ANNUAL STATEMENTS ON OPERATIONS OF CAPITAL GROUP CCC S.A. FOR PERIOD 01.01.2019–30.06.2019

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CCC IN NUMBERS – H1 2019

59%

the increase of e-commerce revenues

1%

the increase of LFL sales in offline stores

24% e-commerce revenue share in total operating income

consolidated revenue from sales in the first half of 2019 increased by 39% relating the first half of 2018

SELECTED FINANCIAL DATA

FINANCIAL DATA	IN MLN PLN		IN MLN EUR	
Selected data from the consolidated statement of profit or loss and other comprehensive income	01.2019–06.2019	01.2018–06.2018	01.2019–06.2019	01.2018–06.2018
Sales revenue	2 680,1	1 929,4	625,0	455,1
Poland	1 065,6	919,2	248,5	216,8
CEE	515,6	422,4	120,2	99,6
Western Europe	302,2	82,8	70,5	19,5
Other countries	64	45,7	14,9	10,8
Retail activity	1 947,4	1 470,1	454,1	346,8
E-commerce	638,3	400,3	148,9	94,4
Wholesale	94,3	58,8	22,0	13,9
Manufacturing	0,1	0,3	—	0,1
Gross profit (loss) on sale	1 332,6	989,9	310,8	233,6
Gross sale margin	49,7%	51,3%	49,7%	51,3%
Result on segments				
Poland	130,5	130,1	31,8	30,8
CEE	17,1	23,9	4,8	5,6
Western Europe	(66,5)	(35,4)	(15,3)	(8,4)
Other countries	(7,3)	(0,9)	(1,6)	(0,2)
Retail activity	73,4	117,6	19,7	27,8
E-commerce	37,6	51,7	8,8	12,2
Wholesale	6,4	12,4	(1,1)	2,9
Manufacturing	(0,4)	(0,3)	(0,1)	(0,1)
Profit (loss) on operating activity	(10,3)	193,7	2,5	45,7
Profit (loss) before tax	(75,9)	149,4	(12,8)	35,2
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(74,0)	140,7	(13,3)	33,2
ADJUSTED NET PROFIT (LOSS) FROM CONTINUING OPERATIONS [1]	(62,4)	160,7	(21,4)	35,6
Selected data of the consolidated statement of financial position	2019.06.30	2018.12.31	2019.06.30	2018.12.31
Fixed assets	4 316,4	3 574,1	1 005,7	831,2
Current assets, including:	2 876,9	3 161,9	685,1	735,3
Inventories	2 012,1	1 806,1	473,2	420,0
Cash and cash equivalents	512,4	375,8	120,5	87,4
TOTAL ASSETS	7 193,3	6 736,0	1 690,8	1 566,5
Non-current liabilities including:	2 916,5	2 650,9	685,9	616,5
Debt liabilities	311,0	210,0	73,1	48,8
Current liabilities including:	3 254,8	2 937,3	760,5	683,1
Debt liabilities	1 125,8	806,8	264,8	187,6
TOTAL LIABILITIES	6 171,3	5 588,2	1 446,4	1 299,6
EQUITY	1 022,0	1 147,8	244,4	266,9

[1] Adjusted net profit is a measure of its own profit – an Explanation of a measure is contained in the section 2.1.1.1 on p. 53

FINANCIAL DATA		IN MLN PLN		IN MLN EUR
Selected data from the consolidated statement of cash flows	01.2019–06.2019	01.2018–06.2018	01.2019–06.2019	01.2018–06.2018
Net cash flows from operating activities	457,4	343,7	106,7	81,1
Net cash flows from investing activities	(454,7)	(236,3)	(106,0)	(55,7)
Net cash flows from financing activities	135,8	79,3	31,7	18,7
TOTAL CASH FLOWS	138,5	186,7	32,3	44

		IN MLN PLN
OPERATIONAL DATA	30.06.2019	31.12.2018
Number of CCC stores	1 212	1 125
Floor space of stores (thousand m²)	701,9	660,3
Number of markets with online sales	15	15

