REPORT OF THE SUPERVISORY BOARD OF CCC S.A. ON THE RESULTS OF THE ASSESSMENT OF SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS, MANAGEMENT BOARD'S REPORT ON OPERATIONS OF CCC S.A. AND CG CCC S.A. FOR THE PERIOD 01.01.2015 - 31.12.2015.

1. Introduction

Acting pursuant to art. 382 § 3 of the Code of Commercial Companies and § 16 item 2 paragraph 2 of the Articles of Associations of the Company CCC S.A., the Supervisory Board performed the assessment and consideration of the following documents:
1) the financial statements of CCC S.A. and the Management Board’s report on the operations of the Company for the period from 01.01.2015 - 31.12.2015;
2) the financial statements of Capital Group CCC S.A. and the Management Board’s report on operations of Capital Group CCC S.A. for the period 01.01.2015 - 31.12.2015;
3) opinions and reports on the separate and consolidated financial statements for 2015, prepared by auditors from PricewaterhouseCoopers Sp. o.o. with its registered office in Warsaw;
4) Management Board's proposal on the distribution of profit for 2015.
The results of the assessment made, the Supervisory Board presents in this report.

2. Assessment of the financial statements of the Company CCC S.A. and the Management Board’s report on the operations of the Company for the period from 01.01.2015 - 31.12.2015

The Supervisory Board took note and analysed the Financial Statements of CCC S.A. prepared in accordance with International Financial Reporting Standards for the financial year 2015 and the opinion and the auditor's report on the separate financial statements of CCC S.A., as well as it analyzed the economic - financial of operations of the Company. The auditor acting on behalf of PricewaterhouseCoopers Sp. z o.o. issued a positive opinion of the submitted financial statements for 2015, stating that it was prepared, in all material aspects, in accordance with the accounting principles of International Financial Reporting Standards and related interpretations in the standards and based on properly kept accounting records. The report complies in form and content with the applicable laws and regulations and gives a true and fair view of all relevant information, material and financial situation, as well as the financial result of the unit.

In the reporting period from 1 January to 31 December 2015 the sales revenues of the Company CCC S.A. amounted to PLN 1,673.9 bln against PLN 1.695.9 bln in 2014 (-1.3% yoy). The decrease in total sales is due to the transfer of purchasing powers and distribution of goods purchased within the Group CCC to the company CCC.eu Sp. z o.o. The Company generated operating profit of PLN 40.1 million and a net profit of PLN 288.4 million vs. PLN 115.8 million in 2014. Revenues from retail sales amounted to PLN 1,438.4 bln, an increase of 39.6 PLN million (+ 2.8%) compared to the previous year. The change in revenues compared to the previous year was affected by sales in its own comparable stores of CCC - 20.7 million (-2.7%) and sales in other stores PLN 60.3 million (+ 9.6%). Gross profit decreased by 30.4% and amounted in 2015 to PLN 486.8. During this period, costs of operating stores decreased by PLN 34.1 million and amounted to 385.6 million PLN. Other costs of sales and administrative expenses amounted to 56.9 million PLN and were lower by PLN 85.2 million in the previous year. Operating profit in 2015 was generated at the level of PLN 40.1 million, which was 70% lower compared to 2014. The decrease in cost and profit is the result of restructuring and the transfer of functions and costs to the company CCC.eu, inter alia, the costs associated with purchasing, marketing and a part of the margin. In 2015, financial income amounted to PLN 269.5 million and compared to the previous year were higher by PLN 240.4 million. In 2015, financial costs amounted to 12.6 million PLN and in comparison with the previous year were lower by 8.2 million PLN. Income tax amounted to 8.7 million PLN. After taking into account financial income and expenses and income tax, the net profit amounted to PLN 288.4 million and was 149.1% higher than in 2014.

