount determined as at the date of acquisition of the values of identifiable assets acquired and liabilities assumed.

After the initial recognition, goodwill is reported at cost less any accumulated impairment losses. The impairment test is carried out once a year or more often if there are indications to do so. Goodwill is not subject to amortization.

As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergy of the combination. Each unit or a group of units to which goodwill has been assigned: corresponds to the lowest level in the Group, at which goodwill is monitored for internal management needs and is no larger than one operating segment determined in accordance with IFRS 8 Operating Segments.

An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill was allocated.

If the recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. If goodwill is part of a cash-generating unit and part of the operations within this unit is sold, the goodwill associated with the operations sold is included in its carrying amount when determining profits or losses from the sale of such activities.
In such circumstances, goodwill is sold based on the relative value of the operations sold and the value of the part of the cash-generating unit retained.

Company	Date of acquisition	As of 31.12.2019 (01.01.2020)	Adjustment of value – final settlement	Acquisition	Exchange rate differences from the translations	As of 30.06.2020
eobuwie SA	01.2016	106,2	-	-	-	106,2
Shoe Express SA	04.2018	40,5	-	-	1,4	41,9
Enterprise Adler International Sp. z o.o. sp. k.	07.2018	48,8	(2,5)	-	-	46,3
DeeZee Sp. z o.o.	10.2018	0,6	-	-	-	0,6
Gino Rossi SA	02.2019	21,8	-	-	-	21,8
Goodwill	-	217,9	(2,5)	-	1,4	216,8

[in PLN million unless otherwise stated]

Detailed information on the settlement of the acquisition and goodwill of Shoe Express S.A., DeeZee Sp. z o.o., Gino Rossi S.A. were described in the Consolidated Financial Statement of CCC S.A. Capital Group for 2019 in note 6.2.
As at 30.06.2020 the Group performed tests for impairment of goodwill recognized in connection with the acquisition of eobuwie.pl S.A., Shoe Express S.A., Adler International Sp. z o.o. sp. k., DeeZee Sp. z o.o. and Gino Rossi S.A. The conducted tests did not show the necessity to recognize an impairment loss of goodwill. Management is certain that no reasonably possible change in any of the key assumptions made as part of the tests will cause the carrying value of the tested facility to significantly exceed its recoverable amount. It should be noted that Gino Rossi S.A., apart from retail/wholesale activity, ia also a manufacturer and uses the sales channels existing within the CCC S.A. Capital Group.

The impairment test was performed on the basis of calculations of expected cash flows, estimated on the basis of historical results and expectations regarding future market development. The expected cash flows for identified cash-generating units were prepared on the basis of assumptions resulting from historical experience adjusted to the existing plans. These cash flows present the Management Board's best estimates regarding the operations of the acquired company over the next 5 years.

The main assumptions used to determine their usable value
are as follows:
- the level of product sales costs
- impact of changes in revenue on direct costs
- level of investment expenditures
- a discount rate based on the weighted average cost of capital and reflecting current market assessments of the time value of money and the risks associated with the cash-generating unit's operations

The amounts assigned to each of these parameters reflect the Group's experience adjusted for expected changes in the period covered by the business plan, but may be affected by unpredictable economic, political or legal changes. The individual parameters were adjusted to the situation resulting from COVID-19 and the increase parameters were adopted at a more conservative level compared to the tests of 31.12.2019 in order to take into account the uncertainties resulting from the pandemic.

The impairment test was conducted based on the following assumptions:

30.06.2020	eObuwie.pl S.A.	Shoe Express S.A.	Adler International sp. z o.o. sp. k	Deezee Sp. z o.o.	Gino Rossi S.A.
Discount rate before tax	7,23%	10,34%	7,23%	7,23%	7,23%
Average EBITDA profit margin	12,2%	18,9%	28,0%	5,0%	12,4%
Expected cumulative annual growth rate of EBITDA	39,3%	2,0%	2,0%	*40,0%	*0%
Residual growth rate	2,0%	2,0%	2,0%	2,0%	2,0%

31.12.2019	eObuwie.pl S.A.	Shoe Express S.A.	Adler International sp. z o.o. sp. k	Deezee Sp. z o.o.	Gino Rossi S.A.
Discount rate before tax	9,8%	13,2%	9,8%	9,8%	9,8%
Average EBITDA profit margin	11,2%	27,7%	30,2%	2,1%	6,3%
Expected cumulative annual growth rate of EBITDA	47,5%	5,0%	3,6%	*25%	*16%
Residual growth rate	2,0%	2,0%	2,0%	2,0%	2,0%

*Expected cumulative annual growth rate of EBITDA calculated only for periods with positive EBITDA

The Company also conducted a sensitivity analysis of the results to changes in the discount rate (+/- 5 p.p.) and to the level of realized EBITDA (+/- 5%). The results of the analysis indicate that there is no risk of value loss with respect to such a change of parameters.

[in PLN million unless otherwise stated]

5.3 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

Tangible fixed assets include mainly: investments in third-party fixed assets (i.e. expenditures in leased premises used for retail sale of goods), lands and buildings, machines and equipment Fixed assets are recognized at purchase price or production cost less depreciation write-offs and impairment losses, if any. Land and fixed assets under construction are not subject to depreciation. Subsequent expenditures are included in the carrying amount of a given fixed asset or recognized as a separate fixed asset (where appropriate) only if it is probable that economic benefits will flow to the Group under this item and the cost of the given item can be reliably estimated.
The carrying amount of the aforementioned part is removed from the statement of financial position. All other expenses on repairs and maintenance are charged to the financial result in the financial period in which they were incurred.
Borrowing costs are capitalized and reported as an increase in the value of a fixed asset.
Depreciation is calculated on a straight-line basis by estimating the period of use of a given asset, which for selected groups is equal:

GROUP OF FIXED ASSETS	DEPRECIATION PERIOD	REMAINING TIME OF USE
Investments in stores	Depreciation period is determined by two factors and accept lower of values: * utility period of outlays (typically 10 years) * duration of the lease agreement of the store where the fixed asset is placed (usually 10 years)	
Factory and distribution	* Buildings * Machines and equipment * Means of transport * Other tangible fixed assets	* from 10 to 40 years * from 10 to 40 years * from 5 to 10 years * from 5 to 10 years
Other	* Machines and equipment * Means of transport * Other assets	* from 3 to 15 years * from 5 to 10 years * from 5 to 10 years

Depreciation method and its period are reviewed at each balance sheet date.

Impairment of non-financial fixed assets

At each balance sheet date, the Group evaluates if there are any objective evidence of impairment of a given tangible fixed asset. Depreciable assets are analyzed for impairment whenever certain circumstances or changes in circumstances indicate that their carrying amount may not be realized. Impairment loss is recognized in the amount by which the carrying amount of a given asset exceeds its recoverable amount. The recoverable amount is the higher of two amounts: the fair value of the assets, less sales costs, or the value in use. For the purpose of impairment analysis, assets are grouped at the lowest level in relation to which there are identifiable separate cash flows (cash-generating units). Non-financial assets which have previously been found to be impaired are assessed at each balance sheet date for any evidence that an impairment loss may be reversed. In retail business, each store is a separate cash-generating unit. Pursuant to the above principles, in respect of investments in stores, the Group performs an analysis for impairment at each balance sheet date. The operating result generated by each of the retail units is reviewed.
In order to estimate the impairment loss on non-financial fixed assets, the Group takes into account the following premises:
• The store has been operating for at least 24 months.
• The store bears a gross loss including customs deviations in each of the last two years of operation.
• The analysis of the current value of future cash flows indicates that it is not possible to cover the investment expenditure incurred.

If an asset is considered irrecoverable, the Group makes an impairment loss in the amount of the surplus of the incurred capital
expenditure over the recoverable value. The impairment loss is recognized in other operating expenses. For the companies of the Group, which start or operate in developed economies, additional conditions related to market penetration are analyzed.

Grants received

Grants for the acquisition or production of property, plant and equipment are recognized by the Group when they are received or reasonably expected to be received in the future (e.g. a promissory note, lease incentives if there is reasonable assurance that the Group will meet the conditions necessary to receive the grant. Grants are recognized as deferred income (item „grants received”). The amounts of grants included in deferred income are gradually recognized in other operating income, in par with depreciation or amortization write-offs on property, plant and equipment financed from these sources.

[in PLN million unless otherwise stated]

Certain assets relating to individual outlets may be permanently attached to the leased premises (outlays in stores), which makes it impossible to use or resell them alternatively. Their estimated rental period is not always related to the lease term of the premises due to the option to extend the lease agreements. The assumed exploitation periods are described above.
Therefore, the level of depreciation costs may differ from the estimated lease period of the outlet. Changes in this period may affect the level of impairment losses.
Fixed assets under construction include primarily capital expenditures incurred in stores.

Information on fixed assets securing the debt incurred is presented in note 4.2.

CCC S.A. concluded on 23 December 2009 an agreement with the Polish Agency for Enterprise Development for the co-financing of investment in fixed assets. The Company applied for a subsidy from the Operational Program Innovative Economy for the investment in the construction of a high storage warehouse located in Polkowice. The final amount of subsidy amounted to 38.5 million PLN. As at the balance sheet date, the value of the unsettled grant amounts to PLN 19.8 million. According to the Company's accounting policy, this grant is presented in the "Grants received" item in the statement of financial position.

		FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				
	INVESTMENT IN STORES	LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER	TOTAL	TOTAL
Gross value 01.01.2019	920,3	343,7	189,4	14,2	547,3	55,1	77,8	42,9	175,8	1 643,4
Including: gross value of fixed assets of the group intended for disposal covered by an impairment loss	52,90	-	-	-	-	-	-	-	-	52,9
Aggregated depreciation	(242,3)	(32,7)	(85,8)	(1,6)	(120,1)	(4,1)	(47,7)	(21,1)	(72,9)	(435,3)
Impairment loss	(62,6)	-	-	-	-	-	-	(1,2)	(1,2)	(63,8)
Net value 01.01.2019	615,4	311,0	103,6	12,6	427,2	51,0	30,0	20,7	101,7	1 144,3
Exchange rate differences from the translations	(5,3)	-	12,1	(12,3)	(0,2)	(0,1)	4,2	(0,3)	3,8	(1,7)
Purchase	185,3	78,1	72,3	80,9	231,3	0,7	15,8	9,9	26,4	443,0
Depreciation	(116,4)	(11,2)	(43,5)	(2,9)	(57,6)	(2,5)	(12,1)	(6,2)	(20,8)	(194,8)
Liquidation and sale	(148,6)	(8,0)	(3,8)	(1,3)	(13,1)	-	(4,5)	(6,0)	(10,5)	(172,2)
Aggregated depreciation (liquidation and sale)	63,1	0,2	1,2	0,2	1,6	-	2,8	4,8	7,6	72,3
Transfers	-	-	16,5	(19,4)	(2,9)	-	0,1	-	0,1	(2,8)
Impairment loss	(2,1)	-	-	-	-	-	-	-	-	(2,1)
Wykorzystanie odpisu z tyt. utraty wartości w związku ze zbyciem jednostki zależnej	52,9	-	-	-	-	-	-	-	-	52,9
Wykorzystanie odpisu z tyt. utraty wartości w związku ze nabyciem jednostki zależnej	10,0	-	-	-	-	-	-	-	-	10,0
Increase related to acquisition of subsidiary	1,6	12,3	12,1	5,1	29,5	-	-	-	-	31,1
Gross value 31.12.2019	1 169,0	426,1	300,0	65,6	791,6	55,7	137,0	52,3	245,0	2 205,6
Aggregated depreciation	(501,2)	(43,7)	(129,5)	(2,7)	(175,8)	(6,6)	(100,7)	(28,3)	(135,6)	(812,6)
Impairment loss	(11,9)	-	-	-	-	-	-	(1,1)	(1,1)	(13,0)
Net value 31.12.2019	655,9	382,4	170,5	62,9	615,8	49,1	36,3	22,9	108,3	1 380,0

[in PLN million unless otherwise stated]

	INVESTMENT IN STORES	FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				TOTAL
		LAND, BUILDINGS AND CONSTRUCTIONS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER	TOTAL	
Net value 31.12.2019	**655,9**	**382,4**	**170,5**	**62,9**	**615,8**	**49,1**	**36,3**	**22,9**	**108,3**	**1 380,0**
Exchange rate differences from the translations	7,0	-	-	-	-	-	0,9	(0,5)	0,3	7,3
Purchase	76,0	20,4	10,6	0,7	31,6	(0,2)	1,6	2,5	3,9	111,5
Depreciation	(67,4)	(6,2)	(26,0)	-	(32,2)	(2,7)	(6,1)	(3,4)	(12,2)	(111,8)
Liquidation and sale	(20,3)	(0,6)	(1,4)	-	(2,0)	-	-	0,5	0,5	(21,8)
Liquidation and sale (aggregated depreciation)	15,2	-	1,1	0,8	1,9	-	-	2,5	2,5	19,6
Transfers between categories (gross value)	14,9	12,4	1,3	(29,7)	(16,0)	2,1	(13,7)	8,4	(3,2)	(4,3)
Transfers between categories (aggregated depreciation)	(9,3)	(0,5)	5,7	-	5,3	0,4	11,5	(4,5)	7,3	3,3
Impairment loss	(19,2)	-	-	-	-	-	-	(3,8)	(3,8)	(23,0)
Reclassification to assets held for sale (gross value)	(239,4)	-	-	-	-	-	(51,7)	(3,3)	(55,0)	(294,4)
Reclassification to assets held for sale (aggregated depreciation)	187,0	-	-	-	-	-	48,6	2,7	51,3	238,3
Reclassification to assets held for sale (impairment loss)	12,0	-	-	-	-	-	-	3,8	3,8	15,8
Gross value 30.06.2020	1 007,2	458,2	310,6	36,7	805,3	57,6	74,2	59,9	191,5	2 003,9
Aggregated depreciation	(375,7)	(50,4)	(148,7)	(2,0)	(201,0)	(8,9)	(46,7)	(31,0)	(86,6)	(663,2)
Impairment loss	(19,1)	-	-	-	-	-	-	(1,1)	(1,1)	(20,2)
Net value 30.06.2020	**612,4**	**407,8**	**161,9**	**34,7**	**604,3**	**48,7**	**27,5**	**27,8**	**103,8**	**1 320,5**

The Covid-19 pandemic affected the financial results of the Capital Group in the current period as well as the future results expected in the budget. As of 30 June 2020, the Group has identified the premises for the impairment of assets in respect of those stores which generated losses in 2018 and 2019 and those whose results in the first half of 2020 differed from the average for the given market. As a result, the number of stores for which impairment tests were carried out amounted to 153. In respect of the remaining stores, which were not subject to impairment tests, the Company has reassessed the results for the first half of 2020 and the results in July and August, as well as the budgeted future results. For this group of assets, the Group has not identified any risk of impairment.

The forecast for each of the tested stores covered the duration of individual current agreements in order to correctly calculate the recoverable amount. The discount rate for each market is presented in the table below.

The main assumptions adopted to determine the use value are as follows:
- level of product sales costs
- impact of revenue changes on direct costs
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the risk associated with the business of the cash generating unit.

The assumptions adopted for estimating the revenues were based on conservative assumptions of demand reconstruction and gradual achievement of the GO.22 strategy. The revenues in the second half of 2020 were assumed at the level of the second half of 2019. For 2021 an increase of 12% compared to 2019 was assumed, and for 2022-2026 an increase of 5%. An exception to these assumptions are Gino Rossi S.A. and Karl Voegele AG stores, where more conservative assumptions were adopted for these chains. The adopted assumptions take into account the effect of the COVID-19 pandemic on store performance. In particular, revenues in 2020 are significantly lowered compared to the original 2020 budget and represent actual demand in the indicated period.
Write-offs are presented below:

[in PLN million unless otherwise stated]

Store Chain	Number of stores checked	Number of stores with a write-down	Write-down	WACC discount rate estimation
KVAG	39	21	15,7	4,78%
Austria	40	29	30,2	5,05%
Gino Rossi	37	37	21,3	7,23%
Hungary	13	5	6,3	8,92%
Russia	5	3	4,0	12,08%
Croatia	3	1	1,8	7,68%
Slovakia	2	1	0,6	5,78%
Poland	5	0	-	7,23%
Serbia	4	0	-	10,27%
Czech Republic	4	0	-	6,40%
Bugaria	1	0	-	7,52%
Total	**153**	**97**	**79,9**	

The value of the write-off for investments in stores amounts to 26.9 million PLN, and the right of use to 53.0 million PLN.

In the case of tangible fixed assets classified as factory, distribution and other, the Company has not identified any evidence of impairment.
The assets associated with the first group ("factory and distribution") apply:

- distribution, which concerns both retail and e-commerce activities. During the COVID-19 pandemic, there was a significant increase in revenue from the e-commerce distribution channel,
- production that was not significantly affected by the COVID-19 pandemic.

The assets related to the other segment concern mainly land and buildings located in the Company's headquarters.
In respect of stores that have not been tested for impairment, no evidence of impairment was identified.

5.4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICY

At the date of commencement, the Capital Group CCC S.A. evaluates an asset due to the right of use at cost. The cost of an asset due to the right of use should include:

- an initial amount of the lease liability valuation,
- any lease payments made on or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the lessee,
- an estimate of the costs to be incurred by the lessee to remove and dispose of the underlying asset, to refurbish the site on which it is located, or to restore the underlying asset to the condition required by the terms of the lease, unless those costs are incurred to produce inventories.

The periods adopted by the Capital Group for the lease agreements of particular asset categories are as follows:

- Up to 3 months
- From 4 to 12 months
- 13 to 60 months
- Over 60 months

Certain lease agreements include an option for renewal or termination of the lease. The Group applies the current end date of the agreement, which is updated when it is informed about the extension / termination of the agreement. The assumed duration of the agreement is based on the business premises. If the Group decides to extend the agreement, its term is extended by the activated term of the extension option under the agreement.
The Group also concludes agreements for an unspecified period of time. The Management Board makes judgement to determine the period for which it can be assumed with sufficient certainty that such agreements would last.
The Group also has lease agreements where the lease term is 12 months or less and lease agreements for computer hardware (printers) and low value payment terminals. The Group uses a simplification for short-term leases, contracts concluded for an indefinite period of time, contracts for which the lease liability is determined only on variable (current) rent and leases for which the base asset has low value. The Group recognizes the aforementioned costs as flat costs under „other costs of sales (low and short-term leases) and under „costs of functioning of stores" (contracts concluded for an indefinite period of time and sales-based rents). The lessee evaluates the lease liability at the commencement date at the current amount of lease payments due at that date (discounted future payments during the lease). Lease payments are discounted using the interest rate of the lease if that rate can be easily determined. Otherwise, the lessee applies the lessee's marginal interest rate.
At the commencement date, the lease payments included in the valuation of the lease liability include the following payments for the right to use of the underlying asset during the lease term, which remain due at that date:

- fixed lease payments (including generally fixed lease payments as defined in paragraph B42 of the standard) less any lease incentives receivable;
- variable lease payments, which depend on an index or rate, measured initially using that index or rate at their value at the commencement date,
- amounts expected to be paid by the lessee under the guaranteed residual value,
- the exercise price of the call option provided there is reasonable certainty that the lessee will exercise the option (measured using the criteria in paragraphs B37-B40 of the standard), and
- financial penalties for termination of the lease, if the lease terms and conditions provide that the lessee may exercise the option to terminate the lease.

Variable lease payments that depend on an index or rate referred to above include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that change to reflect the changes with respect to free market rents.
For each type of contract, the Group has estimated the amount of the discount rate applicable to the final valuation of these contracts. Given the type of contract, the duration of the contract, the currency of the contract and the potential margin that the Company would have to pay to third party financial institutions should they enter this transaction in the financial market. The valuation of the leasing liability is periodically settled with the leasing payments.
Expenses related to the use of leased assets are presented in „depreciation" and in financial costs as interest costs.
Assets under the right of use are depreciated on a straight-line basis, whereas liabilities under lease agreements are settled with the effective interest rate.
The Group evaluates lease agreements that meet the criteria of IFRS 16. The Group includes the following items in current costs:

- Depreciation costs of assets due to the right of use
- Costs of interests
- Exchange rate differences

[in PLN million unless otherwise stated]

The Group recognizes the change of lease as a separate lease if:
a) the change increases the scope of the lease by granting the right to use one or more underlying assets and
b) remuneration for the lease shall be increased by an amount commensurate with the unit price for the extension and any appropriate adjustments to that unit price to take account of the circumstances of the agreement. In case of a change in the lease, which is not recognized as a separate lease, at the date of agreeing the change (date of signing the annex/agreement by the last party to the agreement) the Group:
a) allocates remuneration in the modified agreement,
b) determines the period of the modified lease, and
c) revaluates the lease liability by discounting the updated lease payments using the updated discount rate. The updated discount rate is determined as the lease interest rate for the remainder of the lease term when that rate can be clearly determined, or the lessee's incremental interest rate applicable at the date the change is agreed upon if the lease interest rate cannot be easily determined.
In the case of a change in the lease, which is not recognized as a separate lease, the Group recognizes the revaluation of the lease liability through:
a) reducing the balance sheet value of the asset by virtue of the right of use in order to take into account the partial or total termination of the lease in the case of changes in the lease that reduce the scope of the lease. As a result, the Group recognizes every profit or loss related to the partial or total termination of the lease,
b) adjusting the lease asset for the right of use for all other lease changes.

