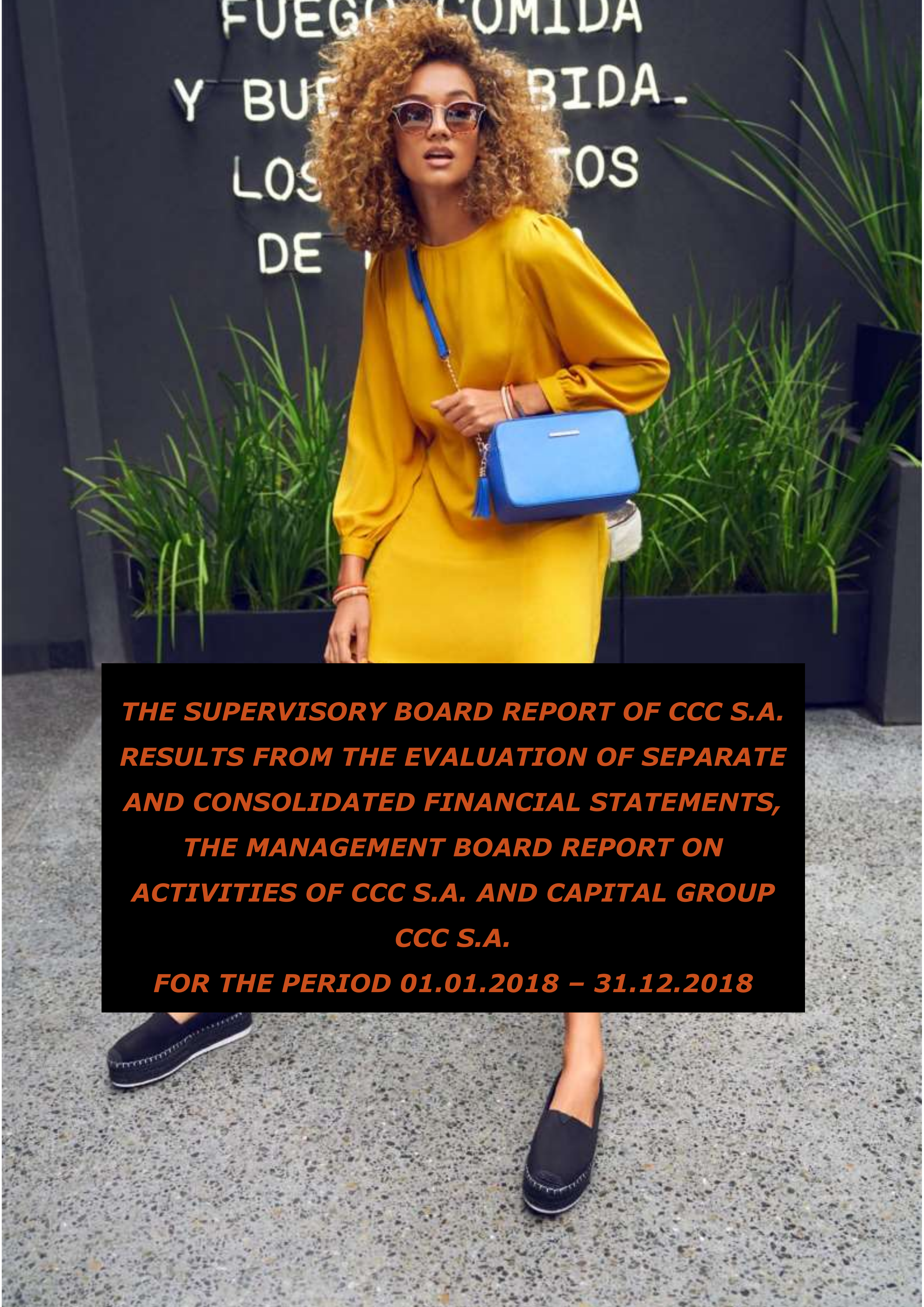

THE SUPERVISORY BOARD REPORT OF CCC S.A. RESULTS FROM THE EVALUATION OF SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS, THE MANAGEMENT BOARD REPORT ON ACTIVITIES OF CCC S.A. AND CAPITAL GROUP CCC S.A. FOR THE PERIOD 01.01.2018 – 31.12.2018

1. Introduction

Acting based on art. 382 § 3 of the Code of Commercial Companies and § 16 item 2 paragraph 2 of the Articles of Association of CCC S.A., the Supervisory Board assessed and considered the following documents:

