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

FOR Q3 2018

CCC
SHOES & BAGS

TABLE OF CONTENTS


CCC

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

FINANCIAL ACTIVITY		IN MLN PLN		IN MLN EUR
Selected data from the consolidated statement of profit or loss and other comprehensive income	01.2018-09.2018	01.2017-09.2017	01.2018-09.2018	01.2017-09.2017
Sales revenue	3 274,2	2 833,5	769,8	665,7
Poland	1 412,3	1 382,1	332,0	324,7
CEE	660,1	575,4	155,2	135,2
Western Europe	395,1	288,6	92,9	67,8
Other countries	75,5	50,6	17,8	11,9
Retail activity	2 543,0	2 296,7	597,9	539,6
E-commerce	649,8	406,6	152,8	95,5
Wholesale	81,0	129,7	19,0	30,5
Manufacturing	0,4	0,5	0,1	0,1
Other	—	—	—	—
Gross profit (loss) on sale	1 644,0	1 441,5	386,5	338,6
Gross sale margin	50,2%	50,9%	50,2%	50,9%
Result on segments				
Poland	174,6	223,9	41,0	52,6
CEE	26,6	45,2	6,3	10,6
Western Europe	(127,6)	(79,0)	(30,0)	(18,6)
Other countries	(0,2)	3,0	(0,0)	0,7
Retail activity	73,4	193,1	17,3	45,3
E-commerce	77,8	63,6	18,3	14,9
Wholesale	19,8	33,2	4,7	7,8
Manufacturing	—	—	—	—
Profit on operating activity	128,2	216,1	30,1	50,8
Profit before tax	45,5	178,0	10,7	41,8
NET PROFIT	19,8	154,3	4,7	36,2
ADJUSTED NET PROFIT	50,0	161,3	11,8	37,9
Selected data of the consolidated statement of financial position	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Fixed assets	3 907,1	1 154,1	914,7	276,7
Current assets, including:	2 870,8	2 215,8	672,1	531,3
Inventories	1 944,0	1 417,7	455,1	339,9
Cash	476,0	511,6	111,4	122,7
TOTAL ASSETS	6 777,9	3 369,9	1 586,8	808,0
Non-current liabilities including:	2 993,7	1 277,8	700,9	306,4
Debt liabilities	210,0	436,0	49,2	104,5
Current liabilities including:	2 657,6	923,8	622,2	221,5
Debt liabilities	929,2	481,1	217,5	115,3
TOTAL LIABILITIES	5 651,3	2 201,6	1 323,1	527,8
EQUITY	1 126,6	1 168,3	263,8	280,1

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of cash flows	01.2018-09.2018	01.2017-09.2017	01.2018-09.2018	01.2017-09.2017
Net cash flows from operating activities	497,4	(235,4)	116,9	(55,3)
Net cash flows from investing activities	(377,0)	(137,8)	(88,6)	(32,4)
Net cash flows from financing activities	(160,4)	334,3	(37,7)	78,5
TOTAL CASH FLOWS	(40,0)	(38,9)	(9,4)	(9,2)

OPERATIONAL DATA	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Number of stores CCC	1 181	925	—	—
Floor space of stores (thousand m²)	682,9	535,8	—	—
Number of markets with online sales	15	11	—	—

	IN MLN PLN		IN MLN EUR	
	01.2018-09.2018	01.2017-09.2017	01.2018-09.2018	01.2017-09.2017
Capital expenditures (in mln)	(268,1)	(139,4)	(63,0)	(32,7)
Average revenue per m² of floor space [1]	3,8	4,9	0,9	1,2

[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 NBP (Central Bank of Poland) exchange rate as at reporting date:
  - exchange rate on 30.09.2018 amounted to 1 EUR – 4,2714 PLN
  - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 PLN
  - exchange rate on 30.09.2017 amounted to 1 EUR – 4,3091 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 – 30.09.2018 was 1 EUR – 4,2535 PLN
  - the average exchange rate in the period 01.01.2017 – 30.09.2017 was 1 EUR – 4,2566 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

	01.2018-09.2018	07.2018-09.2018	01.2017-09.2017	07.2017-09.2017
Sales revenue	3 274,2	1 247,7	2 833,5	987,2
Cost of goods sold	(1 630,2)	(652,3)	(1 392,0)	(483,9)
GROSS PROFIT ON SALE	1 644,0	595,4	1 441,5	503,3
Cost of operating stores	(1 013,8)	(384,4)	(842,9)	(304,9)
Other cost of sale	(459,2)	(177,3)	(308,7)	(113,7)
Administrative expenses	(135,6)	(53,8)	(68,5)	(24,1)
Other cost and operating revenue	92,8	25,4	(5,3)	(8,3)
Profit on operating activity	128,2	5,3	216,1	52,3
Finance revenue	28,5	11,8	0,9	—
Finance cost	(111,2)	(46,8)	(39,0)	(4,1)
Profit before tax	45,5	(29,7)	178,0	48,2
Income tax	(25,7)	(16,3)	(23,7)	(7,0)
Net profit	19,8	(46,0)	154,3	41,2
Attributable to shareholders of the parent entity	13,8	(41,7)	143,7	38,6
Attributable to non-controlling interest	6,0	(4,3)	10,6	2,6
Other comprehensive income				
Attributable to be reclassified to profit – exchange rate differences upon conversion of reports of foreign entities	3,0	(4,9)	(0,1)	1,1
Non-attributable to be reclassified to result – other	—	—	—	—
Total net comprehensive income	3,0	(4,9)	(0,1)	1,1
TOTAL COMPREHENSIVE INCOME	22,8	(50,9)	154,2	42,3
Attributable to shareholders of the parent entity	16,8	(46,6)	143,6	39,7
Attributable to non-controlling interest	6,0	(4,3)	10,6	2,6
Weighted average number of ordinary shares (mln pcs)	41,2	41,2	39,2	39,2
Basic earnings per share (in PLN)	0,48	(1,12)	3,94	1,05
Diluted earnings per share (in PLN)	0,48	(1,12)	3,94	1,05

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.09.2018	31.12.2017
Intangible assets	218,4	197,5
Goodwill	188,8	106,2
Tangible fixed assets – investments in stores	641,6	393,0
Tangible fixed assets – factory and distribution	368,6	323,8
Tangible fixed assets – other	81,2	70,2
Right of use of asset	2 328,6	—
Deferred tax assets	79,9	63,4
Loans granted	—	—
Long-term receivables	—	—
Fixed assets	3 907,1	1 154,1
Inventories	1 944,0	1 417,7
Trade receivables	132,7	95,7
Income tax receivables	6,5	25,8
Loans granted	9,1	9,1
Other receivables	302,5	155,4
Cash and cash equivalents	476,0	511,6
Derivative financial instruments	—	0,5
Current assets	2 870,8	2 215,8
TOTAL ASSETS	6 777,9	3 369,9
Debt liabilities	210,0	436,0
Deferred tax liabilities	41,0	33,2
Provisions	17,2	9,4
Grants received	20,2	21,3
Obligation to repurchase non-controlling interests	840,2	777,9
Lease liabilities	1 865,1	—
Non-current liabilities	2 993,7	1 277,8
Debt liabilities	929,2	481,1
Trade liabilities	852,7	235,8
Other liabilities	317,1	166,6
Income tax liabilities	0,4	26,6
Provisions	33,3	11,3
Grants received	2,4	2,4
Lease liabilities	522,5	—
Current liabilities	2 657,6	923,8

[in PLN million unless otherwise stated]

	30.09.2018	31.12.2017
TOTAL LIABILITIES	5 651,3	2 201,6
Net assets	1 126,6	1 168,3
EQUITY		
Share capital	4,1	4,1
Share premium	645,1	644,9
Exchange rate differences upon conversion of foreign entities	1,6	(1,3)
Actuarial valuation of employee benefits	—	(0,3)
Retained earnings	348,4	453,1
Equity attributable to the shareholders of the parent entity	999,2	1 100,5
Non-controlling interests	127,4	67,8
TOTAL EQUITY	1 126,6	1 168,3
TOTAL LIABILITIES AND EQUITY	6 777,9	3 369,9

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	01.2018-09.2018	01.2017-09.2017
Profit before tax	45,4	178,0
Amortization and depreciation	434,4	69,2
Loss on investment activity	(4,1)	—
Cost of borrowings	46,8	15,0
Other adjustments to profit before tax	(89,8)	6,4
Income tax paid	(41,4)	(31,7)
Minorty profit (loss)	—	—
Cash flows before changes in working capital	391,3	236,9
Changes in working capital		
Change in inventory and inventory write-downs	(415,9)	(489,7)
Change in receivables	(72,6)	94,3
Change in current liabilities, excluding borrowings	594,6	(76,9)
Net cash flows from operating activities	497,4	(235,4)
Proceeds from the sale of tangible fixed assets	32,6	6,7
Repayment of loans granted and interest	—	—
Purchase of intangible and tangible non-current assets	(268,1)	(139,4)
Loans granted	(9,1)	(0,1)
Expenses on capital increase in subsidiaries	—	—
Purchase of investment in eobuwie S.A.	(132,4)	(5,0)
Net cash flows from investing activities	(377,0)	(137,8)
Proceeds from borrowings	227,8	448,5
Issue of bonds	209,4	—
Dividends and other payments to owner	—	(101,4)
Repayment of borrowings	(209,3)	—
Lease payments	(341,5)	
Interest paid	(46,8)	(15,0)
Proceeds from the issue of shares	—	2,2
Net cash flows on financial activities	(160,4)	334,3
TOTAL CASH FLOWS	(40,0)	(38,9)
Net increase/decrease of cash and cash equivalents	(35,6)	(38,9)
Exchange rate changes on cash and cash equivalents	4,4	—
Cash and cash equivalents at beginning of period	511,6	143,4
Cash and cash equivalents at the end of period	471,6	104,5

