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

FOR Q1 2018

CCC
SHOES & BAGS

TABLE OF CONTENTS


ccc

[in PLN million unless otherwise stated]

SELECTED FINANCIAL AND OPERATING DATA OF CAPITAL GROUP CCC S.A.

FINANCIAL ACTIVITY		W PLN		W EUR
SELECTED DATA FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT AND OTHER COMPREHENSIVE INCOME	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Sales revenue	694,1	720,4	166,1	168,0
Poland	289,3	343,4	69,2	80,1
CEE	132,8	146,6	31,8	34,2
Western Europe	57,8	70,1	13,8	16,3
Other countries	16,1	11,1	3,9	2,6
Retail activities	496,0	571,2	118,7	133,2
E-commerce	168,6	110,8	40,4	25,8
Wholesale	29,4	38,2	7,0	8,9
Manufacturing	0,1	0,2	0,0	0,0
Other	—	—	—	—
Gross profit (loss) on sale	332,0	350,7	79,5	81,9
Gross sale margin	47,8%	48,7%	47,8%	48,7%
Result on segments				
Poland	(16,1)	24,8	(3,8)	5,8
CEE	(21,9)	(6,5)	(5,2)	(1,5)
Western Europe	(56,6)	(36,8)	(13,5)	(8,6)
Other countries	(5,1)	(0,6)	(1,2)	(0,1)
Retail activities	(99,6)	(19,1)	(23,8)	(4,5)
E-commerce	17,6	17,9	4,2	4,2
Wholesale	4,8	7,8	1,1	1,8
Manufacturing	(0,3)	0,2	(0,1)	0,1
Profit on operating activity	(119,5)	(16,1)	(28,6)	(3,8)
Profit before tax	(137,8)	(34,6)	(33,0)	(8,1)
Net profit	(144,1)	(37,6)	(34,5)	(8,7)
ADJUSTED NET PROFIT	(133,7)	(35,5)	(32,0)	(8,3)
SELECTED DATA OF THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Fixed assets	3 602,3	1 154,1	856,0	276,7
Current assets, including:	2 120,7	2 215,8	503,9	531,3
INVENTORIES	1 716,9	1 417,7	408,0	339,9
Cash	133,8	511,6	31,8	122,7
TOTAL ASSETS	5 723,0	3 369,9	1 359,9	808,0
Non-current liabilities including:	3 703,7	1 277,8	880,1	306,4
Debt liabilities	436,0	436,0	103,6	104,5
Current liabilities including:	984,2	923,8	233,9	221,5
Debt liabilities	530,7	481,1	126,1	115,3
TOTAL LIABILITIES	4 687,9	2 201,6	1 113,9	527,8
EQUITY	1 035,1	1 168,3	246,0	280,1

FINANCIAL ACTIVITY		IN PLN		IN EUR
SELECTED DATA FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Net cash flows from operating activities	(243,3)	(322,2)	(58,2)	(75,1)
Net cash flows from investing activities	(64,6)	(12,3)	(15,5)	(2,9)
Net cash flows on financing activities	(69,3)	493,4	(16,6)	114,9
TOTAL CASH FLOWS	(377,2)	158,9	(90,3)	37,0

OPERATIONAL DATA	31.03.2018	31.12.2017
Number of stores CCC	934	925
Floor space of stores (thousand m²)	551,9	535,8
Number of markets with online sales	12	11

	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Capital expenditures (in mln)	(81,1)	(22,2)	(19,4)	(5,2)
Average revenue per m² of floor space (in thousand) [1]	1,0	1,3	0,2	0,3

[1] Revenue per 1m² of the floor space is calculated by dividing the value of retail revenue for the 3 months of a given year by the number of m² of retail floor space at the balance sheet date.

Selected data from the interim condensed consolidated financial statements and other comprehensive income, interim condensed consolidated statement of financial position and interim condensed consolidated statement of cash flows were converted into euro in accordance with the following rules:

- particular items of assets and liabilities in the interim condensed consolidated statement of financial position were converted in accordance with the average NBP exchange rate announced as of:
  - exchange rate on 31.03.2018 amounted to 1 EUR – 4,2085 PLN
  - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 PLN
  - exchange rate on 31.03.2017 amounted to 1 EUR – 4,2198 PLN
- particular items of the interim condensed consolidated financial statements and other comprehensive income and interim condensed consolidated statement of cash flows were converted in accordance with the exchange rate which constitutes an arithmetic average of NBP exchange rates for Euro effective on the last day of each month of the reporting period:
  - the average exchange rate in the period 01.01.2018 – 31.03.2018 was 1 EUR – 4,1784 PLN
  - the average exchange rate in the period 01.01.2017 – 31.03.2017 was 1 EUR – 4,2891 PLN

The conversion was made in accordance with the previously indicated exchange rates by dividing the values expressed in PLN millions by the exchange rate.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT AND OTHER COMPREHENSIVE INCOME

	01.2018-03.2018	01.2017-03.2017
Sales revenue	694,1	720,4
Cost of goods sold	(362,1)	(369,7)
GROSS PROFIT ON SALE	332,0	350,7
Cost of operating stores	(300,1)	(256,5)
Other cost of sale	(109,4)	(87,4)
Administrative expenses	(38,4)	(22,4)
Other cost and operating revenue	(3,6)	(0,5)
Profit on operating activity	(119,5)	(16,1)
Finance revenue	6,5	0,3
Finance cost	(24,8)	(18,8)
Profit before tax	(137,8)	(34,6)
Income tax	(6,3)	(3,0)
Net profit	(144,1)	(37,6)
Attributable to shareholders of the parent company	(145,7)	(40,8)
Attributable to non-controlling interest	1,6	3,2
Other comprehensive income		
Attributable to be reclassified to profit – exchange rate differences upon conversion of reports of foreign entities	1,4	(2,3)
Total net comprehensive income	1,4	(2,3)
TOTAL COMPREHENSIVE INCOME	(142,7)	(39,9)
Weighted average number of ordinary shares (mln pcs)	41,2	39,2
Basic earnings per share (in PLN)	(3,50)	(1,02)
Diluted earnings per share (in PLN)	(3,50)	(1,02)

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2018	31.12.2017
Intangible assets	200,5	197,5
Goodwill	106,2	106,2
Tangible fixed assets – investments in stores	416,0	393,0
Tangible fixed assets – factory and distribution	330,2	323,8
Tangible fixed assets – other	79,3	70,2
Right for the use of assets	2 403,7	—
Deferred tax assets	66,4	63,4
Loans granted	—	—
Total non-current assets	3 602,3	1 154,1
Inventories	1 716,9	1 417,7
Trade receivables	139,2	95,7
Income tax receivables	34,8	25,8
Loans granted	—	9,1
Other receivables	96,0	155,4
Cash and cash equivalents	133,8	511,6
Financial derivative instruments	—	0,5
Aktywa obrotowe	2 120,7	2 215,8
TOTAL ASSETS	5 723,0	3 369,9
Debt liabilities	436,0	436,0
Deferred tax liabilities	34,7	33,2
Provisions	9,2	9,4
Grants received	20,7	21,3
Obligation to repurchase non-controlling interests	784,2	777,9
Lease liabilities	2 418,9	—
Total non-current liabilities	3 703,7	1 277,8
Debt liabilities	530,7	481,1
Trade liabilities	327,5	235,8
Other liabilities	99,5	166,6
Income tax liabilities	6,7	26,6
Provisions	9,7	11,3
Grants received	2,4	2,4
Financial derivative instruments	7,7	—
Total current liabilities	984,2	923,8
TOTAL LIABILITIES	4 687,9	2 201,6
NET ASSETS	1 035,1	1 168,3
Equity		
Share capital	4,1	4,1
Share premium	644,9	644,9
Exchange rate differences from the translations	0,1	(1,3)
Actuarial valuation of employee benefits	(0,3)	(0,3)
Retained earnings	316,9	453,1
Equity attributable to the shareholders of the parent entity	965,7	1 100,5
Non-controlling interests	69,4	67,8
TOTAL EQUITY	1 035,1	1 168,3

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	01.2018-03.2018	01.2017-03.2017
Profit before tax	(137,8)	(34,6)
Amortization and depreciation	136,2	19,6
Loss on investment activity	(0,4)	0,2
Cost of borrowings	14,3	6,6
Other adjustments to profit before tax	(79,9)	(3,0)
Income tax paid	(36,5)	(23,9)
Minorty profit (loss)	—	3,2
Cash flow before changes in working capital	(104,1)	(31,9)
Changes in working capital		
Change in inventory and inventory write-downs	(299,2)	(250,3)
Change in receivables	16,4	(57,6)
Change in current liabilities, excluding borrowings	143,6	17,6
Net cash flows from operating activities	(243,3)	(322,2)
Proceeds from the sale of tangible fixed assets	7,4	3,0
Repayment of loans granted and interest	9,1	—
Purchase of intangible and tangible fixed assets	(81,1)	(22,2)
Expenses on capital increase in subsidiaries	—	1,9
Purchase of investment in eobuwie S.A.	—	5,0
Net cash flows from investing activities	(64,6)	(12,3)
Proceeds from borrowings	49,7	500,1
Repayment of borrowings	—	(0,1)
Lease payment	(113,4)	—
Interest paid	(5,6)	(6,6)
Net cash flows from finance activities	(69,3)	493,4
TOTAL CASH FLOWS	(377,2)	158,9
Net increase/decrease of cash and cash equivalents	(377,8)	158,9
Exchange rate changes on cash and cash equivalents	(0,6)	—
Cash and cash equivalents at beginning of period	511,6	143,4
Cash and cash equivalents at the end of period	134,4	302,3

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON – CONTROLING INTERESTS	TOTAL EQUITY
					ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT ENTITY		
As of 01.01.2017	3,9	119,2	793,8	1,8		52,4	971,1
Net profit for the period		—	302,3	—			302,3
Actuarial valuation of employee benefits					(0,3)		(0,3)
Net profit attributable to non-controlling interests			(15,4)			15,4	—
Exchange rate differences from the translations		—	—	(3,1)		—	(3,1)
Total comprehensive income		—	286,9	(3,1)	(0,3)	15,4	299,0
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	525,7	(93,2)	—		—	432,7
Commitment to purchase own shares of eobuwie.pl S.A.		—	(534,4)	—		—	(534,4)
As of 31.12.2017 (01.01.2018)	4,1	644,9	453,1	(1,3)	(0,3)	67,8	1 168,3
Net profit for the period	—	—	(144,1)	—			(144,1)
Net profit attributable to non-controlling interests			(1,6)			1,6	—
Exchange rate differences from the translations	—	—	—	1,4	—	—	1,4
Total comprehensive income	—	—	(145,7)	1,4	—	1,6	(142,7)
Dividend payment	—	—	—	—	—	—	—
Valuation of employee option scheme	—	—	9,5	—	—	—	9,5
Issue of shares		—			—		—
Total transactions with owners	—	—	9,5	—	—	—	9,5
Commitment to purchase own shares of eobuwie.pl S.A.			—		—		—
Actuarial valuation of employee benefits	—	—		—	—	—	—
As of 31.03.2018 (01.04.2018)	4,1	644,9	316,9	0,1	(0,3)	69,4	1 035,1

SELECTED FINANCIAL AND OPERATING DATA CCC S.A.

FINANCIAL ACTIVITY		IN MLN PLN		IN MLN EUR
SELECTED DATA FROM THE INTERIM CONDENSED FINANCIAL STATEMENT AND OTHER COMPREHENSIVE INCOME	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Sales revenue	310,1	356,9	74,2	83,2
Gross profit (loss) on sale	147,1	130,8	35,2	30,5
Profit on operating activity	6,8	10,8	1,6	2,5
Profit before tax	0,4	1,8	0,1	0,4
NET PROFIT	(1,9)	1,5	(0,5)	0,3

SELECTED DATA OF THE INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Fixed assets	1 448,9	806,4	344,3	193,3
Current assets, including:	671,0	799,6	159,4	191,7
Inventories	358,7	249,8	85,2	59,9
Cash	35,8	300,4	8,5	72,0
TOTAL ASSETS	2 119,9	1 606,0	503,7	385,0
Non-current liabilities including:	852,5	233,4	202,6	56,0
Debt liabilities	210,0	210,0	49,9	50,3
Current liabilities including:	108,4	221,2	25,8	53,0
Debt liabilities	2,5	0,7	0,6	0,2
TOTAL LIABILITIES	960,9	454,6	228,3	109,0
EQUITY	1 159,0	1 151,4	275,4	276,1

FINANCIAL ACTIVITY		IN MLN PLN		IN MLN EUR
SELECTED DATA FROM THE INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Net cash flows from operating activities	(130,6)	7,4	(31,3)	1,7
Net cash flows from investing activities	(86,3)	(27,5)	(20,7)	(6,3)
Net cash flows on financing activities	(47,6)	1,7	(11,3)	0,4
TOTAL CASH FLOWS	(264,5)	(18,4)	(63,3)	(4,2)

OPERATIONAL DATA	31.03.2018	31.12.2017
Number of stores CCC	411	409
Floor space of stores (thousand m²)	243,8	212,2

		IN MLN PLN		IN MLN EUR
	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Capital expenditures (in mln)	(49,5)	(11,1)	(11,6)	(2,5)
Average revenue m^2 of floor space (in thousand)	1,3	1,7	0,3	0,4

[2] Revenue per $1m^2$ of the floor space is calculated by dividing the value of retail revenue for the 3 months of a given year by the number of m^2 of retail floor space at the balance sheet date.