1) separate financial statements of CCC S.A. and the annual separate report on the activities of CCC S.A. for the period from 01.01.2018 to 31.12.2018;
2) the consolidated financial statements of the CCC S.A. Capital Group and the annual consolidated report on the operations of the CCC S.A. Capital Group for the period from 01.01.2018 to 31.12.2018
3) the first non-financial report of the CCC S.A. Capital Group. for 2018;
4) independent auditor's reports on the audit of the annual financial statements;
5) independent auditor's reports on the audit of the annual consolidated financial statements;
6) proposal of the Management Board to cover the loss for 2018
7) allocation of a part of the supplementary capital for the payment of dividends

The Supervisory Board presents the results of the assessment in this report and in the statement issued before the publication of the reports for the financial year 2018, in which it stated that the report on the activities of the Company and the Capital Group for 2018 in all material respects meets the requirements set out in Article 49 and Article 55(2a) of the Accounting Act and the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of non-member states, and the information contained therein is consistent with the information contained in the separate financial statements of the Company audited by the auditor and the consolidated financial statements of the CCC S.A. Group for 2018.
Moreover, the Supervisory Board assessed that the separate financial statement for the financial year 2018 presented by the Management Board of the Company, the consolidated financial statement for the financial year 2018 and the report on the activities of the Company and the Capital Group for the year 2018 present reliably and clearly all necessary and significant information for the assessment of the property and financial situation of the Company and the Capital Group as at 31 December 2018, as well as are consistent with the books, documents and the factual state.
The Supervisory Board positively assessed the separate financial statements for the financial year 2018, the consolidated financial statements for the financial year 2018 and the report on the Company's and the Capital Group's activities for the year 2018 based on the financial statements:
- the contents of the aforementioned reports submitted by the Management Board of the Company;
- the reports of the independent certified auditor, i.e. Ernst & Young Audyt Polska sp. z o.o. sp. k. with its registered office in Warsaw, on the audit of the Company's unconsolidated financial statements and the consolidated financial statements of the CCC S.A. Capital Group as at 31.12.2018 as well as the additional report for the Audit Committee drawn up pursuant to Art. 11 Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements regarding statutory audit of financial statements of public interest entities, repealing Commission Decision 2005/909 and pursuant to the provisions of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision;
- meetings with representatives of the above mentioned audit firm, including the key statutory auditor;

- information of the Audit Committee on the course, results and significance of the audit for the reliability of financial reporting in the Company and the role of the Committee in the process of auditing the financial statements;
- results of other verification activities performed in selected financial and operational areas.

2. Evaluation of the separate financial report of CCC S.A. and the annual separate report on the activities of CCC S.A. for the period from 01.01.2018 – 31.12.2018

The Supervisory Board read and analysed the annual financial statements of CCC S.A. prepared in accordance with the International Financial Reporting Standards for the 2018 financial year and the independent auditor's report on the audit of the annual separate financial statements, and conducted an economic and financial analysis of the Company's operations. Certified auditor acting on behalf of Ernst & Young Sp. z o.o. issued a report on the audit of the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flow, statement of changes in equity and explanatory notes.
At the same time, in his report, the expert declared that the key statutory auditor and audit company remained independent of the Company in accordance with the provisions of the Act on Certified Auditors and the principles of professional ethics and did not provide services that are not audited, which are prohibited in accordance with Art. 136 of the Act on Certified Auditors. The appointment of an audit firm to audit the financial statements was made by way of a resolution of the Supervisory Board on 10 May 2016. The certified auditor audits continuously starting from the financial year ended on 31 December 2017, i.e. for a period of 2 consecutive years.
The expert in his report included the most important observations related to the most significant types of risk. The most significant types of risk of material misstatement (key audit issues) during the audit were identified: as at 31.12.2018 the value of inventories indicated in the statement of financial position amounted to PLN 303.8 million, while the write-down of inventories as at that date was 3.3 million; previous application of International Financial Reporting Standard 16 (IFRS 16) as of 1 January 2018, applying a modified retrospective approach. As a result of the application of the new standard, the balance sheet total was increased by PLN 615.0 million in the separate statement of financial position prepared as at 31 December 2018 relating to the data presented in the separate financial statements for the preceding year, through the disclosure of assets under the right of use and lease liabilities.
In the prepared opinion, the expert stated that the report was prepared in all material respects, in accordance with international Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission and adopted accounting principles (policy). The report is consistent in form and content with the applicable law and presents all information that is relevant, property and financial, as well as the entity's financial result and does not contain significant distortion caused by fraud or error. It has been prepared on the basis of properly kept accounting books and is consistent with the form and content of the Company's legal regulations and the Company's Articles of Association.
In addition, the expert declared that the report on operations was prepared in accordance with the applicable regulations and is consistent with the information contained in the financial statements. Moreover, the expert stated that according to the knowledge about the Company and its environment obtained during the audit of the financial statements, it did not report significant distortions in the activity report.
With reference to the statement on the application of corporate governance included in the report, the expert stated in the opinion that the information contained therein