[in PLN million unless otherwise stated]

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES FROM THE TRANSLATIONS	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON-CONTROLLING INTEREST	TOTAL EQUITY
		ATTRIBUTABLE TO 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
Exchange rate differences from the translations	—	—	—	—	(0,3)	—	(0,3)
Net profit attributable to non-controlling interest	—	—	(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	—	—	19,8	—	—	—	19,8
Net profit attributable to non-controlling interest	—	—	(6,0)	—	—	6,0	—
Exchange rate differences from the translations	—	—	—	2,9	—	—	2,9
Total comprehensive income	—	—	13,8	2,9	—	6,0	22,7
Dividend payment	—	—	(94,7)	—	—	—	(94,7)
Valuation of employee option scheme	—	—	19,0	—	—	—	19,0
Issue of shares	—	0,2	—	—	—	—	0,2
Acquisition of non-controlling interest	—	—	—	—	—	53,6	53,6
Total transactions with owners	—	0,2	(75,7)	—	—	—	(75,5)
Commitment to purchase own shares of eobuwie.pl S.A.	—	—	(42,8)	—	—	—	(42,8)
Actuarial valuation of employee benefits	—	—	—	—	0,3	—	0,3
As of 30.09.2018 (01.10.2018)	4,1	645,1	348,4	1,6	—	127,4	1 126,6

[in PLN million unless otherwise stated]

SELECTED FINANCIAL AND OPERATING DATA CCC S.A.

FINANCIAL ACTIVITY		IN PLN		IN EUR
Selected data from the interim condensed financial statement and other comprehensive income	**01.2018-09.2018**	**01.2017-09.2017**	**01.2018-09.2018**	**01.2017-09.2017**
Sales revenue	1 468,8	1 423,1	345,3	334,3
Gross profit (loss) on sale	482,4	454,7	113,4	106,8
Profit on operating activity	40,9	42,7	9,6	10,0
Profit before tax	24,2	35,5	5,7	8,3
NET PROFIT	11,4	26,5	2,7	6,2
Selected data of the interim condensed statement of financial position	**01.2018-09.2018**	**01.2017-09.2017**	**01.2018-09.2018**	**01.2017-09.2017**
Fixed assets	1 648,5	806,4	385,9	193,3
Current assets, including:	781,5	799,6	183,0	191,7
Inventories	333,8	249,8	78,1	59,9
Cash	249,5	300,4	58,4	72,0
TOTAL ASSETS	2 430,0	1 606,0	568,9	385,0
Non-current liabilities including:	685,7	233,4	160,5	56,0
Debt liabilities	210,0	210,0	49,2	50,3
Current liabilities including:	647,4	221,2	151,6	53,0
Debt liabilities	8,9	0,7	2,1	0,2
TOTAL LIABILITIES	1 333,1	454,6	312,1	109,0
EQUITY	1 096,9	1 151,4	256,8	276,1

FINANCIAL ACTIVITY	IN PLN		IN EUR	
Selected data from the interim consolidated statement of cash flows	01.2018-09.2018	01.2017-09.2017	01.2018-09.2018	01.2017-09.2017
Net cash flows from operating activities	393,1	128,8	92,4	30,3
Net cash flows from investing activities	(303,4)	(72,7)	(71,3)	(17,1)
Net cash flows on financing activities	(140,6)	(72,8)	(33,1)	(17,1)
TOTAL CASH FLOWS	(50,9)	(16,7)	(12,0)	(3,9)

OPERATIONAL DATA	30.09.2018	31.12.2017
Number of stores CCC	465	448
Floor space of stores (thousand m^2)	273,9	243,8

	IN PLN		IN EUR	
	01.2018-09.2018	01.2017-09.2017	01.2018-09.2018	01.2017-09.2017
Capital expenditures (in mln)	(145,9)	(50,7)	(34,3)	(11,9)
Average revenue per m^2 of floor space [2]	5,2	6,1	1,2	1,4

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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

	01.2018-09.2018	07.2018-09.2018	01.2017-09.2017	07.2017-09.2017
Sales revenue	1 468,8	510,5	1 423,1	473,5
Cost of goods sold	(986,4)	(349,2)	(968,4)	(310,7)
Gross profit on sale	482,4	161,3	454,7	162,8
Cost of operating stores	(396,3)	(133,2)	(384,6)	(138,0)
Other cost of sale	(16,1)	(5,6)	(12,3)	(4,9)
Administrative expenses	(40,0)	(13,4)	(19,3)	(7,6)
Other cost and operating revenue	10,9	4,0	4,2	2,0
Profit on operating activity	40,9	13,1	42,7	14,3
Finance revenue	16,5	8,6	7,0	1,3
Finance cost	(33,2)	(5,0)	(14,2)	0,3
Profit before tax	24,2	16,7	35,5	15,9
Income Tax	(12,8)	(9,9)	(8,9)	(3,7)
NET PROFIT	11,4	6,8	26,6	12,2
Other comprehensive income	—	—	—	—
Total net comprehensive income	—	—	—	—
TOTAL COMPREHENSIVE INCOME	11,4	6,8	26,6	12,2
Weighted average number of ordinary shares (mln pcs)	41,1	41,1	39,2	39,2
Basic earnings per share (in PLN)	0,28	0,17	0,68	0,31
Diluted earnings per share (in PLN)	0,28	0,17	0,68	0,31

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	30.09.2018	31.12.2017
Intangible assets	2,5	2,8
Tangible fixed assets – investments in stores	181,0	170,9
Tangible fixed assets – factory and distribution	208,0	168,8
Tangible fixed assets – other	59,5	51,9
Right of use of asset	630,8	—
Deferred tax assets	2,4	1,8
Loans granted	44,0	31,0
Long-term investments	520,3	379,2
Fixed assets	1 648,5	806,4
Inventories	333,8	249,8
Trade receivables	55,8	18,8
Income tax receivables	—	26,0
Loans granted	85,7	169,2
Other receivables	56,7	35,4
Cash and cash equivalents	249,5	300,4
Current assets	781,5	799,6
TOTAL ASSETS	2 430,0	1 606,0
Debt liabilities	210,0	210,0
Provisions	1,8	2,1
Grants received	19,8	21,3
Lease liabilities	454,1	—
Non-current liabilities	685,7	233,4
Debt liabilities	8,9	0,7
Trade liabilities	263,2	166,8
Other liabilities	185,9	50,6
Income tax liabilities	7,9	—
Provisions	1,0	0,7
Grants received	2,4	2,4
Lease liabilities	178,1	—
Current liabilities	647,4	221,2
TOTAL LIABILITIES	1 333,1	454,6
Net assets	1 096,9	1 151,4
EQUITY		
Share capital	4,1	4,1
Share premium	645,1	644,9
Retained earnings	447,7	502,4
TOTAL EQUITY	1 096,9	1 151,4
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[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	01.2018-09.2018	01.2017-09.2017
Profit before tax	24,1	35,5
Amortization and depreciation	170,6	29,8
Loss on investment activity	(5,7)	0,5
Cost of borrowings	14,2	3,7
Other adjustments to profit before tax	29,3	—
Income tax paid	13,3	(34,1)
Cash flows before changes in working capital	245,8	35,4
Changes in working capital		
Change in inventory and inventory write-downs	(84,0)	(146,3)
Change in receivables	(63,2)	(47,7)
Change in current liabilities, excluding borrowings	294,5	287,4
Net cash flows from operating activities	393,1	128,8
Proceeds from the sale of tangible fixed assets	33,0	5,8
Repayment of loans granted and interest	152,1	13,4
Purchase of intangible and tangible non-current assets	(145,9)	(50,7)
Loans granted	(217,6)	(21,2)
Expenses on capital increase in subsidiaries	(125,0)	(3,5)
Purchase of investment in eobuwie S.A.	—	—
Acquisition of investment properties	—	(16,5)
Net cash flows from investing activities	(303,4)	(72,7)
Proceeds from borrowings	1,3	28,4
Issue of bonds	209,4	—
Dividends and other payments to owner	—	(101,4)
Repayment of borrowings	(203,2)	1,7
Lease payments	(134,8)	—
Interest paid	(11,1)	(3,7)
Net increase of equity	—	2,2
Other financial expenditures	(2,2)	—
Net cash flows on financing activities		(72,8)
TOTAL CASH FLOWS		(16,7)
Net increase/decrease of cash and cash equivalents	(50,9)	(16,7)
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	249,5	21,3

[in PLN million unless otherwise stated]

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	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)
Total transactions with owners	—	(101,4)	—	(101,4)
Issue of shares	0,2	—	525,7	525,9
Valuation of employee option scheme	—	8,1	—	8,1
As of 31.12.2017 (01.01.2018)	4,1	502,4	644,9	1 151,4
Net profit for the period	—	11,4	—	11,4
Total comprehensive income	—	11,4	—	11,4
Dividend payment	—	(94,7)	—	(94,7)
Total transactions with owners	—	(94,7)	—	(94,7)
Issue of shares	—	—	0,2	0,2
Valuation of employee option scheme	—	28,6	—	28,6
As of 30.09.2018 (01.10.2018)	4,1	447,7	645,1	1 096,9

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/:	0000211692
Corporate purpose:	The Group's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

STRUCTURE OF THE CAPITAL GROUP CCC S.A.