Table 1. Separate statement of comprehensive Income

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
Sale revenue	1 673,9	1 695,9
Gross sale profit	486,8	699,7
Operating profit	40,1	132,6
Gross profit	297,1	141,0
Net profit	288,4	115,8

The value of fixed assets at 31 December 2015 increased to 459.9 million PLN. Current assets at the end of 2015 amounted to PLN 578.2 million, presenting an increase by 12.2% from 515.2 million PLN. Cash and cash equivalents of the Group CCC at 31 December 2015 amounted to PLN 180.8 million, increasing by 121.8 million PLN in relation to the end of 2014. As of 31 December 2015 the equity of CCC compared with the end of 2014 increased by PLN 200.1 (44.0%), mainly due to the transfer of the profit for 2014 to retained earnings with the dividend payment at the same time. Non-current liabilities at 31 December 2015 amounted to PLN 237.4 million, decreasing by 8.4 million PLN (-3.4%) from the level of PLN 245.8 million at 31 December 2014. Current liabilities at 31 December 2015 amounted to PLN 145.8 million, decreasing by PLN 122.1 million (-45.6%) from PLN 267.9 million at 31 December 2014.

Table 2. Statements on the financial position

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
ASSETS		
Fixed assets	459,9	453,3
Current assets	578,2	515,2
TOTAL ASSETS	1 038,1	968,5
LIABILITIES		
Total equity	654,9	454,8
Current liabilities	145,8	267,9
Non-current liabilities	237,4	245,8
TOTAL LIABILITIES	1 038,1	968,5

Table 3. Statement of changes in equity

	Year finished on 31 December 2015. (mln PLN)	Year finished on 31 December 2014 (mln PLN)
Equity at the beginning of the period	**454,8**	**398,2**
Equity at the end of the period	**654,9**	**454,8**

Net cash flows from operating activities in 2015 amounted to PLN 369.8 million, increasing by 430.4 million PLN in relation to 2014. Net cash flows from investing activities in 2015 amounted to 114.2 million PLN. Net cash flows from financing activities in 2015 amounted to PLN 133.8 million, decreasing by PLN 347.8 million from PLN 214.0 million achieved in 2014. The company ended the year 2015 with the level of cash PLN 180.8 million, an increase of PLN 121.9 million (206.4%) versus the end of 2014.

Table 4. Separate statement of cash flows

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
Net cash from operating activities	**369,8**	**(60,6)**
Net cash from investing activities	**(114,2)**	**(179,0)**
Net cash from financing activities	**(133,8)**	**214,0**
Net increase in cash and cash equivalents	**121,8**	**(25,6)**
Cash at the beginning of the period	**59,0**	**92,7**
Cash at the end of the period	**180,8**	**59,0**

The Supervisory Board raises no remarks and objections to that statement of cash flows.
The statements on operations of the Company CCC S.A. in 2015 should be regarded as complete. This statements includes information on the economic and financial situation of the Company and describes the important events materially affecting the Company's operations in the reporting period. This report was prepared in accordance with the books and documents of the Company and the facts, and includes the necessary, synthetic information concerning the operation of CCC S.A.
The Board recognizes described statements as correctly reflecting the actual situation and accurately presenting the situation of the Company in the reporting period.

3. Analysis of the consolidated financial statements and the statements on operations of the Capital Group CCC S.A. in 2015.