complies with the applicable regulations and information contained in the financial statements.
The expert report includes information that the Company published information on the preparation of a separate report on non-financial information referred to in Art. 49b section 9 of the Accounting Act.
In the reporting period from January 1st to December 31st, 2018, the revenues of the CCC Company on sales amounted to PLN 2,135.6 million, an increase of PLN 49 million (+ 2.35%) compared to the previous year. Retail sales increased by 0.50%, with an average increase in the floor space of CCC stores by 17.20%. Other sales relate only to sales in stationary stores of eobuwie.pl, logistics services, accounting and resale of goods. Revenue per 1m2 of commercial space at CCC in 2018 amounted to PLN 7.11 thousand and was lower by 14.2% compared to the previous year. The sales value per m2 is affected by the increase in the area of opened stores (the average area of CCC stores at the end of 2018 was 613.3 m2 and was higher by 12.7% compared to the previous year).
Revenues from retail sales in 2018 amounted to PLN 2,030.7 billion, which represented an increase of PLN 10.1 million (+ 0.5%) compared to the previous year. In the same period, CCC stores with a total area of 50.76 thousand m2 were opened and expanded in Poland, and the stores with a total area of 8.82 thousand m2 were closed. In 2018, the net retail area in Poland increased by 41.94 thousand m2. The impact on the change in revenues of PLN +10.1 million in relation to the previous year had sales of PLN 1,366.9 million (-7.92%) in CCC stores and PLN 663.8 million in other stores (+23.8%).
Gross profit on sales increased by 5.85% and in 2018 amounted to PLN 661.9 million. A part of the sales margin, which until the restructuring in 2014 was reported to CCC S.A., it was transferred to CCC.eu in exchange for the implementation of the function that the newly-started company took over.
Store operation costs increased by PLN 5.4 million and reached PLN 532.3 million in 2018, which represented an increase of 1.1%, with an average increase in the area of CCC stores by 18.7%. The most significant item, apart from depreciation, was salaries, wages and employee benefits, which decreased by PLN 23.7 million despite the opening of new retail outlets. (The analysis does not consider the impact of IFRS 16).
Other selling and administrative expenses in 2018 amounted to PLN 86.6 million and were higher by PLN 38.0 million compared to the previous year. The increase results, among others, from the increase in the costs of the incentive scheme to PLN 11.1 million.
Other net operating costs and revenues accounted for PLN 62.1 million on the cost side compared to PLN 6.6 million in the previous year on the revenue side. The main reason for the change was the creation of a provision for negative fair value of the German company in the amount of PLN 76.4 million.
As a result of the factors described above, the CCC obtained the operating result in 2018 in the amount of 20.3 million PLN, which was lower by PLN 76.9 million than in the same period of 2017. (The analysis does not take into account the impact of IFRS 16).
In 2018, financial revenues amounted to PLN 17.3 million and were higher by PLN 1.6 million than in the previous year. The main item constituting financial income in the reporting period was the revenue from granted loan guarantees (69% of the total value of financial revenues), which amounted to PLN 12.0 million - in the corresponding period of the previous year it amounted to PLN 10.1 million.
In 2018, other financial costs amounted to PLN 28.7 million and were PLN 5.8 million higher than in the previous year. The main item that comprised financial costs in the reporting period was the interest on leasing liabilities and bonds (52% of the total value of financial costs), which amounted to PLN 15.0 million.
Income tax in 2018 amounted to PLN 8.6 million [including: PLN 6.6 million deferred]. After taking into account financial revenues and costs as well as income tax, the net loss amounted to PLN 40.3 million (in 2017, net profit of PLN 37.3 million). (The analysis does not consider the impact of IFRS 16).

