SEPARATE FINANCIAL STATEMENTS OF THE COMPANY CCC S.A. FOR THE PERIOD 01.01.2018 – 31.12.2018

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTE		01-2018-12.2018	01.2017-12.2017
2	Sales revenue	2 135,6	2 086,6
2.2	Cost of sale of goods	(1 473,7)	(1 461,3)
	Gross profit (loss) on sale	661,9	625,3
2.2	Cost of operating stores	(533,5)	(526,7)
2.2	Other cost of sale	(26,0)	(17,9)
2.2	Administrative expenses	(60,6)	(30,7)
2.3	Other cost and operating revenue	(62,1)	6,6
	Operating profit (loss)	(20,3)	56,6
2.3	Finance revenue	17,3	15,7
2.3	Finance cost	(28,7)	(22,9)
	Profit (loss) before tax	(31,7)	49,4
2.4	Income tax	(8,6)	(12,1)
	NET PROFIT (LOSS)	(40,3)	37,3
	Other comprehensive income	—	—
	Total net comprehensive income	—	—
	TOTAL COMPREHENSIVE INCOME	(40,3)	37,3
	Weighted average number of ordinary shares (mln pcs)	41,1	41,1
	Basic earnings per share (in PLN)	(0,98)	0,91
	Diluted earnings per share (in PLN)	(0,98)	0,91

i MORE INFORMATION IN SECTION **3.1.1.1** IN STATEMENTS OF OPERATIONS OF THE COMPANY

[in PLN million unless otherwise stated]

STATEMENT OF FINANCIAL POSITION

NOTE		31.12.2018	31.12.2017
5.1	Intangible assets	2,2	2,8
5.1.1	Goodwill	48,8	—
5.2	Tangible fixed assets – investments in stores	255,1	170,9
5.2	Tangible fixed assets – factory and distribution	221,7	168,8
5.2	Tangible fixed assets – other	60,9	51,9
6.1	Right of use	615,0	—
2.4	Deferred tax assets	8,4	1,8
3.2	Loans granted	44,6	31,0
3.1	Long-term investments	441,1	379,2
	Total non-current assets	1 697,8	806,4
6.6	Inventories	303,8	249,8
6.7	Trade receivables	8,1	18,8
2.4	Income tax receivables	—	26,0
3.2	Loans granted	90,0	169,2
6.7	Other receivables	68,4	35,4
6.8	Cash and cash equivalents	104,3	300,4
	Total current assets	574,6	799,6
	TOTAL ASSETS	2 272,4	1 606,0
4.2	Debt liabilities	210,0	210,0
6.10	Provisions	2,2	2,1
5.2	Grants received	19,2	21,3
	Employees liabilities	5,5	—
6.2	Lease liabilities	469,5	—
	Total non-current liabilities	706,4	233,4
4.2	Debt liabilities	7,1	0,7
6.9	Trade liabilities	184,4	166,8
6.9	Other liabilities	73,9	50,6
2.4	Income tax liabilities	6,7	—
6.10	Provisions	77,3	0,7
5.2	Grants received	2,4	2,4
6.2	Lease liabilities	172,3	—
	Total current liabilities	524,1	221,2
	TOTAL LIABILITIES	1 230,5	454,6
	NET ASSETS	1 041,9	1 151,4
	Equity	—	—
4.1	Share capital	4,1	4,1
4.1	Share premium	645,1	644,9
	Retained earnings	392,7	502,4
	TOTAL EQUITY	1 041,9	1 151,4
	TOTAL LIABILITIES AND EQUITY	2 272,4	1 606,0

[in PLN million unless otherwise stated]

STATEMENT OF CASH FLOWS

NOTE		01.2018-12.2018	01.2017-12.2017
	Profit before tax	(31,7)	49,4
4.4	Amortization and depreciation	232,8	40,6
	Profit (loss) on investment activity	(9,1)	(0,3)
4.2	Cost of borrowings	16,8	7,5
4.4	Other adjustments to profit before tax	84,2	11,5
3.2	Income tax paid	17,8	(31,6)
	Cash flow before changes in working capital	310,8	77,1
	Changes in working capital		
5.3	Change in inventory and inventory write-downs	(54,0)	(100,2)
4.4	Change in receivables	(1,1)	(32,4)
4.4	Change in current liabilities, excluding borrowings	186,6	40,8
	Net cash flows from operating activities	442,3	(14,7)
	Proceeds from the sale of tangible fixed assets	49,2	20,0
5.4	Repayment of loans granted and interest	232,3	22,6
5.2, 5.1	Purchase of intangible and tangible fixed assets	(209,5)	(124,7)
5.4	Loans granted	(260,5)	(28,1)
	Expenses on capital increase in subsidiaries	(48,0)	(3,5)
	Purchase of investment in eobuwie S.A.	—	(5,0)
	Expenses related to purchase of Adler enterprise and investment in Gino Rossi	(123,4)	—
	Net cash flows from investing activities	(359,9)	(118,7)
4.2	Proceeds from borrowings	—	—
4.2	Issue of bonds	209,4	—
4.1	Dividends and other payments to owners	(94,7)	(101,4)
4.2	Repayment of borrowings	—	(21,1)
4.2	Repayment of bonds	(203,2)	
4.2	Interest paid	(6,8)	(7,5)
	Net increase of equity	0,2	525,8
	Lease payments	(179,4)	—
	Other financial expenditures	(4,0)	—
	Net cash flows from finance activities	(278,5)	395,8
	TOTAL CASH FLOWS	(196,1)	262,4
	Net increase/decrease of cash and cash equivalents	(196,1)	262,4
	Exchange rate changes on cash and cash equivalents	—	—
	Cash and cash equivalents at beginning of period	300,4	38,0
	Cash and cash equivalents at the end of period	104,3	300,4

i MORE INFORMATION IN SECTION 3.1.1.3 IN STATEMENTS OF OPERATIONS OF THE COMPANY

[in PLN million unless otherwise stated]

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	"RETAINED EARNINGS"	SHARE PREMIUM	TOTAL EQUITY
As of 01.01.2017	3,9	558,3	119,2	681,4
Net profit for the period	—	37,4	—	37,4
Total comprehensive income	—	37,4	—	37,4
Dividend payment	—	(101,4)	—	(101,4)
Valuation of employee option scheme		8,2	—	8,2
Issue of shares	0,2	—	525,7	525,9
Total transactions with owners	0,2	(93,2)	525,7	432,7
As of 31.12.2017	4,1	502,5	644,9	1 151,5
Net profit for the period	—	(40,3)	—	(40,3)
Total comprehensive income	—	(40,3)	—	(40,3)
Dividend payment	—	(94,7)	—	(94,7)
Valuation of employee option scheme	—	25,2	—	25,2
Issue of shares		—	0,2	0,2
Total transactions with owners	—	(69,5)	0,2	(69,3)
As of 31.12.2018 (01.01.2019)	4,1	392,7	645,1	1 041,9

[in PLN million unless otherwise stated]

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 Company's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).
President of the Management Board	President of the Management Board Dariusz Miłek Vice-President of the Management Board Mariusz Gnych Vice-President of the Management Board Marcin Czyczerski Vice-President of the Management Board Karol Półtorak

Financial statements of the CCC S.A. (hereinafter: the Company) cover the year ended on 31st December 2018 and contain like-for-like data for the period of 12 months ended on 31st December 2017

The Company CCC S.A. has been listed on the Warsaw Stock Exchange S.A. in Warsaw since 2004.

These financial statements is prepared in accordance with International Accounting Standard 34 „Interim Financial Reporting" as adopted by the EU („IAS 34"). Items included in the financial statements of individual Group entities are valued in the currency of the primary economic environment in which the particular entity operates („functional currency"). The consolidated financial statements are presented in PLN currency, which is the presentation currency of the Group. The financial statements have been prepared in accordance with the historical cost principle and in accordance with fair value if the cost principle couldn't have been applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management Board to make their own assessments within applying the accounting policies adopted by the Company. Significant estimates of the Management Board are presented in individual notes.

The Company is the parent company of the Capital Group CCC S.A.. The annual consolidated financial statements of the Capital Group are prepared in accordance with IFRS. These statements are available on the Company's website.

The financial statements were approved to be published by the Management Board on 14.03.2019. The Company prepared consolidated financial statements for the year ended 31 December 2018, which was approved to be published on 14.03.2019.

The data in the separate financial statements were shown in millions of Polish zlotys, unless in specific situations they were given with greater accuracy. The Polish zloty (PLN) is the functional and reporting currency.

The most important accounting principles applied in the preparation of these financial statements are presented in the context of successive individual notes. These principles were applied in all presented years in a continuous manner. The list of the most important accounting policies and estimates and judgments for each item of reports on financial results and financial position are presented below:

NOTE	TITLE	ACCOUNTING POLICIES (T/N)	CRITICAL ESTIMATES AND JUDGEMENTS (T/N)	PAGE
2.1	" Sales revenues"	Y		20
2.2	Cost of sales of goods	Y		21
2.2	Cost of operating stores	Y		21
2.2	Other cost of sales	Y		21
2.2	Administrative expenses	Y		21
2.3	Other cost and operating revenue	Y		24
2.4	Income tax	Y	Y	26
2.4	Deferred tax assets	Y	Y	26
2.4	Income tax liabilities	Y		26
3.2	Loans granted	Y		33
4.1.1	Equity	Y	Y	37
4.2	Debt liabilities	Y		39
5.1	Intangible assets	Y	Y	44
5.2	Tangible fixed assets	Y	Y	47
5.2	Grants received	Y		47
6.6	Inventories	Y	Y	55
6.7	Trade and other receivables	Y		57
6.8	Cash and cash equivalents	Y		58
6.9	Trade and other liabilities	Y		59
6.10	Provisions	Y	Y	60
7.1	Financial instruments	Y		62
7.2	Cost of incentive program	Y	Y	67

APPLIED NEW AND REVISED ACCOUNTING STANDARDS:

The accounting principles (policies) applied to prepare these financial statements are consistent with those applied to the preparation of the Company's financial statements for the year ended 31 December 2017, except for the ones presented below. The following amendments to IFRS were applied to these financial statements in accordance with their effective date, however, they did not have a significant impact on the presented and disclosed financial information or did not apply to transactions concluded by the Company.

IFRS 9 "FINANSIAL INSTRUMENTS

International Financial Reporting Standard 9 Financial instruments ("IFRS 9"). IFRS 9 covers three aspects related to financial instruments: classification and measurement, impairment and hedge accounting. It applies to annual periods beginning on 1 January 2018 and later.

The Company applies IFRS 9 from the effective date of the standard, without transforming the like-for-like data.

In the Company's opinion, the implementation of the standard has no significant impact on the accounting principles (policy) applied to the Company's operations and its financial results except for the effects of the application of IFRS 9 in terms of write-down. The Company has not identified an increase in write-down losses, with a negative impact on equity, as discussed below.

[in PLN million unless otherwise stated]

A) CLASSIFICATION AND VALUATION

The Company has not identified a material impact on the statement of financial position and equity in connection with the application of IFRS 9 in the area of classification and valuation.

Trade receivables are maintained to obtain cash flows resulting from the agreement, and the Company does not sell trade receivables as part of factoring – they are still valued at amortized cost by the financial result.

Mapping of financial instrument classes to the valuation categories from IAS 39 and IFRS 9 is presented in the table below:

CATEGORY ACCORDING TO IAS39	IAS	2018-01-01	CATEGORY ACCORDING TO IAS9	IFRS	2018-01-01
Financial assets					
Receivables and loans	Amortized cost	219	Trade receivables	Amortized cost	18,8
			Loans granted	Amortized cost	200,2
Receivables and loans	Amortized cost	35,4	Other receivables	Amortized cost	35,4
Receivables and loans	Amortized cost	300,4	Cash and equivalents	Amortized cost	300,4
Finance liabilities					
Debt liabilities	Amortized cost	210,7	Debt liabilities	Amortized cost	210,7
Grants received	Amortized cost	23,7	Grants received	Amortized cost	23,7
Trade liabilities	Amortized cost	166,8	Trade liabilities	Amortized cost	166,8
Other liabilities	Amortized cost	50,6	Other liabilities	Amortized cost	50,6

B) WRITE-DOWN

In accordance with IFRS 9, the entity measures the write-down for expected credit losses in the amount equal to the 12-month expected credit loss or expected credit losses in the life of the financial instrument.

In the case of trade receivables, the Company applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses throughout the lifespan of the instrument.

In addition, receivables are associated with retail and franchise activities, which is characterized by a low level of risk of non-recoverability.

In the case of trade receivables, due to the nature of receivables, an impairment loss along with the associated deferred tax asset is relatively small due to the prevailing cash sales.

As a result of tests for impairment of trade receivables, no impairment loss was made in the reporting period.

IFRS 15 „REVENUE FROM CONTRACTS WITH CUSTOMERS"

In accordance with the above standard, revenues are recognized in the amount of remuneration that the entity is entitled in exchange for transferring the promised goods or services to the client. The new standard replaces the previous requirements for recognizing revenues in accordance with IFRS. The standard applies to annual reporting periods beginning on 01.01.2018 and later.

The Company applies IFRS 15 from the effective date of the standard, without transforming the comparative data, using the modified retrospective method.

IFRS 15 introduces new requirements regarding the presentation and disclosure. The fundamental principle of the new standard is the recognition of revenues at the time of transfer of control over goods and services to the client, in the amount of the transaction price. Goods or services that can be identified as part of a package should be recognized separately. In addition, all discounts and rebates on the transaction price are generally allocated in the individual elements of the package. Recognition and measurement requirements in accordance with IFRS 15 also apply to the recognition and measurement of profit / loss from the sale of non-financial assets (such as tangible assets and intangible assets), if such sale is not made in the ordinary course of business.

In accordance with the requirements of IFRS 15, the Company presents recognized revenues from contracts with customers, broken down into categories, which reflect the manner in which economic factors affect the nature, amount, payment date and uncertainty of revenues and cash flows.

The CCC Company discloses in the table below information that shall enable users of financial statements to understand the relationship between the disclosure of income by category and the revenue information that the entity discloses for each reporting segment.