	01.2019–06.2019	01.2018–06.2018	01.2019–06.2019	01.2018–06.2018
Capital expenditures (in mln)	(264,1)	(131,8)	(61,6)	(31,1)

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

- particular items of assets and liabilities in the consolidated statement of financial position were converted in accordance with the average exchange rate announced as of the last day of the reporting period:
  - 30.06.2019 – 4.2520 PLN/EUR
  - 31.12.2018 – 4.3000 PLN/EUR
  - 30.06.2018 – 4.3616 PLN/EUR
- particular items of the consolidated financial statements and other comprehensive income and 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:
  - Average rate in the period 01.01.2019 – 30.06.2019 – 4.2880 PLN/EUR
  - Average rate in the period 01.01.2018 – 30.06.2018 – 4.2395 PLN/EUR

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

1.
OPERATIONS OF THE CCC GROUP

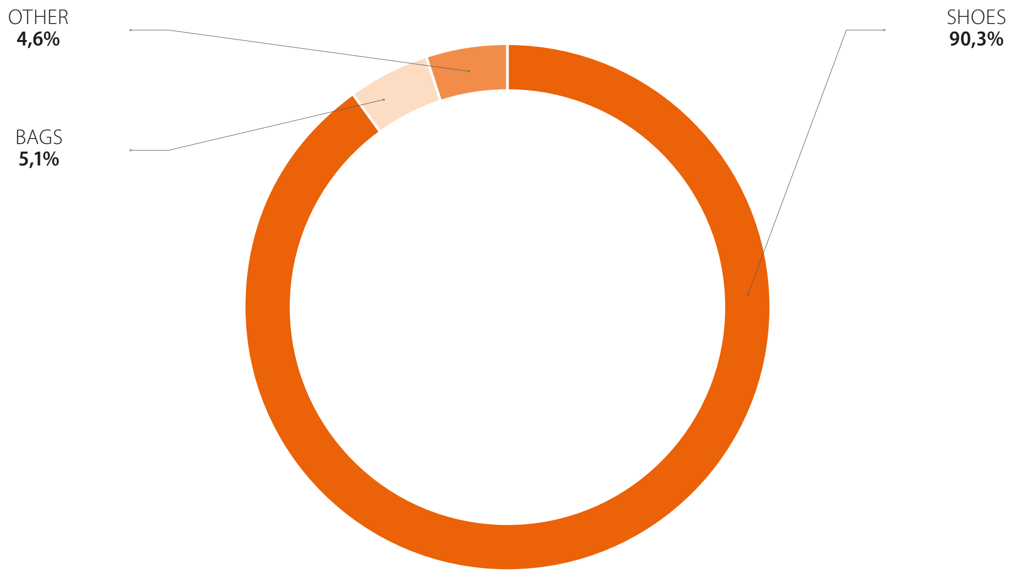
1.1 GENERAL INFORMATION

1.1.1 GENERAL INFORMATION ABOUT THE GROUP

Business profile

- Leader of the Polish retail footwear sales market
- The largest manufacturer of footwear in Central Europe
- Company listed on WSE since 2004
- Market capitalisation of PLN 6.9 billion (as of 30 June 2019)