Table No. 1. Individual statement of comprehensive income

	As at December 31, 2018 (M PLN)	As at December 31, 2017 (M PLN)
Sales revenues	**2 135,6**	**2 086,6**
Gross sales profit	**661,3**	**625,3**
Operating profit	**(20,3)**	**56,6**
Gross profit	**(31,7)**	**49,4**
Net profit	**(40,3)**	**37,3**

As at 31 December 2018, non-current assets comprised property, plant and equipment (PLN 537.8 million), intangible assets (PLN 2.2 million), loans granted (PLN 44.6 million), goodwill (PLN 48.8 million), investments in subsidiaries (PLN 441.1 million) and deferred tax assets (PLN 8.4 million). Fixed assets increased by 34.3% as compared to December 31, 2017 to PLN 1,082.9 million, mainly due to an increase in investments in property, plant and equipment (+PLN 146.2 million). (The analysis does not consider the impact of IFRS 16).

Current assets as at December 31, 2018 amounted to PLN 574.6 million and consisted of from inventories (PLN 303.8 million), cash and cash equivalents (PLN 104.3 million), loans granted (PLN 90.0 million), receivables from customers (PLN 8.1 million) and other receivables (PLN 68.4 million). The value of current assets, as compared to December 31, 2017, decreased by 28.1% from PLN 799.6 million, the main reason being the decrease in cash (- PLN 196.1 million). (The analysis does not consider the impact of IFRS 16).

In 2018, the company created a write-down of inventories in stores in the amount of PLN 3.3 million.

Cash and cash equivalents of the CCC Group as at December 31, 2018 amounted to PLN 104.3 million, decreasing by PLN 196.1 million compared to the end of 2017. At the end of 2018, 72% of cash was in hand and on bank account, and 28% was invested in short-term deposits.

As at December 31st, 2018, CCC's equity compared to the end of 2017 decreased by PLN 82.8 million (-7.2%), mainly due to the payment dividends for 2017 in the amount of PLN 94.68 million.

Non-current liabilities as at December 31st, 2018 amounted to PLN 231.3 million and were lower by PLN 2.1 million (-0.9%) as compared to December 31st, 2017. The total amount of non-current liabilities at the end of 2018 consisted of mainly long-term debt liabilities PLN 210.0 million; provisions of PLN 2.2 million and subsidies received, which amounted to PLN 19.2 million.

Current liabilities as at December 31, 2018 amounted to PLN 357.6 million, increasing by PLN 136.4 million (+61.7%) from PLN 221.2 million as at December 31st, 2017. On the total amount of current liabilities at the end of 2018 consisted of debt liabilities PLN 7.1 million; liabilities to suppliers, which amounted to PLN 184.4 million (increase by 10.6% compared to the end of 2017); other liabilities, which amounted to PLN 79.4 million (a 56.9% decrease compared to the end of 2017); income tax liabilities PLN 6.7 million;

provisions, which amounted to PLN 77.3 million and subsidies, which amounted to PLN 2.4 million. (The analysis does not consider the impact of IFRS 16).

Table 2. Report on the financial situation

	As at December 31, 2018 (M PLN)	As at December 31, 2017 (M PLN)
ASSETS		
Fixed assets	**1 697,8**	**806,4**
Current assets	**574,6**	**799,6**
TOTAL ASSETS		**1 606,0**
LIABILITIES		
Total equity	**1 041,9**	**1 151,4**
Current liabilities	**524,1**	**221,2**
Non-current liabilities	**706,4**	**233,4**
TOTAL LIABILITIES	**2 272,4**	**1 606,0**

Table 3. Report on changes in equity

	Year ended on 31st December 2018 (mln PLN)	Year ended on 31 of December 2017 (mln PLN)
Equity at the beginning of the period	**1 151,4**	**681,4**
Equity at the end of the period	**1 041,9**	**1 151,4**

Net operating cash flow in 2018 amounted to PLN 262.7m, an increase of PLN 277.4m from 2017. This increase resulted, among other things, from an increase in current liabilities.

Net cash flows from investing activities amounted to PLN 359.8 million in 2018. This amount included, among others, an increase in expenditures on property, plant and equipment related to the implementation of the market expansion strategy and the expansion of retail space in Poland - these expenditures amounted to PLN 232.2 million in 2018.

Net cash flows from financial activities in 2018 amounted to PLN -98.9 million. The main reason for the change from PLN 395.8m at the end of 2017 was the increase in equity in the previous year (+PLN 695.5m).