As of 30 September 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 UG	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 OOO	Moscow, Russia	commercial
Shoe Express S.A.	Bucharest, Romania	commercial
Karl Voegele AG	Uznach, Switzerland	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 OOO – 75% Russia
- CCC Shoes & Bags d.o.o. Beograd – Stari Grad – 100% Serbia
- Shoe Express S.A. – 100% Romania
- Karl Voegele AG – 70% Switzerland

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% Polska
  - 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.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 „Interim Financial Reporting" as adopted by the EU („IAS 34").

The financial statements have been prepared in accordance with the historical cost principle.

The interim condensed financial statements of the Group cover the nine-month period ended 30 September 2018 and include comparative data for the nine months ended 30 September 2017 and as of 31 December 2017. The statements of comprehensive income and notes to the statements of comprehensive income covering the data for the 3-month period ended 30 September 2018 and the comparative data for the 3-month period ended 30 September 2017 were not reviewed or audited by an auditor.

The interim condensed consolidated financial statements have been prepared in accordance with going concern assumption by the Group in foreseeable future, i.e. at least one year from the balance sheet date. As at the date of publication of the condensed consolidated financial statements, there are no circumstances indicating a threat for business going concern of the Entity in the period of at least one year from the balance sheet date.

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Group's consolidated financial statements for the year ended 31 December 2017 approved for publication on 22.06.2017.

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 eliminations.

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.

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

A) CLASSIFICATION AND VALUATION

The Group 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. All financial assets currently measured at fair value are 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 valued at amortized cost by the financial result. The Group benefits from 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 write-down loss along with the associated deferred tax asset is relatively small due to the prevailing cash sales.

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 Group 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 period due to. In addition, receivables are related to retail and franchise operations, which is why they are characterized by a low level of non-recoverability risk.

As a result of tests for impairment of trade receivables, no write-down loss was made.

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

The company benefits from practical exemption and for trade receivables under 12 months, it 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 is immaterial due to the prevailing cash sale.

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

THE COMPANY OPERATES IN THE AREA OF:	MOMENT OF REVENUE 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 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.	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.	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 Group 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 Group expects no impact of adopting IFRS 15 on the consolidated financial statements for the period ended on 30 September 2018.
Wholesale of goods		N/D	
E-commerce sales		• 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.	

The Group has disclosed no impact of adopting IFRS 15 on the consolidated financial statements for the period ended on 30 September 2018.

IFRS 16 "LEASES"

The Group decided to earlier implementation of the IFRS 16 Leasing standard from January 2018 , 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 now presented in operating costs of stores 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 due to the right of use are amortized on a straight-line basis, while liabilities under lease agreements are amortizing under the effective interest.

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 Group 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.

Discount rates were calculated taking into account contract validity period, currency and other contractual conditions. Calculated rates varies between 0.41% and 4.97%.

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
01.2018-09.2018	4,3978	4,1423	4,2714	4,2535
01.2017-09.2017	4,4157	4,1423	4,3091	4,2566
01.2017-12.2017	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 30.09.2018 amounted to 1 EUR – 4,2714 PLN
  - exchange rate on 31.12.2017 amounted to 1 EUR – 4,1709 PLN
  - exchange rate on 30.09.2017 amounted to 1 EUR – 4,3091 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 – 30.09.2018 was 1 EUR – 4,2535 PLN
- the average exchange rate in the period 01.01.2017 – 30.09.2017 was 1 EUR – 4,2566 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 Group Management Board, on the basis of which it shall evaluate the results and decide on the allocation of resources.

The Management Board analyses 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 analyses the e-commerce, wholesale and retail activities in each of these geographic areas.

REPORTING SEGMENT	DESCRIPTION OF THE REPORTING SEGMENT AND USED MEASURES OF THE RESULT	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
Distribution activities – retail in Poland, the stores operate in the chain CCC. Distribution activities – retail in the European Union – Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria) Stores operate in the chain CCC. Distribution activities – retail in the European Union – Western Europe (Austria, Germany) Stores operate in the chain CCC. Distribution activities – retail in other countries (Russia, Serbia, Turkey) Stores operate in the chain CCC.	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.	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)
Distribution activities – e-commerce	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).	
Distribution activities – wholesale	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).	
Manufacturing activities	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.	

[in PLN million unless otherwise stated]

01.2018-09.2018	DISTRIBUTION ACTIVITY						MANUFACTURING	TOTAL
	RETAIL ACTIVITY				E-COMMERCE	WHOLESALE		
	POLAND	UE – CEE	UE – WESTERN EUROPE	OTHER COUNTRIES				
Total sales revenue	1 412,3	660,1	395,1	75,5	649,8	1 685,6	180,7	5 059,1
Revenue from sales to other segments	—	—	—	—	—	(1 604,6)	(180,3)	(1 784,9)
Revenue from sales from external customers	1 412,3	660,1	395,1	75,5	649,8	81,0	0,4	3 274,2
Gross profit on sale	*709,4*	*370,5*	*232,3*	*40,4*	*265,9*	*25,5*	—	*1 644,0*
Gross margin	*50,2%*	*56,1%*	*58,8%*	*53,5%*	*40,9%*	*31,5%*	*nd*	*50,2%*
PROFIT OF SEGMENT	174,6	26,6	(127,6)	(0,2)	77,8	19,8	—	171,0
Assets of segments								
Fixed assets except deferred tax asset and granted loans	1 168,9	800,7	1 259,8	118,3	349,2	63,1	72,1	3 832,1
Deferred tax assets	8,4	—	1,4	1,7	7,3	23,0	2,6	44,4
Inventories	333,8	218,1	224,8	43,3	313,0	815,5	42,4	1 990,9
Outlays on tangible non-current assets and intangibles	509,2	244,4	153,2	34,5	238,3	63,1	72,1	1 314,8
Other revenue/costs:								
Amortization and depreciation	(160,6)	(106,9)	(127,7)	(11,8)	(3,1)	(0,6)	(1,8)	(412,5)
Impairment loss of tangible fixed assets and intangibles	—	—	—	—	—	—	—	—
01.2017-09.2017								
Total sales revenue	1 382,1	575,4	288,6	50,6	406,6	1 825,8	255,8	4 784,9
Revenue from sales to other segments	—	—	—	—	—	(1 696,1)	(255,3)	(1 951,4)
Revenue from sales from external customers	1 382,1	575,4	288,6	50,6	406,6	129,7	0,5	2 833,5
Gross profit on sale	*703,8*	*332,2*	*166,2*	*26,5*	*167,1*	*45,7*	—	*1 441,5*
Gross margin	*50,9%*	*57,7%*	*57,6%*	*52,4%*	*41,1%*	*35,2%*	*nd*	*50,9%*
PROFIT OF SEGMENT	223,9	45,2	(79,0)	3,0	63,6	33,2	—	289,9
Assets of segments:								
Fixed assets except deferred tax asset and granted loans	377,1	132,9	84,6	15,6	326,1	28,9	91,0	1 056,2
Deferred tax assets	4,2	—	—	0,6	1,2	6,6	3,2	15,8
Inventories	295,9	163,8	100,8	26,6	202,4	711,6	51,2	1 552,3
Outlays on tangible non-current assets and intangibles	377,1	132,9	84,6	15,6	219,9	28,9	91,0	950,0
Other revenue/costs:								
Amortization and depreciation	(20,5)	(15,2)	(9,6)	(1,5)	(1,7)	(0,6)	(1,9)	(51,0)
Impairment loss of tangible fixed assets and intangibles	—	—	—	—	—	—	—	—

	01.2018-09.2018			01.2017-09.2017		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT
Total sales revenue	5 059,1	(1 784,9)	3 274,2	4 784,9	(1 951,4)	2 833,5
Sales revenue not allocated to the segment	—	—	—	—	—	—
Sales revenue in the financial statement	—	—	3 274,2	—	—	2 833,5
Cost of goods sold in the financial statement	—	—	(1 630,2)	—	—	(1 392,0)
Gross profit on sale	1 644,0	—	1 644,0	1 441,5	—	1 441,5
Gross margin	(1473,0)	—	(1 473,0)	(1 151,6)	—	(1 151,6)
Performance of segement	171,0	—	171,0	289,9	—	289,9
Not allocated cos of sale	—	—	—	—	—	—
Administrative expenses	—	—	(135,6)	—	—	(68,5)
Other cost and operating revenue	—	—	92,8	—	—	(5,3)
Finance revenue	—	—	28,5	—	—	0,9
Finance cost	—	—	(111,2)	—	—	(39,0)
Profit before tax	—	—	45,5	—	—	178,0
Assets of segments						
Fixed assets except deferred tax asset and granted loans	3 832,1	(4,9)	3 827,2	1 056,2	(3,9)	1 052,3
Deferred tax assets	44,4	35,4	79,8	15,8	46,4	62,2
Inventories	1 990,9	(46,9)	1 944,0	1 552,3	(42,9)	1 509,4
Outlays on tangible non-current assets and intangibles	1 314,8	(4,9)	1 309,9	950,0	(3,9)	946,1
Other revenue/costs:						
Amortization and depreciation	(412,5)	(23,1)	(435,6)	(51,0)	(18,2)	(69,2)
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)	
	01.2018–09.2018	01.2017–09.2017	01.2018–09.2018	01.2017–09.2017
Poland	1 412,3	1 382,1	1 299,2	493,1
Czech Republic	199,8	202,5	193,4	45,3
Hungary	158,3	153,3	202,6	38,1
Germany	151,7	178,3	547,6	54,8
Slovakia	113,1	118,8	110,5	20,1
Austria	95,8	110,4	370,5	29,8
Romania	119,9	79,7	170,2	—
Switzerland	147,6	—	341,7	—
Croatia	48,2	51,4	57,2	14,5
Slovenia	30,4	30,1	32,2	7,3
Other	147,3	120,3	152,9	23,2
e-commerce	649,8	406,6	349,2	326,1
total	3 274,2	2 833,5	3 827,2	1 052,3
Deferred tax			79,9	62,2
Financial instruments			—	—
Total assets			3 907,1	1 114,5