The Supervisory Board got familiar with the opinion and report of the auditors on the consolidated financial statements, as well as analyzed the economic - financial operation of the Capital Group CCC S.A. The auditor acting on behalf of PricewaterhouseCoopers Sp. o.o. issued a positive opinion of the submitted consolidated financial statements for 2015, stating that they were prepared, in all material aspects, in accordance with the accounting principles and International Financial Reporting Standards and related interpretations and based on properly kept accounting records and kept consolidation documentation.
The report complies in form and content with the applicable laws and presents truly and fairly the financial and asset position of the Capital Group CCC S.A., as well as the financial result of the Group as of 31 December 2015.
In 2015, the Group CCC S.A. generated sales revenues in the amount of PLN 2.307.0 billion, representing an increase of PLN 297.9 million (14.8%) compared to the previous year. Revenues from retail sales in Poland in 2015 amounted to PLN 1,438.4 billion, an increase of 39.6 million PLN (2.8%) compared to the previous year. The change in revenues PLN 39.6 million in the previous year was affected by sales in comparable own stores of CCC - PLN 20.7 million (-2.7%) and sales in other stores PLN 60.3 million (9.6 %). In the whole segment of Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bulgaria) revenues from sales amounted to PLN 538.5 million, increasing by 107.3 million PLN (24.9%) compared to the previous year. In the segment of Western Europe the German market was the fastest growing market in 2015.
Consolidated gross sale profit of the Group increased by 14.4% and amounted in 2015 to PLN 1,265.8 bln. Higher growth rate of cost of goods sold + 15.5% compared to revenues from the sale of 14.8% resulted in a slight decrease in the gross sales margin by 0.2 p.p. in relation to the previous year.
The margin in the retail segment in 2015 amounted to 56.0% and was lower by 0.3 p.p. compared to the previous year. In 2015, costs of operating stores increased by 99.2 million PLN to the level of PLN 731.1 million (+ 15.7%), whereas gross profit increased by 39.2 million PLN.
Other operating costs and revenues accounted for respectively 13.2 million PLN and 15.1 million PLN, which in net it amounted to PLN 1.9 million on the revenues, compared with PLN 9.4 million in the previous year on the costs. Due to this fact, the Group CCC generated operating profit in 2015 in the amount of PLN 256.7 million, which compared to the same period of 2014 was higher by 5.6%. In 2015, financial income amounted to 1.1 million PLN and in comparison with the previous year were lower by 2.0 million PLN. In 2015, other financial expenses amounted to 24.8 million PLN and in comparison with the previous year were higher by PLN 3.6 million (17%).
Income tax amounted to PLN 26.4 million positively affecting net profit, which was due to recognition of deferred tax asset in the amount of 95.2 million PLN.
After taking into account financial income and expenses and income tax, the net profit amounted to PLN 259.4 million and was 38.3% lower than in 2014.

Table 5. Consolidated statement of comprehensive income

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
Sale revenue	2 307,0	2 009,1
Gross sale profit	1 265,8	1 106,2
Operating profit	256,7	243,2
Gross profit	233,0	225,1
Net profit	259,4	420,4

Fixed assets at 31 December 2015 increased to PLN 920.3 million (+ 13.3%). Tangible fixed assets at 31 December 2015 amounted to PLN 591.9 million and increased by PLN 71.0 million (13.6%) versus 2014, which resulted mainly from investment outlays in stores and an increase in the value of fixed assets in manufacturing and logistics activities, which were by PLN 8.0m higher than at the end of 2014 and amounted to 221.4 million PLN. The investment strategy led to an increase in net capital expenditures of more than 36.3 million PLN. Deferred tax assets reported as at 31 December 2015 mainly related to recognition of deferred income tax assets arising in connection with goodwill and acquisition of trademarks, at 31 December 2015 amounted to 312.5 mln PLN. Current assets at 31 December 2015 amounted to PLN 1,151.7 billion, increasing from 981.0 million PLN in 2014 (+ 17.3%). The level of the Group's inventories decreased by 60.8 million PLN, i.e. -8.2% and amounted to 580.5 million PLN at the end of the year.

Table 6. Consolidated statement of financial position

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
ASSETS		
Fixed assets	920,3	812,5
Current assets	1 151,7	981,7
TOTAL ASSETS	2 072,0	1 794,2
LIABILITIES		
Total equity	1 123,6	952,2
Current liabilities	613,4	585,1
Non-current liabilities	335,0	256,9
TOTAL LIABILITIES	948,4	842,0

Non-current liabilities at 31 December 2015 amounted to PLN 335.0 million, increasing by 78.1 million PLN (30.4%) from the level of PLN 256.9 million at the end of 2014. Current liabilities at 31 December 2015 amounted to PLN 613.4 million, increasing by 28.3 million PLN (4.8%) from the level of PLN 585.1 million at the end of 2014.
Cash and cash equivalents of the CCC Group at 31 December 2015 amounted to PLN 340.6 million, increasing by 178.7 million PLN (110.4%) versus the end of 2014. At the end of 2015 the equity of the Group CCC compared with the end of 2014 increased by PLN 171.4 million (18.0%), mainly due to the transfer of the profit for 2014 (259.4 million PLN) to retained earnings with the payment of dividend at the same time for 2014 in the amount of 115.2 million PLN.