The table below presents the value of assets measured under the right of use as at the balance sheet date:

	TOTAL
Gross value 01.01.2020	2 891,1
Depreciation 01.01.2020	(904,5)
Net value 01.01.2020	1 986,6
Exchange rate differences from the translations - gross value	40,1
Conclusion of new lease agreements	87,5
Changes resulting from modifications of contracts	85,2
Changes resulting from modifications of contracts – shortening the contract period - gross value	(131,3)
Reclassification to assets held for sale (gross value)	(432,7)
Gross value 30.06.2020	2 539,9
Depreciation 01.01.2020	(904,5)
Exchange rate differences from the translations - aggregated depreciation	(13,1)
Depreciation during the period	(248,9)
Changes resulting from modifications of contracts – shortening the contract period - depreciation	40,5
Reclassification to assets held for sale (aggregated depreciation)	169,1
Depreciation 30.06.2020	(956,9)
Impairment of assets	(53,0)
Reclassification to assets held for sale (impairment loss)	8,1
Net value 30.06.2020	**1 538,1**

[in PLN million unless otherwise stated]

	Total
Gross value 01.01.2019	2 270,3
Depreciation 01.01.2019	(400,2)
Net value 01.01.2019	1 870,1
Conclusion of new lease agreements	362,6
Changes resulting from modifications of contracts	378,3
Changes resulting from a change in a scope of the contract - shortening the period - gross value	(189,6)
Changes resulting from a change in a scope of the contract - shortening the period - depreciation	25,3
Increase due to the acquisition of subsidiary	44,2
Gross value 31.12.2019	**2 891,1**
Depreciation as at 01.01.2019	(400,2)
Amortization during the period	(504,3)
Depreciation as at 31.12.2019	(904,5)
Net value 31.12.2019	**1 986,6**

Modifications result primarily from the extension of contracts and changes in the lease rate during the contract period.

The table below presents the value of lease liabilities as at the balance sheet date:

	30.06.2020	31.12.2019
As of 01.01.	2 085,8	1 909,2
Accrued interest	17,6	36,2
Lease payments	(198,4)	(516,1)
Exchange rate differences	83,0	(3,7)
New agreements	84,0	341,5
Modification of contract terms	165,7	422,2
Indexation	1,0	13,6
Renewal	-	0,1
Change of scope	(91,0)	(161,5)
Reclassification into discontinued operations	(260,7)	44,3
As of 30.06.	**1 887,0**	**2 085,8**

As a result of the COVID-19 pandemic, the Group has renegotiated its lease agreements, resulting in significant changes in the value of the right of use and lease obligations. As a result of the negotiations, various conditions of the agreements were changed, including: rent rate, lease period, floor space. The Group recognized these changes as modifications to the agreements at the time of signing the annexes to the agreements by the last party. Until the balance sheet date, the negotiations of all the contracts were not completed, hence in the following periods, the value of the right of use and the lease obligation will be affected by the signed annexes.

5.5 INVENTORIES

ACCOUNTING POLICY

Inventories are recognized at the lower of purchase price or production cost and net selling price. Cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and related manufacturing overheads (based on normal operating capacity), excluding external financing costs. Net selling price is the estimated selling price in the normal course of business, less the related variable selling costs.

Trade goods are reported in terms of quantity and value and are measured:
- in relation to imported goods - at purchase prices, including the purchase price, transportation costs on the foreign section and on the domestic section to the first place of unloading in the country, insurance and customs duty; to convert the value in foreign currency the rate resulting from the customs document is used,
- in relation to goods purchased domestically - at purchase prices; the costs associated with the purchase of these goods, due to their insignificant size, are directly charged to the costs of operation at the time they are incurred.

In the event of circumstances resulting in a decrease in the value of inventories, an inventory write-down is made to the cost of sales. In the case of cessation of circumstances which resulted in a decrease in the value of inventories, the write-down is reversed by reducing the cost of sales.

In order to determine the amount of inventory revaluation write-offs, the Company applies a calculation model based on inventory aging, taking into account the sales forecast for particular assortment. These forecasts are the result of the analysis of historical data as well as the current situation of the Company and its micro- and macroeconomic environment, which may affect the level of uncertainty in determining these forecasts.

As part of significant estimations and judgments, the analysis includes, among others, possible sales margins, planned future sales prices, inventory turnover, additional sales costs necessary to realize the sale of inventory and effectiveness of marketing activities. During the current inventory management, the Company controls the current stock levels by age and proactively supports sales through appropriate sales actions. Moreover, taking into account the situation caused by the pandemic (closing of sales outlets and cessation of sales in the offline channel) and the uncertainty related thereby, involving the estimation of the possibility of selling goods in stores, the Company additionally draws attention to any changes that may occur in the parameters adopted to determine the amount of write-downs on inventories. The sensitivity of these parameters is the basis for further analysis in the scope of evaluation of the inventory value presented in the financial statement and thus for estimating the level of write-offs updating the inventory value. As a result of the analysis of the situation caused by the COVID-19 pandemic, the Company made the inventory write-down at a higher level than it would result from the rules adopted so far. The increase in the level of recognized write-downs was proportional to the decrease in sales.

When analyzing the level and value of stock, the Company distinguishes the main assortment category, which is footwear and other assortments (mainly handbags and accessories). For the main category, the Company verifies the factors influencing its value, such as, among others: the expected level of sales, the expected level of margin on sales, planned discounts, product life span, compliance with fashion trends and compliance with the customer's needs, the level of additional costs connected with adapting the goods to sales in the following seasons. For the category of the remaining assortment, the Company performs an analysis mainly in the scope of the product life cycle length and the level of planned discounts. Average discounts granted for the remaining assortment are lower than for shoes, this product does not require additional costs connected with adapting it for sale in subsequent periods.

The above analyses are reflected in the estimation of inventory write-downs. For the main assortment, the revaluation write-offs are recognized at a higher level mainly due to faster obsolescence than in case of other assortments. Moreover, the process of replacement of the main assortment between seasons, which is subject to cyclical shifts between central warehouses and stores and shifts from stores to central warehouses generating costs of additional service related to this process, also has an impact on the increase in the level of write-downs on footwear. For other assortment, this process is not realized and moreover, this stock is subject to a faster rotation, so it is justified to write off this stock at a lower level.

When analyzing the age of the main assortment category, the Company determines the appropriate level of the write-off expressed as a percentage. On this basis, the amount of the write-off is calculated. As a result of the analysis made with regard to the inventory to be written off, taking into account the COVID-19 pandemic, the Company decided to write off the inventory for two-year and older stocks. Under the current criteria, the write-downs were made for stocks older than 2 years.

[in PLN million unless otherwise stated]

The main assumptions of the discount policy affecting the estimation of inventory value to the net realisable value are indicated below:
a) the amount of rebates (level of discounts) depends on the age of the stock in such a way that with the passage of time their level increases, which is mainly due to the decrease in the quality of footwear resulting from the process of storage and display in stores, limited access to popular sizes, which is less attractive in relation to the customer's needs,
b) Discount campaigns are adjusted to the whole collection or assortment group in order to appropriately enhance the expected effect,
c) goods that correlate with current fashion trends are subject to a greater loss of value over time due to the shorter life cycle of such a (fashion) product in relation to a more universal and classical one,
d) the expected level of rotation of the goods decreases with time and therefore the level of discount is increased in order to improve the price attractiveness of the goods for the customer.

	30.06.2020	31.12.2019
Materials	27,3	28,3
Manufacturing in progress	27,8	11,9
Goods	1 868,2	1 844,0
Finished goods	72,7	47,5
Assets due to returns	31,5	31,7
Total (gross)	2 027,5	1 963,4
Inventory provision	(32,9)	(21,1)
Total (net)	1 994,6	1 942,3

The increase in inventories, despite the high dynamics of e-commerce development and an increase in space by 60 thousand m2 y/y, is at a similar level compared to the comparative period.
The aim of the CCC S.A. Group is to minimize stock levels while maintaining an appropriate amount of goods to maximize sales levels.

Considering the customer's right to return unused goods, the Group calculates the liability and assets on this account. Deliveries made after the balance sheet date are assigned to revenues of the next period, while the value of returns decreases revenues of the current period. The value of assets is presented in the value of inventories and the value of liabilities is presented in other liabilities. As at the balance sheet date, the value of the asset was PLN 31.5 million and the value of the liability was PLN 37.7 million.

[in PLN million unless otherwise stated]

Inventory write-offs and changes in these write-offs are presented below

	30.06.2020	31.12.2019
At the beginning of the period	21,1	41,5
Establishment in cost of sales of goods	13,3	7,3
Utilisation	(4,5)	(28,1)
Reversal in cost of sales of goods	-	(0,1)
Other - presentation adjustment of allow ance presented as a decrease	12,0	-
Reclassification into discontinued operations	(9,5)	0,5
Exchange rate differences from the translations	0,5	
At the end of the period	32,9	21,1

In the first half of 2020, the Company made a write-down of inventories in the amount of PLN 13.3 million. The creation of an additional write-down for inventory impairment and its release relates to goods. Changes in the write-downs result from the development of the Group's operations and its sales policy

5.6 TRADE RECEIVABLES, OTHER RECEIVABLES AND LOANS GRANTED

ACCOUNTING POLICY

Trade receivables
Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less the impairment losses (further policy explained in note 6.1). If the amount payable can be expected within one year, receivables are classified as current assets. Otherwise, it is recognized as fixed assets.

Other receivables
Receivables other than financial assets are initially recognized at nominal value and measured as at the end of the reporting period at the amount due.

Loans granted
Loans granted are initially measured at fair value. As at the balance sheet date, loans are measured at amortized cost using the effective interest rate less impairment losses (further policy in this respect is presented in note 6.1).