[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

01.2018-09.2018	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(1 456,0)	—	—	—	(1 456,0)
Consumption of materials and energy	(131,1)	(48,0)	(19,7)	(5,0)	(203,8)
Provision for inventories	(12,6)	—	—	—	(12,6)
Remunerations and social security contributions	(34,9)	(365,8)	(113,9)	(41,8)	(556,4)
Costs of the incentive program	—	—	—	(28,6)	(28,6)
Agency services	—	(21,8)	—	(0,1)	(21,9)
Transportation services	(1,3)	(1,2)	(94,8)	(0,1)	(97,4)
Lease costs	—	(97,6)	(22,7)	(5,7)	(126,0)
Other outsourcing services	(0,7)	(54,1)	(137,7)	(34,5)	(227,0)
Amortization and depreciation	(1,8)	(407,8)	(16,1)	(9,8)	(435,5)
Taxes and fees	(0,8)	(4,9)	(2,4)	(5,0)	(13,1)
Other flat costs	(0,5)	(12,6)	(51,9)	(5,0)	(70,0)
Change in products and production in progress	9,5	—	—	—	9,5
Total	(1 630,2)	(1 013,8)	(459,2)	(135,6)	(3 238,8)

01.2017-09.2017	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(1 169,2)	—	—	—	(1 169,2)
Consumption of materials and energy	(186,4)	(32,9)	(15,8)	(3,1)	(238,2)
Provision for inventories	4,0	—	—	—	4,0
Remunerations and social security contributions	(33,1)	(321,7)	(72,9)	(27,5)	(455,2)
Costs of the incentive program	—	—	—	—	—
Agency services	—	(36,8)	—	—	(36,8)
Transportation services	(1,7)	(0,4)	(70,5)	—	(72,6)
Lease costs	—	(345,7)	(5,6)	(2,5)	(353,8)
Other outsourcing services	(0,8)	(37,6)	(84,7)	(19,0)	(142,1)
Amortization and depreciation	(1,9)	(46,4)	(13,7)	(7,3)	(69,3)
Taxes and fees	(0,8)	(3,7)	(2,7)	(3,4)	(10,6)
Other flat costs	(0,2)	(17,7)	(42,8)	(5,7)	(66,4)
Change in products and production in progress	(1,9)	—	—	—	(1,9)
Total	(1 392,0)	(842,9)	(308,7)	(68,5)	(2 612,1)

[in PLN million unless otherwise stated]

3.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

	01.2018-09.2018	01.2017-09.2017
Other costs		
Loss on disposal of tangible non-current assets	—	(1,7)
Stocktaking net losses	(4,5)	(0,8)
Provision establishment	—	—
Other net operating cost	3,7	(6,0)
Loss on exchange rate differences on items other than debt	(6,1)	(17,3)
Total other operating costs	(6,9)	(25,8)
Other income		
Profit on disposal of tangible fixed assets	2,4	(0,4)
Profit from exchange rate differences on items other than debt	—	(0,2)
Compensations	0,8	1,6
Subsidy of SFRDP remuneration	2,7	2,7
Other net operating income	93,8	16,8
Total other operating income	99,7	20,5
Total other operating costs and income	92,8	(5,3)

	01.2018-09.2018	01.2017-09.2017
Finance cost		
Interest on borrowings (recognised in costs)	(42,9)	(21,7)
Result on exchange rates	(45,3)	(11,4)
Commissions paid	(3,4)	(0,9)
Valuation of non-controlling interest acquisition option	(19,1)	—
Other finance cost	(0,5)	(5,0)
Total finance cost	(111,2)	(39,0)
Finance revenue		
Interest from current account and other	2,0	1,3
Result on exchange rates	12,1	—
Other finance revenue	2,5	(0,4)
Valuation of forward contracts	11,9	—
Total finance revenue	28,5	0,9

[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	8,3	3,7	—	19,9	31,9
Utilisation	—	(0,6)	—	(1,2)	(1,8)
Release	(0,4)	—	—	0,1	(0,3)
Exchange rate differences	—	—	—	—	—
As of 30.09.2018	18,6	11,1	—	20,8	50,5
Current	1,8	11,1	—	20,4	33,3
Non-current	16,8	—	—	0,4	17,2

[in PLN million unless otherwise stated]

3.4 DEFERRED TAX ASSETS AND LIABILITIES

	30.09.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2017	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2017
			CONVERTED DATA UNAUDITED		
Assets					
Goodwill	—	—	—	—	—
Trademarks	24,7	(3,0)	27,7	(4,1)	31,7
Inventories – adjustment of margin on intragroup sale	8,9	1,9	7,0	2,3	4,7
Impairment of assets	2,1	(0,4)	2,5	1,7	0,8
Provisions for liabilities	13,4	5,8	7,6	2,3	5,3
Other	15,2	6,9	8,3	(6,9)	15,2
Tax losses	13,3	(2,5)	15,8	11,3	4,5
Valuation of lease agreements	6,0	6,0	—	—	—
Total before offsetting	83,6	14,7	68,9	6,7	62,2
Liabilities					
Accelerated tax depreciation of tangible non-current assets	9,7	5,2	4,5	2,7	1,8
Other	6,1	3,4	2,7	0,8	1,9
Acquisition of intangible assets	28,9	(2,8)	31,7	(1,0)	32,7
Total before offsetting	44,7	5,8	38,9	2,6	36,3
Offsetting	3,7	(2,0)	5,7	3,5	2,2
Balance of deferred tax in the balance sheet:					
Assets	79,9	16,6	63,3	3,2	60,1
Liabilities	41,0	7,8	33,2	(0,9)	34,1

[in PLN million unless otherwise stated]

3.5 CHANGE IN WRITE-DOWNS ON CURRENT RECEIVABLES

	01.01.2018 – 30.09.2018	01.01.2017 – 31.12.2017	01.01.2017 – 30.09.2017
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 – 30.09.2018	01.01.2017 – 31.12.2017	01.01.2017 – 30.09.2017
At the beginning of the period	12,2	12,5	12,5
Establishment in cost of sales of goods	5,2	10,8	—
Utilisation	(1,7)	(6,4)	(5,5)
Reversal in cost of goods sold	—	(4,7)	—
At the end of the period	15,7	12,2	7,0

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

	01.01.2018 – 30.09.2018	01.01.2017 – 31.12.2017	01.01.2017 – 30.09.2017
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 (0,48) (in 2017 it was respectively PLN 3,94 according to transformed data). 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

01.2018-09.2018	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(983,6)	—	—	—	(983,6)
Consumption of materials and energy	—	(14,0)	(1,8)	(1,1)	(16,9)
Provision for inventories	(2,8)	—	—	—	(2,8)
Remunerations and social security contributions	—	(133,1)	(11,6)	(10,4)	(155,1)
Costs of the incentive program	—	—	—	(12,5)	(12,5)
Agency services	—	(20,7)	—	—	(20,7)
Transportation services	—	(0,1)	—	(0,1)	(0,2)
Lease costs	—	(57,8)	—	(2,6)	(60,4)
Other outsourcing services	—	(10,5)	(2,1)	(5,7)	(18,3)
Amortization and depreciation	—	(159,7)	(0,1)	(3,8)	(163,6)
Taxes and fees	—	(0,1)	—	(1,7)	(1,8)
Other flat costs	—	(0,3)	(0,5)	(2,1)	(2,9)
Total	(986,4)	(396,3)	(16,1)	(40,0)	(1 438,8)

01.2017-09.2017	COST OF GOODS SOLD	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(968,4)	—	—	—	(968,4)
Consumption of materials and energy	—	(10,4)	(0,5)	(1,0)	(11,9)
Provision for inventories	—	—	—	—	—
Remunerations	—	(126,8)	(6,5)	(8,0)	(141,3)
Costs of the incentive program	—	—	—	—	—
Social security contributions	—	(24,1)	(2,5)	(0,9)	(27,5)
Agency services	—	(36,4)	—	—	(36,4)
Transportation services	—	—	(0,4)	—	(0,4)
Lease costs	—	(157,7)	(0,2)	(1,7)	(159,6)
Other outsourcing services	—	(8,6)	(1,5)	(2,9)	(13,0)
Amortization and depreciation	—	(20,3)	(0,2)	(2,2)	(22,7)
Taxes and fees	—	(0,1)	(0,1)	(0,9)	(1,1)
Other flat costs	—	(0,2)	(0,4)	(1,7)	(2,3)
Total	(968,4)	(384,6)	(12,3)	(19,3)	(1 384,6)