Selected data from the interim condensed financial statements and other comprehensive income, interim condensed statement of financial position and interim condensed statement of cash flows were converted into euro in accordance with the following rules:

- particular items of assets and liabilities in the interim condensed statement of financial position were converted in accordance with the average NBP exchange rate announced as of:
  - exchange rate on 31.03.2018 amounted to 1 EUR – 4,2085 PLN
  - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 PLN
  - exchange rate on 31.03.2017 amounted to 1 EUR – 4,2198 PLN
- particular items of the interim condensed financial statements and other comprehensive income and interim consolidated statement of cash flows were converted in accordance with the exchange rate which constitutes an arithmetic average of NBP exchange rates for Euro effective on the last day of each month of the reporting period:
  - the average exchange rate in the period 01.01.2018 – 31.03.2018 was 1 EUR – 4,1784 PLN
  - the average exchange rate in the period 01.01.2017 – 31.03.2017 was 1 EUR – 4,2891 PLN

The conversion was made in accordance with the previously indicated exchange rates by dividing the values expressed in PLN millions by the exchange rate.

INTERIM CONDENSED FINANCIAL STATEMENTS AND OTHER COMPREHENSIVE INCOME

	01.2018-03.2018	01.2017-03.2017
Sales revenue	310,1	356,9
Cost of goods sold	(163,0)	(226,1)
Gross profit on sale	147,1	130,8
Cost of operating stores	(124,8)	(111,6)
Other cost of sale	(4,5)	(2,4)
Administrative expenses	(12,9)	(6,2)
Other cost and operating revenue	1,9	0,2
Profit on operating activity	6,8	10,8
Finance revenue	2,3	1,2
Finance cost	(8,7)	(10,2)
Profit before tax	0,4	1,8
Income Tax	(2,3)	(0,3)
NET PROFIT	(1,9)	1,5
Other comprehensive income	—	—
Total net comprehensive income	—	—
TOTAL COMPREHENSIVE INCOME	(1,9)	1,5
Weighted average number of ordinary shares (mln pcs)	41,2	39,2
Basic earnings per share (in PLN)	(0,05)	0,04
Diluted earnings per share (in PLN)	(0,05)	0,04

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	31.03.2018	31.12.2017
Intangible assets	2,6	2,8
Tangible fixed assets – investments in stores	185,4	170,9
Tangible fixed assets – factory and distribution	170,0	168,8
Tangible fixed assets – other	61,2	51,9
Right of the use of assets	613,6	—
Deferred tax assets	1,5	1,8
Loans granted	30,0	31,0
Long-term investments	384,6	379,2
Fixed assets	1 448,9	806,4
Inventories	358,7	249,8
Trade receivables	25,1	18,8
Income tax receivables	29,4	26,0
Loans granted	194,5	169,2
Other receivables	27,5	35,4
Cash and cash equivalents	35,8	300,4
Current assets	671,0	799,6
TOTAL ASSETS	2 119,9	1 606,0
Debt liabilities	210,0	210,0
Provisions	1,8	2,1
Grants received	20,7	21,3
Lease liabilities	620,0	—
Non-current liabilities	852,5	233,4
Debt liabilities	2,5	0,7
Trade liabilities	61,0	166,8
Other liabilities	39,0	50,6
Income tax liabilities	2,5	—
Provisions	1,0	0,7
Grants received	2,4	2,4
Current liabilities	108,4	221,2
TOTAL LIABILITIES	960,9	454,6
Net assets	1 159,0	1 151,4
EQUITY		
Share capital	4,1	4,1
Share premium	644,9	644,9
Retained earnings	510,0	502,4
TOTAL EQUITY	1 159,0	1 151,4

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	01.2018-03.2018	01.2017-03.2017
Profit before tax	0,4	1,8
Amortization and depreciation	56,6	9,8
Loss on investment activity	(0,6)	(0,3)
Cost of borrowings	3,7	0,1
Other adjustments to profit before tax	(15,8)	7,5
Income tax paid	(2,8)	(14,2)
Interest and share in profits (dividends)	—	—
Cash flows before changes in working capital	41,5	4,7
Changes in working capital		
Change in inventory and inventory write-downs	(109,0)	(137,9)
Change in receivables	1,6	(10,9)
Change in current liabilities, excluding borrowings	(64,7)	151,5
Net cash flows from operating activities	(130,6)	7,4
Proceeds from the sale of tangible fixed assets	6,6	2,7
Repayment of loans granted and interest	31,2	2,7
Purchase of intangible and tangible non-current assets	(49,5)	(11,1)
Loans granted	(74,6)	(18,3)
Expenses on capital increase in subsidiaries	—	(3,5)
Net cash flows from investing activities	(86,3)	(27,5)
Proceeds from borrowings	1,7	0,1
Repayment of loans granted and interest	—	1,7
Lease payment	(47,6)	—
Interest paid	(1,7)	(0,1)
Net cash flows on financing activities	(47,6)	1,7
TOTAL CASH FLOWS	(264,5)	(18,4)
Net increase/decrease of cash and cash equivalents	(264,5)	(18,4)
Exchange rate changes on cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	300,3	38,0
Cash and cash equivalents at the end of period	35,8	19,6

[in PLN million unless otherwise stated]

INTERIM CONDENSED 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		8,1	—	8,1
Total transactions with owners	—	(93,3)	—	(93,3)
Issue of shares	0,2		525,7	525,9
As of 31.12.2017 (01.01.2018)	4,1	502,4	644,9	1 151,4
Net profit for the period	—	(1,9)	—	(1,9)
Total comprehensive income	—	(1,9)	—	(1,9)
Dividend payment	—	—	—	—
Valuation of employee option scheme	—	9,5	—	9,5
Total transactions with owners	—	9,5	—	9,5
Issue of shares		—		—
As of 31.03.2018 (01.04.2018)	4,1	510,0	644,9	1 159,0

EXPLANATORY NOTES

1. GENERAL INFORMATION

Name of the company:	CCC Spółka Akcyjna (Joint-Stock Company)
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/:	211692
Corporate purpose:	The Group's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

STRUCTURE OF THE CAPITAL GROUP CCC S.A.

As of 31 March 2018 Capital Group CCC S.A. was composed of the dominant entity CCC S.A. with its headquarters in Polkowice and the following subsidiaries:

SUBSIDIARIES OF CCC S.A.	HEADQUARTERS/COUNTRY	TYPE OF BUSINESS ACTIVITY
CCC Factory sp. z o.o.	Polkowice, Poland	manufacturing
CCC Czech s.r.o.	Prague, Czech Republic	commercial
CCC Slovakia s.r.o.	Bratislava, Slovakia	commercial
CCC Hungary Shoes Kft.	Budapest, Hungary	commercial
CCC Austria Ges.m.b.H	Graz, Austria	commercial
CCC Obutev d.o.o.	Maribor, Slovenia	commercial
CCC Hrvatska d.o.o.	Zagreb, Croatia	commercial
CCC Germany G.m.b.h.	Frankfurt, Germany	commercial
CCC Shoes Ayakkabicilik Limited Sirketi	Istanbul, Turkey	commercial
CCC Isle of Man Ltd.	Douglas, Isle of Man	service
CCC.eu sp. z o.o.	Polkowice, Poland	purchase and selling
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investment
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	commercial
eobuwie.pl S.A.	Zielona Góra, Poland	commercial
NG2 Suisse sarl	Zug, Switzerland	service
CCC Shoes & Bags d.o.o. Beograd	Belgrade, Serbia	commercial
eschuhe.de GmbH	Frankfurt, Germany	commercial
eobuwie.pl Logistics Sp z o.o.	Zielona Góra, Poland	logistics
Branded Shoes&Bags Sp. z o.o.	Zielona Góra, Poland	commercial
CCC Russia sp. z o.o.	Moscow, Russia	commercial

CCC GROUP

CCC S.A.

manufacturing activity

- CCC Factory Sp. z o.o. – 100% Poland

distribution activity

- CCC Germany GmBH – 100% Germany
- CCC Shoes Bulgaria – 100% Bulgaria
- CCC Czech s.r.o. – 100% Czech Republic
- CCC Obutev d o.o. – 100% Slovenia
- CCC Austria Ges.M.b.H – 100% Austria
- CCC Slovakia s.r.o. – 100% Slovakia
- CCC Hrvatska d o.o. – 100% Croatia
- CCC Shoes Ayakkabicilik Ticaret Limited Sirketi – 100% Turkey
- CCC.eu sp. z o.o. [1] – 100% Poland
- CCC Hungary Shoes Kft. – 100% Hungary
- CCC Russia sp. z o.o. – 75% Russia
- CCC Shoes & Bags d.o.o. Beograd – Stari Grad – 100% Serbia

other activity

- NG2 Suisse S.a.r.l. – 100% Switzerland
- CCC Isle of Man Ltd. – 100% Douglas
- CCC Shoes and Bags sp. z o.o. – 100% Poland
- Grupa eobuwie.pl – 74,99% Poland
  - eobuwie.pl Logistics Sp z o.o.
  - eschuhe.de GmbH
  - Branded Shoes&Bags Sp. z o.o.

[1] The Company CCC.eu Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (99.75%) and a subsidiary of the Issuer (0.25%).

BASIS FOR PREPARATION.

Capital Group CCC S.A. presents the condensed consolidated interim financial statement for the Q1 2018 beginning on 1st January 2018 and ending on 31th March 2018.

This condensed interim financial statement was prepared in accordance with IAS 34 "Interim Financial Reporting" with early adoption of IFRS 16. This statement does not cover all the information and disclosures required in the annual financial statements and should be read together with the financial statements for the period from 01.01.2017 to 31.12.2017 which were prepared pursuant to the International Financial Reporting Standards approved by the European Union.

FUNCTIONAL CURRENCY AND CURRENCY OF THE FINANCIAL STATEMENTS.

Items contained in the Capital Group's condensed consolidated interim financial statements are valued in the currency of the primary business environment in which each entity operates ("functional currency"). The consolidated financial statement is presented in (PLN), which is the Group's functional currency and its presentation currency.

BASIS FOR CONSOLIDATION.

This condensed consolidated interim financial statement contains the statement of the dominant entity CCC S.A. and the statements of the subsidiaries.

The subsidiaries are subject to consolidation in the period from the date of taking control by the Group until the date of cessation of control.

All entities constituting the Capital Group underwent the audit during the entire reporting period. All transactions, balances, revenues and costs between the consolidated subsidiaries are subject to consolidation exemptions.

APPLIED ACCOUNTING PRINCIPLES.

The accounting principles applied by CCC S.A. Capital Group companies did not change compared to the accounting principles applied in the financial statement prepared for the financial year from 1 January to 31 December 2017, except for the application of the new standards IFRS 9 „Financial instruments" and IFRS 15 „Revenue from Contracts with Customers", effective from January 1, 2018 and early adoption of IFRS 16 Leases.

NEW AND CHANGED ACCOUNTING STANDARDS APPLIED.

IFRS 9 „FINANCIAL INSTRUMENTS"

IFRS 9 covers three aspects related to financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on January 1, 2018 and later.

The Group applies IFRS 9 from the date of entry into force of the standard, without transforming the comparative data.

In the Group's opinion, the introduction of the standard has no significant impact on the applied accounting principles (policy) with respect to the Group's operations and its financial results. As a result of the application of IFRS 9, only the classification of some financial instruments has changed.

The implementation of the new standard did not significantly affect the statement of financial position and equity, in the area of classification and valuation. At the same time, financial assets previously measured at fair value continue to be measured at fair value

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

The Group uses a practical exemption and for trade receivables under 12 months does not identify significant elements of financing.

In the case of trade receivables, due to the nature of receivables, an impairment loss along with the related deferred tax asset did not change significantly. The main reason for this statement is to direct sales for cash sales.

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 existing requirements for recognizing revenues in accordance with IFRS. The standard applies to annual reporting periods beginning on January 1, 2018 and later.

The Group applies IFRS 15 from the date of entry into force of the standard, without transforming the comparative data, using the simplified method.

IFRS 15 introduces new requirements regarding the presentation and disclosures.