In accordance with IAS 18.PI21, the Management Board carried out a comprehensive analysis to determine whether the entity acts as an agent or principal. More in note 3.1. Sales revenues

SALES REVENUE

THE COMPANY OPERATES IN THE AREA OF	TIME OF INCOME RECOGNITION	AS PART OF THE ASSESSMENT OF THE IMPACT OF THE INTRODUCTION OF IFRS 15, THE COMPANY CONSIDERED, INTER ALIA, THE FOLLOWING ASPECTS:	
		VARIABLE REMUNERATION	GUARANTEES
Retail sales of goods	The contract contains only one obligation to perform the service – sales of the goods, therefore, the Company assesses that the impact of adopting IFRS 15 on the recognition of revenues and the Company's financial results under such agreements will not be material.Revenue will be recognized at a specific moment, i.e.when the customer obtains control over the goods. In the case of the sale of gift cards, this revenue is recognized when the card is made or when the validity date for which the card has been issued expires. In the case of picking up the goods in the „click & collect" store, the revenue is recognized at the time of delivery and issuing the receipt. In the case of direct delivery to the customer – during the year revenue is recognized at the time of delivery to the courier and corrected as at the balance sheet date, taking into account the date of receipt of the shipment by the customer. In addition, as at the balance sheet date, an allowance for potential returns resulting from the consumer's right to return is estimated.	In accordance with IFRS 15, if the remuneration specified in the contract includes a variable amount, the entity estimates the amount of remuneration to which it will be entitled in exchange for the transfer of promised goods or services to the customer and includes a part or all of the variable remuneration in the transaction price only to such extent, in which there is a high probability that there will be no reversal of a significant part of the amount of previously recognized accumulated revenues when the uncertainty about the amount of variable remuneration shall cease. • The right to return The Company grants customers the right to return unused goods within 7 days from the date of purchase	The Company provides a guarantee for the goods sold.Typically, guarantees are the assurance for the customer that the product complies with the specifications set by the parties and does not constitute an additional service.The Company does not apply additional regulations or agreements in this matter, therefore, as a consequence, the existing guarantees will be further recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
E-commerce sales		• The right to return The Company grants customers the right to return unused goods within 30 days from the date of purchase.Therefore, the Company presents write-down on this account and recognizes it on an ongoing basis in the financial result	
Wholesale of goods		The Company does not bear the costs of obtaining contracts when concluding wholesale agreements. The company does not operate in a way of agency.	In the case of wholesale, the recipients are not entitled to the return of goods and no other additional discounts are granted.

The Company presents no impact of adoption of IFRS 15 on the consolidated financial statements for the year ended 31 December 2018.

IFRS 16 „LEASES"

The companies from the Company are parties to lease agreements as a lessee. The prevailing contracts are rental agreements for store space.

The company decided to earlier for 01.01.2018 implementation the IFRS 16 Leasing standard, which obligatorily covers all companies preparing their reports in accordance with IFRS for the financial year 2019. This resulted in changes in the accounting principles adopted so far. The company chose a modified retrospective approach.

IFRS 16 Leasing has a material impact on the Company's financial statements, as part of its operations, it is a party to lease agreements for premises in which it sells, rents warehouse and office space, car leasing and servers. These contracts have so far been classified in accordance with IAS 17 as operating lease, and as a result, fees for this have been included in operating costs as the contract period expires in amounts resulting from invoices.

In accordance with IFRS 16 Leases, the Company has implemented uniform accounting principles that require lessees to recognize assets and liabilities in all lease agreements, taking into account the exceptions listed in the standard.

The Company recognizes a component of assets due to the right of use together with an appropriate leasing liability determined in the amount of discounted future payments during the leasing period.

Expenses related to the use of leased assets, previously included in the operating costs of stores or in other selling costs in the "lease" item, are currently settled with leasing liabilities. The right to use is subject to depreciation in accordance with the duration of the contract and the cost of this depreciation is presented in the costs of operating stores or in other sales costs in the "depreciation" item. The financial costs related to the calculation of lease liabilities mainly covering the costs of interest and exchange differences are recognized in the financial costs. The valuation of the lease liability is periodically settled with the lease payments. Assets due to the right to use are amortized on a straight-line basis, while liabilities due to lease agreements settled with the effective interest rate. presented in operating costs of stores or in other selling costs in the as depreciation and n finance costs as interest expenses. The valuation of the lease liability is periodically settled with the lease payments. Assets due to the right of use are amortized on a straight-line basis, while liabilities under lease agreements are settled effective interest rate.

The implementation of IFRS 16 has an impact on almost all commonly used financial ratios and measures of effectiveness such as: debt ratios, current liquidity ratio, asset turnover ratio, interest coverage ratio, EBITDA, EBIT, operating profit, net profit, earnings per share (EPS) , return ratios on capital employed (ROCE, ROE) and operational cash flow. Definitions of ratios used by the Company are included in the Report on the activities of the management board. These changes also affect the covenants included in loan agreements, credit ratings and loan costs, and may also be reflected in changes in behavior on the financial market. This is related to the fact that the operating lease costs, which were previously settled above EBITDA, were replaced by depreciation costs of assets under the right of use presented in the operating costs of stores. In addition, the financial costs include interest on discounted leasing liabilities and exchange rate differences due to the valuation of these liabilities. The Company, in the scope of selected credit agreements, in which covenants occur, uses indicators excluding the impact resulting from the implementation of IFRS 16 Leasing.

The application of IFRS 16 requires the Company to analyze data and make estimates and calculations that affect the measurement of lease liabilities and the valuation of assets under the right of use. They include: assessing whether the contract includes leasing in accordance with IFRS 16 and determining the period of validity.

The company performs a detailed analysis of the duration of its contracts, in particular in terms of the extension options that it is entitled to in selected contracts. A detailed evaluation of the potential for using these options is made on the basis of management information regarding, inter alia, individual result and profitability of a given store but also expert knowledge. The described analysis concerns agreements that end in the perspective of a 12-month period. The adopted period results from business rationality, which can be applied to the adopted analysis. If the Management Board decides to extend such a lease agreement, the period of its duration accepted for the valuation is extended by the activated period of the extension option resulting from the contract. Contracts for an indefinite period of time are not subject to valuation in accordance with IFRS 16.

The current value of the lease payment is determined using the marginal interest rate. The company determines the risk-free rate based on available interest rate curves, corresponding to the currencies in which leasing contracts and cash-flow maturity dates resulting from concluded contracts are denominated.

In the calculation of interest rates, the duration of the contract, the currency of the contract and the nature of the subject of the contract were taken into account. The rate is between 0.14% and 5,18%

More information on the implementation of IFRS 16 is included in item 6.

OTHER CHANGES TO ACCOUNTING POLICIES

A)IFRIC INTERPRETATION 22 FOREIGN CURRENCY TRANSACTION AND ADVANCE CONSIDERATIONS

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration.If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.

This Interpretation does not have any impact on the Company's consolidated financial statements.

B) AMENDMENTS TO IAS 40 TRANSFERS OF INVESTMENT PROPERTY

The amendments clarifies when an entity should transfer property, including property under construction for devel-op-ment into, or out of investment property.The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of change in use.A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's consolidated financial statements.

C) AMENDMENTS TO IFRS 2 CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTION

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

These amendments do not have any impact on Company's consolidated financial statements.

D)AMENDMENTS TO IFRS 4 APPLYING IFRS 9 FINANCIAL INSTRUMENTS WITH IFRS 4 INSURANCE CONTRACTS

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021.The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e.IAS 39.

These changes do not apply to the Company.

E) AMENDMENTS TO IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AS A PART OF AMENDMENTS RESULTING FROM THE REVIEW OF IFRSS 2014-2016

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit and loss under IFRS 9.If an entity, that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retainthe fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries.This selection is made separately for each investment entity associate or joint venture, at the later of the date on which a) the investment entity associate or joint venture is initially recognised; b) the associate or joint venture becomes an investment entity; c) the investment entity associate or joint venture becomes a parent.

These amendments do not have any impact on Company's consolidated financial statements.

F) AMENDMENTS TO IFRS 1 FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS AS PART OF AMENDMENTS RESULTING FROM THE REVIEW OF IFRSS 2014-2016

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have not served they intended purpose.

These amendments do not have any impact on the Company's consolidated financial statements.

The Company has not early adopted any standard, interpretation or amendment that was issued but is not yet effective in the light of European Union regulations.

STANDARDS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT HAVE NOT YET ENTERED INTO FORCE

- IFRS 14 Regulatory settlements (published on 30.01.2014) – according to the decision of the European Commission, the pre-approval process shall not be initiated before the final version appears – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01 2016 or later;

- Amendments to IFRS 10 and IAS 28 Transactions of sale or contribution of assets between an investor and its affiliate or joint venture (published on 11.09.2014) – works leading to the approval of these amendments were postponed by the EU for an indefinite period – the date of entry into force was postponed by IASB for an indefinite period;

- IFRS 16 Leasing (published on 13.01.2016) – applicable to annual periods beginning on 01.01.2019 or later;

- IFRS 17 Insurance Contracts (published on 18.05.2017) – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01.2021 or later

- IFRIC 23 Uncertainty related to the recognition of income tax (published on 07.06.2017) – applicable to annual periods beginning on 01.01.2019 or later;

- Amendments to IFRS 9 Early repayments with negative compensation (published on 12.10.2017) – applicable to annual periods beginning on 01.01.2019 or later;

- Amendments to IAS 28 Long-term Shares in Associates and Joint Ventures (published on 12.10.2017) – applicable to annual periods beginning on 01.01.2019 or later;

- Changes resulting from the review of IFRS 2015-2017 (published on 12.12.2017) – until the date of approval of hese financial statements not approved by the EU – applicable to annual periods beginning on 01.01. 2019 or later;

- Amendments to IAS 19 Change, limitation or settlement of the program (published on 07.02.2018) – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01.2019 or later;

- Amendments to References to the Conceptual Assumptions contained in International Financial Reporting Standards (published on 29.03.2018) – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01.2020 or later;

- Amendment to IFRS 3 Business Combinations (published on 22.10.2018) – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01.2020 or later;

- Amendments to IAS 1 and IAS 8: Significance Definition (published on 31.10.2018) – until the date of approval of these financial statements not approved by the EU – applicable to annual periods beginning on 01.01.2020 or later.

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

1.1 SEGMENTS

The Company is exempt for a disclosure concerning segment results based on IFRS 8 par. 4, therefore the analysis of the activities of the operating segments of the Company is presented in the consolidated financial statements of the Capital Company CCC S.A.

For more informations section 2 instatment of operations of the company

2. NOTES TO STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

2.1 REVENUE FROM SALE

ACCOUNTING POLICY

Sales revenues

IFRS 15 establishes the so-called The Five Steps Model for recognizing revenues resulting from contracts with clients.
In accordance with the above standard, revenues are recognized in the amount of remuneration that the entity is entitled in exchange for transferring the promised goods or services to the client.
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.
The Management Board of the Company conducted to determine whether a given entity acts as an agent or principal as a comprehensive analysis taking into account the concluded cooperation agreements between the Company and its subsidiary CCC.eu Limited Liability Company („CCC.eu") and the actually operating business model.
The elements that may indicate that the Company could be treated as an intermediary are the following conditions resulting from the concluded agreements:
• according to the adopted settlement model, the Company is guaranteed to obtain a fixed operating margin;
• goods that the Company failed to sell in a given season may be returned to CCC.eu, at the same time CCC.eu may request a return of goods from the Company, and the costs of this return shall be covered by CCC.eu;
• CCC.eu defines standards and supports the Company in terms of pricing, promotion and discounts in stores, including recommendations regarding retail prices, rules for discounts and increases, as well as discounts and promotions for customers;
• CCC.eu decides about the ranges and quantities of goods delivered to the Company;
• The company accepts returns from retail customers and deals with after-sales complaints, while the costs of these complaints are fully covered by CCC.eu.

In the opinion of the Management Board of the Company, other circumstances characterizing the cooperation between the Company and CCC.eu are more important and prevail in the assessment of the role of the Company. In the opinion of the Management Board, the Company does not act as an intermediary because it is exposed to significant risks of its operations and achieves benefits resulting from the sale of goods purchased from CCC.eu. The following conditions for mutual cooperation confirm the assessment of the Company's role:
• The Company has the main responsibility for delivering goods to the customer and the Company is responsible for the acceptability of products purchased by the customer, the Company sells goods purchased from CCC.eu on its own behalf and for its own account, the purchase from CCC.eu follows the terms of delivery of CPT (transfer ownership at the time of loading on the means of transport);
• The Company bears the risk related to inventory before and after the order is placed by the client, during deliveries or refunds, and the inventory remaining in the Company is its property and the Company bears the risk related to their possible loss;
• The Company receives only recommendations from CCC.eu regarding pricing, bonus and rebate policy and has full freedom in pricing, directly or indirectly;
• The Company bears credit risk in relation to amounts due from the client;
• The Company bears full reputational / reputational risk related to the quality of goods sold, and potential customers' reservations may translate into the Company's negative situation.
In relation to the above, the Management Board acknowledges that CCC Joint-stock Company. is the main entity and should not be treated as an intermediary within the meaning of IFRS 15.

Other operating income and expenses

Other operating income and expenses include income and expenses on operations that are not the entity's primary operating activity, e.g. gains or losses on disposal of tangible assets, penalties and fines, donations, etc.

Financial revenues and costs

Financial revenues and costs resulting from the Company's financial activities include, but are not limited to: interest, commissions, profits and losses on exchange differences.

[in PLN million unless otherwise stated]

	SALES REVENUE 2018	SALES REVENUE 2017	CHANGE %
Poland	2 029,1	2 020,6	0,4%
DISTRIBUTION ACTIVITY	2 029,1	2 020,6	0,4%
Other	87,4	86,7	0,8%
Shoes	1 830,0	1 827,1	0,2%
Bags	111,6	106,8	4,5%
Non-commercial goods	0,1	—	—
Other activity	106,5	66,0	61,4%
Total	2 135,6	2 086,6	2,4%

2.2 COSTS BY NATURE

ACCOUNTING POLICY

Cost of goods sold

As the cost of goods sold the Company recognizes:
- value of goods sold
- value of packages expended for sales
- cost of a provision concerning complaints (note 5.8)
- the value of finished goods sold
- impairments for inventories
- impairment losses for fixed assets and intangible assets used in manufacturing of goods or providing services (depreciation of production machines), payroll costs of production workers, other costs related to production.

i MORE INFORMATION IN SECTION 3.1.1.1 (KOSZTY FUNKCJONOWANIA SKLEPÓW) IN STATEMENTS OF OPERATIONS OF THE COMPANY

Cost of operating stores

Cost of operating stores includes the cost of maintenance of stores and other retail outlets. This item includes mainly:
- remuneration costs of employees employed in stores
- amortisation of tangible fixed assets (investments in stores)
- cost of external services (inter alia, the costs of the agent's remuneration, costs of media consumption)

Other cost of sales

Other cost of sales includes cost of sales not directly related to the maintenance of stores, relating to organizational units supporting the sales. This item includes mainly:
- remuneration costs of employees of organizational units supporting sales
- amortisation of tangible fixed assets
- cost of external services
- other flat costs
- impairment losses on receivables from supplies and services

Administrative expenses

Administrative expenses include expenses related to managing the general operations of the Company(general-administrative expenses) and general expenses of the Company.