[in PLN million unless otherwise stated]

4.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

	07.2018-09.2018	01.2018-09.2018	07.2017-09.2017	01.2017-09.2017
Other costs				
Loss on disposal of tangible non-current assets	—	—	(0,2)	(0,5)
Stocktaking net losses	(0,1)	(1,6)	(0,4)	(1,1)
Other net operating cost	0,5	0,1	—	—
Loss on exchange rate differences on items other than debt	—	(0,3)	—	(0,2)
Total other operating costs	0,4	(1,8)	(0,6)	(1,8)
Other income				
Profit on disposal of tangible fixed assets	1,2	5,7	—	—
Compensations	—	0,5	—	0,3
Subsidy of SFRDP remuneration	0,8	2,3	1,1	2,4
Other net operating income	1,6	4,2	1,6	3,3
Total other operating income	3,6	12,7	2,7	6,0
Total other operating costs and income	4,0	10,9	2,1	4,2

	07.2018-09.2018	01.2018-09.2018	07.2017-09.2017	01.2017-09.2017
Finance cost				
Interest on borrowings (recognised in costs)	(3,5)	(11,1)	(1,8)	(5,4)
Result on exchange rates	(1,1)	(18,0)	2,3	(6,8)
Commissions paid	—	(1,9)	—	—
Other finance cost	(0,4)	(1,0)	(0,2)	(0,8)
Credit sureties received	—	(1,2)	—	(1,2)
Total finance cost	(5,0)	(33,2)	0,3	(14,2)
Finance revenue				
Interest from current account and other	0,8	3,7	1,2	3,5
Result on exchange rates	7,5	7,5	—	—
Other finance revenue	—	5,0	—	3,2
Credit sureties granted	0,1	0,3	0,1	0,3
Total finance revenue	8,4	16,5	1,3	7,0

[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 30.09.2018	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

	30.09.2018	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	1,7	(0,9)	2,6	(1,3)	3,8
Other	1,9	0,6	1,3	(4,1)	5,5
Valuation of lease agreements	1,0	1,0	—	—	—
Total before offsetting	4,7	0,3	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	0,1	(0,1)	0,2	—	0,2
Total before offsetting	2,3	(0,3)	2,6	0,1	2,5
Offsetting	(2,3)	0,3	(2,6)	(0,1)	(2,5)
Balance of deferred tax in the balance sheet:				—	
Assets	2,4	0,6	1,8	(4,9)	6,7
Liabilities	—	—	—	—	—

4.5 CHANGE IN WRITE-DOWNS ON CURRENT RECEIVABLES

	01.01.2019 – 30.09.2018	01.01.2017 – 31.12.2017	01.01.2017 – 30.09.2017
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

	01.01.2019 – 30.09.2018	01.01.2017 – 31.12.2017	01.01.2017 – 30.09.2017
At the beginning of the period	—	3,1	3,1
Increase	—	0,1	0,1
Decrease	—	(3,2)	(1,1)
At the end of the period	—	—	2,1

4.7 CHANGE IN WRITE-DOWNS ON INVENTORIES

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

OTHER INFORMATION

A BRIEF DESCRIPTION OF CONSIDERABLE ISSUER'S ACHIEVEMENTS OR FAILURES IN Q3 2018

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

- increased CCC sales network by more than 22 thousand m^2
- reported an increase in sales revenue by 26.4% compared to the Q3 of 2017
- achieved the EBITDA result of PLN 160.1 million (an increase of PLN 81.5 million compared Q3 of 2017)

SALES REVENUE

Sales revenue developed as follows:

	SALES REVENUE [1]		CHANGE %	REVENUE PER 1M2 OF FLOOR SPACE (IN THOUSAND PLN) [2]	
	01.2018-09.2018	01.2017-09.2017		01.2018-09.2018	01.2017-09.2017
Poland	1 412,3	1 382,1	2,2%	5,2	6,1
CEE	660,1	575,4	14,7%	3,5	4,2
Western Europe	395,1	288,6	36,9%	2,3	3,3
Other countries	75,5	50,6	49,2%	2,7	3,7
Retail activities	2 543,0	2 296,7	10,7%	3,8	4,9
Wholesale	81,0	129,7	-37,5%	5,3	3,5
E-commerce	649,8	406,6	59,8%		
Other activities	—	—	—		
Manufacturing	0,4	0,5	-20,0%		
Total	3 274,2	2 833,5	15,6%		

[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 01-09.2018 amounted to PLN 3 274.2 million an increase of PLN 440.7 million (15.6%) compared to the corresponding period of the previous year. Total retail sales revenue for the period 01-09.2018 accounted for 77.7% of total sales to external customers with 2.5% of wholesale, 19.8% 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 01-09.2018 amounted to 55.5% compared to 60.2% in third 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).). Retail sales per 1m^2 – for the period 01-09.2018 sales amounted to 3.8 thousand PLN/m^2 (0.425 thousand PLN/m^2 monthly) in comparison with 4.9 thousand PLN/m^2 (0.544 thousand PLN/m^2 monthly) in the same period of 2017 with the increase in the average floor space of the CCC store by 3%.

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. All markets presented an increase in LFL (Like-for-like) (Poland +2.2%; Central and Eastern Europe +14.7%; Western Europe +36.9%; Other Countries +49.2%).

[in PLN million unless otherwise stated]

GROSS SALES PROFIT

Gross profit by particular segments was as follows:

	GROSS PROFIT ON SALE		CHANGE %	GROSS MARGIN	
	01.2018-09.2018	01.2017-09.2017		01.2018-09.2018	01.2017-09.2017
Poland	709,4	703,8	0,8%	50,2%	50,9%
CEE	370,5	332,2	11,5%	56,1%	57,7%
Western Europe	232,3	166,2	39,8%	58,8%	57,6%
Other countries	40,4	26,5	52,5%	53,5%	52,4%
Retail activities	1 352,6	1 228,7	10,1%	53,2%	53,5%
E-commerce	265,9	167,1	59,1%	40,9%	41,1%
Wholesale	25,5	45,7	-44,2%	31,5%	35,2%
Manufacturing	—	—	—	nd.	nd.
Total	1 644,0	1 441,5	14,0%	50,2%	50,9%
Unallocated to segments	—	—	—		
Total	1 644,0	1 441,5	14,0%	50,2%	50,9%

The consolidated gross profit on sales of the Group in the period from 01-09.2018 amounted to PLN 1 644.0 million and increased by 14% compared to Q3 2017. Margin on retail sales amounted to PLN 1 352.6 million was 53.2% in the period 01-09.2018 and decreased by 0.3 pp compared to the corresponding period due to increased cost of sales. A dynamic increase in the share of sales in the e-commerce channel resulted in a lowering of the gross margin. In the period from 01-09.2018 gross margin amounted to 50.2%, which is 0,7 p.p. lower compared to corresponding period.

COSTS OF OPERATING STORES

Costs of operating stores were as follows:

	01.2018-09.2018	01.2017-09.2017	CHANGE %
Remuneration and other employee benefits	(365,8)	(321,7)	13,7%
Agency services	(21,8)	(36,8)	-40,8%
Lease costs	(97,6)	(345,7)	-71,8%
Amortization and depreciation	(407,8)	(46,4)	>100%
Taxes and fees	(4,9)	(3,7)	32,4%
Consumption of materials and energy	(48,0)	(32,9)	45,9%
Other flat costs	(68,0)	(55,7)	22,1%
Total	(1 013,9)	(842,9)	20,3%

As it was mentioned above in the part "New and changed accounting standards applied" the Group decided for earlier adoption of a new lease standard IFRS 16, which caused additional changes in a cost structure of shops. As a result of IFRS 16 adoption presentation of following costs has been changed: rental cost (decrease by PLN 341.5 million), depreciation (increase by PLN 342 million) with a total costs increase by PLN 0.5 million.

For the purpose of analysis of cost structure impact of IFRS 16 was not taken for the sake of comparability.

In the period 01-09.2018, the costs of operating stores without the impact of IFRS 16 amounted PLN 1 013.2 million and were higher by PLN 171.4 million (+20.33% y/y) with increasing of retail space by 43%. Together with the market expansion and the opening of new retail outlets, the majority of the store operating costs increased.

The most material costs of the Group 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 40.2% and 36.1% 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 in the period 01-09.2018 was 1.52 thousand PLN/m^2 (0.17 PLN/m^2 monthly) and 0.29 PLN/m^2 lower compared to corresponding period of 2017 (decrease by 0.03 PLN/m^2 monthly). This ratio is most favourable in Poland, while the highest cost/m^2 is incurred in Western Europe.

OTHER INCOME AND OPERATING AND FINANCIAL COSTS

Other costs and operating income accounted for respectively PLN 6.9 million and PLN 99.7 million, which in terms of net accounted for PLN 92.8 million on the cost compared with PLN 5.3 million in the previous year on the cost. The biggest increase (PLN 77 million) was presented in a line "other operating income", where the gain from related entity acquisition was recognised. Remaining part of the change in 2018 compared to the same period of 2017 were loss on foreign exchange differences PLN – 6.1 million, other operating costs PLN – 3.7 million and stocktaking net losses PLN – 4.5 million.