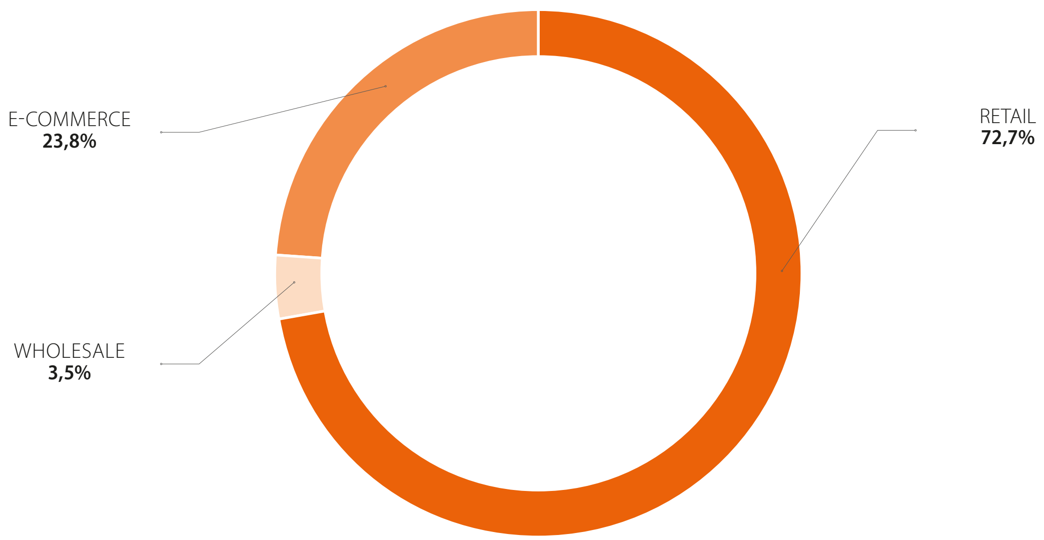
SALES STRUCTURE IN 1ST HALF YEAR 2019 (BY VALUE)



FIVE LARGEST COUNTRIES BY SALES REVENUE*

- Poland
- Switzerland
- The Czech Republic
- Hungary
- Romania

BREAKDOWN OF CONSOLIDATED REVENUES IN 1ST HALF YEAR 2019



The Capital Group CCC S.A. („CCC CG", „CCC Capital Group", „CCC Group", „the Group") is the leader in the Polish retail footwear market and is the largest manufacturer in Poland.

The CCC group comprises 1,212 stores in modern shopping centers and malls in 26 countries, nearly 15,200 employees, own leather shoes factory and 26,8 million pairs of shoes sold throughout the year. Fashionable and attractive products are offered to customers in their own stores in Poland, Slovakia, Hungary, the Czech Republic, Austria, Bulgaria, Slovenia, Croatia, Russia, Serbia, Romania and Germany, and in Switzerland under the Vögele Shoes, Bingo and Max brands, and in franchise in Moldova, Baltic countries and Ukraine, Qatar, and Kosovo and United Arab Emirates. In addition, the Capital Group conducts online sales in the following markets: Poland, the Czech Republic, Romania, Hungary, Slovakia, Ukraine, Germany, Bulgaria, Lithuania, Greece, Sweden, Italy, Spain, France and Switzerland.

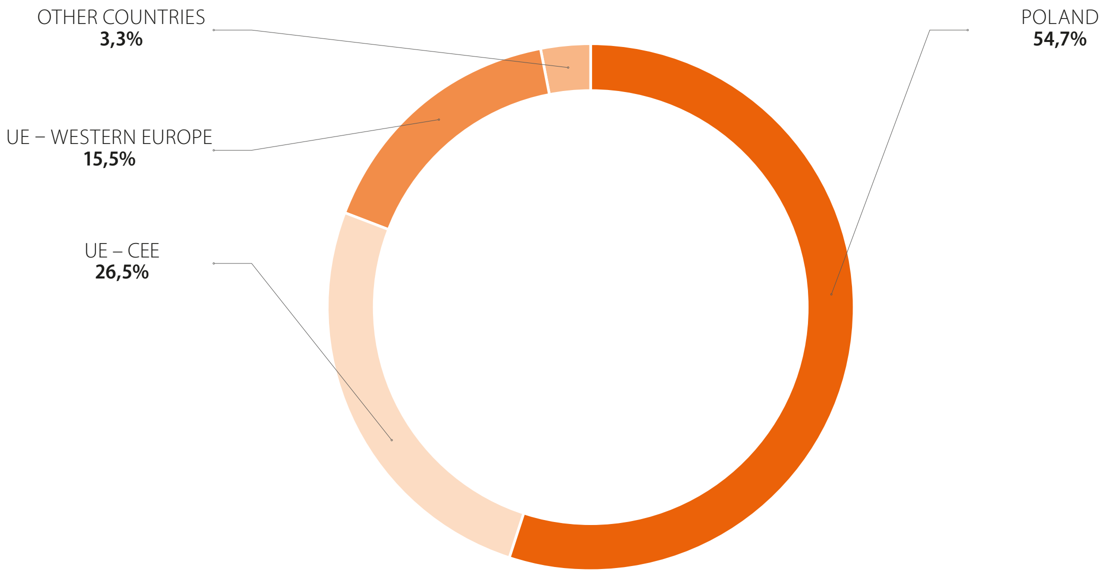
In the spring-summer season, the Group currently offers nearly 4,000 shoe patterns, for an autumn-winter season it is about 3,000 designs, which in total over 12 months gives the number of 7,000 footwear designs. The group has a total of 159 registered brands – the most popular brand sold by CCC is the Lasocki brand, available both in CCC stationary stores as well as in the e-commerce channel.