Table No. 4. Separate statement on cash flow

	As at December 31st, 2018 r. (M PLN)	As at December 31st, 2017 r. (M PLN)	As at December 31st, 2016 r. (mln PLN)	As at (mln
Net cash from operating activities	**442,3**	**(14,7)**		
Net cash from investing activities	**(359,8)**	**(118,7)**		
Net cash from financing activities	**278,4**	**395,8**		
Net increase in cash and cash equivalents	**(196,0)**	**262,4**		
Cash at the beginning of the period	**300,4**	**38,0**		
Cash at the end of the period	**104,3**	**300,4**		

The Supervisory Board does not bring any comments or reservations to the presented statement of cash flows.
Report on the operations of the CCC S.A. in 2018 should be considered complete. This report includes information about the economic and financial situation of the Company and describes more important events having a significant impact on the Company's operations in the reporting period. This report has been prepared in accordance with the Company's books and documents and the factual state, and contains necessary, synthetic information on the operation of CCC S.A.
The Management Board in the financial statements declared that the report and comparative data were prepared in accordance with the applicable accounting principles, they reflect in a true, reliable and clear manner the property and financial situation of the Company and its result. The activity report contains a true picture of the development and achievements and situation of the Company, including a description of the basic risks and threats.
The Supervisory Board considers the statements described as accurately reflecting the actual state and properly presenting the Company's situation in the reporting period.

3. Analysis of the annual consolidated financial statements and reports on the operations of the CCC S.A. Capital Group. in 2018

The Supervisory Board read and analysed the annual consolidated financial statements prepared in accordance with international financial reporting standards for 2018 and the auditor's report on the audit of the annual consolidated financial statements including the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated report from changes in equity, consolidated statement of cash flow and explanatory notes. The expert in his report stated that the key statutory auditor and audit firm remained independent of the entities forming the Capital Group in accordance with the provisions of the Act on Certified Auditors and the principles of professional ethics, as well as that they did not provide non-audit services that are prohibited provisions of art. 136 of the Act on Experts.

The choice of the audit company to audit the report for 2017 was made by the resolution of the supervisory board on 10 May 2017.
The auditor identified significant risks of material misstatement (key audit matters), including those caused by fraud, and developed appropriate audit procedures for these risks. The most important observations related to significant risks were included in the expert opinion. As at December 31, 2018, the valuation of inventories recognized in the consolidated statement of financial position was PLN 1,806.1 million identified as the key risk issue, while the write-down of inventories as at that date amounted to PLN 41.5 million.
Another key issue of the audit was the valuation of the option regarding the acquisition of a minority shareholding in the Company eobuwie.pl S.A. As at December 31, 2018, there was a liability under option in the amount of PLN 803.6 million in the consolidated financial statements.
Another key issue was the issue of early application of international financial reporting standard 16 (IFRS 16) as of 1 January 2018, through the application of a modified model of retrospective approach. As a result of applying the new standard, the balance sheet total was increased by PLN 1,870.1 million in the consolidated statement of financial position prepared as at 31 December 2018 relating to the financial data presented in the consolidated financial statements for the previous year, through the disclosure of assets under the right of use and leasing liabilities. The expert also raised the issue of the settlement of the acquisition of new entities. During the financial year 2018 Group CCC S.A. purchased three significant entities and one enterprise. The acquired entities and enterprise are important from the point of view of the property situation and financial result of the CCC S.A. Group, and the takeover of control and settlement of the purchase was connected with a number of professional judgments and estimates concerning, among others, determination of the date of takeover of control, determination of the purchase price, valuation of net assets of the acquired entities at the moment of purchase, including in particular recognized goodwill and profit on a bargain purchase. During the financial year 2018, the Management Board of CCC S.A. undertook actions aimed at selling the cash-generating centre on the German market. The case was identified as crucial for the consolidated financial statements due to its significant impact on the consolidated financial statements, the element of professional assessment of the Management Board as regards the classification of the transaction as meeting the requirements concerning discontinued operations, valuation of the disposal group and other necessary calculations and disclosures.
In the prepared opinion, the expert stated that the report presents a reliable and clear picture of the financial position and financial position of the Group and its financial result for 2018, in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission and accepted principles of accounting policy. The report is consistent in form and content with the applicable laws and the Company's articles of association.
In addition, the expert stated that the report on the Group's operations was prepared in accordance with the applicable accounting regulations and other applicable laws and is consistent with the information contained in the consolidated financial statements. In addition, the expert stated that according to the knowledge about the Group and its environment obtained during the audit of the consolidated financial statements, it did not report significant distortions in the activity report.
With reference to the statement on the application of corporate governance contained in the report, the expert stated in the opinion that the information contained therein complies with the applicable regulations and information contained in the consolidated financial statements.
The expert report includes information that the Company has included in the report on the Group's operations information on the preparation of a separate report on non-financial information referred to in art. 49b par. 9 of the Accounting Act.
In 2018, sales revenues amounted to PLN 4,725.8 million, an increase of PLN 787.7 million (+20.0%) compared to the previous year. The increase in sales was mainly