The fundamental principle of the new standard is the recognition of revenue at the time of the transfer of 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 in principle 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 property, plant and equipment and intangible assets), if such sales do not take place in the ordinary course of business.

In accordance with the requirements of IFRS 15, the Group 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 Group also discloses comprehensive information that will 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 PLN million unless otherwise stated]

Przychody ze sprzedaży

<table>
<tr><th rowspan="2">THE COMPANY OPERATES IN THE AREA OF:</th><th rowspan="2">MOMENT OF REVENUE RECOGNITION</th><th colspan="2">AS PART OF THE ASSESSMENT OF THE IMPACT OF THE INTRODUCTION OF IFRS 15, THE COMPANY CONSIDERED, INTER ALIA, THE FOLLOWING ASPECTS:</th></tr>
<tr><th>VARIABLE REMUNERATION</th><th>GUARANTEES</th></tr>
<tr><td>Retail sales of goods</td><td rowspan="3">The contract contains only one obligation to perform the service – sales of the goods, therefore, the Group assesses that the impact of adopting IFRS 15 on the recognition of revenues and the Group'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.</td><td>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 Group grants customers the right to return unused goods within 7 days from the date of purchase.
In the Group's opinion, the impact of adopting IFRS 15 is not material.</td><td rowspan="3">The Group 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.
As a result, the Company expects no impact of adopting IFRS 15 on the consolidated financial statements for the year ended 31 March 2018.</td></tr>
<tr><td>Wholesale of goods</td><td>N/D</td></tr>
<tr><td>E-commerce sales</td><td>• The right to return
The Group grants customers the right to return unused goods within 30 days from the date of purchase. Therefore, the Group estimates a potential write-down on this account and recognizes it on an ongoing basis in the financial result.
In the Group's opinion, the impact of adopting IFRS 15 is not material.</td></tr>
</table>

IFRS 16 "LEASES"

The Group decided to implement the new standard IFRS 16 Leases, which obligatorily covers all companies preparing their financial statements in accordance with IFRS for the financial year 2019. This resulted in changes in the accounting principles adopted so far.

IFRS 16 Leases has a material impact on the Group'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 consequently, the fees were recognized in operating costs as the contract period expired.

In accordance with IFRS 16 Leases, the Group has implemented united accounting principles that require lessees to recognize assets and liabilities for all lease agreements except for the exceptions listed in the standard.

The Group recognizes the right of the use the asset together with the relevant 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 reclassified to depreciation costs and interest costs. The reduction of the liability due to the lease is periodically transferred to the financial costs. Rental assets are amortized on a straight-line basis, while liabilities under lease agreements are settled using the 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. These changes also affect the covenants included in loan agreements, credit ratings and loan costs, and may also be reflected in changes in behaviour on the financial market. This is related to the fact that the operating lease costs that were previously settled above EBITDA were offset by depreciation costs of the asset component "right to use" below and they will account for the discounted liability under the lease as interest under financial costs.

The application of IFRS 16 requires the Group to analyse data and make certain estimates and calculations that affect the measurement of lease liabilities and the valuation of assets with the right to use. They include: setting agreements under IFRS 16, determining the duration of the contract and determining the interest rate used to discount future cash flows.

In the case of lease agreements with an indefinite period or with the option of extending a lease agreement under the same commercial terms, the Group estimates the duration of the contract for an equal economic life of fixed assets on the leased property and physically related to it under the terms of the concluded contracts.

The current value of the lease payment is determined by using the marginal interest rate.

INFORMATION ON USED AVERAGE EXCHANGE RATES OF POLISH ZLOTY IN THE PERIOD COVERED BY THE FINANCIAL STATEMENTS AND COMPARATIVE FINANCIAL DATA IN RELATION TO EURO, ESTABLISHED BY THE NBP.

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2018-03.2018	4,2416	4,1423	4,2085	4,1784
01.2017-03.2017	4,4157	4,2198	4,2198	4,2891
01.2017-31.2017	4,4157	4,1709	4,1709	4,2447

Selected data from the interim consolidated and separate financial statements and other comprehensive income, interim consolidated and separate statement of financial position and interim consolidated and separate statement of cash flows were converted into euro in accordance with the following rules:

- particular items of assets and liabilities in the interim consolidated and separate statement of financial position were converted in accordance with the average NBP exchange rate announced as of:
  - exchange rate on 31.03.2018 amounted to 1 EUR – 4,2085 PLN
  - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 PLN
  - exchange rate on 31.03.2017 amounted to 1 EUR – 4,2198 PLN
- particular items of the interim consolidated and separate financial statements and other comprehensive income and interim consolidated and separate statement of cash flows were converted in accordance with the exchange rate which constitutes an arithmetic average of NBP exchange rates for Euro effective on the last day of each month of the reporting period:
  - the average exchange rate in the period 01.01.2018 – 31.03.2018 was 1 EUR – 4,1784 PLN
  - the average exchange rate in the period 01.01.2017 – 31.03.2017 was 1 EUR – 4,2891 PLN

The conversion was made in accordance with the previously indicated exchange rates by dividing the values expressed in PLN millions by the exchange rate.

2. REPORTING SEGMENTS.

Operating segments are presented in a manner consistent with internal reporting submitted to the chief operating decision-maker, on the basis of which he shall evaluate the results and decide on the allocation of resources. The main operating decision-maker is the Board of the Parent Company.

The Management Board verifies Group's performance from the geographical and product perspective:

- From a geographical perspective, the Management Board analyses the activities in Poland, the European Union and other countries;
- From the perspective of product, the Management Board examines the e-commerce, wholesale and retail activities in each of these geographic areas.

THE GROUP IDENTIFIES THE FOLLOWING OPERATING AND REPORTING SEGMENTS

<table>
<tr><th>REPORTING SEGMENT</th><th>DESCRIPTION OF THE REPORTING SEGMENT AND USED MEASURES OF THE RESULT</th><th>PREMISES OF AGGREGATION OF OPERATING SEGMENTS INTO REPORTING SEGMENTS, INCLUDING ECONOMIC CIRCUMSTANCES TAKEN INTO ACCOUNT IN ASSESSING THE SIMILARITY OF THE ECONOMIC CHARACTERISTICS OF THE OPERATING SEGMENTS</th></tr>
<tr><td>Distribution activities – retail in Poland.
Stores operate in the chain CCC.</td><td rowspan="4">Each own individual store operating in the said country constitutes the operating segment.
Stores sell footwear handbags shoe care products, small leather goods and clothing in their own facilities, within the chain CCC.
Measures of the result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold, direct selling costs relating to the operations of the retail chain (stores operating costs) and the cost of organizational units supporting the sale.</td><td rowspan="4">The financial information was aggregated in total for the chain CCC by geographic markets due to:
• Similarity of long-term average gross margins,
• Similar nature of the goods (such as footwear, handbags, shoe care accessories, clothing accessories),
• Similar way of distributing the goods,
• Similar categories of customers (sale made in own facilities and directed to retail customers)</td></tr>
<tr><td>Distribution activities – retail in the European Union – Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria)
Stores operate in the chain CCC.</td></tr>
<tr><td>Distribution activities – retail in the European Union – Western Europe (Austria, Germany)
Stores operate in the chain CCC.</td></tr>
<tr><td>Distribution activities – retail in other countries (Russia, Serbia)
Stores operate in the chain CCC.</td></tr>
<tr><td>Distribution activities – e-commerce</td><td colspan="2">The whole activity is conducted by the company eobuwie.pl S.A. dealing with the distribution of goods via the Internet.
The Company sells footwear, handbags, shoe care accessories, small fashion finery, etc. to domestic and foreign retailers.
Measures of the result is the gross sales profit calculated in relation to the external sales and the operating result of the segment, which is the difference between the sale, the cost of goods sold and the direct sales costs related to the functioning of the sales channel (e.g. logistics costs).</td></tr>
<tr><td>Distribution activities – wholesale</td><td colspan="2">The whole activity is carried out by CCC.eu dealing with the distribution of goods to the companies of the Group.
The Company sells footwear, handbags, shoe care products, clothing accessories to domestic and foreign franchisees and other wholesale customers.
Measures of result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold and direct selling costs relating to the operation of the distribution network (including logistics costs).</td></tr>
<tr><td>Manufacturing activities</td><td colspan="2">Manufacturing of leather shoes for women is carried out in Poland. Measures of result is the result of operating segment being the difference between the sales, cost of goods sold and direct costs of sales.</td></tr>
</table>

[in PLN million unless otherwise stated]

01.2018-03.2018	DISTRIBUTION ACTIVITY						MANUFAC-TURING	TOTAL
	RETAIL ACTIVITY				E-COMMERCE	WHOLESALE		
	POLAND	UE – CEE	UE – WESTERN EUROPE	OTHER COUNTRIES				
Total sales revenue	289,3	132,8	57,8	16,1	168,6	428,7	61,5	1 154,8
Revenue from sales to other segments	—	—	—	—	—	(399,3)	(61,4)	(460,7)
Revenue from sales from external customers	289,3	132,8	57,8	16,1	168,6	29,4	0,1	694,1
GROSS PROFIT ON SALE	144,0	76,8	33,2	6,9	63,1	8,3	(0,3)	332,0
Gross margin	49,8%	57,8%	57,4%	42,9%	37,4%	28,2%	nd	47,8%
Profit of segment	(16,1)	(21,9)	(56,6)	(5,1)	17,6	4,8	(0,3)	(77,6)
Assets of segments								
Fixed assets except deferred tax asset and granted loans	1 036,6	558,1	1 373,5	103,6	338,9	39,6	89,4	3 539,7
Deferred tax assets	1,5	—	—	1,0	4,4	17,8	4,7	29,4
Inventories	358,7	189,8	105,8	30,8	243,6	793,4	38,0	1 760,1
Outlays on tangible non-current assets and intangibles	418,9	140,8	79,3	29,1	232,7	39,6	89,4	1 029,8
Other revenue/costs:								
Amortization and depreciation	(54,2)	(29,2)	(42,2)	(3,3)	(0,8)	(0,2)	(0,8)	(130,7)
Impairment loss of tangible fixed assets and intangibles	—	—	—	—	—	—	—	—

01.2017-03.2017	DISTRIBUTION ACTIVITY						MANUFAC-TURING	TOTAL
	RETAIL ACTIVITY				E-COMMERCE	WHOLESALE		
	POLAND	UE – CEE	UE – WESTERN EUROPE	OTHER COUNTRIES				
Total sales revenue	343,4	146,6	70,1	11,1	110,8	651,6	83,9	1 417,5
Revenue from sales to other segments	—	—	—	—	—	(613,4)	(83,7)	(697,1)
Revenue from sales from external customers	343,4	146,6	70,1	11,1	110,8	38,2	0,2	720,4
GROSS PROFIT ON SALE	165,5	83,0	41,3	5,4	43,8	11,5	0,2	350,7
Gross margin	48,2%	56,6%	58,9%	48,6%	39,5%	30,1%	nd	48,7%
Profit of segment	24,8	(6,5)	(36,8)	(0,6)	17,9	7,8	0,2	6,8
Assets of segments								
Fixed assets except deferred tax asset and granted loans	316,0	133,1	83,0	11,1	214,6	14,6	91,7	864,1
Deferred tax assets	6,7	—	—	1,2	1,5	7,6	6,4	23,4
Inventories	287,5	150,6	89,6	16,8	142,2	577,2	61,4	1 325,3
Outlays on tangible non-current assets and intangibles	316,0	133,1	83,0	11,1	214,6	14,6	91,7	864,1
Other revenue/costs:								
Amortization and depreciation	(6,4)	(4,1)	(3,2)	(0,4)	(0,7)	(0,5)	(0,9)	(16,2)
Impairment loss of tangible fixed assets and intangibles	—	—	—	—	—	—	—	—

	01.2018-03.2018			01.2017-03.2017		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT
Total sales revenue	1 154,8	(460,7)	694,1	1 417,5	(697,1)	720,4
Sales revenue not allocated to the segment	—	—	—	—	—	—
Sales revenue in the financial statement	—	—	694,1	—	—	720,4
Cost of goods sold in the financial statement	—	—	(362,1)	—	—	(369,7)
GROSS PROFIT ON SALE	332,0	—	332,0	350,7	—	350,7
Gross margin	(409,6)	—	(409,6)	(343,9)	—	(343,9)
PERFORMANCE OF SEGEMENT	(77,6)	—	(77,6)	6,8	—	6,8
Not allocated cos of sale	—	—	—	—	—	—
Administrative expenses	—	—	(38,4)	—	—	(22,4)
Other cost and operating revenue	—	—	(3,6)	—	—	(0,5)
Finance revenue	—	—	6,5	—	—	0,3
Finance cost	—	—	(24,8)	—	—	(18,8)
Profit before tax	—	—	(137,9)	—	—	(34,6)
Assets of segments						
Fixed assets except deferred tax asset and granted loans	3 539,7	(3,8)	3 535,9	864,1	(3,7)	860,4
Deferred tax assets	29,4	37,0	66,4	23,4	48,3	71,7
Inventories	1 760,1	(43,2)	1 716,9	1 325,3	(40,2)	1 285,1
Outlays on tangible non-current assets and intangibles	1 029,8	(3,8)	1 026,0	864,1	(3,7)	860,4
Other revenue/costs:						
Amortization and depreciation	(130,7)	(6,2)	(136,9)	(16,2)	(3,4)	(19,6)
Impairment loss of tangible non-current assets and intangibles	—	—	—	—	—	—