As it was mentioned above in the part "New and changed accounting standards applied" the Group decided for earlier adoption of a new lease standard IFRS 16, which resulted in i.e. increasing of finance costs by PLN 58.4 million including interest PLN 23.9 million and exchange rates PLN 34.5 million.

Other costs and financial income, including IFRS 16, accounted for respectively PLN 111.2 million and PLN 28.5 million, which in terms of net accounted for PLN 82.7 million on the cost as compared with PLN 38.1 million in the previous year on the cost. The main item making up the financial costs in the reporting period was interest PLN – 42.9 million, loss on foreign exchange differences PLN – 45.3 million, valuation of non-realized put option of non-controlling interests PLN – 19.1 million. The main item of other financial income was gain on exchange rates amounted in PLN 12.1 million.

INCOME TAX

Income tax for the period 01-09.2018 amounted to PLN 25.7 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 – 1.6 million (in the same period of 2017 – PLN – 2.1 million).

NET PROFIT AND ADJUSTED NET PROFIT

After taking into account financial income/costs and income tax, the net profit for the period 01-09.2018 amounted to PLN – 19.8 million (including impact from IFRS 16 adoption) and was lower by PLN 134.5 million than in the period 01-09.2017.

Impact of IFRS 16 adoption amounted to PLN -53.0 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 – this item refers to temporary differences on amortization,
- 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

[in PLN million unless otherwise stated]

ADJUSTED NET PROFIT RECONCILIATION

	01.2018-09.2018	01.2017-09.2017
Net profit	19,8	154,3
Effects of business restructuring		
Recognition of a deferred tax asset relating to the trademark, goodwill and investment relief	(1,6)	(6,9)
Consultancy costs	—	—
Costs of the incentive program	(28,6)	—
ADJUSTED NET PROFIT	50,0	161,2

OVERVIEW OF THE MAIN ITEMS IN OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITION IS AS FOLLOWS:

As it was mentioned above in the part "New and changed accounting standards applied" the Group decided for earlier adoption of a new lease standard IFRS 16, which resulted in significant increasing of total balance sheet. In assets it was recognized right of the use amounted to PLN 2 328.6 million and deferred tax asset amounted to PLN 6.0 million and in liabilities revealed lease liability amounted to PLN 2 487.6 million and decreasing in equity by PLN 53.0 million (related to lower net profit).

Total balance sheet as of 30 September 2018 amounted to PLN 6 777.9 million and increase by PLN 3 408.0 million (+101.1%) in relation to 31 December 2017. In addition to the right to use assets PLN 2 328.6 million, the value of assets was affected by increase in inventory by PLN 526.3 million related to decrease in sales resulted from adverse weather conditions.

Increasing of balance sheet as of 30 September 2018 in liability was affected mainly by implementation of IFRS 16 and recognition lease liability amounted in PLN 2 387.6 million, and an increase of debt liabilities by PLN 222.1 million (+24.2%).

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

Debt ratio is calculated as the ratio of net debt to total capital employed. Net debt is calculated as total borrowings 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 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 0.37.
- calculation of the indicator taking into account IFRS 16 – ratio amounted to 0.73.

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

OVERVIEW OF THE MAIN ITEMS IN OUR CONSOLIDATED STATEMENT OF CASH FLOWS IS AS FOLLOWS:

Decreasing in cash and cash equivalents by PLN – 35.6 million resulted from positive cash flows on operating activity PLN 497.4 million, negative cash flows from investing activities PLN – 377.0 million and negative cash flows from finance activities PLN – 160.4 million and foreign exchange differences on cash valuation PLN 4.4 million.

NET CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated net flows from operating activities for the period 01-09/2018 amounted to PLN 497.4 million and resulted from the change in working capital PLN 106.1 million (including change in inventories and impairment losses on inventories PLN – 415.9), the result adjusted by non-cash positions from operating activities in the amount of PLN 391.3 million.

NET CASH FLOWS FROM INVESTING ACTIVITIES

Consolidated net cash flows from investing activities for the period 01-09.2018 amounted to PLN – 377.0 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 268.1 million.

NET CASH FLOWS FROM FINANCE ACTIVITIES

Consolidated cash net flows from finance activities for the period 01-09/2018 amounted to PLN – 160.4 million and affected to increasing from financial debt by PLN 18.5 million. On the outflows side costs from interest 46.8 million PLN.

[in PLN million unless otherwise stated]

SALES NETWORK OF THE CAPITAL GROUP CCC S.A.

The third quarter of 2018 was marked by further expansion in foreign markets. The Group opened 3 stores each in Russia and Austria, 2 store in Hungary and Romania and 1 store in Czech, Slovakia, Slovenia and Ukraine.

As of 30 September 2018, the sales network of the Capital Group CCC S.A. comprised of 1 181 CCC stores, which consisted of:

CHAIN	TYPE	31.12.2014		31.12.2015		31.12.2016		31.12.2017		30.09.2018	
		m²	number	m²	number	m²	number	m²	number	m²	number
CCC Own	Poland	166 946	405	186 782	410	212 242	436	243 839	448	273 867	465
	Czech Republic	32 309	79	36 104	79	39 415	82	44 701	88	46 827	88
	Slovakia	13 866	30	18 852	37	23 104	42	28 198	50	30 566	51
	Hungary	27 689	57	30 462	61	38 040	69	45 247	73	51 036	76
	Austria	9 184	17	14 681	27	23 580	39	27 431	45	30 239	49
	Slovenia	3 646	6	4 603	8	6 272	11	7 687	13	8 528	14
	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	57 080	79
	Bulgaria	—	—	3 875	6	5 665	9	6 562	10	6 562	10
	Serbia	—	—	—	—	1 089	2	4 078	6	7 382	10
	Romania	—	—	—	—	—	—	—	—	29 562	57
	Russia	—	—	—	—	6 339	11	13 923	19	20 655	27
	Turkey	1805	3	1805	3	—	—	—	—	—	—
TOTAL OWN		**278 261**	**632**	**339 398**	**695**	**425 715**	**796**	**496 341**	**852**	**576 322**	**950**

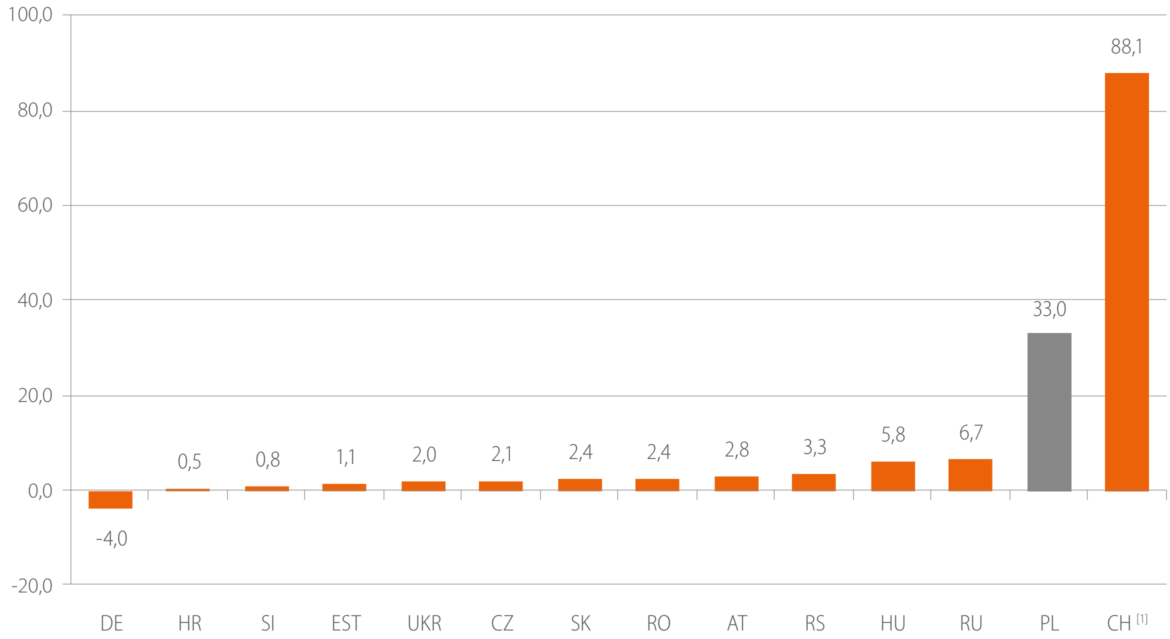
CHAIN	TYPE	31.12.2014		31.12.2015		31.12.2016		31.12.2017		30.09.2018	
		m²	number	m²	number	m²	number	m²	number	m²	number
CCC Franchise	Russia	1 781	5	3 617	8	—	—	—	—	—	—
	Ukraine	1 470	4	2 237	5	2 709	5	3 827	6	5 840	8
	Romania	13 454	31	19 325	42	24 386	50	27 148	54	—	—
	Latvia	2 622	6	3 232	7	3 281	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	1 774	2
TOTAL FRANCHISE		**19 327**	**46**	**29 598**	**64**	**32 887**	**66**	**39 505**	**73**	**15 420**	**22**

CHAIN	TYPE	31.12.2014		31.12.2015		31.12.2016		31.12.2017		30.09.2018	
		m²	number	m²	number	m²	number	m²	number	m²	number
	e-obuwie	—	—	—	—	—	—	—	—	3 012	4
	KVAG	—	—	—	—	—	—	—	—	88 126	205
TOTAL										91 138	209
TOTAL CCC		297 588	678	368 996	759	458 602	862	535 846	925	682 880	1181

The floor space of the Group on 30.09.2018 amounted 682.9 thousand m2 and increased by 147.0 thousand m^2 (compared to 31.12.2017), which consisted of opening and enlargement of CCC stores +31.8 thousand m^2 and acquisition of the Karl Vogele AG Company, Switzerland (+88.13 thousand m^2).

