

The Management Board's decision to establish a provision due to an unfinished decision of the tax authority

(Current report no. 49/2019)

01.09.2019 /The Issuer/

Legal basis:

Article 17 sec. 1 of MAR - Confidential information

The Management Board of CCC S.A. (hereinafter referred to as the "Issuer") informs that on 1 September 2019, guided by the precautionary principle, after conducting a legal analysis, decided to create a provision, in the amount of PLN 21 million and its recognition as costs of management of the current year. This operation will result in a decrease in the net profit by PLN 17.1 million (PLN 4.0 million value of deferred tax), which will be disclosed in the consolidated financial statements for the first half of 2019.

The Management Board's decision is related to receiving the of a decision issued by the Head of the Lower Silesian Voivodship Tax Office in Wrocław (hereinafter 'Organ') to designate CCC.eu sp. z o.o. the amount of tax liability in the tax on civil law transactions, on account of the made acquisition of an organized part of the enterprise under the agreement of 01.10.2014 concluded between CCC Shoes&Bags sp. z o.o. and CCC.eu sp. z o.o., after conducting tax proceedings.

By this decision, the Organ challenged the tax base by the civil law tax (changing the tax rate from 1% to 2% for a part of the transaction), thereby increasing the amount of tax liability for VAT on civil law transactions by the amount of PLN 21,160,496.00.

The issued decision is not final. It is currently being analyzed in detail, and to the best of Issuer's knowledge, CCC.eu sp. z o.o. intends to use the right to appeal against the issued decision in the light of well-established case-law of administrative courts with regard to the application of the tax on civil law transactions in analogous factual situations.

Signatures:

1/ Marcin Czyczerski - President of the Management Board

2/ Mariusz Gnych - Vice-President of the Management Board