[in PLN million unless otherwise stated]

	SALES REVENUE		FIXED ASSETS (EXCEPT FINANCIAL INSTRUMENTS AND DEFERRED TAX)	
	01.2018-03.2018	01.2017-03.2017	01.2018-03.2018	01.2017-03.2017
Poland	289,3	343,4	1 161,8	418,6
Czech Republic	49,5	52,2	135,9	44,5
Hungary	34,8	38,2	207,2	37,4
Germany	35,4	43,1	923,0	54,1
Slovakia	26,2	31,1	81,0	20,2
Austria	22,4	27,0	450,5	28,9
Romania	17,2	18,4	—	—
Croatia	10,9	13,1	62,7	15,3
Slovenia	7,2	7,6	37,4	7,3
Other	32,6	35,5	137,5	19,5
e-commerce	168,6	110,8	338,9	214,6
TOTAL	694,1	720,4	3 535,9	860,4
Deferred tax			66,4	313,0
Financial instruments			—	—
Total assets			3 602,3	1 173,4

[in PLN million unless otherwise stated]

3. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND OTHER COMPREHENSIVE INCOME

3.1 COSTS BY TYPE

01.2018-03.2018	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(292,0)	—	—	—	(292,0)
Consumption of materials and energy	(47,4)	(11,6)	(6,5)	(1,4)	(66,9)
Provision for inventories	(10,5)	—	—	—	(10,5)
Remuneration and other employee benefits	(12,5)	(106,9)	(34,0)	(11,9)	(165,3)
Costs of the incentive program	—	—	—	(9,5)	(9,5)
Agency services	—	(8,3)	—	—	(8,3)
Transportation services	(0,3)	(0,4)	(23,1)	—	(23,8)
Lease costs	—	(21,6)	(2,7)	(0,9)	(25,2)
Other outsourcing services	(0,4)	(16,3)	(29,1)	(9,7)	(55,5)
Amortization and depreciation	(0,6)	(128,4)	(5,2)	(2,7)	(136,9)
Taxes and fees	(0,3)	(2,1)	(0,1)	(1,0)	(3,5)
Other flat costs	—	(4,5)	(8,7)	(1,3)	(14,5)
Change in products and production in progress	1,9	—	—	—	1,9
TOTAL	(362,1)	(300,1)	(109,4)	(38,4)	(810,0)

[in PLN million unless otherwise stated]

01.2017-03.2017	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(293,1)	—	—	—	(293,1)
Consumption of materials and energy	(62,0)	(8,8)	(5,4)	(0,8)	(77,0)
Provision for inventories	—	—	—	—	—
Remuneration and other employee benefits	(11,1)	(95,4)	(21,4)	(9,2)	(137,1)
Costs of the incentive program	—	—	—	—	—
Agency services	—	(8,5)	—	—	(8,5)
Transportation services	(0,5)	(0,1)	(20,1)	—	(20,7)
Lease costs	—	(112,8)	(1,8)	(1,0)	(115,6)
Other outsourcing services	(0,3)	(10,4)	(22,2)	(6,4)	(39,3)
Amortization and depreciation	(0,6)	(13,4)	(4,5)	(2,2)	(20,7)
Taxes and fees	(0,3)	(1,1)	(0,6)	(0,8)	(2,8)
Other flat costs	(0,3)	(6,0)	(11,4)	(2,0)	(19,7)
Change in products and production in progress	(1,5)	—	—	—	(1,5)
TOTAL	(369,7)	(256,5)	(87,4)	(22,4)	(736,0)

[in PLN million unless otherwise stated]

3.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

	01.2018-03.2018	01.2017-03.2017
Other costs		
Loss on disposal of tangible non-current assets	(0,1)	(1,1)
Stocktaking net losses	(0,8)	(0,5)
Other net operating cost	—	—
Loss on exchange rate differences on items other than debt	(2,0)	(0,5)
Result on exchange rates from items other than debt	(6,5)	(4,7)
Total other operating costs	(9,4)	(6,8)
Other income		
Compensations	0,4	0,6
Subsidy of SFRDP remuneration	0,9	0,9
Other net operating income	4,5	4,8
Total other operating income	5,8	6,3
Total other operating costs and income	(3,6)	(0,5)

	01.2018-03.2018	01.2017-03.2017
Finance cost		
Interest on borrowings (recognised in costs)	(13,4)	(6,6)
Result on exchange rates	(1,2)	(10,0)
Commissions paid	(0,8)	(0,4)
Valuation of non-realized put option of non-controlling interests.	(6,3)	—
Total finance cost	(3,1)	(1,8)
Finance revenue	(24,8)	(18,8)
Received dividends		
Interest from current account and other	0,5	0,4
Result on exchange rates	4,0	(0,2)
Other finance revenue	2,0	0,1
Total finance revenue	6,5	0,3

[in PLN million unless otherwise stated]

3.3 PROVISIONS

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As of 31.12.2017	10,7	8,0	—	2,0	20,7
Current	1,5	8,0	—	1,8	11,3
Non-current	9,2	—	—	0,2	9,4
As of 01.01.2018	10,7	8,0	—	2,0	20,7
Establishment	(0,1)	—	—	—	(0,1)
Utilisation	—	—	—	(1,9)	(1,9)
Release	—	—	—	—	—
Exchange rate differences	—	—	—	0,2	0,2
As of 31.03.2018	10,6	8,0	—	0,3	18,9
Current	1,5	8,0	—	0,2	9,7
Non-current	9,1	—	—	0,1	9,2

[in PLN million unless otherwise stated]

3.4 DEFERRED TAX ASSETS AND LIABILITIES

	31.03.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2017
Assets					
Goodwill	26,7	(1,0)	27,7	(4,1)	31,7
Inventories – adjustment of margin on intragroup sale	8,2	1,2	7,0	2,3	4,7
Impairment of assets	2,1	(0,4)	2,5	1,7	0,8
Provisions for liabilities	7,2	(0,4)	7,6	2,3	5,3
Other	11,9	3,6	8,3	(6,9)	15,2
Tax losses	15,8	—	15,8	11,3	4,5
Total before offsetting	71,9	3,0	68,9	6,7	62,2
Liabilities					
Accelerated tax depreciation of tangible non-current assets	3,7	(0,8)	4,5	2,7	1,8
Other	4,9	2,2	2,7	0,8	1,9
Purchase of intangible assets revealed during aquisition of eobuwie.pl SA	31,7	—	31,7	(1,0)	32,7
Total before offsetting	40,3	1,4	38,9	2,6	36,3
Offsetting	5,6	(0,1)	5,7	3,5	2,2
Balance of deferred tax in the balance sheet:					
Assets	66,3	3,0	63,3	3,2	60,1
Liabilities	34,7	1,5	33,2	(0,9)	34,1

[in PLN million unless otherwise stated]

3.5 CHANGE IN WRITE-DOWNS ON CURRENT RECIVABLES

	01.01.2018 – 31.03.2018	01.01.2017 – 31.12.2017	01.01.2017 – 31.03.2017
At the beginning of the period	0,9	3,0	3,0
Increase	0,1	—	—
Decrease	—	(2,1)	(1,1)
At the end of the period	1,0	0,9	1,9

3.6 CHANGE IN WRITE-DOWNS ON INVENTORIES

	01.01.2018 – 31.03.2018	01.01.2017 – 31.12.2017	01.01.2017 – 31.03.2017
At the beginning of the period	12,2	12,5	12,5
Establishment in cost of sales of goods	1,0	10,8	—
Utilisation	—	(6,4)	(5,5)
Reversal in cost of goods sold	—	(4,7)	—
At the end of the period	13,2	12,2	7,0

3.7 CHANGE IN WRITE-DOWNS ON IMPAIRMENT OF TANGIBBLE FIXED ASSETS

	01.01.2018 – 31.03.2018	01.01.2017 – 31.12.2017	01.01.2017 – 31.03.2017
At the beginning of the period	0,0	0,1	0,1
Increase	—	—	—
Decrease	—	(0,1)	—
At the end of the period	0,0	0,0	0,1

3.8. EARNINGS PER SHARE

In the reporting period basic and diluted earnings per share amounted to PLN (3,50) (in 2017 it was respectively PLN 1,02). The existence of A-series subscription warrants granted under the incentive scheme does not significantly affect the calculation of diluted earnings per share.

[in PLN million unless otherwise stated]

4. NOTES TO THE INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AND OTHER COMPREHENSIVE INCOME

4.1 COSTS BY TYPE

01.2018-03.2018	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(160,2)	—	—	—	(160,2)
Consumption of materials and energy	—	(2,9)	(0,5)	(0,4)	(3,8)
Provision for inventories	(2,8)	—	—	—	(2,8)
Remuneration and other employee benefits	—	(44,3)	(3,7)	(3,8)	(51,8)
Costs of the incentive program	—	—	—	(4,2)	(4,2)
Agency services	—	(8,3)	—	—	(8,3)
Transportation services	—	—	—	—	—
Lease costs	—	(13,2)	—	(0,8)	(14,0)
Other outsourcing services	—	(2,6)	(0,2)	(1,5)	(4,3)
Amortization and depreciation	—	(53,1)	—	(1,1)	(54,2)
Taxes and fees	—	—	—	(0,5)	(0,5)
Other flat costs	—	(0,4)	(0,1)	(0,6)	(1,1)
TOTAL	(163,0)	(124,8)	(4,5)	(12,9)	(305,2)

[in PLN million unless otherwise stated]

01.2017-03.2017	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(226,1)	—	—	—	(226,1)
Consumption of materials and energy	—	(2,3)	(0,1)	(0,3)	(2,7)
Provision for inventories	—	—	—	—	—
Remuneration and other employee benefits	—	(41,8)	(2,2)	(3,1)	(47,1)
Costs of the incentive program	—	—	—	—	—
Agency services	—	(8,5)	—	—	(8,5)
Transportation services	—	—	(0,1)	—	(0,1)
Lease costs	—	(50,4)	(0,1)	(0,5)	(51,0)
Other outsourcing services	—	(2,2)	(0,6)	(1,0)	(3,8)
Amortization and depreciation	—	(6,4)	—	(0,7)	(7,1)
Taxes and fees	—	—	—	—	—
Other flat costs	—	—	(0,1)	(0,6)	(0,7)
Change in products and production in progress	—	—	0,8	—	0,8
TOTAL	(226,1)	(111,6)	(2,4)	(6,2)	(346,3)

[in PLN million unless otherwise stated]

4.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

	01.2018-03.2018	01.2017-03.2017
Other costs		
Loss on disposal of tangible non-current assets	—	(0,6)
Stocktaking net losses	(0,5)	(0,5)
Other net operating cost	(0,3)	—
Loss on exchange rate differences on items other than debt	—	(0,2)
Total other operating costs	(0,8)	(1,3)
Other income		
Profit on disposal of tangible fixed assets	0,6	—
Compensations	0,3	0,1
Subsidy of SFRDP remuneration	0,8	0,8
Other net operating income	1,0	0,6
Total other operating income	2,7	1,5
Total other operating costs and income	1,9	0,2

	01.2018-03.2018	01.2017-03.2017
Finance cost		
Interest on borrowings (recognised in costs)	(3,7)	(1,8)
Result on exchange rates	(4,7)	(8,0)
Other finance cost	(0,3)	(0,4)
Total finance cost	(8,7)	(10,2)
Finance revenue		
Interest from current account and other	1,3	1,1
Result on exchange rates	0,9	—
Other finance revenue	0,1	0,1
Total finance revenue	2,3	1,2

[in PLN million unless otherwise stated]

4.3 PROVISIONS

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	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	0,1	—	—	—	0,1
Utilisation	—	—	—	—	—
Release	(0,1)	—	—	—	(0,1)
Exchange rate differences	—	—	—	—	—
As of 31.03.2018	2,8	—	—	—	2,8
Current	1,0	—	—	—	1,0
Non-current	1,8	—	—	—	1,8

[in PLN million unless otherwise stated]

4.4 DEFERRED TAX ASSETS AND LIABILITIES

	31.03.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2017
Assets					
Impairment of assets	0,1	(0,4)	0,5	0,5	—
Provisions for liabilities	2,1	(0,4)	2,5	(1,3)	3,8
Other	1,7	0,3	1,4	(4,1)	5,5
Total before offsetting	3,9	(0,5)	4,4	(4,8)	9,2
Liabilities					
Accelerated tax depreciation of tangible non-current assets	2,2	(0,2)	2,4	0,1	2,3
Other	0,2	—	0,2	—	0,2
Total before offsetting	2,4	(0,2)	2,6	0,1	2,5
Offsetting	(2,4)	0,2	(2,6)	(0,1)	(2,5)
Balance of deferred tax in the balance sheet:				—	
Assets	1,5	(0,3)	1,8	(4,9)	6,7
Liabilities	—	—	—	—	—

[in PLN million unless otherwise stated]

4.5 CHANGE IN WRITE-DOWNS ON CURRENT RECIVABLES

	01.01.2018 – 31.03.2018	01.01.2017 – 31.12.2017	01.01.2017 – 31.03.2017
At the beginning of the period	0,8	2,2	2,2
Increase	—	—	—
Decrease	—	(1,4)	(0,8)
At the end of the period	0,8	0,8	1,4

4.6 CHANGE IN WRITE-DOWNS ON IMPAIRMENT OF TANGIBLE FIXED ASSETS

There were no changes in write-downs on impairment of tangible fixed assets.