CCC S.A. is the parent company of the Group.

The CCC Group operations are currently organized into two segments:

- Segment of manufacturing activities
    - Retail
        - Poland
        - Central and Eastern Europe
        - Western Europe
        - Other countries
    - E-commerce
- Segment of distribution activities
    - Wholesale

SALES STRUCTURE IN 1ST HALF YEAR 2019 (GEOGRAPHICAL SEGMENTS)



1.1.2 THE MOST IMPORTANT EVENTS IN THE FIRST HALF OF 2019

2019

Q1

JANUARY

Acquisition of 66% of shares in Gino Rossi S.A. with its registered office in Słupsk, operating a network of 82 own and franchise stores in Poland and abroad.

FEBRUARY

Acquisition of 30.55% shares in Hamm Reno Group Holding S.á.r.L. with its registered office in Luxembourg, conducting retail sales in nearly 400 own stores under the Reno brand and present in 2 000 points of sale through wholesale.

MARCH

The ‚blue kilometres' campaign has been launched – the first blue kilometres ridden by CCC Team riders for UNICEF.

The stock exchange company of the year – CCC took the first place in the category „Competence of the Board" and the third place in the category „Success in 2018".

Office of Competition and Consumer Protection (UOKIK) and Senat Commitee for Consumer Protection distinguished CCC with the title of Amicus Consumentium 2018. Our company was particularly appreciated for its participation in the amicable resolution of consumer disputes.

Q2

APRIL

Expansion to the Middle East – the first store in Qatar, Doha, with an area of over 912 m^2.

New brand – DeeZee products in CCC stores, over 700 thousand pairs of shoes sold by the end of the quarter.

CCC application is classified in TOP 3 applications of the month in Poland with very high scores of users and attracts 65 thousand new clubbers.

MAY

Launch of the nationwide UNICEF campaign, publication of the #CCC4UNICEF advertising spot – 2.5 million hits, moreover, 32% of the transactions were concluded with UNICEF products.

Appointment of the Company's Management Board for the next 6th term of office for the years 2019-2021.

Appointment of the Supervisory Board in the new composition.

Conclusion of a share acquisition agreement in the increased share capital of Gino Rossi S.A.

JUNE

The e-commerce channel was launched, which generated PLN 1.2 million revenue in the third decade of June.

Adoption of the Resolution of the Ordinary General Meeting of Shareholders of CCC S.A. on the payment of dividend for the financial year 2018.

1.1.3 BRIEF DESCRIPTION OF SIGNIFICANT ACHIEVEMENTS OR FAILURES OF THE ISSUER DURING THE PERIOD COVERED BY THE REPORT, INCLUDING THE LIST OF THE MOST IMPORTANT EVENTS CONCERNING THE ISSUER