T able 3. Consolidated statement of changes in equity

	Year finished on 31 December 2015. (mln PLN)	Year finished on 31 December 2014 (mln PLN)
Equity at the beginning of the period	**952,2**	**591,8**
Equity at the end of the period	**1 123,6**	**952,2**

Consolidated net cash flows from operating activities in 2015 amounted to PLN 325.4 million and resulted, among others, from the reduction in working capital of the generated profit for 2015. Consolidated net cash flows from investing activities in 2015 amounted to 155.5 million PLN. Consolidated net cash flow from financing activities in 2015 amounted to 8.8 million PLN. The Group ended the year 2015 with the level of cash at the level of PLN 340.6 million, an increase of PLN 178.7 million (110.4%) versus the end of 2014.

Table 4. Separate statement of cash flows

	At 31 December 2015. (mln PLN)	At 31 December 2014. (mln PLN)
Net cash from operating activities	**325,4**	**54,0**
Net cash from investing activities	**(155,5)**	**(205,2)**
Net cash from financing activities	**8,8**	**169,4**
Net increase in cash and cash equivalents	**178,7**	**18,2**
Cash at the beginning of the period	**161,9**	**143,7**
Cash at the end of the period	**340,6**	**161,9**

Statement on the operations of the Group CCC S.A. in 2015 should be regarded as complete. This statement includes information on the economic and financial position of the Group and describes the important events which had a significant impact on its

operations during the reporting period. This statement was prepared in accordance with the books and documents of the Company and the facts and contains the necessary synthetic information on the operation of the Capital Group.
The Board recognizes the described statements as correctly reflecting the actual situation and presenting the situation of the Group in the reporting period.

4. Conclusions from the analysis of statements and recommendations for the General Meeting

Summing up the financial year 2015, the Supervisory Board concluded that activities conducted by CCC S.A. produced very good economic results, which led to the strengthening of the position of the Company and the entire Group on the financial market and the economic growth as well as the value of assets.
The strategy of Capital Group CCC S.A. provides for a consistent expanding the sales network and the opening of new stores, both domestically and abroad, of carefully selected in terms of profitability and the expected rate of return.
In 2015 The CCC Group increased the pace of expansion, gaining a leading position in Central - Eastern Europe and opening further stores in Western Europe. At the balance sheet date, the Group consisted of companies in the Czech Republic, Slovakia, Hungary, Germany, Austria, Slovenia, Croatia, and Bulgaria, whose primary business is the distribution of goods supplied by CCC.eu Sp. z o.o..
Effective expansion affected in 2015 the growth of floor space. The floor space in the Capital Group's own store facilities increased by 22% and amounted to 339,4 thousand m2 on the 31.12.2015 (including 186.8 thousand m2 in Poland).
In the coming years, the Group will firmly and rapidly continue its strategy of international expansion, and the basic axis of growth will remain the countries of Central and South - Eastern Europe and the Baltic countries. The Group set itself three strategic objectives, including the continuation of development of the markets of Central and Eastern Europe, achieving within two years, i.e. by the end of 2017 sustained profitability on markets in Germany and Austria and the use of synergies within the Group CCC and winning by eobuwie.pl S.A. a leading position in online sales of footwear in Central Europe.

In order to ensure further stable development of the Company, the Supervisory Board states that the adopted directions of development are properly and successfully implemented by the Management Board.

The generated economic - financial results presented in the statements and their analysis by the Supervisory allow positively assess the operation of the Company in 2015 and highly assess the work of the Management Board.

The Supervisory Board, after analysing the submitted statements and the results of CCC S.A. and Group CCC S.A. in 2015, acting in accordance with the Code of Best Practice for WSE Listed Companies, positively evaluate the activities and financial position of the Company in the period from 1 January 2015 to 31 December 2015.

In the opinion of the Supervisory Board there are no threats for the continuation of the activities of CCC S.A. and the Capital Group, and actions taken are the guarantee of the further development of the Company in the future.

The Supervisory Board accepts the proposal of Management Board of CCC S.A. for profit distribution for 2015, and the separate and consolidated financial statements for 2015, and proposes the General Meeting for their approval.

Therefore, the Supervisory Board after the assessment, decided to propose to the Ordinary General Meeting to adopt the following resolutions on:

1. approval of the separate financial statements and statements on the operations of the Company CCC S.A. for the financial year 2015;
2. approval of the financial statements and statements on the operations of the Capital Group CCC S.A. for the financial year 2015;
3. distribution of profit for 2015;

4. acknowledgement of the fulfilment of duties in 2015 by the Management Board.