4.7 CHANGE IN WRITE-DOWNS ON INVENTORIES

There were no changes in write-downs on inventories during the reporting peri od.

5. IMPLEMENTATION BY THE CCC S.A. CAPITAL GROUP IFRS 16 "LEASE"

The International Accounting Standards Board has published a new International Financial Reporting Standard no. 16 (IFRS 16, Standard) regarding lease. IFRS 16 is effective for reporting periods beginning on January 1, 2019 and will affect most companies that use assets based on lease, rental and lease agreements. The new standard allows its earlier application under the conditions of simultaneous application of IFRS 15 "Revenues from contracts with customers". Capital Group CCC S.A. applied the Standard for the first time for the period beginning on January 1, 2018 adopting a modified retrospective approach. It was possible because IFRS 15 was implemented at the same time.

The Group analysed the concluded agreements in terms of applying IFRS 16 "Leasing". All following agreements were its subject matter:

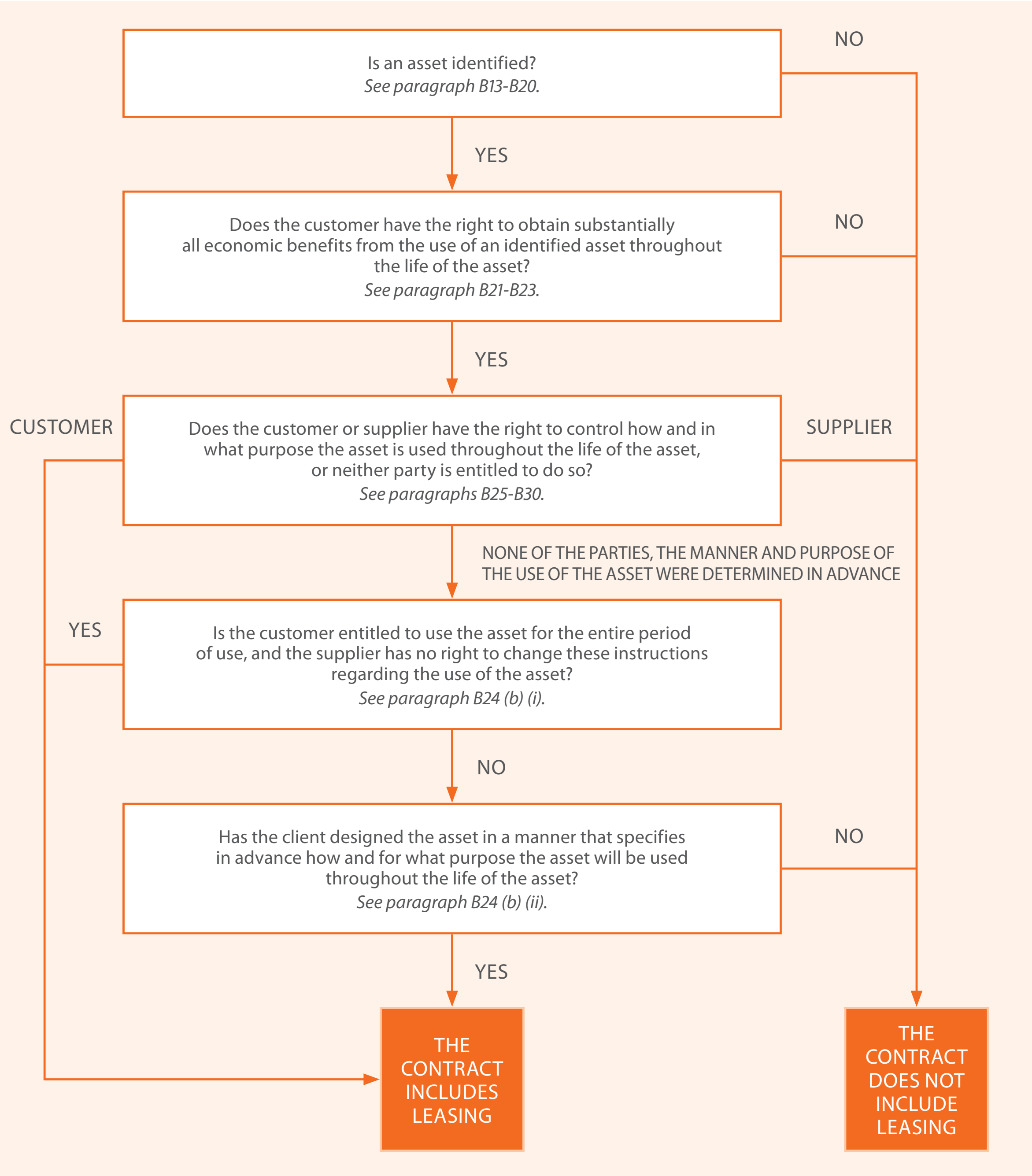
- financial lease,
- operating lease,
- short-term rental, and
- long-term lease,

which were concluded by the Company and companies from the capital group.

In addition, the Company has analysed transactions of purchased services (operating costs) or concerns the use of an asset. Such transactions could also be qualified under the scope of the standard.

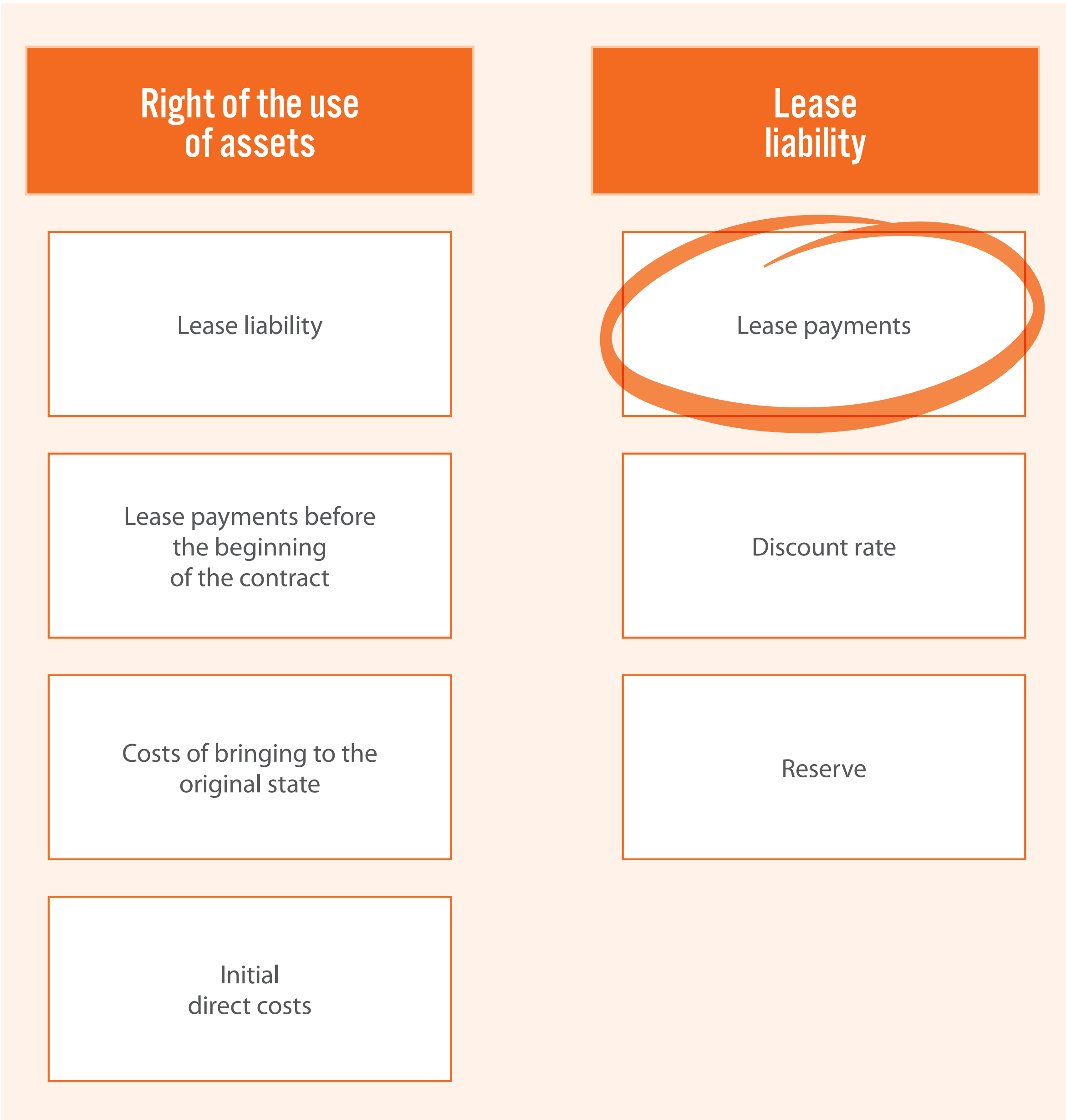
THE DECISIONAL SCHEME REGARDING THE IDENTIFICATION OF THE LEASE CONTRACT

The decisional scheme regarding the identification of the lease contract presents as follows:



THE METHOD OF RECOGNITION IN THE FINANCIAL STATEMENTS OF ASSETS COMPONENT DUE TO THE RIGHT OF USE AND LIABILITY UNDER THE LEASE

The method of recognition in the financial statements of assets component due to the right of use and liability under the lease, is presented in the diagram below:



INITIAL VALUATION OF EN ELEMENT FOR A RIGHT FOR THE USE OF ASSET

At the date of commencement, the CCC S.A. Capital Group measures an asset for a right to use at cost.

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

- the amount of the initial valuation of the lease liability,
- any lease payments paid on or before the start date, less any incentives received from lease,
- all initial direct costs incurred by the lessee,
- the cost to be borne by the lessee in connection with the dismantling and removal of the underlying asset, the renovation of the location in which 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 create inventories.

CALCULATION OF LEASE LIABILITIES

At the date of commencement, the lessee measures the lease liability in the amount of the present 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.

At the start date, 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 as specified in standard paragraph B42) 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 will use this option (assessed taking into account the factors set out in paragraphs B37-B40 of the standard), and
- cash penalties for termination of the lease, if the lease terms assumed 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.

[in PLN million unless otherwise stated]

For each type of contracts, the Company has estimated the discount rate, which will affect the final value of the valuation of these agreements. The company took into account the type of contract, the duration of the agreement, the currency of the agreement and the potential margin that it would have to incur on behalf of external financial institutions if it were to enter into such a transaction on the financial market.

Selected financial positions of financial statement reflecting the impact of implemented IFRS 16 are presented below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

POZYCJA	AS OF 31.03.2018 WITHOUT IFRS 16	IMPACT OF IMPLEMENTATION OF IFRS 16	AS OF 31.03.2018 PUBLISHED DATA
Total assets	3 319,3	2 403,7	5 723,0
Non-current assets	1 198,6	2 403,7	3 602,3
Right of the use of assets	—	2 403,7	2 403,7
Total liability	3 319,3	2 403,7	5 723,0
Total liabilities	2 269,0	2 418,9	4 687,9
Lease liability	—	2 418,9	2 418,9
Total equity	1 050,3	(15,2)	1 035,1

At the balance sheet date gross value of right of the use assets amounted PLN 2 514,7 million and depreciation PLN 111,0 million.

Lease liabilities include calculated interest in the amount PLN 7,6 million and exchange rates in the amount PLN 1,2 million.