Lease costs

In accordance with IFRS 16, the Company recognizes the right to use the asset together with the relevant leasing liability determined in the amount of discounted future payments during the lease term.

Lease fees previously recognized in the costs of store operations or in other selling costs in the „lease costs" item are now presented in the costs of store operations or in other selling costs as depreciation and in finance costs as interest expenses. The valuation of the lease liability is periodically settled with the lease payments. Assets under the right of use are amortized on a straight-line basis, while liabilities under leasing contracts are settled with the effective interest rate.

As a result of applying IFRS 16, the Company makes a valuation of leasing contracts that meet the criteria of IFRS 16. The Company includes the following items in current costs:
- Depreciation costs of assets due to the right to depreciation
- Interest costs
- Result of exchange differences
- The costs of completing lease agreements

[in PLN million unless otherwise stated]

NOTE	01.2018-12.2018	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(1 472,1)	—	—	—	(1 472,1)
	Consumption of materials and energy	—	(19,7)	(2,7)	(1,9)	(24,3)
6.7	Provision for inventories	(1,6)	—	—	—	(1,6)
	Remuneration	—	(176,8)	(19,2)	(21,2)	(217,2)
6.2	Cost of incentive program	—	—	—	(11,1)	(11,1)
	Other employee benefits	—	—	—	—	—
	Agent services	—	(21,5)	—	—	(21,5)
	Transportation services	—	(0,1)	—	(0,1)	(0,2)
	Lease costs*	—	(83,0)	—	(3,6)	(86,6)
	Other outsourcing services	—	(15,5)	(3,3)	(11,5)	(30,3)
5.1 5.2	Amortization	—	(216,4)	(0,1)	(5,4)	(221,9)
	Taxes and charges	—	(0,1)	—	(2,8)	(2,9)
	Other flat costs	—	(0,4)	(0,7)	(3,0)	(4,1)
	Total	(1 473,7)	(533,5)	(26,0)	(60,6)	(2 093,8)

NOTE	01.2017-12.2017	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
	Cost of purchase of goods sold	(1 459,5)	—	—	—	(1 459,5)
	Consumption of materials and energy	—	(14,5)	(0,7)	(2,2)	(17,4)
5.3	Provision for inventories	(1,8)	—	—	—	(1,8)
	Remuneration	—	(168,2)	(8,9)	(11,0)	(188,1)
6.2	Cost of incentive program	—	—	—	(3,6)	(3,6)
	Other employee benefits	—	(32,3)	(4,1)	(1,4)	(37,8)
	Agent services	—	(54,7)	—	—	(54,7)
	Transportation services	—	—	(0,6)	—	(0,6)
	Lease costs	—	(217,3)	(0,2)	(2,5)	(220,0)
	Other outsourcing services	—	(11,4)	(2,3)	(2,7)	(16,4)
5.1 5.2	Amortization	—	(27,7)	(0,2)	(3,3)	(31,2)
	Taxes and charges	—	(0,1)	(0,2)	(1,4)	(1,7)
	Other flat costs	—	(0,5)	(0,7)	(2,6)	(3,8)
	Total	(1 461,3)	(526,7)	(17,9)	(30,7)	(2 036,6)

* Includes variable fees (media, advertising and other costs)

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
31.12.2018				
Members of Management Board	3 440,0	560,0	1 150,0	5 150,0
Supervisory Board	447,0	—	—	447,0
Total	3 887,0	560,0	1 150,0	5 597,0
31.12.2017				
Members of Management Board	4 124,7	560,0	490,0	5 174,7
Supervisory Board	388,6	—	—	388,6
Total	4 513,3	560,0	490,0	5 563,3

More information on managerial staff remuneration is disclosed in the Statement on operations in Note 6.4.

[in PLN million unless otherwise stated]

2.3 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

NOTE		01.2018-12.2018	01.2017-12.2017
	Total other costs		
	Stocktaking net losses	(2,2)	(1,4)
6.11	Provision establishment	(76,4)	—
	Other operating cost	(1,9)	—
	Loss on exchange rate differences on items other than debt	(0,4)	(0,3)
	Total other operating costs:	(80,9)	(1,7)
	Total other income		
	Profit on disposal of tangible fixed assets	8,7	0,3
	Compensations	0,6	0,5
	Subsidy of SFRDP remuneration	3,1	2,6
	Other net operating income	6,4	4,9
	Total other operating income:	18,8	8,3
	Total other operating costs and income	(62,1)	6,6

The amount of other operating income as at the end of 2018 consisted mainly of the subsidy in the amount of PLN 2.4 million.

NOTE		01.2018-12.2018	01.2017-12.2017
	Total finance cost		
4.2	Interest on borrowings (recognised in costs)	(15,0)	(7,5)
	Result on exchange rates	(8,4)	(12,1)
	Commissions paid	(1,9)	—
	Other finance cost	(1,3)	(1,1)
	Credit sureties received	(2,1)	(2,2)
	Total finance cost:	(28,7)	(22,9)
	Total finance revenue		
	Interest from current account and other	4,6	5,2
	Other finance revenue	0,7	0,4
	Credit sureties granted	12,0	10,1
	Total finance revenue:	17,3	15,7

i MORE INFORMATION IN SECTION **3.1.1.1**
(FINANCE INCOME AND COSTS) IN STATEMENTS OF OPERATIONS OF THE COMPANY

2.4 TAXATION

Regulations regarding tax on goods and services, corporate income tax and social security burdens are subject to frequent changes. These frequent changes result in the lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could be applicable. The binding provisions also contain ambiguities, which result in differences in opinions as to the legal interpretation of tax regulations, both between state authorities as well as state authorities and enterprises.

Tax settlements and other areas of activity (for example, customs or currency issues) may be subject to control by authorities that are entitled to impose high fines and fines, and any additional tax liabilities resulting from control must be paid together with high interest. These conditions mean that the tax risk in Poland is higher than in countries with a more mature tax system.

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

As of 15.07.2016, amendments to the Tax Code were introduced to take into account the provisions of the General Fraud Prevention Clause (GAAR). GAAR is to prevent the creation and use of artificial legal structures created to avoid payment of tax in Poland. GAAR defines tax avoidance as an activity carried out primarily to obtain a tax advantage that is contrary to the circumstances under consideration with the subject and purpose of the tax act. 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 Company.

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 Company.

When there is uncertainty as to whether and to what extent the tax authority shall accept individual tax settlements of the transaction, the Company recognizes these settlements taking into account the uncertainty assessment. The risk is estimated by the Management Board.

[in PLN million unless otherwise stated]

ACCOUNTING POLICY

The obligatory burdens of result include current tax (CIT) and deferred tax.

Current tax is calculated on the basis of the tax result in a given reporting period. Changes in estimates relating to previous years are recognized as an adjustment to the burden for the current year.

Deferred tax assets and liabilities are recognized in the result of the creation of differences between the book value of assets and liabilities and their corresponding tax values and from unaccounted tax losses. Such differences arise in the Company in a situation of different accounting of depreciation for accounting and tax purposes, the recognition of accounting impairment of assets (which for tax purposes will be realized in the form of tax write-offs in future periods) or created for the purpose of accounting provisions (which for tax purposes will be recognized at the moment of incurring respective costs). The differences (not related to acquisitions transactions) related to the initial recognition of a part of an asset or liabilities that does not affect the moment of recognition of a given asset neither the outcome nor the accounting profit (loss) tax are excluded from recognition.

Deferred tax assets and liabilities are calculated using the current (or practically applicable) tax rates. Deferred tax assets and liabilities are subject to offsetting within the Company, when it has the right to settle current tax in a net amount.

Deferred tax assets are recognized to the amount that it is probable to generate taxable income, which will allow the realization of negative temporary differences and tax losses, or when it is expected to simultaneously realize positive temporary differences. Amounts above this are exclusively subject to disclosure.

A. AMOUNTS OF INCOME TAX RECOGNIZED IN THE INCOME STATEMENT AND STATEMENT OF CASH FLOWS

	01.2018-12.2018	01.2017-12.2017
Current tax	(15,2)	(7,2)
Deferred tax	6,6	(4,9)
Income tax recognized in income statement	(8,6)	(12,1)
Current tax recognized in the result	15,2	(7,2)
Balance of liabilities /(receivables) at beginning of period	(26,3)	(1,6)
Balance of receivables / (liabilities) at the end of the period	(6,7)	26,0
Tax paid recognized in statement of cash flows	(17,8)	31,6

[in PLN million unless otherwise stated]

B. INFORMACJA NA TEMAT ZASTOSOWANYCH STAWEK PODATKU ORAZ UZGODNIENIE OBCIĄŻENIA WYNIKU

Income tax of the Company's profit before tax differs in the following way from the theoretical amount that would be achieved, using the Company's tax rate in force applicable to the taxable income of the Company:

	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Profit before tax	(31,7)	49,4
Weighted average tax rate	19,00%	19,00%
Tax calculated according to weighted average tax rate	6,0	(9,4)
Tax effects of the following items:		
• income not allowable for tax income	0,4	0,5
• non-tax-deductible expenses	(17,0)	(2,0)
• other adjustments	2,0	(1,2)
Charging financial result on income tax	(8,6)	(12,1)

The main item of income not constituting tax revenues are received subsidies.

Costs that are not tax-deductible costs include mainly the costs of the intentive scheme valuation and the provision created in the amount of PLN 76.4 million due to the negative goodwill of CCC Germany GmbH.

[in PLN million unless otherwise stated]

C. BALANCE AND AMENDMENTS OF DEFERRED TAX

Changes in assets and liabilities due to deferred income tax during the year is presented as follows:

	31.12.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2017
Assets					
Impairment of assets	0,9	0,4	0,5	0,5	—
Provisions for liabilities	6,8	4,2	2,6	(1,2)	3,8
Others	1,4	0,1	1,3	(4,1)	5,4
Total before offsetting	9,1	4,7	4,4	(4,8)	9,2
Liabilities					
Accelerated tax depreciation of tangible fixed assets	0,6	(1,8)	2,4	0,1	2,3
Others	0,1	(0,1)	0,2	—	0,2
Total before offsetting	0,7	(1,9)	2,6	0,1	2,5
Offsetting	(0,7)	1,9	(2,6)	(0,1)	(2,5)
Balance of deferred tax in the balance sheet:				—	
Assets	8,4	6,6	1,8	(4,9)	6,7
Liabilities	—	—	—	—	—

3. INVESTMENTS IN SUBSIDIARIES, LOANS GRANTED AND TRANSACTIONS WITH RELATED ENTITIES

3.1 INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

Subsidiaries in the Company's financial statements are those entities over which the Company exercises control. Investments in subsidiaries the Company values according to cost after reducing impairment losses.
Transaction costs related to the acquisition of investments increase the book value of the investment.

The impairment test is carried out when there is evidence for impairment by calculating the recoverable amount as the higher of two amounts: fair value less costs of sale and value in use). Impairment represents the excess of the book value over the recoverable amount.

On 13.04.2017, the Issuer's Supervisory Board adopted a resolution regarding a positive opinion and conditional approval of the three-year Incentive Scheme submitted by the Issuer's Management Board for 2017-2019 ("Scheme"), subject to a positive decision of the Issuer's General Meeting regarding conditional share capital increase Issuer and issue of shares and subscription warrants for the implementation of the Scheme.

The main objectives of the Scheme are additional, long-term motivation of the CCC Capital Company management to implement the Company's strategy in 2017-2019 and to take actions and efforts aimed at further development of the Company and its perspectives for 2020 and subsequent – as a consequence of increasing the value of the Company's shares and shareholder value.

The Scheme provides for the issue of no more than 1,174.920 Warrants and no more than 1,174.920 Series F shares.

The persons entitled to take up are the members of the Management Board, members of the Management Board of subsidiaries, members of the Management of the company, members of the Management of subsidiaries, however warrants cannot be offered to persons directly or indirectly holding at least 10% of the Company's shares.

The condition for granting the right to subscribe for the Warrants is that the person receives a positive performance in 2017-2019. The total number of persons entitled under the incentive scheme shall not exceed 149 persons. The Programme assumes minimum EBITDA thresholds (which condition the launch of the Scheme tranches) at PLN 550, 650 and 800 million for 2017, 2018 and 2019, that is, a total of not less than PLN 2 billion in this period. The vesting date was on 26.08.2017.

Therefore, the level of the CCC Joint-stock Company regarding the warrants that are assigned to the employees of subsidiaries are presented.

The value of the Scheme valuation for employees of CCC Joint-stock Company is recognized in other operating expenses, while the value of the Scheme valuation for employees of subsidiaries is recognized as an increase in the value of shares.