[in PLN million unless otherwise stated]

	30.06.2020	31.12.2019
Trade and other receivables	210,2	211,7
Provision for receivables	(64,4)	(2,3)
Total net receivables	145,8	209,3
Short-term loans granted	-	4,6
Payments on future supplies of goods	128,2	128,5
Accrued expenses	43,4	30,6
Tax receivables	20,1	49,8
Receivables on account of transfer of receivables	13,6	-
Receivables from fit-outs sale	3,4	9,0
Other	22,8	15,1
Total other receivables and short-term loans granted	231,5	233,0

Long term receivables

	30.06.2020	31.12.2019
Loans granted	-	78,0
Long-term loans granted	-	78,0
Trade and other receivables	-	37,2
Provision for receivables	-	-
Long-term trade receivables	-	37,2
Long-term deposits	0,3	11,2
Employee pension fund	-	4,3
Other long-term receivables	0,8	-
Total other long-term receivables	1,1	15,5

Accrued expenses mainly relate to advertising, sponsoring, insurance, licence fees to be incurred in future periods.

The decrease in long-term receivables from customers results from the reclassification of KVAG receivables to discontinued operations.

Conditions of transactions with related entities are presented in note 6.5.
Receivables from customers are non-interest bearing and usually have a commercial maturity. As a result, in the opinion of the management, there is no additional credit risk, above the level determined by the write-off for expected credit losses appropriate for the Company's trade receivables.

The Group has classified loans as financial assets that are impaired at the reporting date due to credit risk - for details see Note 3.3 and 6.1.

As a result of the identified risk of non-recoverability of overdue trade receivables, write-offs were made in the amount of PLN 63.2 million. The write-offs concern mainly HR Group in the amount of PLN 35.3 million (for more details see Note 3.3 and 6.1) and other entities for which overdue receivables and the risk of non-recoverability of PLN 27.9 million was identified.

	30.06.2020	31.12.2019
As of 01.01.	(2,3)	(1,4)
a) increase	(63,2)	(0,9)
b) decrease - use	-	-
c) decrease - reversal	1,1	-
As of 30.06.	(64,4)	(2,3)

[in PLN million unless otherwise stated]

5.7 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents include cash in hand and bank deposits on demand. Overdrafts are presented in the statement of financial position as a component of current debt liabilities. For the purposes of the statement of cash flows, loans in the current account do not decrease the balance of cash and cash equivalents.

	30.06.2020	31.12.2019
Cash in hand	13,8	21,4
Cash at bank	488,7	447,6
Short-term deposits (up to 3 months)	3,1	73,6
Total	505,6	542,6

Cash is exposed to credit risk, currency risk and interest rate risk. The policy of managing these risks and further risk disclosures (i.e. credit quality assessment, sensitivity analysis of exposure to currency and interest rate risks) is presented in note 6.1

5.8 TRADE LIABILITIES AND OTHER

ACCOUNTING POLICY

Trade liabilities are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest rate method.

Trade liabilities are classified as current liabilities if the due date falls within one year. Otherwise, liabilities are shown as non-current. Other liabilities are measured at the amount of the payment due.

The Group incurs costs related to the functioning of the Employee Capital Plans („PPK”) by making payments to the pension fund. These are post-employment benefits in the form of a defined contribution plan. The Group recognizes the costs of payments to the PPK in the same cost item in which it recognizes the costs of remunerations, upon which they are calculated. Liabilities due to PPK are presented under other non-financial liabilities in the item „Other liabilities”.

[in PLN million unless otherwise stated]

	30.06.2020	31.12.2019
Trade liabilities		
• supply of goods and services - excluding reverse factoring	575,5	584,5
• supply of goods and services - including reverse factoring	337,7	531,8
• investment	22,7	41,9
• other	-	-
Total	**935,9**	**1 158,2**
Liabilities for indirect taxes, duties and other benefits	210,9	162,6
Liabilities to employees	70,9	78,8
Obligation to pay for aquired company	-	2,5
Accrued expenses	133,6	28,0
Obligation to return	37,7	40,2
Obligation to pay to the associate	3,2	32,7
Other liabilities	29,5	33,2
Total	**485,8**	**378,0**

The Company uses the reverse factoring service, under which, upon presentation of an invoice for the purchases made, the factor's bank repays the liabilities to suppliers within 7 business days. The Company pays off its liabilities towards the factor's bank within the time limit originally provided for in the invoices, therefore, from the Company's perspective, there is no extension of payment terms in relation to the previously applied settlements with suppliers. The Company does not incur costs of prior repayment of liabilities to suppliers by the factor. The Company's opinion is that the nature of these liabilities remains unchanged and therefore their presentation as trade payables continues.

The increase in the balance of accruals results mainly from the recognized provision for costs of closed stores in Germany in the amount of PLN 46.1 million, an increase in costs related to the contract for cycling team by PLN 8 million and an increase in provisions for current costs by PLN 50.0 million.
In the first half of 2020 The Group recognized a provision for costs related to store closures in Germany (PLN 46.1 million). The need to recognize the provision resulted from COVID-19 and the worse-than-expected results of the stores, the guarantee for lease agreements granted to some lessors by CCC S.A. and the agreement concluded during the transaction of disposal of CCC Germany between the Group and HRG, including the provisions for compensation of relevant losses by HRG to CCC S.A. As a result of the ongoing COVID-19 pandemic, and thus worse-than-expected results of the stores, CCC expects HRG, as the owner of CCC Germany, to take steps to liquidate some of the stores earlier and terminate the lease agreements. Therefore, the recognized provision for the maximum, in the opinion of CCC, uncovered damage due to legal claims from landlords related to the early termination of the stores. CCC and HRG will work together to minimize this amount.

Trade liabilities and other are exposed to currency risk. Currency exchange risk management and sensitivity analysis are presented in note 6.1.

Liquidity risk is also associated with the liabilities (see note 6.1 for further information).

The fair value of liabilities to suppliers approximates to their carrying amount.

Liabilities resulting from the obligation to make payments to the associates are described in more detail in Note 6.2.

EXPENDITURE COMMITMENTS AND OTHER COMMITMENTS TO BE INCURRED IN THE FUTURE

As of the balance sheet date 30 June 2020. The Group has no commitments to incur expenditures or other liabilities in the future.

[in PLN million unless otherwise stated]

5.9 PROVISIONS

ACCOUNTING POLICY

Provision for jubilee awards and retirement benefits and litigations are mainly recognized within the provisions.
The provision for warranty repairs is created as an estimated determination determine of the average level of product returns in respect of the complaints based on historical data.
After making the calculation for several periods and on the basis of gained experience of the Group in order to simplify the estimates made, the average rate of complaints concerning prior periods is calculated. Variable determining the potential returns from sales, upon which the value of the potential claims depends is the amount of revenue from sales in the period. In subsequent periods some provisions adjustments are made by increasing or releasing depending on the revenue generated from the sales. Provision for litigations is created in the amount representing the best estimate of the amount required to settle the resulting obligation.
In accordance with the Company's remuneration plans, the Group's employees are entitled to jubilee awards and retirement benefits. Retirement benefits are paid once, at the time of retiring. The amount of retirement benefits and jubilee awards depends on the employee's years of employment and average remuneration. The Group creates a provision for future liabilities due to retirement benefits and jubilee awards in order to allocate costs to the periods to which they relate. According to IAS 19, jubilee awards are other long-term employee benefits, while retirement benefits are post-employment defined benefit plans. The present value of these liabilities at each balance sheet date is calculated by an independent actuary.

Long-term benefit plan during employment

Under the terms of the collective labour agreement, a group of employees has the right to receive jubilee awards depending on seniority. Eligible employees receive a lump sum constituting, after 10 years of service, the equivalent of 100% of the base salaries monthly, an amount equivalent to 150% of the base salaries monthly after 15 years of service, after 20 years of service an amount equivalent to 200% of the base salaries monthly and after 25 years of service an amount equivalent to 250% of the base monthly salaries. These benefits are recognized on the basis of actuarial valuations and profits (losses) resulting from the valuation are recognized in the capital. The Group establishes a provision for future jubilee awards based on actuarial valuation using the projected unit benefit method.

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As of 31.12.2019	15,5	14,5	1,8	0,5	32,3
Current	2,0	14,5	1,8	-	18,3
Non-current	13,5	-	-	0,5	14,0
As of 01.01.2020	15,5	14,5	1,8	0,5	32,3
Establishment	0,2	-	0,3	5,8	6,3
Utilisation	(0,4)	(2,8)	(0,3)	-	(3,5)
Release	0,4	1,3	(1,7)	(0,3)	(0,3)
Exchange rate differences	0,1	-	(0,1)	-	-
Reclassification into discontinued operations	-	-	-	(3,4)	(3,4)
As of 30.06.2020	15,8	13,0	-	2,6	31,4
Current	1,9	13,0	-	2,5	17,4
Non-current	13,9	-	-	0,1	14,0

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets
Classification of financial assets
Financial assets are classified into the following valuation categories:
- measured at amortized cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Group classifies a given financial asset on the basis of the Company's business model for financial asset management and the contractual cash flow characteristics of the financial asset (the so-called „SPPI criterion"). The Group reclassifies investments into debt instruments if and only if the management model of these assets is changed.

Measurement at initial recognition
Except for some trade receivables, the Group measures the financial asset at its fair value upon initial recognition, which in the case of financial assets other than those measured at fair value through profit or loss is increased by transaction costs directly attributable to the acquisition of those financial assets.

Discontinuation of recognition
Financial assets are derecognized from the books when:
- The rights to obtain cash flows from financial assets have expired, or
- The rights to receive cash flows from financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement after initial recognition
For valuation purposes after initial recognition, financial assets are classified into one of four categories:
- debt instruments measured at amortized cost,
- debt instruments measured at fair value through other comprehensive income,
- equity instruments measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss.

Debt instruments – financial assets measured at amortized cost
A given financial asset is measured at amortized cost if both of the following conditions are met:
a) the financial asset is held in accordance with a business model that aims to hold the financial asset to earn the contractual cash flows; and
b) the terms of the contract for the financial asset generate cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

The Group classifies financial assets measured at amortized cost into the category of financial assets:
- trade receivables,
- loans granted that meet the SPPI classification test, which according to the business model are reported as held for cash flow,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under „Interest income".

Debt instruments – financial assets at fair value through other comprehensive income
financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
a) a financial asset is held under the business model that aims both to receive contractual cash flows and to sell the financial asset; and
b) terms of a financial asset's contract result in cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.
Interest income, foreign exchange differences and impairment gains and losses are recognized in profit or loss and calculated in the same way as financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income. At the moment of discontinuation of recognition of a component of financial assets, the total profit or loss previously recognized in other comprehensive income is reclassified from the equity item to the financial result. Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under „Interest income".