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT AND OTHER COMPREHENSIVE INCOME

POZYCJA	AS OF 31.03.2018 WITHOUT IFRS 16	IMPACT OF IMPLEMENTATION OF IFRS 16	AS OF 31.03.2018 PUBLISHED DATA
Gross profit on sale	332,0	—	332,0
Cost of operating stores	293,6	6,5	300,1
Amorization	25,9	111,0	136,9
Lease costs	129,7	(104,5)	25,2
Profit on operating activity	(113,0)	(6,5)	(119,5)
EBITDA	(87,1)	104,5	17,4
Finance cost	16,1	8,7	24,8
Interest	5,9	7,5	13,4
Exchange rates	—	1,2	1,2
Net profit	(128,9)	(15,2)	(144,1)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

POZYCJA	AS OF 31.03.2018 WITHOUT IFRS 16	IMPACT OF IMPLEMENTATION OF IFRS 16	AS OF 31.03.2018 PUBLISHED DATA
Net cash flows from operating activities	(356,7)	113,4	(243,3)
Net cash flows from investing activities	(64,6)	0,0	(64,6)
Net cash flows from finance activities	44,1	(113,4)	(69,3)
TOTAL CASH FLOWS	(377,2)	0,0	(377,2)

Current lease liabilities has been reclassified to finance liabilities and due to this fact change in current liabilities, excluding borrowings presented is in finance activities.

6. OTHER INFORMATION

A BRIEF DESCRIPTION OF CONSIDERABLE ISSUER'S ACHIEVEMENTS OR FAILURES IN Q1 2018

In the first quarter of 2018, the Capital Group CCC S.A.:

- increased CCC sales network by more than 16.0 thousand m^2
- reported an decrease in sales revenue by 3.7% compared to the first quarter of 2017
- achieved the EBITDA result of PLN 17.4 million (an increase of PLN 13.9 million compared to the first quarter of 2017)

SALES REVENUE

Sales revenue developed as follows:

	SALES REVENUE [1]		CHANGE %	REVENUE PER 1 m^2 OF FLOOR SPACE (IN THOUSAND PLN) [2]	
	01.2018-03.2018	01.2017-03.2017		01.2018-03.2018	01.2017-03.2017
Poland	289,3	343,4	-15,8%	1,15	1,6
CEE	132,8	146,6	-9,4%	0,89	1,13
Western Europe	57,8	70,1	-17,5%	0,64	0,84
Other countries	16,1	11,1	45,0%	0,78	1,28
Retail activities	496,0	571,2	-13,2%	0,97	1,31
Wholesale	29,4	38,2	-23,0%	0,73	1,11
E-commerce	168,6	110,8	52,2%		
Other activities	-	-	-		
Manufacturing	0,1	0,2	-50,0%		
TOTAL	694,1	720,4	-3,7%		

[1] Revenues from sales apply only to sales to external customers.

[2] Revenue per 1m^2 of the floor space is calculated by dividing the value of revenue for the 9 months of a given year by the number of m^2 of floor space at the balance sheet date.

Revenue from sales for the period 01-03.2018 amounted to PLN 694.1 billion, an decrease of PLN 26.3 million (3.7%) compared to the corresponding period of the previous year. The unfavourable weather conditions were the main factor influencing the drop in sales. Total retail sales revenue for the period 01-03.2018 accounted for 71,5% of total sales to external customers with 4,2% of wholesale, 24,3% of sales in the e-commerce channel. Poland is still the largest market in retail sales in physical stores whose share in total sales for the period 01-03.2018 amounted to 41,7% compared to 47,7% in first quarter of 2017 (decrease in the share is due to the dynamic expansion in foreign markets and an increase in the share of sales in the e-commerce channel).). In relation to the previous year, revenue from sales to external customers increased in all markets. The Group maintains a high retail sales per $1m^2$ – for the period 01-03.2018 sales amounted to 0,97 thousand PLN/m^2, monthly 0,32 thousand PLN/m^2 (1.31 thousand PLN/m^2 in the same period of 2017, monthly 0,44 thousand PLN/m^2.) with the increase in the average area of the CCC store by 9,3% up to 595 m^2.

The size of the generated revenue is affected by a change in the sales in existing units and the changes resulting from the opening and closing of retail stores. Adverse weather conditions (especially in March) resulted a decrease of sales on all markets (Poland – 22,6%; Central and Eastern Europe – 17,9%; Western Europe – 20,6%).

[in PLN million unless otherwise stated]

GROSS SALES PROFIT

Gross profit by particular segments was as follows:

	GROSS PROFIT ON SALE		CHANGE %	GROSS MARGIN	
	01.2018-03.2018	01.2017-03.2017		01.2018-03.2018	01.2017-03.2017
Poland	144,0	165,5	-13,0%	49,8%	48,2%
CEE	76,8	83,0	-7,5%	57,8%	56,6%
Western Europe	33,2	41,3	-19,6%	57,4%	58,9%
Other countries	6,9	5,4	27,8%	42,9%	48,6%
Retail activities	260,9	295,2	-11,6%	52,6%	51,7%
E-commerce	63,1	43,8	44,1%	37,4%	39,5%
Wholesale	8,3	11,5	-27,8%	28,2%	30,1%
Manufacturing	(0,3)	0,2	<-100%	nd.	nd.
Total	332,0	350,7	-5,3%	47,8%	48,7%
Unallocated to segments	—	—	—		
TOTAL	332,0	350,7	-5,3%	47,8%	48,7%

The consolidated gross profit on sales of the Group dropped by 5.3% and in the period from 01-03.2018 amounted to PLN 332.0 million (level of margin was disturbed by delayed start of sale spring collection. Margin in offline channel amounted to PLN 268,9 million in the period 01-03.2018 increased by 0.9 pp compared to the corresponding period. A dynamic increase in the share of sales in the e-commerce channel resulted in a slight lowering of the gross margin on sales by 0.9 pp to the level of 47.8%.

COSTS OF OPERATING STORES

Costs of operating stores were as follows:

	01.2018-03.2018 (WITH IFRS 16)	01.2018-03.2018	01.2017-03.2017	CHANGE % (WITHOUT IFRS 16)
Remuneration and other employee benefits	(107,0)	(107,0)	(95,4)	12,2%
Agency services	(8,3)	(8,3)	(8,5)	-2,4%
Lease costs	(21,6)	(126,1)	(112,8)	11,8%
Amortization and depreciation	(128,4)	(17,4)	(13,4)	29,9%
Taxes and fees	(2,0)	(2,0)	(1,1)	81,8%
Consumption of materials and energy	(11,6)	(11,6)	(8,8)	31,8%
Other flat costs	(21,2)	(21,2)	(16,5)	28,5%
TOTAL	(300,1)	(293,6)	(256,5)	14,5%

As mentioned in point " New and changed applied accounting standards" The Group decided to implement the new IFRS 16 Lease, that caused, among others, changes in the structure of store operation costs. As a result of applying IFRS 16, changes occurred in the presentation of lease costs (decrease in costs by PLN 104.5 million) and depreciation costs (increase in costs by PLN 111.0 million) and increase in total costs by PLN 6.5 million.

For the purpose of the analysis, in order to maintain the comparability of data, changes in the operating costs of stores are described without the impact of IFRS 16.

In the period 01-03.2018, the most significant cost item of CCC Group were costs of operating stores which without the impact of IFRS 16 in comparison with the corresponding period of previous year increased by PLN 37.1 million (+14,5%) up to PLN 293.6 million and with increasing of retail space by 17%. Together with the market expansion and the opening of new retail outlets, the majority of the store operating costs increased. The most important cost groups are lease costs (and after implementation of IFRS 16 depreciation of the right of assets, i.e. lease of store space) and remuneration and employee benefits on stores, which accounted for 42.9% and 36.4% of total costs, respectively of the costs of operating stores.

In order to analyse and compare the performance of individual stores, the Group uses the ratio of the cost incurred per square meter of the floor space. In aggregate, the cost of operating stores per square meter between 2018 and 2017 changed slightly (-2%y/r) – in the period 01-03.2018 the ratio was 0.59 thousand PLN/m^2, and in corresponding period of 2017 0.59 thousand PLN/m^2. This ratio is most favourable in Central and Eastern Europe, while the highest cost/m^2 is incurred in Western Europe.

OTHER INCOME AND OPERATING AND FINANCIAL COSTS

In the period 01-03.2018 other costs and operating income accounted for respectively PLN 9.4 million and PLN 5.8 million, which in terms of net accounted for PLN 3.6 million on the cost compared with PLN 0.5 million in the previous year on the cost. The main reason for the change in 2018 compared to the same period of 2018 were loss on foreign exchange differences PLN – 6.5 million, other costs PLN – 2,0 million and Stocktaking net losses PLN – 0.8 million. Other operating income in the period 01-03.2018 was PLN 0.5 million lower than in the corresponding period of the previous year.

As mentioned in point "New and changed accounting standards applied" The Group decided to implement IFRS 16 "Leases" that caused, among others, increasing of finance costs by PLN 8,7 million including interest PLN 7,5 million and exchange rates PLN 1.2 million.

In the period 01-03.2018 other costs and financial income, including IFRS 16, accounted for respectively PLN 24,8 million and PLN 6.5 million, which represented a net amount of PLN 18,3 million on the cost as compared with PLN 18.5 million in the previous year also on the cost. The main item making up the financial costs in the reporting period was interest PLN – 13,4 million, valuation of non-realized put option of non-controlling interests PLN – 6,3 milion. The main item of financial Income was result on exchange rates amount of PLN 4.0 million.

INCOME TAX

Income tax for the period 01-03.2018 amounted to PLN 6.3 million. This amount, in addition to the current tax, was affected by the recognition of the deferred tax assets on temporary difference for trademarks and investment relief in the amount of PLN – 0,9 million (in the same period of 2017 – PLN – 2,1 million, with converted data).

[in PLN million unless otherwise stated]

NET PROFIT AND ADJUSTED NET PROFIT

After taking into account income and financial costs and income tax, the net profit for the period 01-03.2018 amounted to PLN – 144,1 million and was higher by PLN 106,5 million than in the period 01-03.2017.

Impact of implementation of IFRS 16 amount to PLN – 15,2 million.

Adjusted net profit (loss) is calculated based on the net profit adjusted for items which, according to the Management Board, are of one-off event nature and are not taken into account when assessing performance and when making decisions. Below there is a list of items excluded from net result together with an explanation:

Non-cash positions:

- deferred tax related to the trademark and goodwill – this item refers to temporary differences resulting from the business restructuring of the CCC Group
- deferred tax related to investment relief – this item applies to temporary differences arising from investments held by the CCC Group
- the cost of the incentive scheme – this item includes the cost of the incentive scheme existing in the CCC Group

APPROVAL OF ADJUSTED NET PROFIT

	01.2018-03.2018	01.2017-03.2017
Net profit	(144,1)	(37,6)
Effects of business restructuring		
Recognition of a deferred tax asset relating to the trademark and investment relief	(0,9)	(2,1)
Costs of the incentive program	(9,5)	—
Adjusted net profit	(133,7)	(35,5)

Overview of the main items in our consolidated statement of financial position is as follows:

As was mentioned in point "New and changed accounting standards applied" The Group decided about to implement IFRS 16 "Leases" that caused, among others, significant increasing of total balance sheet. In assets it was recognized right of the use amounted to PLN 2 403,7 million and in liabilities revealed lease liability amounted to PLN 2 418,9 million and decreasing in equity by PLN 15,2 million (related to lower net profit).

Total balance sheet as of 31 March 2018 amounted to PLN 5 723,0 billion and increase by PLN 2 353,1 million (+69,8%) in relation to 31 December 2017, which on the assets resulted mainly from the implementation of IFRS 16 and recognition of right of the use in amount PLN 2 403,7 million and decrease of Cash and cash equivalents by PLN 377.8 million (-73.8%). The increase in the balance-sheet total as on March 31, 2018 vs. December 31, 2017, amounted in PLN 5 723,0 million. In addition to the right to use assets PLN 2,403.7 million, the value of assets was affected by a decline cash and cash equivalents by PLN 377.8 million (-73.8%) (details when analyzing cash flows) and increase in inventory by PLN 299.2 million related to delayed launch of the spring collection sale.

Increasing of balance sheet as of 31 March 2018 in liability was affected mainly by implementation of IFRS 16 and recognition lease liability amounted in PLN 2 418,9 million, increasing in short term debt by PLN 49,7 million (+10,3%) and decreasing in equity related to the loss of Q1 2018.

Total debt ratio is used by the Capital Group CCC S.A. for assessment of the financing structure of assets.

The increase in net financial debt related to the decrease in cash as compared to December 31, 2017 resulted in the increase in the total debt ratio as on March 31, 2018 amounted to 80.5% and in the opinion of the Management Board remains at a safe level.

Overall debt ratio is calculated as the ratio of net debt to total capital employed. Net debt is calculated as total borrowings (including current and non-current loans and issued bonds indicated in the consolidated statement of financial position) less cash and cash equivalents. Total capital employed is calculated as equity recognized in the consolidated statement of financial position with a net debt.