In the amount of conditional share issue, the Company shows an increase in the incentive scheme in 2018. In the amount of additional capital, the Company discloses: PLN 2.5 million due to the capital increase in CCC Shoes & Bags d.o.o. Beograd – Novi Beograd, PLN 45.5 million due to capital increase in NG2 Suisse s.a.r.l.

i MORE INFORMATION IN SECTION 4.2.4 IN STATEMENTS OF OPERATIONS OF THE COMPANY

[in PLN million unless otherwise stated]

The structure of significant investments broken down by individual subsidiaries is presented below:

SUBSIDIARIES OF CCC S.A.	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY	BALANCE SHEET			
			SHARES	INCENTIVE PROGRAM	SHARES	INCENTIVE PROGRAM
			31-12-2018		31-12-2017	
CCC Austria Ges.m.b.H	Graz, Austria	commercial	0,4	2,3	0,4	1,6
CCC Czech s.r.o.	Prague, Czech Republic	commercial	38,0	2,7	38,0	2,2
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing	15,0	11,9	15,0	12,7
CCC Germany GmbH	Frankfurt, Germany	commercial	—	2,9	0,4	2,3
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial	2,9	0,3	2,9	0,2
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial	0,1	1,5	0,1	1,3
CCC Isle of Man Ltd.	Isle of Man, Douglas	service	—	—	—	—
CCC Obutev d.o.o.	Maribor, Slovenia	commercial	2,1	0,3	2,1	0,2
CCC Russia OOO	Moscow, Russia	commercial	—	0,4	—	0,1
CCC Shoes & Bags d.o.o. Beograd	Belgrade, Serbia	commercial	6,4	—	3,6	—
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investment	280,7	—	280,7	—
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	Istanbul, Turkey	commercial	0,1	—	0,1	—
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial	0,2	0,7	0,2	0,4
CCC Slovakia, s.r.o.	Bratislava, Slovakia	commercial	—	0,7	—	0,4
CCC.EU sp. z o.o.	Polkowice, Poland	commercial	—	23,0	—	12,9
eobuwie.pl S. A.	Zielona Góra, Poland	commercial	—	2,3		0,5
NG2 Suisse s.a.r.l.	Zug, Switzerland	commercial	45,5	0,7	0,1	0,8
TOTAL			391,4	49,7	343,6	35,6

All subsidiaries are directly or indirectly controlled by the Company (the Company owns 100% shares in each of the aforementioned companies and the same number of voting rights). The exception are: eObuwie.pl 74.99% shares, CCC Russia OOO 75% shares, Karl Voegele AG 70% and Deezee Limited Liability Company 51%.

As at 31.12.2018, the significant effect of the sale transaction of 100% shares in CCC Germany GmbH that was carried out on 30.01 and 31.01.2019 and was related to the simultaneous acquisition of a minority stake in HR Company Holding s.a.r.l based in Luxembourg. As a result of the sale transaction, CCC Limited Liability Company sold to Blitz 18-535 GmbH with its registered office in Munich, that is a subsidiary of HR Company, shares constituting 100% of the share capital of CCC Germany GmbH. As a result of the acquisition of CCC Joint-stock Company acquired a total of 30.55% of shares in the share capital of HR Company, entitling to 30.55% of the total number of votes at the General Meeting of Shareholders.

The detailed presentation of the impact of discontinued operations on the Company's financial result is presented below:

- Impairment loss on the loan granted in the amount of PLN 64.7 million;
- Providing a provision for the negative fair value of CCC Germany reduced by the costs of selling shares in the amount of PLN 11.7 million;
- Impairment loss on a long-term investment worth PLN 0.4 million

ACQUISITION OF THE ENTERPRISE ADLER INTERNATIONAL LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP

On 29.06.2018 CCC Joint-stock Company acquired the enterprise Adler International Limited Liability Company, Limited Partnership dealing in the retail sale of footwear and fancy goods, operating in Poland.

The payment for the acquired project was set at PLN 77 million payable in cash. The payment price does not take into account any conditional payments.

The date of taking control was adopted on 01.07.2018, due to the fact that on that day at CCC Joint-stock Company passed the right to run stores together with all the benefits and obligations in this respect.

The total fair value of purchased movables (including, in particular, the equipment of stores and equipment necessary to serve store customers) amounted to PLN 15.4 million, while the value of expenditure on stores (investments in foreign fixed assets) amounted to PLN 12.6 million. In addition, as part of the transaction, the Company acquired non-current receivables in the amount of PLN 0.2 million, which were created up to the acquisition date. Under the agreement, no cash was transferred as part of the transaction. The company also does not identify, as at the date of signing these financial statements, other significant types of receivables that need to be included in the purchase settlement.

The Company CCC Joint-stock Company made the final identification of assets of the acquired business and recognized them as at the balance sheet date in the separate financial statements in the amounts determined definitively.

Goodwill as a result of the acquisition was specified in the amount of PLN 48.8 million.

As at the date of signing these financial statements, the Company does not identify any contingent liabilities related to the acquisition transaction.

Details of the finally estimated fair value of the acquired net assets, goodwill and purchase price as at the date of acquisition of control are presented below (in million PLN):

	FAIR VALUE (IN MILLION PLN)
Tangible fixed assets	28,0
Long-term receivables	0,2
Right of use of asset	3,2
Lease liabilities	3,2
Total identifiable net assets	28,2
Goodwill	48,8
Total	77,0
Payment for purchase:	77,0
Paid in cash	58,0
Deferred payment	19,0
Cash out of the purchase:	77,0

The goodwill recognized in the amount of 49.0 million due to the acquisition is attributable to the customer base taken over and the economies of scale expected from combining the operations of the Company with the activities of the stores being part of the acquired part of the enterprise.

The fair value of the acquired assets does not deviate from the book value and includes tangible assets in the amount of PLN 28.0 million.

As part of the acquisition, no contingent liabilities have been identified.

[in PLN million unless otherwise stated]

3.2
LOANS GRANTED

ACCOUNTING POLICY

Loans granted are valued initially at fair value and valued after initial recognition at amortized cost using the effective interest rate method less impairment loss.

Impairment loss for financial assets

For each balance sheet date an assessment is made if a financial asset is impaired. If there is evidence showing impairment of loans and receivables valued at amortized cost, the amount of impairment loss is determined as the difference between the asset's book value and the current value of estimated future cash flows discounted at the original effective interest rate for these assets. An impairment loss is recognized in statement of profit or loss in the item of other operating expenses. Reversal of impairment loss is recognized if in subsequent periods, the impairment loss decreases and the decrease can be attributed to events occurring after recognizing the impairment.

	31.12.2018	31.12.2017
As of 1 January	200,2	201,7
Loans granted	260,5	28,1
Purchase of debt receivables	37,7	—
Interest accrued	3,6	4,6
Paid	(232,3)	(22,6)
Other [1]	(135,1)	(11,6)
As of 31 December	134,6	200,2
– current	90,0	169,2
– non-current	44,6	31,0

[1] in the reporting period, the amount of PLN 135.1 million includes assignments in the amount of PLN 141 million and a balance sheet valuation in the amount of PLN 5.9 million

[2] The amount includes the acquired claim of Gino Rossi SA.

The interest rate on loans granted is based on a variable WIBOR rate increased by a margin (loans in PLN) or fixed interest rates defined in contracts (loans in EURO and other currencies). Further analysis regarding the interest rate risk presented in note 7.1.

[in PLN million unless otherwise stated]

	31.12.2018	31.12.2017
Subsidiares of CCC S.A.		
CCC.EU Sp. z o.o.	9,4	18,5
CCC Austria Ges.m.bH	—	55,1
CCC Germany GmbH	—	51,6
CCC Shoes Bulgaria EOOD	4,7	4,5
eobuwie.pl S.A.	61,5	49,5
CCC Shoes & Bags Sp. z o.o.	12,4	—
CCC Shoes & Bags d.o.o. Beograd – Stari Grad	1,3	1,3
CCC Russia Sp. z o.o.	—	10,6
NG2 Suisse S.a.r.l.	7,6	—
Total	96,9	191,1
– current	52,3	160,1
– non-current	44,6	31,0
Other company		
Adler International sp. z o.o. Sp.k.	—	9,1
Gino Rossi S.A.	37,7	
Total	37,7	9,1
-current	37,7	9,1
– non-current	—	—

Analysis regarding credit risk described in note 7.1

Receivables from loans are exposed to credit risk and interest rate risk..

Credit risk	Policy on this risk management is presented in note 7.1. In the opinion of the Management Board, the credit quality of these receivables is good. The loans are unsecured and the maximum amount of exposure to credit risk corresponds to the book value of these receivables. Loans receivables aren't overdue or no impairment loss is confirmed.
Interest rate risk	Policy on this risk management, and analysis of sensitivity to interest-rate changes is presented in note 7.1.
Fair value	The fair value of receivables is similar to their book value.

[in PLN million unless otherwise stated]

3.3
TRANSACTIONS WITH RELATED ENTITIES

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

	31.12.2018	31.12.2017
Subsidiares of CCC S.A.		
Transactions in the financial year:		
Sales of products/goods	—	—
Sale of services	110,4	78,0
Credit sureties granted	12,0	10,1
Interest on borrowings	3,4	3,8
Purchase of products/goods	1 282,0	1 475,0
Purchase of services	13,5	17,5
Credit sureties received	2,1	2,2
Sale of tangible fixed assets	0,9	1,0
Balances of transactions indicated as at the balance sheet date:	—	—
Trade receivables	13,1	0,6
Receivables from loans	97,0	191,1
Trade liabilities	(129,5)	(119,1)
Debt liabilities to NG2 Suisse s.a.r.l.	(0,3)	(0,3)
Contingent assets and liabiliteiesat the balance sheet date:	—	—
Contingent assets due to guarantees and sureties received	863,5	988,0
Contingent liabilities due to granted collateral *	3 262,2	4 435,7

i MORE INFORMATION IN NOTE **pkt. 3.3** IN STATEMENTS OF OPERATIONS OF THE COMPANY

In addition, the Company made a capital surcharge of PLN 2.5 million in CCC Shoes & Bags d.o.o. Beograd – Novi Beograd and PLN 45.5 million in NG2 Suisse sarl.

Contingent assets and liabilities include received and granted collateral of loans for subsidiaries of the Capital Company.

Details regarding loans granted to related entities are presented in note 3.2

Transactions with related entities were made based on market conditions.

[in PLN million unless otherwise stated]

4. CONTINGENT ASSETS AND LIABILITIES INCLUDE RECEIVED AND GRANTED COLLATERAL OF LOANS FOR SUBSIDIARIES OF THE CAPITAL COMPANY

4.1 CAPITAL MANAGEMENT

The Company's objective in capital management is to secure Company's ability to continue its operations so that it can generate a return for shareholders and benefits for other interested parties and maintain an optimal capital structure in order to reduce its cost.

In accordance with the Company's policy, the dividend is possible in the amount not less than 33% and not higher than 66% of the profit for the period, attributed to shareholders of the parent entity, assuming that the ratio of net debt to EBITDA at the end of the financial year to which the profit distribution will relate will be less than 3.5.

Detailed information on the dividend policy is described in the Statement on operations of the Company. [Section 3.2.1 (dividend policy)]

To maintain or adjust the capital structure, the Company 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.

Like other companies in the industry, the Company monitors the capital by using the debt ratio. This ratio is calculated as the ratio of net debt to total capital. Net debt is calculated as total of borrowings (including current and non-current loans and issued bonds indicated in the separate statement of financial position) less cash and cash equivalents. Total value of capital is calculated as equity presented in the separate statement of financial position with net debt.

NOTE		31.12.2018	31.12.2017
4.2	Debt liabilities	217,1	210,7
6.9	Cash and cash equivalents	104,3	300,4
	Net debt	112,8	(89,7)
4.1	Total equity	1 041,9	1 151,4
	Capital employed (equity and net debt)	1 154,7	1 061,7
	Debt ratio	10%	-8%

The change of a ratio is consistent with the activities undertaken by the Company, and the ratio is at the level expected by the Management Board of the parent company.

4.1.1 EQUITY

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.
The types of equity:
• basic capital (share) is recognized the value specified in the Articles of Association and entered in the court register,
• capital reserve created from the surplus value from the sale of shares above their nominal value less the issuance costs,
• retained earnings created from the dividing of financial result, undivided financial result and profit (loss) for the period covered by the financial statements,
• other capitals – created based on launched stock option scheme for employees
Dividend payments to shareholders are recognized as a liability in the Company's financial statements in the period in which they are approved by shareholders.

SHARE CAPITAL

As at 31 December 2018, the company's equity capital consisted of 41,16 million shares (as at 31 December 2017 it consisted of 41,16 million shares) with a nominal value of PLN 0.1 each, including 34,51 million ordinary shares and 6,65 million voting preference shares. All issued shares have been fully paid up.

Shareholders have a pre-emptive right to acquire registered preference shares held for sale.

The value of share capital as at 31 December 2018 amounted to PLN 4.1 million.

The entity which has a significant effect on the Company is a company ULTRO sarl, based in Luxemburg, which holds 26,86% of the share capital and 34,55% of the total number of votes. This entity is dependent on Dariusz Miłek, The President of the Management Board of CCC S.A. Other information on Shareholders is included in Statemenst of operations of the Company.

i MORE INFORMATION IN STATEMENTS OF OPERATIONS OF THE COMPANY p. 33

RESERVE CAPITAL FROM THE SALE OF SHARES ABOVE THEIR NOMINAL VALUE

Reserve capital mainly includes the capital from the surplus of the value of sales over the nominal value of issued shares.

The value of reserve capital as at 31 December 2018 amounted to PLN 645,1 million.

RETAINED EARNINGS

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

[in PLN million unless otherwise stated]

EARNINGS PER SHARE

In the financial year, the basic and diluted earnings per share amounted to PLN -0,98 (PLN 0,91 in 2017, respectively).

	31.12.2018	31.12.2017
Number of shares (pcs.)	41 168 000	41 164 000
Potential number of shares (pcs.)	293 730	293 730
Total (pcs.)	41 461 730	41 457 730
Net profit (loss)	(40,3)	37,3
Profit (loss) per share (PLN)	(0,98)	0,91
Diluted profit (loss) per share (PLN)	(0,98)	0,91
Number of warrants (pcs.)	293 730	293 730
Price of warrants (PLN)	211,42	211,42
The average share price during the period (PLN)	234,32	241,34
Quantity at the market price (pcs.)	265 024	257 315
Value without price (pcs.)	28 706	36 415
The number of shares for ordinary profit per share (pcs.)	41 168 000	41 164 000
The number of diluting shares (pcs.)	28 706	36 415
Number of shares after correction (pcs.)	41 196 706	41 200 415
Net profit (loss)	(40,3)	37,3
Diluted earnings per share (PLN)	(0,98)	0,91

DIVIDEND PAID

In 2018, a dividend in the amount of PLN 94.7 million was paid, which corresponds to PLN 2.30 per share (in 2017 it was PLN 101.4 million, corresponding to PLN 2.59 per share). Detailed information on the dividend policy is included in the report on the Company's operations.