The floor space in own stores of the CCC chain increased by 16.1% and amounted to 576.3 thousand m^2 on 30.09.2018 (including 273.9 thousand m^2 in Poland) as compared to 496,3 thousand m^2 on 31.12.2017 (including 243.8 thousand m^2 in Poland). The floor space in franchises units decreased by 61% and amounted to 15.4 thousand m2 on 30.09.2018 compared to 39.5 thousand m2 on 31.12.2017. Decrease of the floor space of franchise stores is connected with the acquisition of the Romanian company – Shoe Express (as at 30.09.2018 the floor space of the stores of this company is included in the space of CCC's own stores, as at 31.12.2017 it was included in the space of franchise stores).

CHANGES OF FLOOR SPACE OF CCC GROUP STORES
in the period 01.01.2018 – 30.09.2018



[1] Increase caused by acquisition of the Karl Vogele Company (Switzerland)

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 PARENT COMPANY IN THE FORM OF CASH DIVIDENDS OR TO REPAY LOANS OR CREDITS.

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

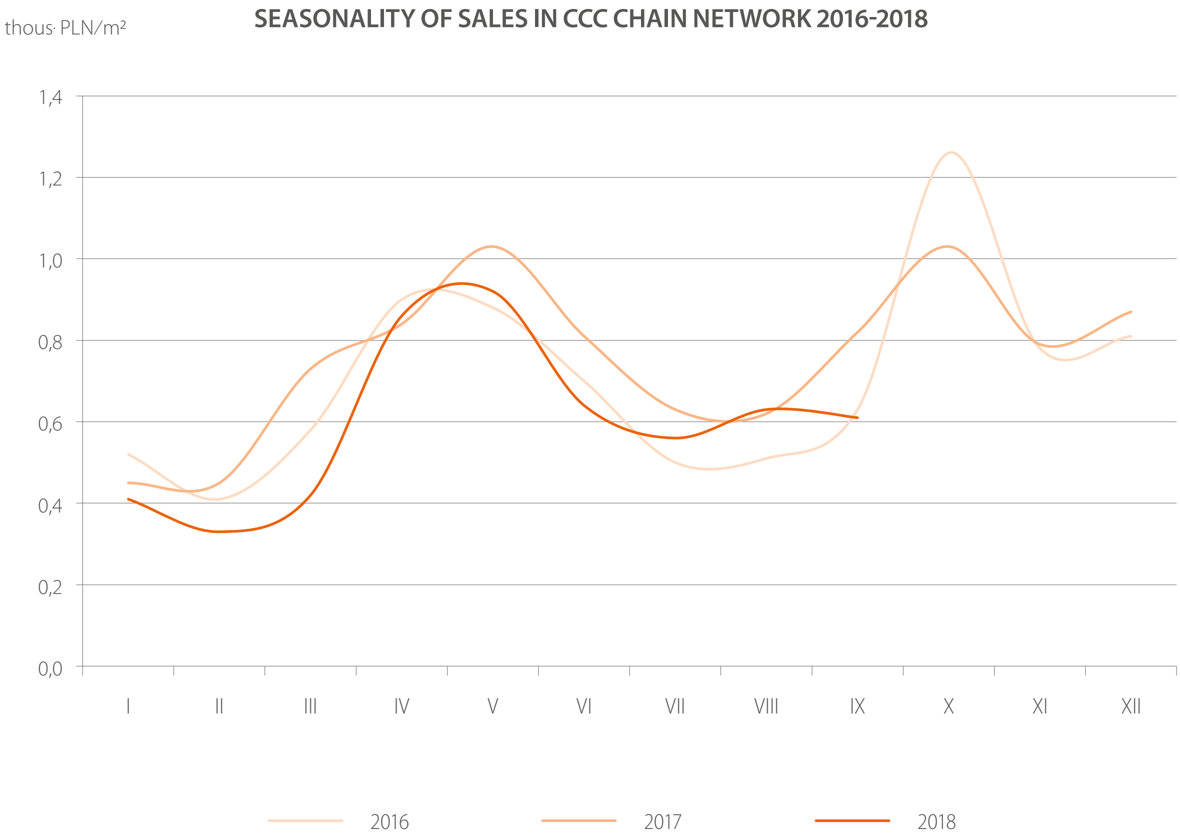
INFORMATION ON SIGNIFICANT TANGIBLE FIXED ASSETS PURCHASE AND SALE TRANSACTIONS, SIGNIFICANT LIABILITIES DUE TO THE PURCHASE OF TANGIBLE FIXED ASSETS PURCHASE, SIGNIFICANT SETTLEMENTS DUE TO COURT PROCEEDINGS

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.



[in PLN million unless otherwise stated]

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

Not applicable.

INFORMATION ON DIVIDENDS PAID (OR DECLARED) IN TOTAL PER SHARE SEASONALITY OF SALES IN CCC CHAIN NETWORK

Not applicable.

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.

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.

	30.09.2018	31.12.2017	30.09.2017
Guarantees and sureties received	47,5	47,5	47,5
Total contingent assets	47,5	47,5	47,5
Custom bonds	17,0	27,0	15,0
Other forms of collateral	111,9	96,7	88,6
Security granted	—	—	—
Total contingent liabilities	128,9	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 30.04.2019.

Other guarantees constitute a collateral of concluded agreements for the lease of premises, and their maturity date is on 30.04.2020. 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.

On 29 April 2018 the CCC S.A. Group (through CCC S.A.), signed the agreement for the acquisition of an organized part of the enterprise from Adler International Sp. z o.o. sp. k. The acquired organized part of the enterprise is the chain of salons for retail sales of footwear marked CCC logo in the Podkarpackie, Małopolskie and Świętokrzyskie voivodeship together with the employees of these salons.

The amount of payment for the acquired organized part of the enterprise was set at PLN 77 million payable cash. The payment price does not take into account any contingent payments.

The date of taking control was assumed on 1 July 2018, due to the fact that on that day CCC S.A. got the right to run stores with all benefits and obligations from this title.

The total value of acquired movables (including equipment of stores, especially equipment necessary for service of customers) amounted to PLN 15.4 million, while value of outlays for stores (tangible fixed assets – investments in stores) amounted to PLN 12.6 million. According to the agreement, under the transaction, the cash the and trade receivables created up to the acquisition day wasn't transferred.

The group also does not identify as of the day issue these financial statements, others significant types of receivables to be considered in the acquisition settlement.

In the reporting period, the Group performed the initial recognition of the assets from the acquired business and presented them as at the acquisition date in the consolidated financial statements in the amounts determined provisionally, because the Group has not finalised process of identification and fair valuation of acquired assets. Purchase price allocation at fair value will be finalized not later than 12 months from the date of taking control.

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

Estimations and assumptions related to the initial identification and valuation of selected items of acquired assets at fair value were presented in the further part of the note.

The accounting data has been adopted on the basis of the financial statements of the organized part of the enterprise Adler International Sp. Z o.o. Sp. K. as at 1 July 2018, i.e. as at the date of taking control. Details of the initially estimated fair value of the acquired net assets, goodwill and purchase price as at the date of taking of control are presented below (in PLN million):

	ACCOUNTING VALUES ACCORDING TO FINANCIAL STATEMENT OF ACQUIRED COMPANY (IN MLN PLN)	FAIR VALUE AND OTHER ADJUSTMENTS (IN MLN PLN)	INITIALLY RECOGNIZED FAIR VALUE (IN MLN PLN)
Tangible assets	28	—	28
Total identifiable net assets	28	—	28
Initially recognized goodwill			49
Total			77
Purchase price			77
Amount paid in cash			77
Acquired cash and cash equivalents			
Cash with limited disposability			—
Cash outflow on acqusition			77

Costs related to the acquisition of Adler International Sp. Z o.o. Sp. k. amounted to PLN 365 thousand and were recognized as general administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Revenues generated by the stores acquired as organized part of the enterprise included in the consolidated statement of profit or loss and other comprehensive income from 1 July 2018 and amounted to PLN 38.8 million, while the net profit generated by these stores in the same period amounted to PLN 3.7 million. As a result of the above changes, the basic value and diluted earnings per share attributable to the shareholders of the Parent increased from 1 January 2018 to 30 September 2018 from PLN 0.39 to PLN 0.48.

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 – III/2018.