Equity instruments – financial assets measured at fair value through other comprehensive income
At the time of initial recognition, the Group has an irrevocable option to recognize in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for sale nor a contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies. This option is made separately for each equity instrument. A cumulative gain or loss previously recognized in other comprehensive income shall not be reclassified to profit or loss. Dividends are recognized in profit or loss/ statement of comprehensive income when an entity's entitlement to receive a dividend arises, unless the dividends are clearly a recovery of part of the investment costs.

Financial assets measured at fair value through profit or loss
Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. The Group classifies derivative financial instruments as financial assets measured at fair value through profit or loss. The Group classifies derivative financial instruments, quoted equity instruments which have not been irrevocably assigned for measurement at fair value through other comprehensive income. Profit or loss on the measurement of these assets at fair value is recognized in the financial result. Dividends are recognized in the profit and loss account/ statement of comprehensive income when the entity's right to receive a dividend arises.

Offsetting financial assets and financial liabilities
In a situation where the Group:
- has a legal right to set off the recognized amounts and
- intends to settle on a net basis or realize the asset and settle the liability concurrently,

The financial asset and the financial liability are offset and presented in the statement of financial position on a net basis.

Impairment of financial assets
The Group assesses expected credit losses („ECL") related to debt instruments measured at amortized cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
In case of trade receivables, the Group applies a simplified approach and measures the write-down for expected credit losses in the amount equal to expected credit losses over the whole life using the provisioning matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, for the impact of future information. In case of other financial assets, the Group measures the expected credit loss write-off at the amount equal to 12 months of expected credit loss. If the credit risk associated with a financial instrument has increased significantly since the initial recognition, the Group measures the expected credit loss write-off for the financial instrument at an amount equal to the expected credit loss over its lifetime.

The Group estimates that the credit risk associated with a financial instrument has increased significantly since its initial recognition if the delay in payment exceeds 60 days. At the same time, the Group estimates that a debtor's default occurs if the delay in payment exceeds 180 days.

The Group creates a write-down of financial assets in the amount of the difference between the value of these assets resulting from the books as at the valuation date and the recoverable amount.

[in PLN million unless otherwise stated]

Fair value of financial assets and liabilities

Fair value is defined as the price that would be received from the sale of the asset or paid to transfer the liability in a transaction conducted on normal terms for the sale of the asset between market participants at the measurement date in current market conditions. The Group measures financial instruments such as derivatives: FORWARD currency contracts and PUT options at fair value at each balance sheet date.
Derivatives are recognized as assets when their value is positive and as liabilities when their value is negative.
Profits and losses resulting from changes in the fair value of derivatives that do not meet the hedge accounting principles are directly charged to the net profit or loss of the financial year. The fair value of currency forward contracts is determined by applying current forward rates for contracts with a similar maturity date.

All assets and liabilities which are measured at fair value or their fair value is disclosed in the financial statements are classified in the fair value hierarchy in the manner described below based on the lowest level of input data, which is significant for the measurement to fair value
treated as a whole:

LEVEL INPUT OF THE FAIR VALUE HIERARCHY	DESCRIPTION
Level 1	Quoted prices for identical assets or liabilities in active markets
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly
Level 3	Inputs to measure an asset or liability that are not based on observable market data (unobservable inputs)

	30.06.2020		31.12.2019	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets measured at amortised cost	**654,8**	**-**	**880,7**	**-**
Loans granted	-	-	82,6	-
Trade receivables	145,8	-	246,5	-
Receivables from fit-outs sale	3,4	-	9,0	-
Cash and cash equivalents	505,6	-	542,6	-
Financial assets measured at fair value through profit or loss	**12,3**	**-**	**13,2**	**-**
Other financial assets	-	-	13,2	-
Derivative financial instruments	12,3	-	-	-
Financial liabilities measured at amortised cost	**-**	**5 236,5**	**-**	**5 633,9**
Debt liabilities	-	1 588,4	-	1 513,4
Trade and other liabilities	-	935,9	-	1 158,2
Obligation to return	-	37,7	-	40,2
Lease liabilities	-	1 887,0	-	2 085,8
Obligation to repurchase non-controlling interests	-	784,3	-	801,1
Obligation to pay for aquired company	-	-	-	2,5
Obligation to pay to the associate	-	3,2	-	32,7
Financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**1,0**
Derivative financial instruments	-	-	-	1,0

[in PLN million unless otherwise stated]

The Group evaluates the put option of non-controlling interests at fair value. Their maturity date and value as at the balance sheet date are as follows:

COMPANY	Value as at 31.12.2019	IMPACT OF THE VALUATION OF OPTIONS TO REDEEM NON-CONTROLLING INTERESTS (DEPRECIATED COST)	VALUE AS AT 30.06.2020 BEFORE FAIR VALUE MEASUREMENT	IMPACT OF FAIR VALUE MEASUREMENT	EXERCISE OF THE OPTION	VALUE AS AT 30.06.2020	DATE OF IMPLEMENTATION
eobuwie.pl S.A.	755,4	12,5	767,9	-	-	767,9	28.02.2023
Karl Voegele AG	22,8	-	22,8	(22,8)	-	-	31.05.2022
DeeZee sp. z o.o.	22,9	0,5	23,4	-	(7,0)	16,4	30.09.2024
Total	**801,1**	**13,0**	**814,1**	**(22,8)**	**(7,0)**	**784,3**	

In addition, the Group has valued the CALL option for the acquisition of the remaining (69.45%) shares of HR Group Holding S.a.r.l. at fair value.

COMPANY	Value as at 31.12.2019	Impact of fair value measurement	Value as at 30.06.2020	Date of implementation
HR Group	13,2	(13,2)	-	31.01.2021

Valuation of eobuwie.pl S.A., Karl Voegele AG and DeeZee sp. z o.o. options was recognized in liabilities on account of the obligation to repurchase non-controlling interests. The valuation of HR Group options was recognized in fixed assets under other financial instruments. Independent experts are engaged to carry out the above mentioned option valuation.

For the concluded option agreements for the acquisition of non-controlling interests in eobuwie.pl S.A., DeeZee Sp. z o.o. and Karl Voegele AG, as well as for the option agreement for the acquisition of shares in the HR Group, the forecasts received from the above mentioned companies, which are the main parameter influencing the valuation of financial instruments under the option to acquire shares, were revised.
The revaluation of financial instruments due to the option valuation was recognized in the statement of comprehensive income in the following manner:

- total impact of the valuation of liabilities due to the repurchase of non-controlling interests:
- finance income PLN 22.8 million,
- finance costs 13.0 million PLN,
- impact of the valuation of financial instruments due to buyout of shares in associates in the amount of PLN 13.2 million.

In case of the valuation of the option to repurchase non-controlling shares in eobuwie.pl S.A., Karl Voegele AG and DeeZe Sp. z o.o., the main criterion for the valuation is the projected level of EBITDA and net debt at the dates of exercising the options. To determine the value of the future liabilities, appropriate EDITDA multipliers resulting from investment contracts were applied. The liability is measured as at the balance sheet date at amortized cost using a 3.25% discount rate.

In case of the valuation of the option to repurchase shares in HR Group, a binomial tree model was used, which was created using the historical volatility of share prices. The tree was created using discount factors calculated from the EUR 1M curve from the Reuters market data source.

In connection with the HR Group's debt refinancing transaction carried out in February 2020, both parties to the agreement, i.e. CCC S.A. and Capiton V GmbH agreed on a change in the scope of CALL and PUT options granted to each other in a manner that would result in the termination of the PUT option agreement to which Capiton V GmbH is entitled for sale (to CCC S.A.) 0.32% of the preference shares of HR Group Holding S.a.r.l. for an exercise amount of 4.5 million EUR, and the right of CCC S.A. to exercise the call option (CALL) to acquire the rest (69.45%) of the shares of HR Group Holding S.a.r.l. for 74.6 million EUR in an option with a maturity of 24 months ("CALL 24M option") was significantly restricted.

[in PLN million unless otherwise stated]

The table below shows the sensitivity analysis of the valuation of options to acquire non-controlling interests

COMPANY	Initial option value	Change in EBITDA +10%	Change in EBITDA - 10%
eobuwie.pl S.A.	767,9	76,6	(76,9)
Karl Voegele AG	-	-	-
DeeZee sp. z o.o.	16,4	1,5	(1,8)
		78,1	**(78,7)**

In respect of Karl Voegele AG, a change in EBIDTA by +/- 10% does not change the option value.

The table below shows the sensitivity analysis of the valuation of options to acquire shares in the HR Group:

COMPANY	INITIAL OPTION VALUE	CHANGE +10%	CHANGE – 10%
HR Group	-	-	-

Acquisition of subsidiaries is described further in the consolidated financial statements for 2019.
The Group measures forward contracts at fair value. As at the balance sheet date, the valuation of forward contracts amounted to PLN - 6.0 million. The Group also holds investment properties valued at fair value.

According to the Group's assessment, the fair value of other financial assets and liabilities does not differ significantly from their balance sheet values mainly due to their short maturity.

30.06.2020	TOTAL BOOK VALUE	HIERARCHY LEVEL OF FAIR VALUE
Financial assets measured at fair value through profit or loss	12,3	
Valuation of HRG option	-	3
Derivative financial instruments	12,3	2
Financial liabilities measured at fair value through profit or loss	**-**	
Derivative financial instruments	-	

31.12.2019	TOTAL BOOK VALUE	HIERARCHY LEVEL OF FAIR VALUE
Financial assets measured at fair value through profit or loss	13,2	
Valuation of HRG option	13,2	3
Financial liabilities measured at fair value through profit or loss	**1,0**	
Derivative financial instruments	1,0	2

[in PLN million unless otherwise stated]

FINANCIAL RISK MANAGEMENT

There are many different financial risks related to the activities carried out by the Group. The Management Board identifies the main ones: the risk of changes in exchange rates, interest rate change, credit risk (described below) and liquidity risk (see note 4.3).

The policy for managing these risks and further information on the risks (including credit quality assessment, maximum exposure to credit risk, sensitivity analysis to exchange rate changes) is presented below.

EXCHANGE RATE RISK

The Capital Group of CCC S.A. operates internationally and therefore is exposed to exchange rate risk, in particular USD and EUR in relation to the purchase of goods made in China, India and Bangladesh and the cost of store rents. The main balance sheet items exposed to the currency risk are trade liabilities (due to purchase of goods), lease liabilities, trade receivables (due to wholesale of goods) and cash. The Group monitors currency exchange rate fluctuations and takes steps to minimize the negative impact of currency exchange rate fluctuations on an ongoing basis, e.g. by taking into account these changes in product prices. The Group does not use hedging instruments.