[in PLN million unless otherwise stated]

4.2 DEBT

ACCOUNTING POLICY

Debt liabilities cover mainly bank loans and issued bonds. Debt liabilities are recognized initially at fair value less transaction costs associated with 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 5.2).

i MORE INFORMATION IN NOTE 5.2

NOTE		DEBT LIABILITIES			BONDS PAYABLE	TOTAL
		NON-CURRENT	CURRENT	IN CURRENT ACCOUNT		
4.2	As of 01.01.2017	—	16,7	21,1	210,0	247,8
	Proceeds from debt contracted					
	– financing received	—	—	—	—	—
	– transactional cost	—	—	—	—	—
	Charging interest	—	0,3	0,3	6,9	7,5
	Repayment of debt	—	—	—	—	—
	– repayment of capital	—	—	—	—	—
	– interest paid	—	—	(0,3)	(6,9)	(7,2)
	Change in current account	—	—	(21,1)	—	(21,1)
	Change of presentation from short to long-term	—	—	—	—	—
	Other non-cash changes	—	(16,3)	—	—	(16,3)
4.2	As of 31.12.2017	—	0,7	—	210,0	210,7
	Proceeds from debt contracted					
	– financing received	—	—	—	210,0	210,0
	– transactional cost	—	—	—	1,8	1,8
	Charging interest	—	0,1	—	6,7	6,8
	Repayment of debt					
	– repayment of capital	—	—	—	(203,2)	(203,2)
	– interest paid	—	(0,2)	—	(8,4)	(8,6)
	Change in current account	—	—	—	—	—
	Change of presentation from long to short-term	—	6,9	—	(6,9)	—
	Other non-cash changes	—	(0,4)	—	—	(0,4)
4.2	As of 31.12.2018	—	7,1	—	210,0	217,1

[in PLN million unless otherwise stated]

In 29.06.2018, CCC Joint-stock Company carried out the issue of 1/2018 series bonds as part of the bond issue program established by the Company. The bonds were not the subject of a public offering.

The bonds were issued on the following terms of issue:

1. Nominal value of one Bond – PLN 1,000;
2. Form of Bonds: dematerialized bearer bonds;
3. Issue price: equal to the nominal value of one Bond;
4. Number of Bonds – 210.000;
5. The total nominal value of the Bonds – PLN 210,000.000;
6. Buyback of the Bonds – one-time buy-out according to the nominal value of the Bonds on 29.06.2021;
7. Interest rate: according to the variable interest rate, based on the WIBOR 6M rate, increased by a fixed margin; interest shall be paid in half-year periods;
8. Security: surety granted by the subsidiaries of the Company, i.e. CCC.eu Limited Liability Company with its headquarters in Polkowice and CCC Shoes & Bags Limited Liability company based in Polkowice.

At the same time CCC S.A. on 29.06.2018, acquired 203.150 pieces of ordinary bearer series 1/2014 bonds issued by the Company, with a total par value of PLN 203.150.000, for redemption, and the Management Board of the Company adopted a resolution regarding the redemption of these bonds on 29.06.2018.

At the same time CCC S.A. on 29.06.2018, acquired 203.150. pieces of ordinary bearer series 1/2014 bonds issued by the Company, with a total par value of PLN 203.150,000, for redemption, and the Management Board of the Company adopted a resolution regarding the redemption of these bonds on 29.06.2018.

All financing was received in PLN. Interest on total financing (loans and bonds) is based on variable interest rates (WIBOR rate increased by a margin). The existing interest rate risk is associated with the existing debt. A description of the exposure to financial risks can be found in note 7.1.

Repayment of these liabilities are covered by the following collateral:

	31.12.2018	31.12.2017
	AMOUNT/OR BOOK VALUE OF GUARANTEE	
Sureties granted	1 056,0	1 694,6
Capped mortgages on property	746,1	491,1
Registered pledge on movable assets	1 500,0	1 650,0
In blanco bills of exchange	797,0	600,0
Assignments of insurance policies	17,0	27,0
Bank guarantees	129,5	96,7

The company has agreements with banks under which banks granted guarantees to entities renting premises in which the Company conducts commercial activities. The total amount of guarantees used as at December 31, 2018 amounted to PLN 129.5 million (PLN 96.7 million as at December 31, 2017)

i MORE INFORMATION IN SECTION **3.3.2** IN STATEMENTS OF OPERATIONS OF THE COMPANY

[in PLN million unless otherwise stated]

4.3 CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

Cautious liquidity management implies maintaining sufficient cash and cash equivalents and the availability of further funding through guaranteed sources from credit lines.

The following table provides information on the contractual undiscounted payments under the existing debt.

i MORE INFORMATION IN SECTION 3.2 IN STATEMENTS OF OPERATIONS OF THE COMPANY

NOTE	AS OF 31.12.2018	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	0,3	—	—	—	—	0,3	0,3
4.2	Bonds	—	7,0	225,8	—	—	232,8	216,8
6.10	Trade liabilities	166,2	18,2	—	—	—	184,4	184,4
	Lease liabilities	47,4	137,4	275,8	144,4	59,6	664,6	641,8
	Obligation to pay for enterprise	19,0	—	—	—	—	19,0	19,0
	Financial liabilities	232,9	162,6	501,6	144,4	59,6	1 101,1	1 062,3

NOTE	AS OF 31.12.2017	CONTRACTUAL MATURITIES FOR FINANCIAL LIABILITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	BOOK VALUE
		UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
4.2	Borrowings	0,7	—	—	—	—	0,7	0,7
4.2	Bonds	—	6,8	212,8	—	—	219,6	210,0
5.6	Trade liabilities	166,8	—	—	—	—	166,8	166,8
	Financial liabilities	167,5	6,8	212,8	—	—	387,1	377,5

Financial guarantees provided within the CCC Capital Company are presented in Note 3.3. Transactions with related entities.

Guarantees granted to the Company are secured by overdrafts.

[in PLN million unless otherwise stated]

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

	RECEIVABLES *	LIABILITIES **
As of 31.12.2017	254,4	217,4
As of 31.12.2018	166,5	263,8
Change in the statement of financial position	87,9	46,4
Difference arising from:		
Loans granted	(79,2)	—
Change in investment liabilities/receivables	(7,3)	2,0
Change in receivables related to expenses for the acquisition of Gino Rossi SA	27,7	—
Change in tax receivables	(26,2)	—
Change in the guarantees receivables/liabilities	0,6	12,4
Settlement of loan and liabilities	—	142,0
Other	(4,6)	(16,2)
Change recognized in the statement of cash flows	(1,1)	186,5
As of 31.12.2016	239,5	166,4
As of 31.12.2017	254,4	217,4
Change in the statement of financial position	(14,9)	(51,0)
Difference arising from:		
Loans granted	(7,0)	—
Change in investment liabilities	—	(15,2)
Other	(10,5)	5,0
Change recognized in the statement of cash flows	(32,4)	40,8

* The receivables as at the balance sheet date include: receivables from customers, Loans granted, Other short-term receivables

** Assets as at the balance sheet date include: Liabilities to suppliers, Other short-term liabilities

In the remaining adjustments related to the change in liabilities, an adjustment was made for the remaining amount of the Adler acquisition commitment in the amount of PLN 19.0 million and the adjustment related to the settlement of settlements due to the sale of non-current assets in the amount PLN 2.5 million.

[in PLN million unless otherwise stated]

	01.2018-12.2018	01.2017-12.2017
Other profit adjustments before taxation:		
(Profit) loss on exchange rates differences	—	—
Change in provisions	76,5	0,8
Valuation of employee option scheme	10,9	3,6
Exchange rates from the valuation of loans	(7,0)	11,6
Other	(3,8)	(4,5)
	84,2	11,5

The change in provisions mainly results from the creation of a provision for the negative fair value of CCC Germany reduced by the costs of selling shares in the amount of PLN 76.4 million.

The other items include mainly adjustments: IFRS16 valuation in the amount of PLN 16.9 million, interest on loans in the amount of PLN – 3,6 million and surety fees in the amount of PLN – 10.2 million.

	01.2018-12.2018	01.2017-12.2017
Amortization and depreciation resulting from changes in fixed assets		
Amortization and depreciation disclosed in note of costs by nature	221,9	31,2
Change due to re-invoicing of costs	12,0	11,8
Other	(1,1)	(2,4)
	232,8	40,6

[in PLN million unless otherwise stated]

5. NOTES TO STATEMENTS OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

Company measures intangible assets in the value of incurred cost less depreciation write-offs and impairment losses.
Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected Companys refers to:
• patents and licenses – from 5 to 10 years
• trademarks – from 5 to 10 years

In case when there were events or changes in circumstances indicating that the book value of intangible assets may not be recoverable, they undergo verification for impairment in accordance with the policy described in note 5.2.

i MORE IN NOTE 5.2

	PATENTS AND LICENCES	INTANGIBLE ASSETS IN PROGRESS	TOTAL
Gross value 01.01.2017	8,9	1,7	10,6
Aggregated amortization	(7,5)	—	(7,5)
Net value 01.01.2017	1,4	1,7	3,1
Amortization	(0,9)	—	(0,9)
Purchase	—	0,6	0,6
Transfer between groups	2,1	(2,1)	—
Gross value 31.12.2017 (01.01.2018)	11,1	0,2	11,3
Aggregated amortization	(8,5)	—	(8,5)
Net value 31.12.2017 (01.01.2018)	2,6	0,2	2,8
Amortization	(0,8)	—	(0,8)
Purchase	0,2	—	0,2
Transfer between groups	0,2	(0,2)	—
Gross value 31.12.2018	11,5	—	11,5
Aggregated amortization	(9,3)	—	(9,3)
Net value 31.12.2018	2,2	—	2,2

[in PLN million unless otherwise stated]

5.1.1 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 acquisition, and
- in the case of a merger of units carried out in stages, the fair value as of the day of the takeover of the share in the capital of the acquired entity, formerly owned by the acquirer over the net amount determined as at the date of acquisition of the values of identifiable assets acquired and liabilities assumed.

After 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 depreciation.
As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating centres that may benefit from the synergy of the combination. Each centre or a Company of centres to which goodwill has been assigned: corresponds to the lowest level in the Company, on 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 31.12.2017 (01.01.2018)	ACQUISITION	EXCHANGE RATES ON TRANSLATION	AS OF 31.12.2018
Enterprise ZCP Adler International Sp. z o.o. sp. k.	07.2018	—	48,8	—	48,8
Goodwill			48,8	—	48,8

As at 31.12.2018, the Company conducted tests for impairment of goodwill recognized in connection with the acquisition of ZP Adler International Limited Liability Company, Limited Partnership, where the goodwill is significant and the process of allocating the acquired assets has been completed. The tests carried out did not show the necessity to recognize impairment losses on the company.

The impairment test was carried out based on the calculation of expected cash flows, estimated on the basis of historical results and expectations regarding future market development. Expected cash flows for identified cash-generating units have been developed based on assumptions resulting from historical experience adjusted to the plans being implemented. The data flows present the Management Board's best estimate of the activities of the acquired company in the next 5 years.

The main assumptions adopted to determine the value in use are as follows:

- the level of costs of selling products
- impact of changes in revenues on direct costs
- level of investment expenditures
- discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the risks related to the subject of the cash-generating unit's operations

The values assigned to each of these parameters reflect the Company's experience adjusted for expected changes in the business plan period, but may be influenced by unpredictable economic, political or legal changes..

business plan period, but may be influenced by unpredictable economic, political or legal changes.

The impairment test was carried out based on the following assumptions:

	ENTERPISE ADLER INTERNATIONAL SP. Z O.O. SP. K.
Discount rate over taxation	10,5%
Average profit margin EBITDA	34,6%
Expected cumulative annual growth of EBITDA rate	3,1%
Residual growth rate	2,0%

In addition, the Company conducted an analysis of the sensitivity of the test result to the change of the discount rate before tax and the average EBITDA margin. On the basis of the sensitivity analysis performed, the change of assumptions would not lead to recognizing impairment losses, i.e. the carrying amount would not exceed the recoverable amount.

5.2 TANGIBLE FIXED ASSETS

ACCOUNTING POLICY

Tangible fixed assets include mainly: investments in foreign fixed assets (i.e. outlays in rented premises used for selling retail goods) and land and buildings, machinery and equipment.
Fixed assets are recognized at purchase price or production cost less depreciation write-offs and recognized impairment losses. Lands and fixed assets in progress are not depreciated.
Subsequent outlays are included in the book value of the fixed asset or recognized as a separate fixed asset (where appropriate) only when it is probable that this item will generate economic benefits for the Company, whereas the cost of the item can be measured reliably. Book value of the mentioned item is removed from the balance sheet. All other outlays on repairs and maintenance are recognized in financial result during the financial period in which they are incurred.
Borrowing costs are subject to capitalization and are recognized as an increase in the value of the fixed asset. Depreciation is calculated with linear method by estimating the utility period of a particular asset, which for selected Companys refers to:

COMPANY OF FIXED ASSETS	DEPRECIATION PERIOD
Investment in stores	Depreciation period is determined by two factors and accept lesser of values: – utility period of outlays (typically 10 years) – duration of the lease store in which the fixed asset is placed (usually 10 years)
Buildings	– from 10 to 40 years
Machines and equipment	– from 3 to 15 years
Means of transport	– from 5 to 10 years
Other tangible fixed assets	– from 5 to 10 years

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

Impairment on non-financial fixed assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate the possibility of not realizing their book value. An impairment loss is recognized for the amount by which the book value of a particular part of assets exceeds its recoverable amount. The recoverable amount constitutes the higher of two amounts: fair value of assets less costs of sale or value in use. For the purposes of assessing impairment, assets are Companyed at the lowest level in regard to which there are separately identifiable cash flows (cash generating units). Non-financial assets in regard to which impairment had been identified previously are assessed at each balance sheet date for the occurrence of reasons for possible reversal of the made impairment.

In retail sales each of the stores is a separate cash generating unit. In accordance with the above principles, in respect of investments in stores at each balance sheet date, the Company makes analysis for impairment loss. Operating profit realized by each of the retail units is assessed.

In order to estimate the impairment loss of non-financial assets, the Company takes into account the following reasons:
1. Store operates at least 24 months.
2. Store suffers a loss at the gross level including the customs tolerances in each of the last two years of operation.
3. Analysis of the current value of future cash flows indicates the lack of coverage of investment outlays.
In the event that the assets are recognized as irrecoverable, the Company performs an impairment loss in the amount of surplus of investment outlays over the recoverable amount. Impairment is recognized in cost of sales of goods.

Grants received

Grants for the purchase or production of tangible fixed assets the Company recognizes in the books of the Company at the moment of inflow or prima facie evidence of its inflow in the future (e.g. receiving a promissory note, incentive on operating lease) if there is reasonable assurance that the Company will meet the conditions necessary to receive a grant. Grants are recognized as deferred income (position „grants received"). Included in deferred income the amounts of grants gradually adjust the depreciation in other operating income, in parallel to depreciation write-offs or tangible fixed assets impairment financed from these sources.