influenced by the development of operations and expansion on individual retail markets as well as the acquisition of Karl Vögele in the Western Europe segment.
In total, revenues from retail sales in 2018 accounted for 77.0% of total sales from external customers, at 2.3% of wholesale sales and 20.7% of e-commerce sales.
In relation to the previous year, revenues from sales to external customers increased in all markets. The Group maintains high retail sales per 1m2 - during the last year this sale amounted to 6.07 thousand PLN/m2 (PLN 6.84 thousand/m2 in 2017), with the average surface area of the CCC store increasing +11.1% to the level of 622 m2. The amount of revenue generated is affected by the change in sales in existing outlets and changes resulting from the opening and closing of retail stores.
Revenues from retail sales in 2018 amounted to PLN 2,060.1 billion, an increase of PLN 33.6 million (+ 1.7%) compared to the previous year. In the same period, CCC stores and eobuwie stores with a total area of 55.67 thousand m2 were opened and expanded in Poland, and stores with a total area of 8.82 thousand m2 net were closed, in 2018 in Poland the floor space increased by 46.85 thousand m2.
The impact on the change in revenues of +PLN 33.6 million compared to the previous year was in sales of comparable CCC stores of 1,366.9 million (-7.92%) and sales in stores of the remaining PLN 663.8 million (+ 23.8%).
The consolidated gross profit on sales of the Group increased by 10.2% and amounted to PLN 2,369.9 million in 2018.
Higher dynamics of growth of cost of sales +21.8% as compared to sales revenue +20.0% caused a decrease in gross margin on sales by 1.2 percentage points compared to the previous year.
The higher dynamics of own cost than revenues is connected, among others, with the functioning of the e-commerce channel, which realizes a gross margin of 41.1%. In 2018, the margin in the retail segment amounted to 53.1% and was lower by 1.2 pp. compared to last year.
The generated gross profit covers the costs of store operations and creates the segment result. In 2018, compared to the previous year, store operating costs increased by PLN 296.1 million, and the result of the retail segment decreased by PLN 142.3 million.
In 2018, the most important cost item of the CCC Group was the operating costs of stores, which in comparison to the previous year increased by PLN 296.1 million (+30.6%) to PLN 1,266.0 million. The main reason for the increase in the operating costs of stores was the increase in floor space by 185.3 thousand. m2. Along with market expansion and opening new stores, all items of store operating costs increased, and the most significant were staff costs and rental costs, which accounted for 34.8% and 42.2% of the total operating costs of stores, respectively.
Other operating expenses and revenues accounted for PLN 14.4 million and PLN 132.7 million, respectively, which in net terms amounted to PLN 118.3 million on the revenue side compared to PLN 18.7 million on the cost side in the previous year.
The main reason for the change when comparing 2018 to 2017 was, among other things, the profit from the bargain purchase of Karl Vögele AG.
As a result of the described factors, the CCC Group generated the operating result in 2018 in the amount of PLN 370.2 million, which was 20.0% lower compared to the corresponding period of 2017.
In 2018, financial revenues amounted to PLN 3.8 million and were PLN 0.6 million higher than in the previous year. In 2018, financial costs amounted to PLN 119.9 million and were PLN 52.8 million higher compared to the previous year.
The main item comprising financial expenses in the reporting period were interest on debt (48.0% of the total financial costs), which amounted to PLN 57.0 million and were higher by PLN 27.2 million (+91.0%) than in the previous year. The other financial costs were primarily a negative result on exchange differences (PLN 30.1 million), commissions paid (PLN 4.1 million), valuation of the option to buy non-controlling interests (26.7 million PLN) and other financial costs (PLN 2.0 million). Income tax in 2018 amounted to PLN 36.2 million, negatively affecting net profit. Including deferred tax PLN 10.5 million.
After taking into account financial revenues and costs as well as income tax, the net profit amounted to PLN 273.7 million and was by 24.4% lower than in 2017.