The table below presents the Company's exposure to foreign exchange risk:

30.06.2020	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets measured at amortised cost	**651,4**	**6,6**	**223,2**	**206,2**	**215,4**
Loans granted	-	-	-	-	-
Trade receivables	145,8	6,5	109,3	18,7	11,3
Cash and cash equivalents	505,6	0,1	113,9	187,5	204,1
Financial assets measured at fair value through profit or loss	**12,3**	**11,1**	**1,2**	**-**	**-**
Derivative financial instruments	12,3	11,1	1,2	-	-
Financial liabilities measured at amortised cost	**5 236,5**	**376,0**	**1 702,8**	**509,3**	**2 648,4**
Debt liabilities	1 588,4	36,4	0,6	126,2	1 425,2
Trade and other liabilities	935,9	303,0	107,0	256,7	269,2
Obligation to return	37,7	-	-	-	37,7
Obligation to repurchase non-controlling interests	784,3	-	-	-	784,3
Lease liabilities	1 887,0	36,6	1 592,0	126,4	132,0
Obligation to pay to the associate	3,2	-	3,2	-	-
Financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments	-	-	-	-	-

31.12.2019	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets measured at amortised cost	**871,7**	**19,5**	**388,4**	**242,2**	**221,6**
Loans granted	82,6	-	82,6	-	-
Trade receivables	246,5	16,8	166,7	63,0	-
Cash and cash equivalents	542,6	2,7	139,1	179,2	221,6
Financial assets measured at fair value through profit or loss	**13,2**	**-**	**-**	**-**	**13,2**
Other financial assets	13,2	-	-	-	13,2
Financial liabilities measured at amortised cost	**5 633,9**	**310,1**	**674,2**	**1 099,9**	**3 549,7**
Debt liabilities	1 513,4	-	76,4	69,2	1 367,8
Trade and other liabilities	1 158,2	310,1	245,0	52,0	551,1
Obligation to return	40,2	-	-	-	40,2
Obligation to repurchase non-controlling interests	801,1	-	-	22,8	778,3
Lease liabilities	2 085,8	-	320,1	955,9	809,8
Obligation to pay for aquired company	2,5	-	-	-	2,5
Obligation to pay to the associate	32,7	-	32,7	-	-
Financial liabilities measured at fair value through profit or loss	1,0	-	-	-	1,0
Derivative financial instruments	1,0	1,0	-	-	-

The sensitivity analysis in respect of the foreign exchange risk is presented in the table below. If the exchange rates of financial assets/liabilities denominated in foreign currencies, in particular for USD and EUR during the 6-month period ended 30 June 2020 were higher/lower by PLN 0.05, the impact on the gross result would be as follows:

		USD exchange rate increase/decrease			EUR exchange rate increase/decrease	
2020	USD position value	0,05	-0,05	EUR position value	0,05	-0,05
Financial assets measured at amortised cost	**6,6**	**0,1**	**(0,1)**	**223,2**	**2,5**	**(2,5)**
Loans granted	-	-	-	-	-	-
Trade receivables	6,5	0,1	(0,1)	109,3	1,2	(1,2)
Cash and cash equivalents	0,1	0,0	(0,0)	113,9	1,3	(1,3)
Financial assets measured at fair value through profit or loss	**11,1**	**0,1**	**(0,1)**	**1,2**	**0,0**	**(0,0)**
Derivative financial instruments	11,1	0,1	(0,1)	1,2	0,0	(0,0)
Financial liabilities measured at amortised cost	**(376,0)**	**4,7**	**(4,7)**	**1 702,8**	**19,1**	**(19,1)**
Debt liabilities	(36,4)	0,5	(0,5)	0,6	0,0	(0,0)
Trade and other liabilities	(303,0)	3,8	(3,8)	107,0	1,2	(1,2)
Obligation to return	-	-	-	-	-	-
Obligation to repurchase non-controlling interests	-	-	-	-	-	-
Lease liabilities	(36,6)	0,5	(0,5)	1 592,0	17,8	(17,8)
Obligation to pay to the associate	-	-	-	3,2	0,0	(0,0)
Impact on net result	-	4,9	(4,9)	-	21,6	(21,6)

[in PLN million unless otherwise stated]

		USD exchange rate increase/decrease			EUR exchange rate increase/decrease	
2019	USD position value	0,05	-0,05	EUR position value	0,05	-0,05
Financial assets measured at amortised cost	**19,5**	**0,3**	**(0,3)**	**388,4**	**4,6**	**(4,6)**
Loans granted	-	-	-	82,6	1,0	(1,0)
Trade receivables	16,8	0,2	(0,2)	166,7	2,0	(2,0)
Cash and cash equivalents	2,7	-	-	139,1	1,6	(1,6)
Financial assets measured at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments	-	-	-	-	-	-
Financial liabilities measured at amortised cost	**(310,1)**	**4,1**	**(4,1)**	**674,2**	**8,0**	**(8,0)**
Debt liabilities	-	-	-	76,4	0,9	(0,9)
Trade and other liabilities	(310,1)	4,1	(4,1)	245,0	2,9	(2,9)
Lease liabilities	-	-	-	320,1	3,8	(3,8)
Obligation to pay to the associate	-	-	-	32,7	0,4	(0,4)
Zobowiązania finansowe wyceniane w wartości godziwej przez wynik finansowy	**1,0**	**0,0**	**0,0**	**-**	**-**	**-**
Derivative financial instruments	1,0	0,0	0,0	-	-	-
Impact on net result	-	4,4	(4,4)	-	12,6	(12,6)

INTEREST RATE RISK

The Company CCC S.A. is exposed to interest rate risk mainly due to the debt resulting from the concluded credit agreements and bonds issued, cash on bank accounts and loans granted.
The entire debt bears interest at a variable interest rate based on WIBOR and LIBOR. The increase in interest rates affects the debt service cost, which is partially offset by cash deposits and variable-rate loans granted. The Capital Group does not use hedging to limit the impact of changes in cash flows resulting from interest rate fluctuations.
The table below presents an analysis of interest rate risk sensitivity, which in the Group's opinion would be reasonably possible as at the balance sheet date.

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		As of 30.06.2020		As of 31.12.2019	
	30.06.2020	31.12.2019	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
	unaudited					
Cash at bank	488,7	521,2	4,9	(4,9)	4,5	(4,5)
Loans granted	-	82,6	-	-	0,8	(0,8)
Other financial assets	-	-	-	-	-	-
Derivative financial instruments	12,3	(1,0)	0,1	(0,1)	-	-
Debt liabilities	(1 588,4)	(1 513,4)	(15,8)	15,8	(15,0)	15,0
Obligation to pay for aquired company	-	(2,5)	-	-	-	-
Lease liabilities	(1 887,0)	(2 085,8)	(18,9)	18,9	(20,9)	20,9
Effect on net result			(37,9)	37,9	(39,0)	39,0

If the debt interest rates in the 6-month period ended 30 June 2020 were 1 p.p. higher/lower, the profit for this period would be lower/higher by PLN 37.9 million (in 2019 PLN 39.0 million).

[in PLN million unless otherwise stated]

CREDIT RISK

Credit risk is the risk of financial losses incurred by the Group as a result of failure to meet its contractual obligations by a client or counterparty being a party to a financial instrument. The credit risk is mainly related to the Group's receivables from customers (on account of wholesale), loans granted and cash and cash equivalents on bank accounts.

The maximum exposure to credit risk at balance sheet date (30 June 2020 and 31 December 2019) is presented in the table below:

	30.06.2020	31.12.2019
	unaudited	
Loans granted	-	82,6
Trade receivables	145,8	246,5
Cash and cash equivalents	505,6	542,6
Call option valuation	-	13,2
Other financial assets	14,9	10,3
Long term receivables	-	15,5
Total	666,3	910,7

The write-off for expected credit losses on financial assets (loans granted) applies only to HRG's credit exposure (the loan is 100% written-off). The loan was classified in level 3 (transfer from level 1 as at 31 December 2019). See the table below for details:

Loans granted	Gross value	Impairment loss	Net Value	Level
HR Group Holding s.a.r.l.	116,0	(116,0)	-	3,0
Total	116,0	(116,0)	-	

Since the Group's wholesale customers do not have external ratings, the Group independently monitors its exposure to credit risk related to receivables from customers through periodic analysis of the financial standing of contractors, setting credit limits and collateral for bills of exchange from franchise customers.

The credit risk related to financial instruments in the form of cash on bank accounts is limited due to the fact that the parties to the transaction are banks with high credit rating received from international rating agencies

	30.06.2020	31.12.2019
Banks with a rating of AAA	0,5	-
Banks with a rating of AA	7,3	36,1
Banks with a rating of A	382,1	318,0
Banks with a rating of BAA	69,4	114,3
Banks with a rating of BA	12,0	-
Banks with a rating of B	-	-
Banks with a rating of CAA	-	-
Banks with a rating of CA	-	-
Banks with a rating of C	-	-
Other banks	20,4	52,8
Total cash at banks	491,8	521,2

[1] Banks not rated by international rating agencies

MOODY'S CREDIT RISK GRADES	
AAA	The lowest level of credit risk
AA	Very low credit risk
A	Low credit risk
BAA	Moderate credit risk and may possess certain speculative characteristics
BA	Substantial credit risk judged to be speculative
B	High credit risk considered speculative
CAA	Very high credit risk, speculations of poor standing
CA	Highly speculative and likely in, or very near, default, with some prospect of recovery of principal and interest
C	The Lowest rated and typically in default, with little prospect for recovery of principal or interest

6.2. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

ACCOUNTING POLICY

Principles for consolidation

Principles for consolidation

The financial statements of the subsidiaries, after taking into account the adjustments resulting in compliance with the IFRS, are prepared for the same reporting period as the report of the parent company, using consistent accounting principles, based on unified accounting principles applied for transactions and economic events of a similar nature. In order to eliminate any discrepancies in applied accounting principles, adjustments are made.

All significant balances and transactions between the units of the Group, including unrealized profits resulting from transactions within the Group, have been completely eliminated. Unrealized losses are eliminated unless they indicate impairment.