SIGNIFICANT ESTIMATE

Some of the assets relating to the specific points of sales can be permanently connected to the rented premise (outlays in stores), which causes the lack of an alternative way of using them or reselling. Their utility period, as well as the amortization period is related to the estimation of the lease of the premises. Approved utility periods are described in accounting policy.

Accordingly, the level of costs of depreciation depends on the estimated rental period of the point of sales. Changes of this period can affect the level of impairment loss.

In the event that the rental period has been increased/decreased by one year, the level of depreciation expense would be increased/decreased by PLN 2.8 million. Fixed assets in progress mainly include investment outlays incurred in the factory and distribution. As at the balance sheet date, the value of outlays amounted to PLN 23,0 million (PLN 1,3 million – 31.12.2016)

Information on fixed assets creating a pledge for the debt incurred is presented in note 4.2.

The Company CCC S.A. on 23 December 2009 concluded the agreement with the Polish Agency for Enterprise Development for financing investments in fixed assets. The company applied for a grant from the Innovative Economy Operational Programme in connection with the investment of building high-storage warehouse located in Polkowice. The final amount of the grant was fixed in the amount of PLN 38.5 million.

The grant was, in accordance with the accounting policy of the Company, classified as deferred income in the statement of financial position.

In 2018, a total of PLN 2.4 million was settled to the comprehensive income statement (PLN 1,4 million in 2017), which was recognized in other operating income.

The subsidy amount remaining to be settled as of 31 December 2018 amounts to PLN 21,6 million, of which PLN 2.4 million relates to the short-term portion and PLN 19,2 million to the long-term one.

The company acquired April 27, 2018 a property consisting of warehouse and office buildings and land with a value of PLN 17.4 million. In the financial statements as at 31/12/2018, the asset was presented under non-current assets.

[in PLN million unless otherwise stated]

		FACTORY AND DISTRIBUTION				OTHER TANGIBLE FIXED ASSETS				
	INVESTMENT IN STORES	LAND, BUILDINGS AND CON-STRUCTIONS	MACHINES AND EQUIPMENT	TANGIBLE FIXED ASSETS IN PROGRESS	TOTAL	LAND AND BUILDINGS	MACHINES AND EQUIPMENT	OTHER	TOTAL	TOTAL
Gross value 01.01.2017	249,0	82,0	95,6	1,3	178,9	20,1	23,5	29,1	72,7	500,6
Aggregated depreciation	(100,9)	(13,0)	(42,6)	—	(55,6)	(2,4)	(15,2)	(12,2)	(29,9)	(186,4)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 01.01.2017	148,1	69,0	53,0	1,3	123,3	17,7	8,3	16,8	42,8	314,2
Purchase	66,0	0,1	—	57,2	57,3	9,0	6,0	1,4	16,4	139,7
Produced on its own	—	—	—	—	—	—	—	—	—	—
Depreciation	(25,8)	(2,2)	(9,6)	—	(11,8)	(0,4)	(2,5)	(1,7)	(4,6)	(42,2)
Liquidation and sale	(23,2)	—	—	—	—	(1,8)	(2,5)	(1,6)	(5,9)	(29,1)
Decrease	5,9	—	—	—	—	0,8	1,1	1,6	3,5	9,4
Transfers	—	35,4	—	(35,4)	—	(0,3)	—	—	(0,3)	(0,3)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Gross value 31.12.2017	291,8	117,5	95,6	23,1	236,2	27,0	27,0	28,9	82,9	610,9
Aggregated depreciation	(120,8)	(15,2)	(52,2)	—	(67,4)	(2,0)	(16,6)	(12,4)	(31,0)	(219,2)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 31.12.2017	171,0	102,3	43,4	23,1	168,8	25,0	10,4	16,5	51,9	391,7
Purchase	140,9	76,1	—	—	76,1	18,3	3,1	0,1	21,5	238,5
Produced on its own	—	—	—	—	—	—	—	—	—	—
Depreciation	(33,6)	(3,5)	(9,5)	—	(13,0)	(2,2)	(2,7)	(1,0)	(5,9)	(52,5)
Liquidation and sale	(27,5)	—	—	—	—	(3,1)	(0,7)	(21,2)	(25,0)	(52,5)
Decrease	4,1	—	—	—	—	0,2	0,7	7,5	8,4	12,5
Transfers	0,1	12,9	—	(23,0)	(10,1)	13,1	(3,1)	—	10,0	—
Impairment loss	—	—	—	—	—	—	—	—	—	—
Gross value 31.12.2018	405,3	206,5	95,6	0,1	302,2	55,3	26,3	7,8	89,4	796,9
Aggregated depreciation	(150,3)	(18,7)	(61,7)	—	(80,4)	(4,0)	(18,6)	(5,9)	(28,5)	(259,2)
Impairment loss	—	—	—	—	—	—	—	—	—	—
Net value 31.12.2018	255,0	187,8	33,9	0,1	221,8	51,3	7,7	1,9	60,9	537,7

* W pozycji nabycia ujęto 28 mln PLN z tytułu środków trwałych przejętych w ramach transakcji nabycia przedsięwzięcia Adler Sp. z o.o.

6. IMPLEMENTATION IFRS16 IN CCC SA AND OTHER NOTES TO STATEMENTS OF FINANCIAL POSITION

Due to the implementation of IFRS 16 Leases, the Company measures leasing agreements that give the Companies the right to uutilize the leased asset during their term. The companies analyzed the concluded agreements in terms of applying IFRS 16 "Leasing". All financial leasing contracts, operating leases, short-term rent and long-term lease were its subject. In order for a contract to be classified as a leasing contract in accordance with IFRS 16, the following conditions must be met:

1. The contract must relate to an identified asset for which the supplier does not have a significant converting right.

2. It should give the beneficiary the right to control the use of the identified asset for a specified period of time. This means that the user has the right to obtain economic benefits from the use of a given component and the right to decide on its use.

3. The contract must be payable.

4. The duration of the leasing contract is defined as the irrevocable term of the lease agreement, including the possible periods of renewal of the lease if the lessee is sufficiently sure that he shall use this possibility and possible periods of termination of the lease if the lessee is sufficiently sure that he shall not take advantage of the lease. this option.

In addition, two elements of simplification concerning contracts are possible:

1. Short-term – short-term lease agreement is a contract with no option to purchase an asset, concluded for a period shorter than 12 months from the beginning of the contract. If an entity decides to use a simplification for a given asset, it must apply it consistently for the entire asset class being the subject of the lease.

2. Low-value – the basis for the assessment of the „low" value should be the value of the new asset. This applies to lease agreements regarding assets whose value did not exceed 5.000 USD (when it was new), which can be treated as the upper limit of recognition as a low value item.

The company used both simplifications described above. The simplification of the Company obliges it to apply them throughout the period of validity of the standard.

The company used the practical solution not to analyze all contracts, but only those that were treated as leasing in accordance with IAS 17 and IFRIC 4.

The simplifications used are documented by appropriate accounting policy provisions.

[in PLN million unless otherwise stated]

6.1 ASSETS DUE TO THE RIGHT TO USE

On the start date, the CCC S.A. measures the asset due to the right to use at cost.

The cost of an asset for a right of use should include:

- The amount of the initial measurement of the lease liability,
- All lease payments paid on or before the start date, less any incentives received from leasing,
- Any initial direct costs incurred by the lessee,
- An estimate of the costs to be borne by the lessee in connection with the dismantling and removal of the underlying asset, the renovation of the location where it was located, or the renovation of the underlying asset to the condition required by the lease terms, unless these costs are incurred in order to inventories.

The table below presents the value of valuated assets due to the right to use as at the balance sheet date:

	RIGHT OF USE			TOTAL
	SHOPS	STORES	VEHICLES	
Gross value 01.01.2018	621,8	3,3	1,3	626,4
Depreciation	—	—	—	—
Net value 01.01.2018	621,8	3,3	1,3	626,4
Conclusion of new leasing agreements	126,8	2,5	0,5	129,8
Changes resulting from the modification of contracts	68,0	0,1	—	68,1
Changes resulting from the change of the scope of the contract – shortening the period – gross value	(29,8)	—	—	(29,8)
Depreciation	(177,0)	(1,6)	(0,9)	(179,5)
Gross value 31.12.2018	786,8	5,9	1,8	794,5
Aggregated depreciation	(177,0)	(1,6)	(0,9)	(79,5)
Net value 31.12.2018	609,8	4,3	0,9	615,0

[in PLN million unless otherwise stated]

6.2 LEASE LIABILITIES

On the date of the commencement, the lessee measures the lease liability in the amount of the current value of lease payments remaining to be paid as at that date. Lease payments are discounted using the interest rate of the lease, if the rate can be easily determined. Otherwise, the lessee applies the marginal interest rate of the lessee. On the date of commencement, the lease payments included in the measurement of lease liabilities include the following fees for the right to use the underlying asset during the leasing period, which are still payable as at that date:

- fixed lease payments (including in principle permanent lease payments specified in paragraph B42 of the standard) less any incentives due;
- variable lease payments that depend on the index or rate, initially measured using this index or this rate according to their value at the start date,
- amounts whose payment by the lessee is expected within the guaranteed residual value,
- the exercise price of the call option, if it can be assumed with sufficient certainty that the lessee shall use this option (assessed taking into account the factors specified in paragraphs B37-B40 of the standard), and
- cash penalties for termination of the lease, if the lease terms stipulate that the lessee may use the option to terminate the lease.

Variable lease payments that depend on the index or rate referred to above include, for example, fees linked to the consumer price index, fees associated with a reference interest rate or fees that vary to reflect changes in rent rates on the free market.

For each type of contracts, the Company has estimated the discount rate that will affect the final value of the valuation of these contracts. The type of contract, the duration of the contract, the currency of the contract and the potential margin that it would have to pay to external financial institutions would be taken into account if it wanted to enter into such a transaction on the financial market.

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

	LEASE LIABILITIES
Lease liabilities 01.01.2018	626,4
Accrued interest	8,6
Payment due to leasing	(179,4)
Exchange differences	16,9
Adding a new contract	126,8
Modification of the contract	63,4
Indexation	7,8
Renewal	—
Change of scope	(28,7)
Lease liabilities 31.12.2018	641,8

[in PLN million unless otherwise stated]

Presented below are the aging of leasing liabilities according to the period remaining until the end of the contract. For the purpose of the note, undiscounted values were presented.

LEASE LIABILITIES	31.12.2018
up to 1 year	184,8
from 1 to 5 years	420,2
over 5 years	59,6
Total	664,6

6.3 RECOGNITION OF LEASE COSTS IN THE STATEMENT OF PROFIT AND LOSS AND OTHER INCOME

POSITION	01.2018-12.2018 WITHOUT IFRS 16	"IMPACT OF IMPLEMENTATION OF IFRS 16"	01.2018-12.2018 PUBLISHED DATA
Gross profit on sale	661,9	—	661,9
Cost of operating stores	532,1	(1,3)	533,4
Amortization	41,2	(180,7)	221,9
Lease costs	266,1	179,4	86,7
Profit on operating activity	(21,7)	(1,3)	(20,4)
Finance cost	11,7	(25,5)	37,2
Interest	6,4	(8,6)	15,0
Exchange rates	—	(16,9)	16,9
Net profit (loss)	(13,5)	26,8	(40,3)

[in PLN million unless otherwise stated]

6.4 RECOGNITION OF LEASE AGREEMENTS IN THE CASH FLOW STATEMENT

POSITION	01.2018-12.2018 WITHOUT IFRS 16	"IMPACT OF IMPLEMENTATION OF IFRS 16"	01.2018-12.2018 PUBLISHED DATA
Net cash flows from operating activities	262,8	179,4	442,2
Net cash flows from investing activities	(359,8)		(359,8)
Net cash flows from finance activities	99,0	(179,4)	(278,4)
TOTAL CASH FLOWS	(196,1)	—	(196,1)

6.5 LEASING COSTS NOT INCLUDED IN THE CALCULATION OF CARRYING AMOUNTS IN ACCORDANCE WITH IFRS 16

	1.2018-12.2018
Costs due to short-term lease agreements (concluded for up to 12 months)	10,7
Lease costs of low-value assets	1,3
Costs of rent	2,2
Total	14,2

[in PLN million unless otherwise stated]

6.6 INVENTORIES

ACCOUNTING POLICY

Inventories are recognized at purchase price or production cost or the net selling price, depending which of these amounts is lower. Net selling price it is the estimated selling price in the ordinary course of business less applicable variable selling expenses.
In the event of circumstances as a result of which there has been a decrease in the value of inventories, the impairment loss in cost of sales of goods is made. In the case of termination of the circumstances that caused the decrease in the value of inventories, the reversal of a write-down is made by deducting the cost of sales of goods. In regard to the disbursement of all inventories of similar kind and similar usage the FIFO method is applied.

i FOR MORE INFORMATION SEE SECTION **3.1.1.2** (FIXED ASSETS) IN THE STATEMENT OF OPERATIONS OF THE COMPANY]
MORE INFORMATION IN NOTE 6.1

	31.12.2018	31.12.2017
Materials	—	—
Manufacturing in progress	—	—
Goods	307,1	251,6
Finished goods	—	—
Total (gross)	307,1	251,6
Inventory provision	(3,3)	(1,8)
Total (net)	303,8	249,8

In order to determine the amount of write-down, the Management Board relies on the most appropriate available historical data and expectations for sales. Sales of footwear depends mainly on the changing trends and customer expectations.

To determine the value of the write-down as at the balance sheet date, inventories are taken into account, which due to the assigned category of the collection are older than 2 years, counting from the collection of the current year.

On the basis of data on the likelihood of selling footwear that meets the above conditions, the Company determines the ratio that is applied to estimate the value of the inventory write-down.

In addition, the Company calculates the provision for the sale of goods below the purchase price.

As at the balance sheet date, the value of the impairment loss on the sale of goods after the balance sheet date below the purchase price amounted to PLN 3,3 million. The value of inventory write-down and changes of the write-downs are shown below.