Table No. 5. Consolidated statement of comprehensive income

	As at December 31st, 2018 (M PLN)	As at December 31st, 2017 (M PLN)
Sales revenues	**4 725,8**	**4 194,0**
Gross sales profit	**2 369,9**	**2 149,9**
Operating profit	**372,5**	**404,5**
Gross profit	**256,4**	**340,8**
Net profit	**56,7**	**302,3**

Non-current assets as at December 31, 2018 consisted of property, plant and equipment (PLN 1,144.3 million), intangible assets (PLN 261.7 million), goodwill (PLN 202.5 million), deferred tax assets (PLN 74.8 million), long-term investments (PLN 10.6 million) and financial instruments (PLN10.1 million). The value of non-current assets, as compared to December 31, 2017, increased by 29.6%, up to PLN 4,367.9 billion, the main reason for which was the recognition of goodwill and intangible assets related to the acquisition of eobuwie.pl, Karl Vögele AG, DeeZee and the Romanian company, as well as an increase in capital expenditures related to the opening of further stores and the expansion of the logistics centre.
Tangible fixed assets as at December 31st, 2018 amounted to PLN 1144.3 million and increased by PLN 357.3 million (45.4%) compared to 2017, which resulted mainly from capital expenditures on stores (PLN + 222.4 million) and surface increase by 39.0% and increase in the value of fixed assets in production and logistics activities, which were by PLN 103.4 million higher than at the end of 2017 and amounted to PLN 427.2 million.

Deferred tax assets disclosed as at 31 December 2018 related mainly to the recognition of deferred tax assets with the goodwill arising and the acquisition of trademarks.
Current assets as at December 31st, 2018 amounted to PLN 3,161.9 million and comprised inventories (PLN 1,806.1 million), cash and cash equivalents (PLN 375.8 million), loans granted (PLN 37.7 million PLN), assets of the Group held for sale (PLN 503.4 million), financial instruments (PLN 1.3 million) and receivables from customers and other receivables (PLN 437.6 million). The value of current assets as compared to December 31, 2017 increased by 42.7% from PLN 2,215.8 billion. The main reason for the increase in the value of current assets was the increase in the value of inventories (increase by PLN 388.4 million, i.e. 27.4%), which at the end of the year had a value of PLN 1,806.1 billion and disclosing the Group's assets held for sale in the amount of PLN 503.4 million.

Table No. 6. Consolidated statement of financial position

	As at December 31, 2018 (M PLN)	As at December 31, 2017 r. (M PLN)
ASSETS		
Fixed assets	**3 574,1**	**1 154,1**
Current assets	**3 161,9**	**1 215,8**
TOTAL ASSETS	**6 736,0**	**3 369,9**
LIABILITIES		
Total equity	**1 147,8**	**1 168,3**
Current liabilities	**2 937,3**	**923,8**
Non-current liabilities	**2 650,9**	**1 277,8**
TOTAL LIABILITIES	**5 588,2**	**2 201,6**

Non-current liabilities as at December 31st, 2018 amounted to PLN 1,166.9 million, decreasing by PLN 110.9 million (-8.7%) from PLN 1,277.8.4 million as at December 31st, 2017. The total amount of non-current liabilities at the end of 2018 consisted of long-term debt liabilities PLN 210.0 million, liabilities due to buy-out of minority shares (mainly eobuwie.pl and Vogele) PLN 878.7 million, provisions of PLN 12.1 million, deferred tax liabilities, which amounted to PLN 34.2 million PLN and received subsidies PLN 19.2 million as well as liabilities to employees PLN 12.7 million.
current liabilities as at 31 December 2018 amounted to PLN 2,521.4 million, increasing by PLN 1,597.6 million from PLN 923.8 million as at December 31, 2017.
Total current liabilities as at the end of 2018 consisted mainly of debt liabilities (PLN 806.8m); liabilities to suppliers, which amounted to PLN 864.2m (an increase of 266.5% compared to the end of 2017); liabilities related to the disposal group (PLN 518.2m); other liabilities, which amounted to PLN 274.3m (an increase of 64.6% compared to the end of 2017); income tax liabilities, which amounted to PLN 29.0m; provisions, which amounted to PLN 17.2m; and provisions for liabilities, which amounted to PLN 2.4m.

As at December 31, 2018, the equity of the CCC Group in comparison to December 31, 2017 increased by PLN 32.8 million (2.8%), mainly due to the issue of series H shares.