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

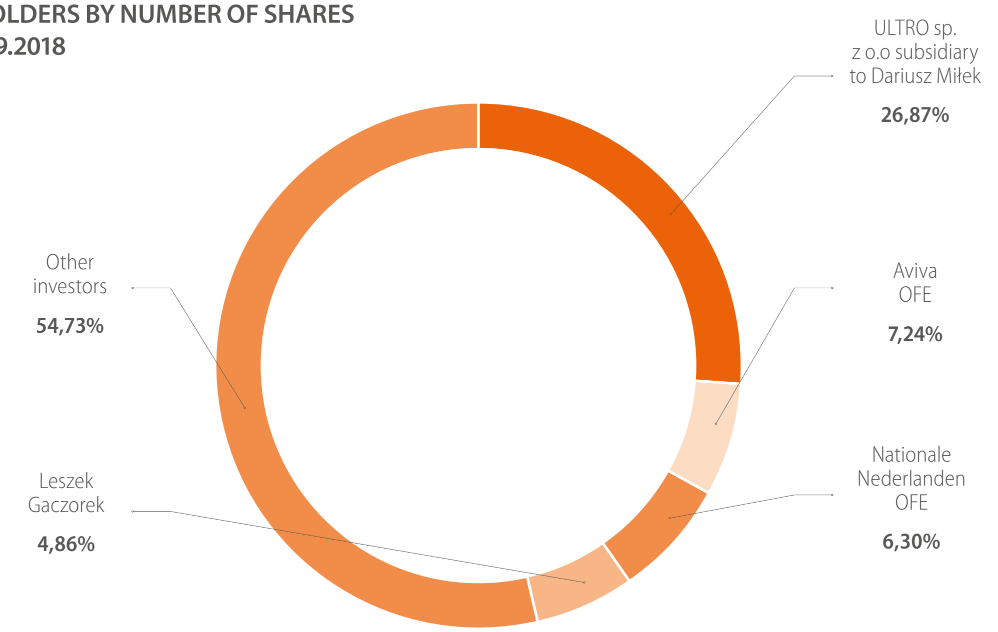
SHAREHOLDER	NUMBER OF SHARES HELD	% SHARE IN SHARE CAPITAL	NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	% SHARE IN THE NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS
ULTRO sp. z o.o subsidiary to Dariusz Miłek and Dariusz Miłek	11 060 000	26,87%	16 520 000	34,55%
Leszek Gaczorek	2 000 000	4,86%	3 040 000	6,36%
Aviva OFE [1]	2 981 794	7,24%	2 981 794	6,24%
Nationale-Nederlanden OFE	2 593 593	6,30%	2 593 493	5,42%
Other investors [2]	22 532 713	54,73%	22 682 713	47,43%
TOTAL	41 168 100	100,00%	47 818 000	100,00%

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

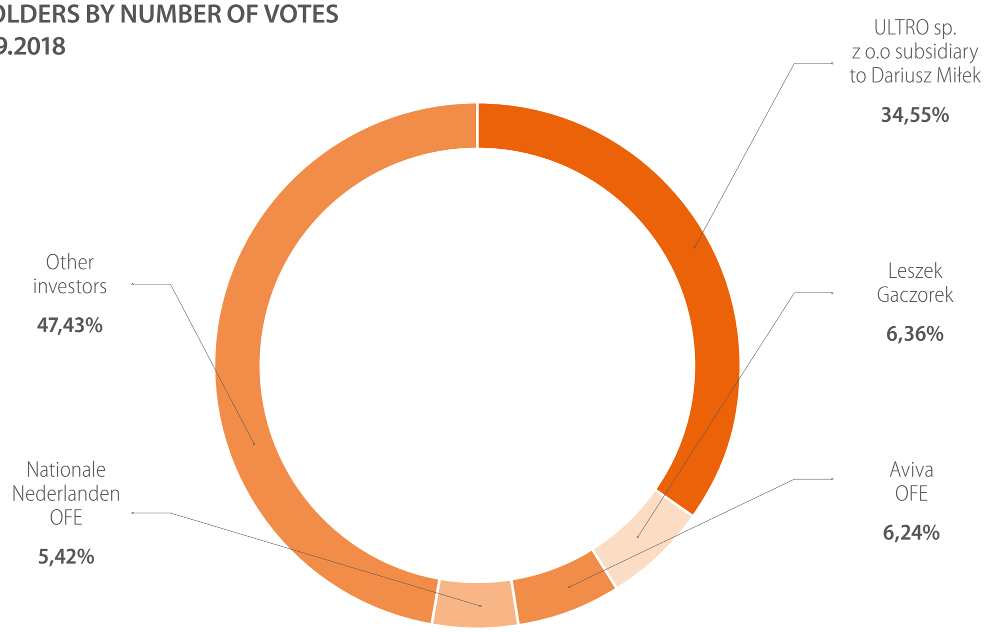
[2] Shareholders holding less than 5% of votes at the General Meeting of Shareholders

At the date of submitting the report for the third 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.

SHAREHOLDERS BY NUMBER OF SHARES
as of 30.09.2018



SHAREHOLDERS BY NUMBER OF VOTES
as of 30.09.2018



[in PLN million unless otherwise stated]

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%
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 29.12.2016.

[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 – III/2018 (PCS.)	NUMBER OF SHARES AT THE SUBMISSION DATE OF REPORT – SAPS (PCS.)
Management Board Members		
President Dariusz Miłek [1]	11 060 000	1 106 000
Vice-President Mariusz Gnych	257 112	25 711
Vice-President Marcin Czyczerski	5 100	510
Vice-President Karol Półtorak	5 500	550

[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 4 October 2018 CCC S.A. received the signed credit limit agreement in the form of bank guarantees as of September 25, 2018 concluded with the Polish Bank Pekao S.A. (hereinafter "the Bank") with its headquarters in Warsaw at 53/57 Grzybowska Street. Under the agreement, the Bank provided the Issuer with guarantees of proper performance up to a total amount of PLN 13,975,000.00 (thirteen million nine hundred seventy five thousand PLN) valid from January 1, 2019 to March 31, 2020. Other conditions are similar to those commonly used for this type of agreement. The Issuer's Management Board decided to publish the aforementioned information due to the significant amount of contracts concluded with the Bank. The total engagement of the Bank Pekao S.A. towards the CCC Group may increase from PLN 560,000,000 to PLN 573,975,000.

On 23 October 2018 CCC S.A. acquired 51% of the DeeZee company shares. Total value of the transaction is PLN 13 million. The parties also agreed on the conditions for a further gradual increase of shares held by CCC S.A., potentially up to 100% in the next 5 years.

DeeZee has been operating on the Polish online footwear market since 2005 and it is one of the most recognizable independent online stores in this segment. Thanks to the cooperation within the CCC Group, with the premiere of the spring / summer collection 2019, the offer of the DeeZee brand will appear in the CCC store chain.

On 23 October 2018 the Issuer's subsidiary – eobuwie.pl S.A. – commenced preliminary preparatory works concerning the initial public offering (IPO) of shares in eobuwie.pl S.A. and admission of the company's shares to trading on the regulated market operated by the Warsaw Stock Exchange. The IPO is contemplated in order to raise by eobuwie.pl S.A. the funds to finance further growth of the company. The eobuwie.pl S.A. company achieved the EBITDA result ((profit on operating activity + amortization and depreciation)/sales revenues) of 10,4% in the period from 01.2018 to 09.2018 (14,0% in the period from 01.2017 to 09.2017).

The Management Board of CCC S.A. announced on November 8, 2018 that it has decided to execute with capiton V GmbH & Co. Beteiligungs KG with its registered office in Berlin („Capiton") a term sheet setting out the initial terms of a potential transaction (the „Transaction") in which:

- CCC S.A. would acquire a minority stake representing 32.84% of shares in the share capital of HR Group Holding S.à r.l with its registered office in Luxembourg („HR", the „Target Company"), of which 13.26% directly from Capiton and approximately 19.59% in directly from Flo Mağazacılık ve Pazarlama A.Ş with its registered office in Istanbul; the stake would comprise ordinary and preferred shares carrying in aggregate no more than 32.84% of the votes at the shareholders' meeting of the Target Company, constituting 32.84% of the total number of votes in the Target Company. The Target Company is the holding company of the HR Group and its subsidiaries operate shoe stores in several Western European countries, including under the „RENO" brand in Germany. The price for the acquired stake will be equal to the total nominal value of the ordinary shares and the total issue value of the preferred shares, increased by interest accruing at 8% per annum, due for the relevant periods between the acquisition and disposal of the individual classes of shares by the particular sellers;

- CCC S.A. would sell to a subsidiary of the Target Company 100% of shares in the share capital of CCC Germany GmbH with its registered office in Frankfurt Maine („CCC Germany") (the „Merger"). The price for the shares in CCC Germany will continue to be negotiated between the parties. As a result of the Merger, the business of CCC Germany will be completely integrated with the business of the acquiring company. As part of this integration, the non-profitable stores operated by CCC Germany will be closed and selected stores operated thus far by CCC Germany under the „CCC" brand will be re-branded to „RENO"; CCC S.A. will cover part of the costs related to closing the non-profitable stores;

- a shareholders' agreement for the Target Company would be signed, guaranteeing the rights of CCC S.A. as a minority shareholder of the Target Company, including

- in particular CCC S.A.'s option to purchase the remaining shares of the Target Company held by Capiton, to be exercised by CCC S.A., respectively, in the 13th and 25th month after the acquisition of shares of the Target Company.

- the conclusion of a commercial cooperation agreement regarding supplies of goods, whereby HR and the Company will commence cooperation in the seasons of autumn/winter 2019/2020, spring/summer 2020 and autumn/winter 2020/2021 in terms of supplies of shoes under the Target Company's own brand and that of CCC as well as joint procurement of other brands of products, in particular by jointly negotiating with suppliers in order to obtain more favorable terms for supplies.

  The Management Board of CCC S.A. also announces that it has decided to continue negotiations aimed at determining the final terms of the Transaction

The condensed consolidated interim financial statements of Capital Group CCC S.A. was approved for publication by the Management Board of the Group on 9 November 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, 9 November 2018