More information presented in note 3.2

[in PLN million unless otherwise stated]

CHANGE IN IMPAIRMENT LOSS ON INVENTORIES

i FOR MORE INFORMATION SEE **3.1.1.2** (CURRENT ASSETS) IN THE STATEMENT OF THE OPERATIONS OF COMPANY

	31.12.2018	31.12.2017
At the beginning of the period	(1,8)	—
Establishment in cost of sales of goods	(3,3)	(1,8)
Utilisation	1,8	—
Reversal in cost of sales of goods	—	—
At the end of the period	(3,3)	(1,8)

The value of inventories pledged as security for the repayment of loans is presented in note 4.2.

[in PLN million unless otherwise stated]

6.7
TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

Trade receivables are initially recognized at fair value which, in the case of financial assets not carried at fair value through profit or loss, is increased by transaction costs that can be directly attributed to the acquisition of these financial assets. After initial recognition, trade receivables are measured at amortized cost.

In the case of trade receivables, the Company applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses over the whole life using the reserve matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, for the impact of information about the future.

Other receivables

Other receivables not being financial assets are initially recognized at nominal value and measured on the last day of the reporting period in the due amount.

Loans granted

Loans granted are initially measured at fair value and at subsequent balance sheet dates at amortized cost by the financial result and (further policy in this respect presented in Note 3.2

	31.12.2018	31.12.2017
Trade and other receivables	9,0	19,6
Provision for receivables	(0,9)	(0,8)
Total net receivables	8,1	18,8
Short-term loans granted	90,0	169,2
Payments on future supplies of goods	4,4	2,4
Accrued expenses	6,4	4,2
Tax receivables	10,3	4,9
Guaranties granted	12,3	10,3
Other	35,0	13,6
Total other receivables	158,4	204,6
Long-term loans granted	44,6	31,0

The value of other receivables as at 31/12/2018 comprises, inter alia, receivables from the purchase of Gino Rossi SA shares in the amount of PLN 27.7 million and receivables from the sale of outlays in third party fixed assets in the amount of PLN 3.01 million.

Customer receivables are exposed to credit risk and currency exchange risk.

The policy regarding the management of these risks and further information on these risks (including credit quality assessment, maximum exposure to credit risk, analysis of sensitivity to changes in the exchange rate) are presented in note 7.1.

[in PLN million unless otherwise stated]

OVERDUE RECEIVABLES FROM DELIVERIES AND SERVICES, BROKEN DOWN INTO RECEIVABLES UNPAID IN THE PERIOD AND WRITE-DOWNS:

	31.12.2018	31.12.2017
a). current	3,9	16,2
b). up to 1 month	1,9	0,8
c). over 1 month to 3 months	0,8	0,4
d). over 3 months to 6 months	0,1	0,1
e). over 6 months	2,3	2,1
Total Trade receivables (gross value)	9,0	19,6
"Write-downs on the value of overdue trade and other receivables"		
At the beginning of the period	(0,8)	(2,2)
a). increase	(2,2)	
b). decrease – utilisation		
c). decrease – relase	2,1	1,4
At the end of the period	(0,9)	(0,8)
Total Trade receivables (net value)	8,1	18,8

6.8 CASH

ACCOUNTING POLICY

Cash and cash equivalents include cash in hand, bank deposits payable on demand. Overdrafts are presented in the statement of financial position as a component of short-term debt liabilities, but for the purposes of the statement of cash flows statement it decreases cash and cash equivalents.

i MORE INFORMATION IN SECTION **3.1.1.2** (CASH) IN THE STATEMENT OF THE OPERATIONS OF COMPANY

	31.12.2018	31.12.2017
Cash in hand	20,7	22,1
Cash at bank	54,6	5,9
Short-term deposits (up to 3 months)	29,0	272,4
Total	104,3	300,4

Cash and cash equivalents are exposed to credit risk and currency exchange risk.

Policy for managing these risks and further information on these risks (including assessment of credit quality, the maximum exposure to credit risk, sensitivity analysis on the change rate of the exchange rate) are shown in note 7.1.

[in PLN million unless otherwise stated]

6.9
TRADE AND OTHER LIABILITIES

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 payment is due within one year. Otherwise, liabilities are recognised as non-current. Other liabilities are measured at the amount due..

i MORE INFORMATION IN SECTION 4.3

	31.12.2018	31.12.2017
Trade liabilities		
• lease and supply of goods and services	163,4	143,3
• investment	21,0	23,5
Total	184,4	166,8
Liabilities for indirect taxes, duties and other benefits	3,1	3,3
Liabilities for employee benefits	33,9	28,9
Accrued expenses	19,3	12,0
Guaranties received	2,1	3,5
Other liabilities	2,0	2,9
Obligation to pay for enterprise	19,0	—
Total	79,4	50,6

Liabilities to suppliers are exposed to currency risk. Management of currency risk and sensitivity analysis are presented in note 6.1.

Liabilities involve liquidity risk (for further information see note 4.3.). The fair value of liabilities to suppliers approximates their book value.

Lease and supply of goods and services liabilities include liability for reverse factoring in the amount of PLN 18.2 million as at 31.12.2018 and 0.1 mln PLN as at 31.12.2017.

[in PLN million unless otherwise stated]

6.10 PROVISIONS

ACCOUNTING POLICY

Provision for jubilee awards and retirement benefits and litigations are mainly recognized within the provisions.

A defined long-term benefit scheme within the period of employment

Under the terms of the collective labour agreement, a Company 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.

The Company recognizes a provision for bonuses payable for the fiscal period and subject to the charging and payment after the end of the fiscal year. The value is determined at the end of the fiscal year.

The Company establishes a provision for future jubilee awards based on actuarial valuation using the projected unit benefits method.

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	OTHER PROVISIONS	TOTAL
As of 01.01.2017	2,0	—	2,0
Establishment	0,8	—	0,8
Utilisation	—	—	—
Release	—	—	—
Exchange rate differences	—	—	—
As of 31.12.2017	2,8	—	2,8
Current	0,7	—	0,7
Non-current	2,1	—	2,1
As of 01.01.2018	2,8	—	2,8
Establishment	0,4	76,4	76,8
Utilisation	—	—	—
Release	(0,1)	—	(0,1)
Exchange rate differences	—	—	—
As of 31.12.2018	3,1	76,4	79,5
Current	0,9	76,4	77,3
Non-current	2,2	—	2,2

[in PLN million unless otherwise stated]

The remaining provisions in the amount of PLN 76.4 million were created in connection with the sale of CCC Germany. Details in note 3.1

Based on the valuation performed by a professional actuarial company, the company creates a provision for the current value of liabilities due to a retirement gratuity.

The main assumptions adopted for the valuation of employee benefits as at the reporting date are as follows:

Discount rate	2,80%
Mortality tables	pttz2017
Average assumed annual increase in the basis for calculating retirement and disability benefits in 2018-2027	2,61%
Average assumed annual increase in the basis for the jubilee prizes calculation in 2018-2027	2,61%
The weighted average employee mobility ratio	35,28%
Average maturity of post-employment benefits (in years) – range of values for the Group	0,91

Sensitivity analysis as at 31 December 2017.

TITLE OF THE PROVISION	FINANCIAL DISCOUNT RATE		PLANNED INCREASES OF THE BASIS	
	-1 P.P.	+1 P.P.	-1 P.P.	+1 P.P.
Retirement benefits	0,1	0,1	0,1	0,1
Disability benefits	—	—	—	—
Jubilee prizes	3,5	3,3	3,3	3,6
Death benefits	0,1	0,1	0,1	0,1
Total provisions	3,7	3,5	3,5	3,8

[in PLN million unless otherwise stated]

7. OTHER NOTES

7.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Impairment of financial assets

The application of IFRS 9 fundamentally changed the approach to impairment of financial assets by departing from the concept of loss incurred in favour of expected loss, where the entire expected credit loss is recognized ex-ante.

In the case of trade assets, the Company applies a simplified approach and measures the write-down for expected credit losses in the amount equal to the expected credit losses over the whole life using the reserve matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, for the impact of information about the future.

In the case of other financial assets, the Company measures the write-down for expected credit losses in the amount equal to 12-month expected credit losses. The company investigates receivables in terms of overdue payments, which is the basis for the assessment of credit risk growth. If the credit risk related to a given financial instrument has significantly increased since the initial recognition, the Company measures the write-down for expected credit losses from the financial instrument in an amount equal to the expected credit losses over the entire lifetime.

	31.12.2018		31.12.2017	
	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES
Financial assets	259,0	—	529,6	—
Loans granted	134,6	—	200,2	—
Trade receivables	8,1	—	18,8	—
Receivables due to guaranties	12,0	—	10,2	—
Cash and cash equivalents	104,3	—	300,4	—
Financial liabilities	—	1 062,3	—	377,5
Debt liabilities	—	217,1	—	210,7
Trade liabilities	—	184,4	—	166,8
Lease liabilities	—	641,8	—	—
Zobowiązanie z tytułu nabycia przedsięwzięcia Adler International Sp.z o.o.	—	19,0	—	—

FINANCIAL RISK MANAGEMENT

There are many different financial risks related to the activities carried out by the Company CCC S.A. 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.).

[in PLN million unless otherwise stated]

RISK OF CHANGES IN CURRENCY EXCHANGE RATES

CCC S.A. operates internationally and therefore is exposed to the risk of changes in currency exchange rates, in particular EUR in relation to the transaction costs of stores rentals and loans granted.

Key balance sheet items exposed to currency risk are trading liabilities (leases of shops), trade receivables (due to sublease of stores), loans granted and cash.

The Company monitors the exchange rate fluctuations and on regular basis takes steps to minimize the negative impact of currency fluctuations, e.g.: by taking these changes into account in product prices. The Company does not apply hedging instruments.

The following table presents the Company's exposure to foreign currency risk:

31.12.2018	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	247,0	34,5	28,3	14,5	169,7
Loans granted	134,6	9,4	1,3	12,3	111,6
Trade receivables	8,1	—	—	2,2	5,9
Cash and cash equivalents	104,3	25,1	27,0	—	52,2
Financial liabilities	1 043,3	0,7	527,4	1,0	514,2
Debt liabilities	217,1	—	—	—	217,1
Trade and other liabilities	184,4	0,7	2,4	—	181,3
Lease liabilities	641,8	—	525,0	1,0	115,8

31.12.2017	TOTAL BOOK VALUE	POSITIONS IN FOREIGN CURRENCY			POSITIONS IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets	519,4	19,6	126,2	5,8	367,8
Loans granted	200,2	19,5	121,8	4,5	54,4
Trade receivables	18,8	—	0,3	1,3	17,2
Cash and cash equivalents	300,4	0,1	4,1	—	296,2
Financial liabilities	377,5	0,4	0,7	0,2	376,2
Debt liabilities	210,7	—	—	—	210,7
Trade and other liabilities	166,8	0,4	0,7	0,2	165,5

Sensitivity analysis of exchange rate fluctuations, if exchange rates of assets/financial liabilities provided in foreign currencies movements, in particular for USD and EUR during the period of 12 months ended 31 December 2018 were higher/lower by PLN 0.05, is presented in the table below.

2018	ITEM VALUE IN USD	0,05	-0,05	ITEM VALUE IN EUR	0,05	-0,05
Financial assets	34,5	0,5	(0,5)	28,3	0,3	(0,3)
Loans granted	9,4	0,1	(0,1)	1,3	0,0	(0,0)
Trade receivables	—	—	—	—	—	—
Cash and cash equivalents	25,1	0,3	—0,3	27,0	0,3	—0,3
Financial liabilities	(0,7)	0,0	0,0	527,4	6,1	—6,1
Debt liabilities	—	0,0	0,0	—	0,0	0,0
Trade and other liabilities	(0,7)	0,0	0,0	2,4	0,0	0,0
Lease liabilities	—	0,0	0,0	525,0	6,1	—6,1
Impact on the net result		0,5	(0,5)		6,5	(6,5)

2017	ITEM VALUE IN USD	INCREASE/DECREASE OF THE EXCHANGE RATE USD		ITEM VALUE IN EUR	INCREASE/DECREASE OF THE EXCHANGE RATE EUR	
		0,05	-0,05		0,05	-0,05
Financial assets	19,6	0,3	(0,3)	126,2	1,5	(1,5)
Loans granted	19,5	0,3	(0,3)	121,8	1,5	(1,5)
Trade receivables	—	—	—	0,3	0,0	(0,0)
Cash and cash equivalents	0,1	0,0	0,0	4,1	0,0	0,0
Financial liabilities	(0,4)	—	—	0,7	—	—
Debt liabilities	—	0,0	0,0	—	0,0	0,0
Trade and other liabilities	(0,4)	0,0	0,0	0,7	0,0	0,0
Impact on the net result		0,3	(0,3)		1,5	(1,5)

The amounts were translated to a functional currency according to the rate applicable at the last day of the reporting period:

- currency exchange rate as at 31.12.2017 amounted to 1 EUR – 4,1709 PLN
- currency exchange rate as at 31.12.2016 amounted to 1 EUR – 4,4240 PLN
- currency exchange rate as at 31.12.2017 amounted to 1 USD – 3,4813 PLN
- currency exchange rate as at 31.12.2016 amounted to 1 USD – 4,1793 PLN

The translation was made according to the exchange rates indicated earlier by dividing the amounts expressed in millions of Polish zlotys by the currency exchange rate.

[in PLN million unless otherwise stated]

RISK OF INTEREST RATE CHANGES

Company CCC S.A. is exposed to interest rate change risk mainly due to the debt resulting from concluded loan agreements and issued bonds, cash in bank accounts and loans granted.

The entire debt bears interest at a variable interest rate based on WIBOR. An increase in interest rates affect the cost of debt servicing, which is partially offset by cash deposits and loans granted with variable interest rates. Loans granted in PLN bear interest using a variable WIBOR rate plus a margin.

The items bear interest at variable rates expose the Company to risk of changes in cash flows due to changes in interest rates.

The Company does not use hedging activities limiting the impact on the financial result of changes in cash flows resulting from changes in interest rates.

If interest rates on debt in the 12 months ended 31 December 2018 were 1 p.p. higher/lower, the profit for the period would be insignificantly changed .The following table presents a sensitivity analysis of the risk of changes in interest rates, which in the opinion of the Company would be reasonably possible at the balance sheet date.