Table No. 7. Consolidated statement of changes in equity

	Year ended on 31 December 2018 (M PLN)	Year ended at 31 December 2017 (M PLN)
Equity at the beginning of the period	**1 168,3**	**971,1**
Equity at the end of the period	**1 147,8**	**1 168,3**

Consolidated net cash flow from operating activities in 2018 amounted to PLN 527.6 million and resulted, among others, from increased demand for working capital. The consolidated net cash flow from investing activities in 2018 amounted to PLN -620.8 million. This value comprised mainly the increase in expenditures on property, plant and equipment related to the implementation of the market expansion strategy and expansion of retail space in Poland and abroad - in 2018 these expenditures amounted to PLN 446.3 million, as well as expenditures on the purchase of investments PLN 214.7 million.
Consolidated net flows from financial activities in 2018 amounted to PLN -46.6 million. This value comprised mainly of the following: net proceeds from the issue of bonds of PLN 210.0m, cash flows from borrowings and repayment of loans and interest of PLN 165.0m and payment of dividend of PLN 94.7m.

Table No. 8. Consolidated cash flow statement

	As at 31 December 2018 (M PLN)	As at 31 December 2017 (M PLN)
Net cash from operating activities	995,8	78,2
Net cash from investing activities	(620,8)	(222,3)
Net cash from financing activities	(514,8)	514,8
Net increase in cash and cash equivalents	139,8	370,7
Cash at the beginning of the period	514,1	143,4
Cash at the end of the period	374,3	514,1

Report on the operations of the CCC S.A. Capital Group in 2018 should be considered as complete. This report includes information about the economic situation and the Group and describes more important events that have a significant impact on its operations during the reporting period. This report has been prepared in accordance with the Company's books and documents as well as the factual state and contains necessary, synthetic information on the functioning of the Capital Group.
The Management Board in the consolidated financial statements declared that the report and comparative data were prepared in accordance with the applicable accounting principles, reflect in a true, reliable and clear manner the property and financial situation of the Group and its result. The report contains a true picture of the development and achievements of the Group, including a description of the basic risks and threats.
The Supervisory Board considers the statements described as accurately reflecting the actual state and presenting the Group's situation in the reporting period.

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

Summarizing the financial year 2018, the Supervisory Board stated that the activity conducted by CCC S.A. brought good economic results, and the activities

conducted in the scope of acquisition of numerous entities, development of e-commerce and IT systems will lead to the strengthening of the position of the Company and the entire Group on the economic market.
Strategy of the CCC S.A. Capital Group assumes a consistent expansion of the sales network and opening new stores, both at home and abroad, carefully selected in terms of expected profitability and return. The Company's objective is to structure the organizationally acquired entities. The countries of Central and South-Eastern Europe remain the basic growth axis for the years to come. The Group assumes continuation of successful expansion in the aforementioned markets and gaining or approaching the leading position in each of the significant domestic footwear markets in the region.
With a view to ensuring further stable development of the Company, the Supervisory Board states that the adopted development directions are properly and successively implemented by the Management Board.

The economic and financial results presented in the reports, as well as their analysis made by the Supervisory Board, allow a positive assessment of the Company's operations in 2018 and highly evaluate the work of its Management Board.

The Supervisory Board, after analyzing the submitted reports and the results of CCC S.A. and the CCC S.A. Capital Group in 2018, acting in accordance with the principles of the Code of Best Practice for WSE Listed Companies, positively assesses the Company's operations and financial standing from January 1, 2018 to December 31, 2018.

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

The Supervisory Board accepts the proposal submitted by the Management Board of CCC S.A. as to allocating part of the supplementary capital for dividend payment, distribution of profits for 2018, and separate and consolidated financial statements for 2018 and requests the General Meeting to approve them.

In connection with the above, after the assessment, the Supervisory Board decides to propose, to the Ordinary General Meeting of Shareholders, the following resolutions regarding:

1. approval of the separate financial report and report on the operations of the CCC S.A. for the financial year 2018;
2. approval of the financial statements and report on the operations of the CCC S.A. Capital Group. for the financial year 2018;
3. coverage of loss for the financial year 2018;
4. allocating part of the supplementary capital to dividend payment;
5. granting a vote of approval to the Management Board of the Company for performing its duties in 2018.

Warsaw, 9 May 2019

Chairman of the Supervisory Board - Dariusz Miłek	....
Vice Chairman of the Supervisory Board - Wiesław Oleś	....
Member of the Supervisory Board - Marcin Murawski	....
Member of the Supervisory Board - Waldemar Jurkiewicz	....
Member of the Supervisory Board - Piotr Nowjalis	....
Member of the Supervisory Board - Filip Gorczyca	....