The Group recognizes business combinations using the acquisition method. The payment made for the acquisition of a business is the fair value of the transferred assets, liabilities incurred towards the previous owners of the acquired entity and equity shares issued by the Group. Identifiable assets, liabilities and contingent liabilities acquired as part of a business combination are initially measured at their fair values as at the acquisition date. As at the acquisition date, the Group recognizes any non-controlling interests in the acquired entity either at fair value or at the value of proportional share (corresponding to the non-controlling interest) in identifiable recognized net assets of the acquired entity. The surplus of the acquisition price and non-controlling interests over the fair value of the acquired net assets is goodwill.

Transaction costs are recognized in the financial result when incurred.

Shares and stocks are valued at the purchase price reduced by possible impairment write-offs.

The impairment test is carried out in the case of occurrence of premises for impairment by comparing the balance sheet value with the higher of two amounts: fair value reduced by sales costs and value in use.

As of the date of acquisition, the Group measures the components of the non-controlling interest in the acquired entity in the following way

- fair value or
- the value of the proportional share of current ownership instruments in the recognized amounts of identifiable net assets of the acquiree.

If the Group has not acquired 100% of shares in a subsidiary and there is a possibility to acquire non-controlling interests, the acquisition option is considered in the context of IFRS 9. If the liability for the acquisition of non-controlling interests in subsidiaries is a variable price, calculated based on EBITDA of that company, it is considered that due to such price structure it is highly probable that the risks and benefits have not been transferred to the parent company as at the date of the option's creation, therefore the financial liability for the put option decreases the equity.

On 7 January 2020. the Group exercised its call I option to acquire 24% of shares in the share capital of DeeZee Sp. z o.o. paying PLN 7 million and increasing its stake to 75%.

The acquisition of DeeZee shares is described further in the Consolidated Financial Statements of Capital Group CCC S.A. for 2019 in note 6.2.

6.3 ASSOCIATED ENTITIES

Associated entities are those on which the parent company directly or through subsidiaries exercises significant influence and which are not its subsidiaries. The financial year of the associates and the parent company is different for the Hamm Reno Group (ending 30.09) and the same for Pronos sp. z o.o..
The Group's investments in the associated companies are consolidated using the equity method and presented in the consolidated financial statements. According to the equity method, the investment in the associated entities shall initially be recognised at cost, and subsequently adjusted to reflect the Group's share in the financial result and other comprehensive income of the associated entity. If the Group's share in the losses of the associated entity exceeds the value of its shares in this entity, the Group ceases to recognise its share in further losses. Additional losses are recognized only to the extent corresponding to legal or customary obligations assumed by the Group or payments made on behalf of the associated entity.
An investment in associated entity is recognised using the equity method from the date on which the entity becomes an associate. At the date of the investment in an associate, the amount by which the costs of the investment exceed the Group's share of the net fair value of the entity's identifiable assets and liabilities is recognised as goodwill and included in the carrying amount of the investment. The amount by which the Group's share in the net fair value of identifiable assets and liabilities exceeds the costs of the investment is recognised directly in the financial result in the period in which the investment was made. The requirements of IFRS 9 are applied when assessing the need to recognise the impairment of the Group's investment in an associate.
Where necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset, comparing its recoverable amount with its carrying amount. Recognised impairment is included in the carrying amount of the investment. A reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.
The Group ceases to apply the equity method on the date when the investment ceases to be its associate and when it is classified as held for sale. The difference between the carrying amount of the associate or joint venture as at the date of ceasing to apply the equity method and the fair value of retained shares and proceeds from disposal of a part of shares in this entity is taken into account when calculating the profit or loss on disposal of the associate.

6.4 DISCONTINUED OPERATIONS

ACCOUNTING POLICY

Discontinued operations and assets held for sale

The Group classifies fixed assets as assets held for sale if their carrying amount is recovered through a sale transaction and not through their further use. The condition for including assets in this group is the active search for a buyer by the Group and a high probability of selling these assets within one year from the date of their classification, as well as the availability of these assets for immediate sale. These assets are measured at carrying value or fair value less costs of sales, assuming a lower of these amounts for valuation.
Discontinued operations are part of the Group's operations, which is a separate major line of business or geographic area of operations that is sold or designated for sale or issue, or is a subsidiary acquired exclusively for resale. Classification for discontinued operations is made as a result of disposal or when the activity meets the criteria of classification as intended for sale. If the activity is classified as discontinued, the comparative data to the profit and loss account are converted as if the operation was discontinued at the beginning of the comparative
period.

[in PLN million unless otherwise stated]

Pursuant to information from current report no. 21/2020, on 21 April 2020. The Management Board of CCC S.A. adopted a resolution to review the strategic options for the subsidiary company Karl Voegele AG based in Uznach, Switzerland (hereinafter "KVAG") . The subject of the planned review was, in particular, the analysis of the possibility of restructuring the business activities of the subsidiary Karl Voegele AG in a business model based on a significantly reduced number of stores and/or the possibility of selling assets or acquiring a new investor for the subsidiary. Within the framework of the option review, it was decided to sell the shares in the subsidiary Karl Voegele AG based in Uznach, Switzerland and the process of finding a buyer began. Therefore, on June 1, 2020, it was decided to reclassify the assets associated with KVAG's business as "Assets of the Group held for sale" and similarly, the liabilities associated with KVAG's business are presented under "Liabilities associated with the Group held for sale".

KVAG continues to operate in a similar scope as in 2019, including business process optimization. The assets associated with KVAG are available for immediate sale in their current state and no additional steps are required to adjust the assets for sale. The approval of the banks financing the Group and the KVAG minority shareholders are required for the disposal of KVAG. The Management Board of the Parent Company assessed the probability of receiving the approvals of the above mentioned entities and believes that they will be received and the disposal is highly probable.

As part of activities related to the disposal plan and the process of actively finding a buyer, the Management Board of the Parent Company received an initial response from potential entities interested in the acquisition. It should be noted that the current environment related to the COVID-19 pandemic also affects the transactional environment, including the situation of potential strategic / industry investors. According to the Management Board of the Parent Company, the transaction will be considered completed within one year from the date of the classification and the actions needed to complete the plan indicate that it is unlikely that significant changes will be made to the plan or that the plan will be abandoned.

Therefore, as of 30.06.2020, the Group presented the assets and liabilities of the consolidated company Karl Voegele AG in its statement of financial position under Assets classified as held for sale and Liabilities directly related to assets classified as held for sale. The revenues and expenses of KVAG were classified as discontinued operations and the data for the comparative period were restated. The Group owns 70% of shares in this company. In the previous years KVAG conducted commercial activities (retail sale of footwear, shoe care bags, small clothing accessories in stores). In the opinion of the Management Board, KVAG's business is a separate, important geographical area of activity.

Prior to the initial classification of the group to be disposed of as held for sale, the entity determined the carrying value of all assets and liabilities comprising the group in accordance with the applicable IFRS and recognized impairment losses as follows

Assets / liabilities	Value of write-down / established provisions
Intangible assets	(12,1)
Tangible fixed assets - investments in stores	8,1
Tangible fixed assets - other	(3,8)
Right to use the asset	7,7
Inventories	(3,6)
Receivables from customers	(0,6)
Provisions for costs related to closures of stores	2,7
Total	**(33,2)**

At the moment of classification of the group to be disposed of as held for sale, the Group valued the group to be disposed of at the lower of its balance sheet value and fair value less costs to sell:

[in PLN million unless otherwise stated]

	Value
Carrying amount of net assets of the group to be disposed of as at the moment of classification as held for sale	168,4
Fair value of net assets of the group to be disposed of	(89,8)
Elimination of intra-group trade liabilities from the carrying amount of the group's net assets to be disposed of at the moment of classification as held for sale	(77,5)
Loss on revaluation to fair value less costs of disposal	180,7

The fair value of KVAG's net assets held for sale less costs related to the sale as of 30.06.2020 amounts to -89.8 million PLN (-21.5 million CHF).

The fair value of KVAG was valued on the basis of the income method. The assumptions made for the valuation were as follows:

- Present value of future cash flows was calculated using WACC of 4.78%,
- free cash flows were discounted on days corresponding to a half of subsequent reporting periods,
- the forecasts adopted for valuation covered the years 2020-2027,
- the residual period is not included in the valuation,

Gradual reduction of the number of stores with the expiration of lease agreements as well as building the omnichannel offer by launching click&collect in 2020 and an online store in 2022 was assumed.

The elimination of intra-group transactions was carried out in discontinued operations, hence the sales revenue represents the margin achieved by KVAG, and the reported cost of sales concerns only costs not related to intra-group transactions.

NET LOSS FROM DISCONTINUED OPERATION

	01.2020 - 06.2020	01.2019 - 06.2019 RESTATED FIGURES	Karl Voegele AG	CCC Germany GmbH	SIMPLE S.A.
Discontinued operations					
Sales revenue	70,5	237,4	222,3	11,6	3,5
Cost of goods sold	(6,6)	(100,7)	(90,6)	(6,3)	(3,8)
GROSS PROFIT ON SALES	**63,9**	**136,7**	**131,7**	**5,3**	**(0,3)**
Cost of operating stores	(96,5)	(148,9)	(127,5)	(16,0)	(5,4)
Other cost of sale	(20,2)	(45,4)	(43,7)	(1,7)	-
Administrative expenses	(10,4)	(19,5)	(17,8)	(0,6)	(1,1)
Other operating income	0,6	16,0	2,2	-	13,8
Other operating cost	(33,8)	(41,9)	(2,1)	(39,8)	-
Profit (loss) on operating activity	**(96,4)**	**(103,0)**	**(57,2)**	**(52,8)**	**7,0**
Finance income	7,5	0,6	0,5	-	0,1
Finance costs	(4,6)	(4,5)	(4,3)	(0,1)	(0,1)
Profit (loss) before tax	**(93,5)**	**(106,9)**	**(61,0)**	**(52,9)**	**7,0**
Loss on revaluation to fair value less costs of disposal	(180,6)	-	-	-	-
Profit (loss) before tax on discontinued operations	**(274,1)**	**(106,9)**	**(61,0)**	**(52,9)**	**7,0**
Income tax	(1,3)	(0,7)	(0,1)	(0,6)	-
Net profit (loss) on discontinued operation	**(275,4)**	**(107,6)**	**(61,1)**	**(53,5)**	**7,0**
	-	-	-	-	-
Other comprehensive income from discontinued operation	-	-	-	-	-
Attributable to be reclassified to profit – exchange rate differences up	(0,6)	1,3	1,6	(0,3)	-
Total net comprehensive income	**(0,6)**	**1,3**	**1,6**	**(0,3)**	**-**
	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATION	**-**	**-**	**-**	**-**	**-**
Total comprehensive income from discontinued operation	(276,0)	(106,3)	(59,5)	(53,8)	7,0

[in PLN million unless otherwise stated]

Major groups of assets and liabilities of discontinued operations shown at fair value are presented below.

