

Management Board adopts CCC Group's strategy for 2020-2022

(Current Report No. 4/2020)

January 29th 2020 (Issuer)

Legal basis:

17(1) of MAR – Inside information

The Management Board of CCC S.A. of Polkowice (the "Company") announces that today it has adopted the CCC Group's GO.22 strategy for 2020-2022, which outlines the Group's key development directions.

In the strategy period, the Group intends to continue development of multi-channel sales of footwear through organic growth by offering products tailored to diverse markets, channels and sales formats. The Group will thus respond to current market trends (including increased customer mobility, growing popularity of the CCC fashion range, and climate change). The adopted strategy is based on five key pillars. The objectives set in each of the pillars will be pursued with the use of new technologies and data analytics.

1) Omnichannel

The Group's sells footwear through complementary channels (including brick-and-mortar stores, hybrid stores, online platforms, mobile applications, esize.me scanners etc.) which the Group intends to use to market its products in any manner expected by its customers.

2) Product

The Group continues to develop products to match customers' needs. In line with the development directions outlined in the strategy, the Group will focus on strengthening five or six of its core-brands (including Lasocki, Gino Rossi and Sprandi), improving product quality, expanding the fashion offering, broadening the 'e-commerce only' offering, and expanding other product categories (e.g. accessories).

3) Agility and efficiency

Implementation of the strategy will include roll-out and use of new tools, optimisation of processes in such areas as logistics and finance, and strengthening of the organisational culture. Strong customer orientation will enable the Group, among other things, to build a tailored offering (reflecting market segmentation), to pursue an effective marketing policy, to accelerate inventory turnover, and to allocate products in a timely manner. New financial controlling tools (SAP, FI, SAC and BI) and the operation of the new shared services centre will facilitate gathering meaningful management information and further strengthen the cost discipline.

4) Financial stability

The Group's objective is to pursue a financial policy designed to ensure the Group's security by reducing its debt through increased operating profitability. The Group also seeks to improve its working capital efficiency with efforts to shorten the cash conversion cycle to below 100 days by the end of the strategy period. It is the Group's objective for capital expenditure in 2020-2022 to average at PLN 150m-200m annually, compared with PLN 700m in 2019.

5) Sustainable development

The Group implements a sustainable development plan, minimises the impact of its operations on the environment and supports pro-environmental and pro-social activities. Over the next three years, CCC will expand the range of its environmentally friendly products, with relevant measures including launch of further eco-friendly product lines, increased share of eco leathers in the manufacturing processes,

and cooperation only with those suppliers who have committed to observe the CCC Code of Conduct, containing environmental and CSR obligations. Another objective is to reduce CO₂ emissions, electricity consumption and waste generation. The Company intends to continue its support for NGOs and the partnership with UNICEF.

The Group's strategy provides for the following objectives and ambitions until 2022, including:

1. Consolidated revenue of PLN 8.5bn–9.0bn;
2. Share of e-commerce revenue at 35–40% of the Group's consolidated revenue, including ca. PLN 3bn revenue from the eobuwie.pl Group, with the platform's EBITDA margin at 8–10% (non-IFRS 16);
3. Consolidated operating margin (non-IFRS 16) of 8.5–9.5% and net margin (before minority interests) of 7–8%;
4. Net debt to EBITDA ratio (non-IFRS 16) within the range of 0–1x;
5. MSCI ESG rating at A+.

These financial objectives do not take into account any potential changes in equity interests held by the Group's in eobuwie.pl S.A., HR Group Holding S.à r.l. and Karl Vögele AG KVAG.

Note: *The information and strategic directions for development of the CCC Group presented above, including in particular any numerical values or amounts, provide neither a forecast nor estimates of financial results and relate exclusively to the Group's intended course of action in 2020-2022.*

For the Company:

- 1) *Marcin Czyczerski, President of the Management Board*
- 2) *Karol Półtorak, Vice President of the Management Board*