Implementation of IFRS 16, due to the recognition of lease liability, had significant impact on overall debt ratio. To ensure comparability data, this ratio has been calculated with taking into account

IFRS 16 and without its impact:

- calculation of the ratio without taking into account IFRS 16 – ratio amounted to 0.79.
- calculation of the indicator taking into account IFRS 16 – ratio amounted to 3.1.

The effect of implementing IFRS 16, though significantly changing the value of overall debt ratio has a neutral impact on liquidity and ability of the CCC Group to meet from obligations.

Implementation of IFRS 16 doesn't change the value of future lease liabilities. Only the method of their recognition in the financial statements changes. This change also doesn't affect real cash flows.

Decreasing in cash and cash equivalents by PLN 377,8 million resulted from negative cash flows on operating activity PLN – 243.3 million, investment PLN – 64.6 million and financial activities PLN – 69.3 million and foreign exchange differences on cash valuation PLN 0.6 million.

NET CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated net flows from operating activities for the period 01-03/2018 amounted to PLN – 243.3 million and resulted from the change in working capital-PLN 139,2 million (including change in inventories and impairment losses on inventories – 299.2 million PLN and change in short-term liabilities, excluding borrowings in the amount of 143.6), the result adjusted by non-cash positions from operating activities in the amount of PLN – 104.1 million.

As a result of the implementation of IFRS 16, rental fee liabilities, the change of which has been reported so far in net cash flows from operating activities have been reclassified to financial activity. Change liabilities due to this amounted in the current period PLN 113.4 million..

NET CASH FLOWS FROM INVESTING ACTIVITIES

Consolidated net cash flows from investing activities for the period 01-03.2018 amounted to PLN 64.6 million. The investing activity was influenced by the increase in expenditure on tangible fixed assets and intangible assets related to the implementation of the strategy of market expansion and the increase of retail space in Poland and abroad – these expenditures in the analyzed period amounted to PLN 81.1 million.

NET CASH FLOWS FROM FINANCE ACTIVITIES

Consolidated cash net flows from finance activities for the period 01-03/2018 amounted to PLN – 69.3 million and affected to increasing from financial debt by PLN 49.7 million. On the outflows side lease payment in the amount of PLN 113.4 million and costs from interest 5.6 million PLN.

Lease payments include current payments and the cost of interest.

[in PLN million unless otherwise stated]

SALES NETWORK OF THE CAPITAL GROUP CCC S.A.

The first quarter of 2018 was marked by further expansion in foreign markets. The Group opened 3 stores each in Russia and 1 store in Slovakia, Hungary, Croatia, Germany, Austria and Romania.

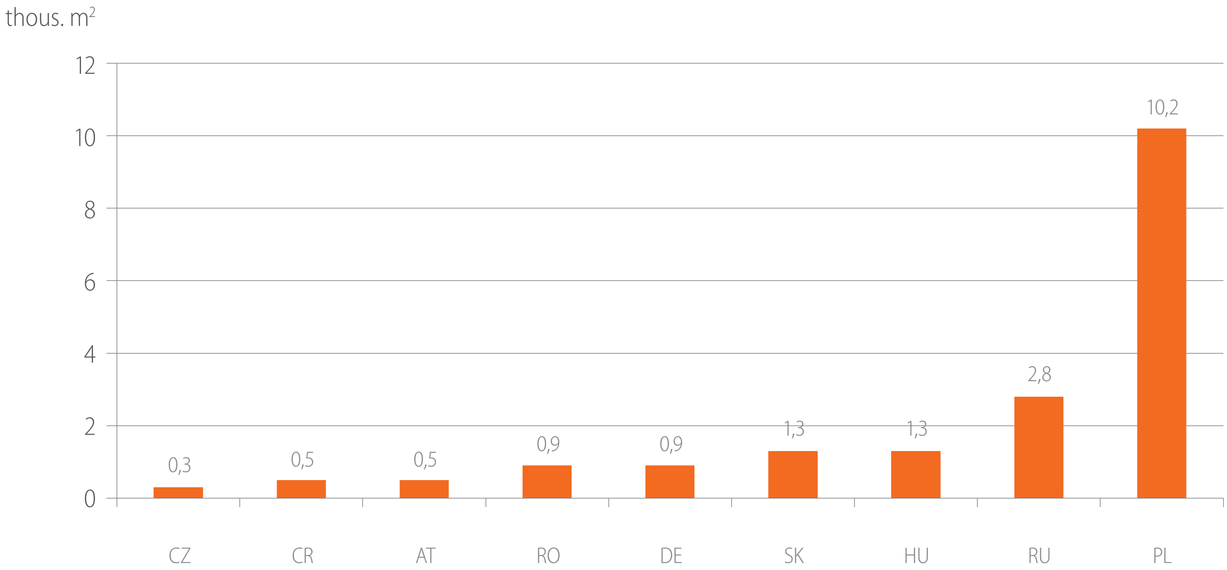
As of 31 March 2018, the sales network of the Capital Group CCC S.A. comprised of 934 CCC stores, which consisted of:

CHAIN	TYPE	31.12.2014		31.12.2015		31.12.2016		2017-12-31		2018-03-31	
		m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER
CCC own stores	Poland	166 946	405	186 782	410	212 242	436	243 839	448	252 293	450
	Czech Republic	32 309	79	36 104	79	39 415	82	44 701	88	44 589	87
	Slovakia	13 866	30	18 852	37	23 104	42	28 198	50	29 546	51
	Hungary	27 689	57	30 462	61	38 040	69	45 247	73	46 148	73
	Austria	9 184	17	14 681	27	23 580	39	27 431	45	27 908	46
	Slowvnia	3 646	6	4 603	8	6 272	11	7 687	13	7 687	13
	Croatia	4 436	8	7 314	13	11 842	20	13 561	23	14 018	24
	Germany	18 380	27	34 920	51	58 127	75	61 114	77	62 013	78
	Bulgaria	—	—	3 875	6	5 665	9	6 562	10	6 562	10
	Serbia	—	—	—	—	1 089	2	4 078	6	4 078	6
	Russia*	—	—	—	—	6 339	11	13 923	19	16 675	22
	Turkey	1 805	3	1 805	3	—	—	—	—	—	—
TOTAL OWN STORES		278 261	632	339 398	695	425 715	796	496 341	852	511 517	860
CHAIN	TYPE	31.12.2014		31.12.2015		31.12.2016		2017-12-31		2018-03-31	
		m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER	m²	NUMBER
CCC Franchise	Russia*	1 781	5	3 617	8	—	—	—	—	—	—
	Ukraine	1 470	4	2 237	5	2 709	5	3 827	6	3 827	6
	Romania	13 454	31	19 325	42	24 386	50	27 148	54	28 005	55
	Latvia	2 622	6	3 232	7	3 281	7	4 409	7	4 409	7
	Lithuania	—	—	1 187	2	1 787	3	2 657	4	2 657	4
	Poland	—	—	—	—	—	—	—	—	—	—
	Moldova							740	1	740	1
	Estonia	—	—	—	—	724	1	724	1	724	1
TOTAL FRANCHISE		19 327	46	29 598	64	32 887	66	39 505	73	40 362	74
CCC TOTAL		297 588	678	368 996	759	458 602	862	535 846	925	551 879	934

The floor space of the Group on 31.03.2018 amounted 551.9 thousand m2 and increased by 16.1 thousand m² (compared to 31.12.2017), which consisted of opening and enlargement of CCC stores +18.6 thousand m² and closing – 2.6 thousand m².

The floor space in own stores of the CCC network increased by 3.1% and amounted to 511.5 thousand m² on 31.03.2018 (including 252.3 thousand m² in Poland) as compared to 496,3 thousand m² on 31.12.2017 (including 243.8 thousand m² in Poland). The floor space in franchises units increased by 2.3% and amounted to 40.4 thousand m2 on 31.03.2018 compared to 39.5 thousand m2 on 31.12.2017.

Openings and extensions of stores of CCC Group in the period 01.01.2018-31.03.2018



DESCRIPTION OF FACTORS AND CIRCUMSTANCES, INCLUDING NON-TYPICAL FACTORS AND CIRCUMSTANCES, WHICH MATERIALLY AFFECTED THE ACHIEVED FINANCIAL RESULTS.

In the period covered by this statement there were no non-typical occurrences that would materially affect the achieved financial results.

FACTORS THAT IN THE ISSUER'S VIEW WILL AFFECT ITS RESULTS WITHIN A TIME SPAN OF AT LEAST THE NEXT QUARTER.

In the Issuer's view, the major factors that will affect its performance in the near future are:

1. the volume of sales achieved and margins generated,
2. further development of the CCC retail chain in Poland and abroad,
3. existing weather conditions,
4. currency exchange rates.

INFORMATION ABOUT THE NATURE AND SCOPE OF ALL MATERIAL LIMITATIONS OF CAPACITY OF THE SUBSIDIARIES TO FORWARD FUNDS TO THE DOMINANT ENTITY IN THE FORM OF CASH DIVIDENDS OR TO REPAY LOANS OR CREDITS.

To the knowledge of the Management Board of the dominant entity, there are no material limitations of capacity of the subsidiaries to forward funds to the dominant entity.

INFORMATION ON SIGNIFICANT TANGIBLE FIXED ASSETS PURCHASE AND SALE TRANSACTIONS, SIGNIFICANT LIABILITIES DUE TO THE PURCHASE OF TANGIBLE FIXED ASSETS PURCHASE, SIGNIFICANT SETTLEMENTS DUE TO COURT PROCEEDINGS

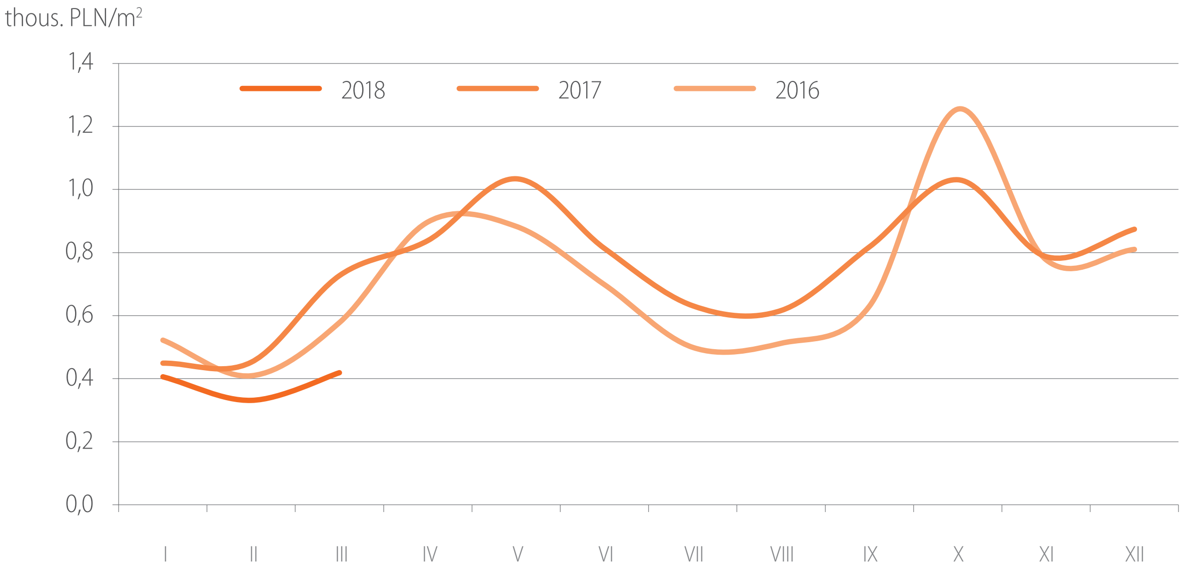
Not applicable.

EXPLANATIONS CONCERNING SEASONALITY AND CYCLICALITY OF THE ISSUER'S ACTIVITIES DURING THE PRESENTED PERIOD.

In the case of the companies of Capital Group CCC S.A., we are dealing with seasonal sales. The seasonality of CCC S.A. Capital Group's sales is significant, just as in the entire clothing and footwear industry. There are two primary high sales periods: Q2 and Q4. Furthermore, throughout the year, sales are tied closely to weather conditions. Weather may disrupt such seasonality pattern, by accelerating or postponing the periods of lower or higher sales, respectively.

Seasonal fluctuations for the past three years are presented in the diagram below.

Seasonality of sales in CCC chain network 2016-2018



INFORMATION ABOUT THE ISSUE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES.

Not applicable.

INFORMATION ON DIVIDENDS PAID (OR DECLARED) IN TOTAL PER SHARE

Not applicable.