	AMOUNT VULNERABLE TO RISK OF INTEREST RATE CHANGE %		AS OF 31.12.2018		AS OF 31.12.2017	
	31.12.2018	31.12.2017	+1 P.P.	-1 P.P.	+1 P.P.	-1 P.P.
Cash at bank	54,6	5,9	0,5	(0,5)	0,1	(0,1)
Loans granted	134,6	200,2	1,3	(1,3)	2,0	(2,0)
Debt liabilities	(217,1)	(210,7)	(2,2)	2,2	(2,1)	2,1
Effect on net result			(0,3)	0,3	—	—

[in PLN million unless otherwise stated]

CREDIT RISK

Credit risk it is the risk by the Company to incur financial losses due to a failure by the customer or counterparty to a financial instrument to meet its contractual obligations. Credit risk is mainly related to the Company's receivables from customers, loans granted and cash and cash equivalents in bank accounts.

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

	31.12.2018	31.12.2017
Loans granted	134,6	200,2
Trade receivables	8,1	18,8
Cash and cash equivalents	104,3	300,4
Guaranties granted	658,7	705,9
Total	905,7	1225,3

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

KATEGORIA	31.12.2018	31.12.2017
Banks with rating AAA	—	—
Banks with rating A	82,3	275,6
Banks with rating B	—	—
Banks with rating BB	—	—
Banks with rating BBB	—	2,7
Other*	1,2	—
Total cash at banks	83,5	278,3

* cash in banks which have no ratings

7.2 PAYMENTS IN FORM OF SHARES

ACCOUNTING POLICY

The Company 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 Company. 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 Company 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.

On 13 April 2017, the Issuer's Supervisory Board adopted a resolution on giving the positive opinion and conditional approval of the three-year Incentive Scheme presented by the Issuer's Management Board for 2017-2019 ("Scheme"), subject to a positive decision of the Issuer's General Meeting regarding conditional share capital increase of the Issuer and issuance of shares and subscription warrants for the implementation of the Scheme. The main objectives of the scheme are additional, long-term motivation of the CCC Capital Company managers to implement the Company's strategy in 2017-2019 and taking actions and efforts aimed at further development of the Company and its perspectives for 2020 and another years – as a consequence of increasing the value of the Company's shares and the value for shareholders. The Scheme provides for the issuance of no more than 1,174,920 Warrants and no more than 1,174,920 Series F shares. The persons entitled to take it up are the members of the Management Board, members of the management board of subsidiaries, members of the management of the company, members of the management of subsidiaries, however the warrants cannot be offered to the persons directly or indirectly holding at least 10% of the Company's stake. The condition for granting the rights to subscribe for the Warrants is that the persons concerned obtain positive performance review for 2017-2019. The total number of persons entitled under the incentive scheme will not exceed 149 people. The scheme assumes minimum EBITDA thresholds (which condition the launch of the Scheme tranches) at PLN 550, 650 and 800 million for 2017, 2018 and 2019 respectively, that is, a total of not less than PLN 2 billion in this period.

[in PLN million unless otherwise stated]

VALUATION OF THE INCENTIVE SCHEME

TRANCHE	"NUMBER OF INSTRUMENTS IN THE TRANCHE"	"FAIR VALUE OF THE INSTRUMENT"	2017	2018	2019	RAZEM
Tranche 2017	391 640	79,34	3 907	13 582	13 582	31 071
Tranche 2018	391 640	79,34	3 907	13 582	13 582	31 071
Tranche 2019	391 640	79,68	3 924	13 640	13 640	31 204
Total	1 174 920		11 738	40 804	40 804	93 346

Due to the achievement of EBITDA for the year 2018 at a level lower than the result assumed for this year, the Scheme in the part related to this period was not implemented.

Due to the achievement of EBITDA for the year 2017 at a lower level in relation to the result assumed for this year, the Supervisory Board, at the request of the President of the Management Board, decided to reduce the exercise of the right to subscribe for 2017 by 25%.

Details on the purpose and detailed rules for issuing and subscribing for shares are described in the report on the operations of the CCC S.A. on page 4.2.4

THE MAIN TERMS OF THE SCHEME:	TRANCHE 2018	TRANCHE 2017
Date of granting the rights	26.08.2017	
The number of employees covered by the program	149	
The value of the program as of the date of granting the rights	93,3 mln PLN	
Number of warrants granted	705.960 pcs.	1.097.600 pcs.
The value of a warrant by the date of by date of conferring rights	211,42 PLN	211,42 PLN
Cost recognized in the financial result in 2018	25,4 mln PLN	—
Cost recognized in the financial result in 2017	—	8,2 mln PLN
"Cumulative amount recognized in equity as of 31 December 2018 (""retained earnings"")"	33,6 mln PLN	8,2 mln PLN
Terms of conferring rights		
Period of conferring rights	from 08.06.2017 until 31.12.2019	
Period of execution of warrants to which rights are conferred	until 30.06.2024	

SIGNIFICANT PARAMETERS ADOPTED IN THE VALUATION MODEL WERE:	VALUE OF PARAMETER
Valuation model of warrants	Simulation Monte-Carlo
Number of warrants granted	1.174.920 pcs.
Share price at the grant date	212,56 PLN
The exercise price of the warrant	211,42 PLN
Expected volatility	32,8%
Value of expected dividend	2,60 PLN
The average lifetime of the option	6 years

7.3 FAIR VALUES OF THE COMPANY'S ASSETS AND LIABILITIES

The fair value of the Company's assets and liabilities is the same as the carrying amount.

7.4 ADJUSTMENT OF PREVIOUS YEARS

In current period there were no adjustements of previous year.

7.5 EVENTS AFTER BALANCE SHEET DATE

With reference to the current report No. 52/2018 of 24 November 2018 and current report No. 03/2019 of 8 January 2019, considering that conditions precedent set out in the share purchase agreements have been satisfied, the Management Board of CCC S.A. (the "Issuer") hereby informs that on 30 and 31 January 2019 the following transactions were closed: (i) the Issuer acquired a minority stake in HR Company Holding S.à r.l. with its registered office in Luxembourg ("HR Company"), and (ii) the Issuer sold 100% of shares in its subsidiary, CCC Germany GmbH.

On 30 January 2019, in execution of the conditional share purchase agreement regarding the sale of shares in HR Company entered into on 24 November 2018 with Flo Mağazacılık ve Pazarlama A.Ş with its registered office in Istanbul ("Flo"), the Issuer acquired from Flo a total of: (i) 289,586,875 ordinary shares in HR Company with the nominal value of EUR 0.01 each, representing 18.32% of the share capital of HR Company and carrying 289,586,875 votes at the shareholders' meeting of HR Company (the "Shareholders' Meeting"), representing 18.32% of the total number of votes in HR Company, and (ii) 20,000,000 preferred shares in HR Company with the nominal value of EUR 0.01 each, representing 1.27% of the share capital of HR Company and carrying 20,000,000 votes at the Shareholders' Meeting, constituting 1.27% of the total number of votes in HR Company (the "Preferred Shares-Flo"), in aggregate 309,586,875 shares representing 19.59% of the HR Company share capital, for the total purchase price of EUR 11,336,521.37.On 31 January 2019, in execution of the conditional share purchase agreement regarding the shares in HR Company entered on 24 November 2018 with capiton V GmbH & Co. Beteiligungs KG with its registered office in Berlin ("capiton") (the "Share Purchase Agreement-capiton"), the Issuer acquired from capiton in total: (i) 183,890,869 ordinary shares in HR Company with the nominal value of EUR 0.01 each, representing 11.63% of the share capital of HR Company and carrying 183,890,869 votes at the Shareholders' Meeting, constituting in aggregate 11.63% of the total number of votes in HR Company, and (ii) 11,009,346 preferred shares in HR Company with the nominal value of EUR 0.01 each, representing 0.70% of the share capital of HR Company and carrying 11,009,346 votes at the Shareholders' Meeting, representing 0.70% of the total number of votes in HR Company (the "Preferred Shares-capiton"); in aggregate

194,900,215 shares representing approximately 12.33% of the share capital of HR Company for the purchase price of EUR 14,559,895.48 in total.Also in execution of the Share Purchase Agreement-capiton, the Preferred Shares-Flo and Preferred Shares-capiton were converted into HR Company's receivables due from the Issuer under a loan agreement entered into between HR Company and the Issuer on 31 January 2019 ("Loan Agreement") by way of redemption. The value of the loan granted under the Loan Agreement amounts to EUR 20,161,804.40 and corresponds to the purchase price paid by the Issuer for the Preferred Shares-Flo and Preferred Shares-capiton. The loan bears interest at 8% per annum. Additionally, in performance of the conditional share purchase agreement of 24 November 2018, the Issuer sold to Blitz 18-535 GmbH with its registered office in Munich, i.e. subsidiary of HR Company, shares constituting 100% of the share capital of CCC Germany GmbH for the purchase price of EUR 1.00. With the closing of the transaction on 31 January 2019, the remaining transaction agreements concluded by the Issuer came into force, of which the Issuer informed in current report No. 52/2018 of 24 November 2018, i.e. operational contribution agreement, shareholders' agreement and option agreement. Additionally, in performance of the operational contribution agreement, on 31 January 2019, the Issuer and HR Company entered into a loan agreement on the basis of which HR Company will be granted a loan up to EUR 41,500,000.00 which will bear interest at 8% per annum.HR Company will use such resources to effect the integration of CCC Germany GmbH with HR Company consisting in the closing down of selected loss-making shops run by CCC Germany GmbH, the rebranding of selected shops operated by CCC Germany under the "CCC" brand to the "RENO" brand, which will continue to operate, and the integration of the remaining operations of CCC Germany GmbH headquarters with HR Company. The loan will be disbursed in tranches, in accordance with the conditions provided for by the parties in the operational contribution agreement and the loan agreement. As a result of the transaction, the Issuer acquired in aggregate 30.55% shares in the share capital of HR Company carrying in total 30.55% of the total number of votes at the Shareholders' Meeting.

The Management Board of CCC S.A. (hereinafter: the Issuer) hereby informs that on 18 February 2019 they were informed on receiving, by a subsidiary CCC.eu Sp. z o.o. based in Polkowice, annexes as of February 13, 2019, to revolving loan agreements and overdraft facility as of March 3, 2009 concluded with Bank Handlowy w Warszawie Spółka Akcyjna, based in Warsaw at ul. 16 Senatorska Street. The company informed about the conclusion of the abovementioned contracts in the current report CR No. 8/2009 on March 10, 2009. Annexes to revolving loan agreements and overdraft facility have changed the final repayment date of loans by 11 February 2021 (previous date: 13 February 2019). The total value of loans has not changed and amounts to PLN 202,000,000.00, however the value of individual loans has been changed. The annex to the revolving loan agreement changed the loan amount to PLN 101,000,000.00 (previous value: PLN 176,000,000.00), whereas the annex to the overdraft facility agreement changed the loan amount to PLN 101,000,000.00 (previous value PLN 26,000,000.00). The remaining provisions of the agreements have not changed significantly and do not differ from the market conditions for this type of agreements. The Issuer's Management Board decided to publish the aforementioned information due to the significant value of the agreements.

The Management Board of CCC S.A. ("Issuer", "Inviting") hereby informs that on February 15, 2019, subscriptions for the sale of shares in Gino Rossi S.A. with its registered office in Słupsk ("Company") was finalized as part of a call to subscribe for sale of 50.333.095 ordinary bearer shares, i.e. all shares issued by the Company, entitling to 100% of the total number of votes at the general meeting of the Company at 0.55 PLN (fifty-five groszy) for each share, announced on the basis of art. 74 par. 1 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2018, item 512) and in accordance with the Regulation of the Minister of Development and Finance as of 14 September 2017 on the templates of calls to subscribe for the sale or exchange of shares of a public company, the detailed manner of their publication and the conditions for acquiring shares as a result of such calls (Journal of Laws of 2017, item 1748) ("Call"). On February 20, 2019, as part of the settlement of the Call, transactions were concluded for the purchase of ordinary bearer shares of the Company for a total of 33,283,510 shares, marked with the ISIN code: PLGNRSI00015 ("Shares"), which were settled today ("Call Settlement"). Therefore, we hereby inform that as a result of the Call Settlement, the Issuer acquired 33,283,510 Shares representing 66.13% of the Company's share capital and entitling to 33,283,510 votes at the General Meeting of the Company representing 66.13% of the total number of votes at the General Meeting of the Company. Directly before the Call Settlement, the Issuer had not held any shares of the Company. Following the Call Settlement and as at the date of this current report, the Issuer holds 33,283,510 Shares representing in total 66.13% of the Company's share capital and entitling to 33,283,510 votes at the General Meeting of the Company, representing 66.13% of the total number of votes at the General Meeting of the Company.

[in PLN million unless otherwise stated]

The Management Board of CCC S.A. hereby informs that on February 28, 2019, Mr. Dariusz Miłek filed his resignation from the position of the President of the Management Board and from the membership in the Management Board of the Company. This shall be effective as at the date of the Extraordinary Shareholders Meeting (to be held until June 30th, 2019) that will include an appointment of supervisory board members on its agenda. The rationale for the resignation is Mr. Dariusz Miłek's intention to lead the Company's affairs from the level of the Supervisory Board, and he will propose his candidacy as the Chairman of the Supervisory Board at the above mentioned extraordinary shareholders meeting. Mr. Dariusz Miłek expects that his planned transfer to the Supervisory Board and the release of some of his current duties will have a positive impact on his involvement in key affairs of the Company. Mr. Dariusz Miłek will have the opportunity to look after the Company's matters from macro perspective and increase his focus on areas that have the greatest potential for increasing the company's value, such as product development and further expansion. The proposed changes will also allow to place greater level of operational responsibility to the members of the company's management. Simultaneously, Mr. Dariusz Miłek proposed the candidacy of Mr. Marcin Czyczerski (currently the Vice President for Finance) as the new President of the Management Board. This candidature received a general approval during the discussion of the Supervisory Board and will be formally voted on March 8th, 2019.

7.6 INFORMATION ON THE REMUNERATION OF THE STATUTORY AUDITOR OR THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

The table below presents the remuneration of the entity authorized to audit financial statements paid or due for the year ended 31 December 2017 and 31 December 2016, by type of services:

TYPE OF SERVICE	AT THE END OF THE PERIOD 31.12.2018	AT THE END OF THE PERIOD 31.12.2018
Mandatory audit of the annual financial statements and consolidated financial statements	0,3	0,3
Other certifying services	—	—
Tax advisory services	—	—
Other services	—	—
Total	0,3	0,3

The financial statements were approved for publication by the Management Board of the Company on 26 March 2018 and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS

Edyta Banaś	Chief Accountant	

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

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

Polkowice, 14 marca 2019 r.