The main categories of KVAG's assets and liabilities valued at the lower of balance sheet value and fair value less costs of disposal as of 30 June 2020 are as follows:

	30.06.2020
Tangible fixed assets - investments in stores	15,0
Right to use the asset	98,9
Long-term receivables	14,5
Fixed assets	128,4
Inventories	158,5
Receivables from customers	1,2
Current assets	159,7
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	288,1
	-
Lease liabilities	166,4
Long-term liabilities	166,4
	-
Liabilities to suppliers	12,0
Other liabilities	25,2
Income tax liabilities	0,1
Reserves	3,4
Lease liabilities	93,2
Current liabilities	133,9
TOTAL LIABILITIES DIRECTLY RELATED TO ASSETS CLASSIFIED AS HELD FOR SALE	300,3
NET ASSETS	(12,2)

Cash flows related to discontinued operations	01.2020 - 06.2020	01.2019 - 06.2019
Net cash flows from operating activities	(85,7)	(47,7)
Net cash flow from investing activities	(1,7)	(9,1)
Net cash flow from financing activities	14,0	-
TOTAL CASH FLOWS FROM DISCONTINUED OPERATIONS	(73,4)	(56,8)

6.5 TRANSACTIONS WITH RELATED PARTIES

In presented periods the Company made the following transactions with related entities:

	Liabilities to related parties (including debt)	Receivables from related parties (including loans granted)	Sales to related parties (operating activity, other operating activity, financial activities)	Purchases from related parties (operating activity, other operating activity, financial activities)
	30.06.2020	30.06.2020	01 - 06.2020	01-06.2020
MGC INWEST Spółka z	-	-	-	-
ASTRUM Sp. z o. o.	-	0,0	0,0	-
Cuprum Arena Galeria Lubińska	-	-	-	-
ULTRO sarl	-	0,0	0,0	-
Astrum sarl	-	0,0	0,0	-
Forum Kielce	0,1	-	-	0,5
Forum Lubin	0,2	-	-	0,5
GP Sp. z o.o.	0,0	-	-	0,2
Total	0,3	0,0	0,0	1,3

	Liabilities to related parties (including debt)	Receivables from related parties (including loans granted)	Sales to related parties (operating activity, other operating activity, financial activities)	Purchases from related parties (operating activity, other operating activity, financial activities)
	31.12.2019	31.12.2019	01 - 06.2019	01-06.2019
MGC INWEST Spółka z	-	-	-	-
ASTRUM Sp. z o. o.	0,1	1,8	10,3	-
Cuprum Arena Galeria Lubińska	3,1	-	-	2,5
ULTRO sarl	0,9	-	-	5,2
Total	4,1	1,8	10,3	7,7

Transactions with related parties were concluded on market terms

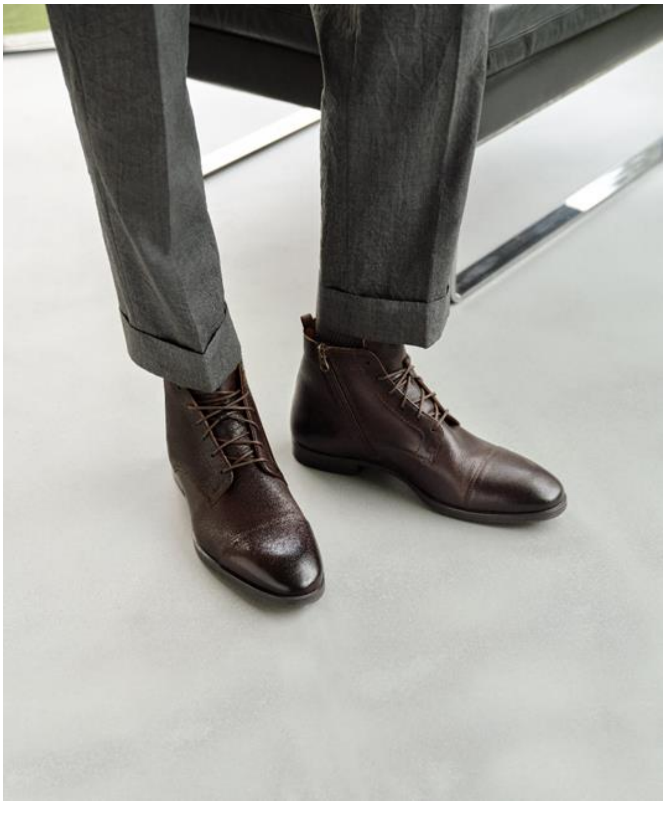
REMUNERATION OF THE KEY MANAGEMENT PERSONNEL

IN '000 PLN	FIXED REMUNERATION	PROGRAM OF PAYMENTS BASED ON SHARES - FAIR VALUE AT THE MOMENT OF GRANTING	OTHER (BONUSES)	TOTAL
30.06.2020	-	-	-	-
Members of Management Board	1 248,0	-	280,0	1 528,0
Supervisory Board	211,4	-	-	211,4
Total	1 459,4	-	280,0	1 739,4
2019-06-30	-	-	-	-
Members of Management Board	1 680,8	868,3	750,0	3 299,1
Supervisory Board	195,1	-	34,2	229,2
Total	1 875,9	868,3	784,2	3 528,3

6.6 SHARE-BASED PAYMENT

ACCOUNTING POLICY

The Group runs a program of benefits based on shares settled in capital instruments, under which the entity receives services of employees in exchange for equity instruments (options) of the Group. The fair value of employee's services received in exchange for granting options is recognized as an expense over the period of conferring rights to exercise the option in correspondence to equity – retained earnings.
The total amount subject to recognition in cost is determined by referring to the fair value of options granted at the date of granting the option:
• taking into account any market conditions (for example entity's share price);
• excluding the impact of any related work experience and non-market conferring rights (for example, sales profitability, the goals connected
with growth in sales and the indicated period of the compulsory employment of the employee in the unit); and
• taking into account the impact of any conditions unrelated to conferring the rights (for example, the requirement by the current staff to keep received instruments for a specified period).
At the end of each reporting period, the entity revises the made estimates of the expected number of options to which rights are to be conferred as a result of the conditions of conferring rights of a non-market. The Group presents the impact of a possible revision of the original estimates in the report on the financial result, with a corresponding adjustment to equity. In addition, in certain circumstances, employees can provide services before the date of granting them the stock options. In this case, the fair value of at the date of granting stock options is estimated to recognize costs during the period from commencement of the service by the Staff to the actual date of granting them the options. Upon exercise of the options, an entity issues new shares. The funds obtained after the deduction of any costs that can be directly attributable to the transaction, increase the share capital (nominal value) and the surplus of the issue price of shares over their nominal value. Social security contributions payable in connection with the granting of stock options are considered an integral part of the benefit granted and the cost is treated as a transaction settled in a form of cash.



The program expired in 2019. In the first half of 2020 there were no changes in the share-based payment program. Detailed information was included in the separate report for the year ended 31 December 2019.

6.7 EVENTS AFTER BALANCE SHEET DATE

After the balance sheet date, further annexes concerning lease agreements were signed, which are events after the end of the reporting period not requiring any adjustments.

On 25 August 2020, an annex to the Agreement of 26 August 2015 was signed, obliging to sell shares of eobuwie.pl S.A., concluded between CCC S.A. and CCC Shoes Bags Sp. z o.o. and the shareholders of eobuwie.pl S.A. and with the participation of eobuwie.pl.

The subject of the annex is to adjust the principles of determining EBITDA to the changed financial year of the Company and the Company's transition to IFRS and to exclude the effects of implementation of IFRS 16.
Additionally, arrangements were introduced to organize areas:

- potential conflicts of interest,
- principles of settling the results of offline stores operated by eobuwie.pl operating under the eobuwie.pl or Modivo brand,
- principles of possible financing of eobuwie.pl by CCC S.A,
- granting the shareholders of eobuwie.pl an additional accelerated Put Option during the period of co-security by eobuwie.pl in favour of CCC S.A. a bank credit for the CCC Group granted by PKO BP on 21 November 2019 in a situation of execution from the assets of CCC S.A. in connection with such collateral,
- the possibility of selling the Shares of the 2nd Tranche to a third party in case of withdrawal by the shareholders of eobuwie.pl from the contract of sale of the Shares of the 2nd Tranche concluded in the execution of any of the Call or Put Options provided for in the Obligatory Contract, as a result of lack of cooperation within the CCC S.A. Capital Group and management of payment in full of the Option Price

The remaining terms and conditions of the agreement have not changed significantly.

On 15 September 2020, the Management Board of CCC S.A. concluded Term Sheet agreements for a revolving credit facility of up to PLN 250 million with the institutions financing the CCC Group, i.e. Bank Handlowy w Warszawie S.A. Bank Millennium S.A. BNP Paribas Bank Polska S A Bank Polska Kasa Opieki S A mBank S A Powszechna Kasa Oszczędności Banki Polski S A and Santander Bank Polska S A The function of Credit and Collateral Agent will be performed bymBank S A The credit granted by the financing institutions of the CCC Group will be made available for a period of 24 months from the date of concluding the Agreement The credit will be secured by a surety of up to PLN 200 million (80 % of the financing institutions' commitment) granted by Bank Gospodarstwa Krajowego (" The credit will also be secured by a pledge on selected assets of the parent company and the surety of the CCC Group entities.

The loan will be made available on the basis of an agreement on common terms and conditions of financing specifying common terms and conditions for bilateral loans guaranteed by BGK granted by lenders under the terms and conditions set out in the Agreement
The loan secured by guarantees from Bank Gospodarstwa Krajowego will constitute another element of stabilization of the financial situation of the CCC Group, announced earlier, in response to the negative impact of the coronavirus pandemic on the operations of the CCC S A Capital Group On 30 September 2020, the CCC S A Capital Group became aware that its associated company HRG (in which the CCC S A Capital Group holds a minority stake), submitted a bankruptcy claim under its own supervision concerning its subsidiary CCC Germany GmbH (which HRG acquired from CCC S A at the end of 2018 and in which HRG holds 100 % shares)

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS		
Edyta Banaś	Chief Accountant	
SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS		
Marcin Czyczerski	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Karol Półtorak	Vice-President of the Management Board	

Polkowice, 30.09.2020