DESCRIPTION OF EVENTS WHICH OCCURRED AFTER THE DAY ON WHICH THE FINANCIAL STATEMENT WAS PREPARED, NOT INCLUDED IN THIS STATEMENT BUT WHICH MIGHT SIGNIFICANTLY AFFECT THE ISSUER'S FUTURE FINANCIAL RESULTS.

Not applicable.

[in PLN million unless otherwise stated]

INFORMATION CONCERNING CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS WHICH OCCURRED SINCE THE END OF THE LAST FINANCIAL YEAR.

Changes in contingent liabilities and assets are described in the table below.

	31.03.2018	31.12.2017	31.03.2017
Guarantees and sureties received	47,5	47,5	47,5
Total contingent assets	47,5	47,5	47,5
Custom bonds	27,0	27,0	15,0
Other forms of collateral	100,3	96,7	88,6
Security granted	—	—	—
Total contingent liabilities	127,3	123,7	103,6

Customs bonds provide a security for the repayment of customs liabilities due to the Group's operation of customs warehouses, and their maturity date is on 30.04.2018.

Other guarantees constitute a collateral of concluded agreements for the lease of premises, and their maturity date is on 31.03.2019. The collaterals granted are related to the surety agreement of the liability and their maturity is indefinite.

RESULTS OF CHANGES IN THE STRUCTURE OF THE BUSINESS ENTITY, INCLUDING RESULTS OF BUSINESS COMBINATIONS, ACQUISITIONS OR SALES OF ENTITIES OF THE ISSUER'S CAPITAL GROUP, LONG-TERM INVESTMENTS, DEMERGERS, RESTRUCTURINGS AND DISCONTINUED OPERATIONS.

In the first quarter of 2018 there were no changes in the structure of the business unit, including as a result of merger, acquisition or sale of entities of the Issuer's Capital Group, long-term investments, division, restructuring and discontinuation of operations.

PROJECTIONS OF FINANCIAL RESULTS.

No projections for 2018 were published

INFORMATION ON THE ECONOMIC SITUATION AND THE CONDITIONS OF CONDUCTING BUSINESS ACTIVITY WHICH HAVE A MATERIAL EFFECT ON THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF AN ENTITY.

Not applicable.

INFORMATION ON A FAILURE TO REPAY A CREDIT OR LOAN OR A MATERIAL BREACH OF THE PROVISIONS OF THE CREDIT OR LOAN AGREEMENT, WHICH WERE NOT SUBJECT TO ANY REMEDIES TILL THE END OF THE REPORTING PERIOD.

Not applicable

CONTENTIOUS ISSUES.

The companies of CCC S.A. Capital Group are not a party to any court proceedings in which the value of the subjects of dispute would exceed 10% of the Group's equities.

INFORMATION ON TOTAL LOAN SURETIES OR WARRANTIES GRANTED BY THE ISSUER OR ITS SUBSIDIARY TO A SINGLE ENTITY OR THAT ENTITY'S SUBSIDIARY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES CONSTITUTES AN EQUIVALENT OF AT LEAST 10% OF THE ISSUER'S OWN FUNDS.

Not applicable.

[in PLN million unless otherwise stated]

SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING

Summary of shareholders holding at least 5% of votes at the General Meeting of Shareholders on the date of submitting the report QSr – I/2018.

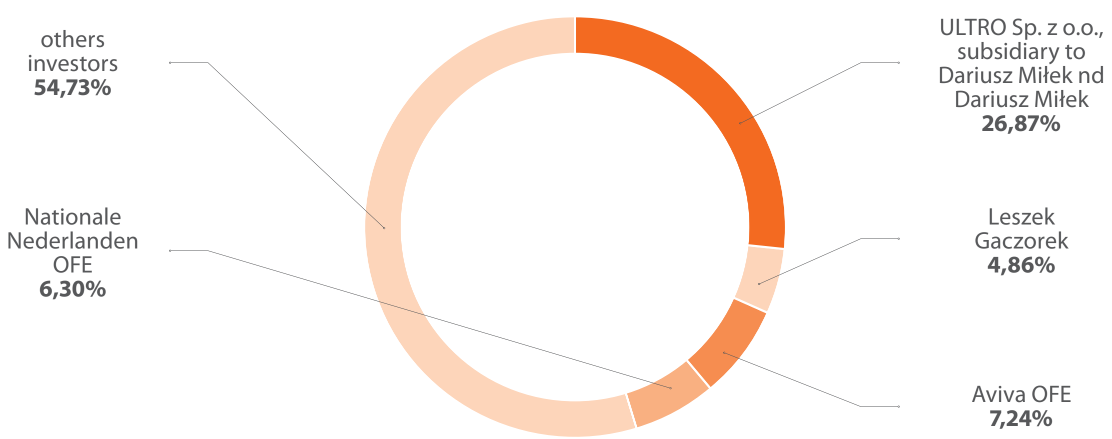
THE LIST OF SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF SHARES OF CCC S.A.

SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO sp. z o.o subsidiary to Dariusz Miłek and Dariusz Miłek	11 060 000	26,87%	16 520 000	34,55%
Leszek Gaczorek	2 000 000	4,86%	3 040 000	6,36%
Aviva OFE [1]	2 981 794	7,24%	2 981 794	6,24%
Nationale-Nederlanden OFE [1]	2 593 493	6,30%	2 593 493	5,42%
Other investors [2]	22 528 713	54,73%	22 678 713	47,43%
TOTAL	41 164 000	100,00%	47 814 000	100,00%

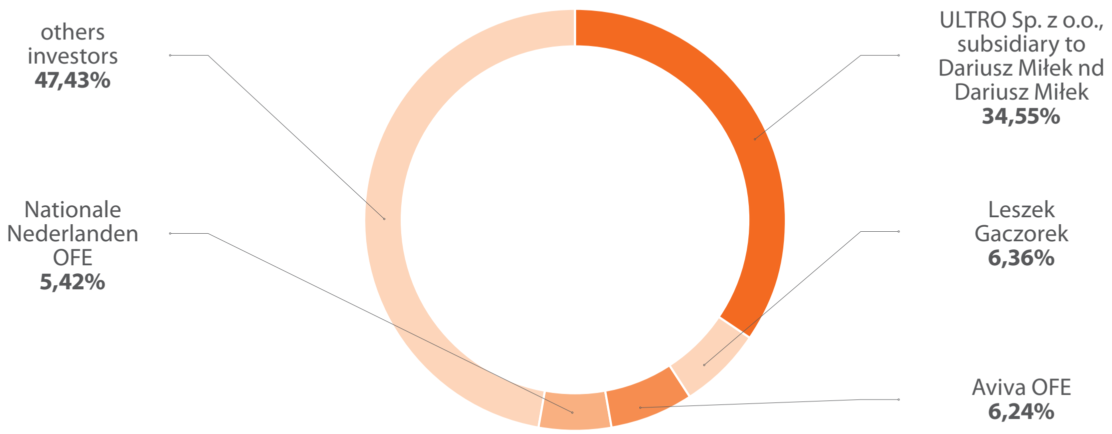
[1] data derived from the annual information on the structure of assets of Funds as of 29.12.2017.

[2] Shareholders holding less than 5% of votes at the General Meeting of Shareholders.

Shareholders by number of shares



Shareholders by number of votes



[in PLN million unless otherwise stated]

At the date of submitting the report for the first quarter of 2018, the Company is not aware of other shareholders who have held at least 5% of votes at the General Meeting of Shareholders.

THE LIST OF SHAREHOLDERS HOLDING SIGNIFICANT BLOCKS OF SHARES OF CCC S.A.

SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO sp. z o.o subsidiary to Dariusz Miłek and Dariusz Miłek	11 060 000	26,87%	16 690 000	34,91%
Leszek Gaczorek	2 000 000	4,86%	3 040 000	6,36%
Aviva OFE [1]	3 069 920	7,46%	3 069 920	6,42%
Nationale-Nederlanden OFE	2 565 649	6,23%	2 565 649	5,37%
Other investors [2]	22 468 431	54,58%	22 448 431	46,94%
OGÓŁEM	41 164 000	100,00%	47 814 000	100,00%

[1] data derived from the annual information on the structure of assets of Funds as of 29.12.2017.

[2] Shareholders holding less than 5% of votes at the General Meeting of Shareholders.

[in PLN million unless otherwise stated]

THE SHARES OF THE DOMINANT ENTITY AND SUBSIDIARIES BY MANAGING AND SUPERVISING PERSONS OF THE ISSUER

To the Issuer's best knowledge, the shareholding by managing and supervising persons is as follows:

SHAREHOLDER	NUMBER OF SHARES AT THE SUBMISSION DATE OF REPORT – QSR – I/2018 (PCS.)	NUMBER OF SHARES AT THE SUBMISSION DATE OF REPORT – SAPS 2017 (PCS.)
Management Board		
President Dariusz Miłek [1]	11 060 000	11 060 000
Vice-President Mariusz Gnych	202 000	202 000

[1] indirectly as the dominant entity in the company Ultro Sp. z o.o.

INFORMATION ON CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE RELATED PARTY TRANSACTIONS, IF THEY ARE INDIVIDUALLY OR JOINTLY MATERIAL AND WERE CONCLUDED ON NON-MARKET TERMS.

Not applicable.

INFORMATION ON THE CHANGE OF FINANCIAL INSTRUMENTS APPRAISAL METHOD (EXPRESSED SO FAR IN FAIR VALUE).

Not applicable.

INFORMATION ON THE FINANCIAL ASSETS CLASSIFICATION CHANGE DUE TO THE CHANGE OF AIM OR USE OF THE SAID ASSETS.

Not applicable.

INFORMATION THAT, IN THE ISSUER'S VIEW, IS CRITICAL FOR THE ASSESSMENT OF THE STAFFING, ASSET AND FINANCIAL SITUATION, THE FINANCIAL RESULT AND ANY CHANGES THERETO, AS WELL AS INFORMATION THAT IS CRITICAL FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO PERFORM ITS LIABILITIES..

This financial statement includes basic information that is relevant to the assessment of CCC S.A. Capital Group's condition. The Management Board believes that there is currently no threat to the Group's performance of liabilities.

EVENTS AFTER A BALANCE SHEET DATE

On 11 April 2018 CCC S.A. entered into a conditional agreement for the sale of an organized part of the enterprise, with Adler International limited liability company limited partnership (hereinafter the "OPE"), consisting of 41 agency stores operating in Poland, including 4 stores that are still being prepared. According to the information obtained from the Seller, in the financial year of 2017, the OPE posted a gross profit of PLN 18.5 million. The agreed purchase price of the OPE is PLN 68.5 million. Pursuant to the Agreement, the Seller intends to use some of the proceeds of the OPE's sale to expedite the expansion of CCC's franchise stores in Ukraine and will open 50 new CCC stores by 2021. (CR 09/2018)

On 24 April 2018, Management of CCC S.A. adopted a proposal on a dividend payment to shareholders in the total amount of PLN 94,677,200.00 consisting of a profit generated in 2017 in the amount of PLN 37,372,525.22, increased by PLN 57,304,674.78 transferred from the reserve capital created from the profit of the Company. The value of a dividend per share amounts to PLN 2.30, the Management Board recommends setting the dividend day (D day) on 29 September 2018 and the pay-out date (W day) on 1 October 2018. (CR 10/2018)

On 25 April 2018 CC Shoes & Bags sp. z o.o. entered into an agreement of acquisition of 100% shares in Shoe Express S.A., a company with its seat in Bucharest („Company"). Shoe Express S.A. has been previously purchased from Peeraj Brands International SRL an organized part of business comprising all retail outlets operating under the CCC brand in Romania. Previously the outlets have been operated by Peeraj Brands International SRL under a franchise agreement with the Issuer. Total value of the transaction is EUR 33 million before taking into account working capital adjustments to be made within a specified period following the transaction. Completion of the transaction and transfer of shares in the Company has occurred on the date of signing, i.e. 25 April 2018. (CR 11/2018)

On 2 May 2018, the subsidiary of the Issuer, eobuwie.pl S.A., based in Zielona Góra (The Company), signed an annex to the agreement on a multi-purpose credit limit as of 26 October 2017 with the Polish Bank Pekao S.A. This annex changed the credit limit to the total amount of PLN 60.000.000,00, under which the Bank granted a Company a limit in the form of an overdraft up to a total amount not exceeding PLN 40,000,000.00 and in the form of bank guarantees and letters of credit for a total amount not exceeding PLN 20,000,000.00. The limit was extended to 31 October 2018. Total maximum involvement of Polish Bank Pekao S.A. in the CCC Group increased from PLN 530 million to PLN 560 million. (CR 14/2018)

The condensed consolidated interim financial statements of Capital Group CCC S.A. was approved for publication by the Management Board of the Dominant Entity on 15 May 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 MEMBERS OF THE MANAGEMENT BOARD

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, 15 May 2018.