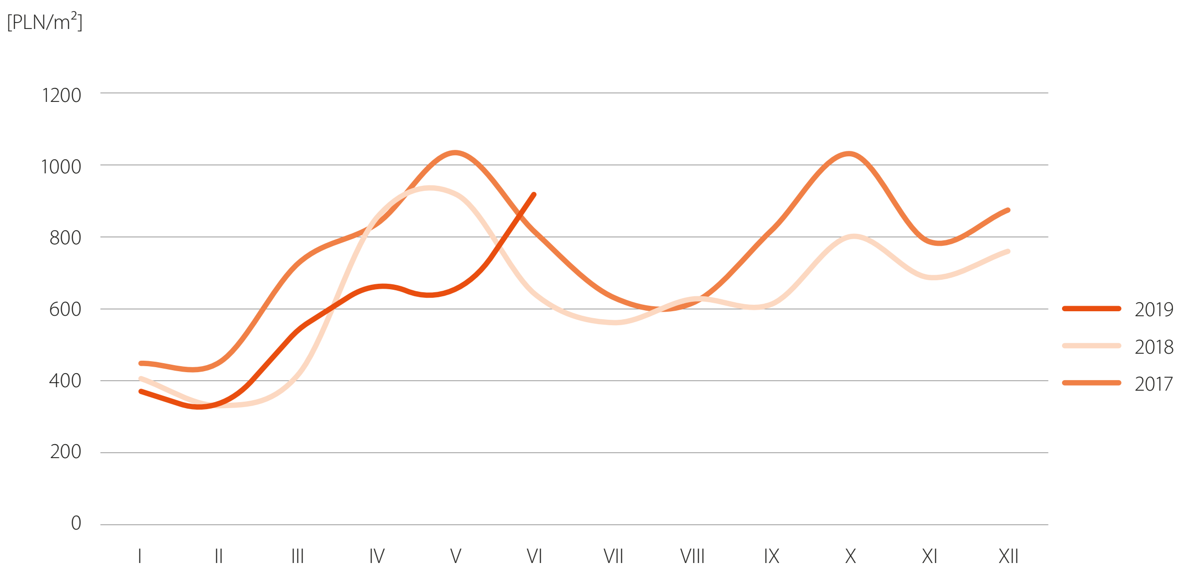
In the first half of 2019 the CCC Group:

- opened 41 new stores in 15 countries, including 26 abroad,
- total sales network increased by over 42 thousand m^2 in organic development,
- increased sales revenues by 39% compared to the first half of 2018.

1.1.4 SEASONALITY AND WEATHER

Weather conditions and seasonality (peak demand is in Spring and Autumn) has a significant impact on the changes in volume of sales during the financial year. Deviations from normal weather conditions affect sales as they result in changes of customer purchasing decisions and shorten the high season of sales.

Seasonality of sales in CCC in Poland chain stores (2017–2019)



[in mln PLN unless otherwise stated]

CHANGES OF EXCHANGE RATES

Part of the CCC Group's costs is denominated in foreign currencies, therefore exchange rates of USD and EUR have an impact on the cost structure. Due to the fact that the Group sells also imported goods, it is exposed to the risk of changes of exchange rates of USD/PLN and EUR/PLN. The Group also grants loans in foreign currencies.

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-06.2019	3,8696	3,7243	3,7336	3,8002
01.2018-06.2018	3,7705	3,3173	3,7440	3,4872
01.2017-06.2017	4,2271	3,7062	3,7062	3,9473

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-06.2019	4,3402	4,2520	4,2520	4,2940
01.2018-06.2018	4,3616	4,1423	4,3616	4,2201
01.2017-06.2017	4,4157	4,1737	4,4265	4,2706

According to the Management Board of CCC S.A., during the reporting period, there were no factors and events of unusual nature affecting the financial results and operations of the CCC Group.

1.2 PRODUCTS AND BRANDS

PORTFOLIO OF THE CCC GROUP

The CCC Group targets a broad group of customers by offering a wide range of products. Besides women, men and kids' footwear, the Group offers handbags and shoe care products as well as other products such as jewellery, fancy goods and cycling accessories.

Footwear is the primary product of the CCC Group. Customers visiting stores have a wide choice of products for every occasion – from casual and sports shoes to elegant leather shoes. Products offered to customers are sold under the Group's own brands as well as under licensed ones – a detailed description of the brands offered is presented later in this subsection.

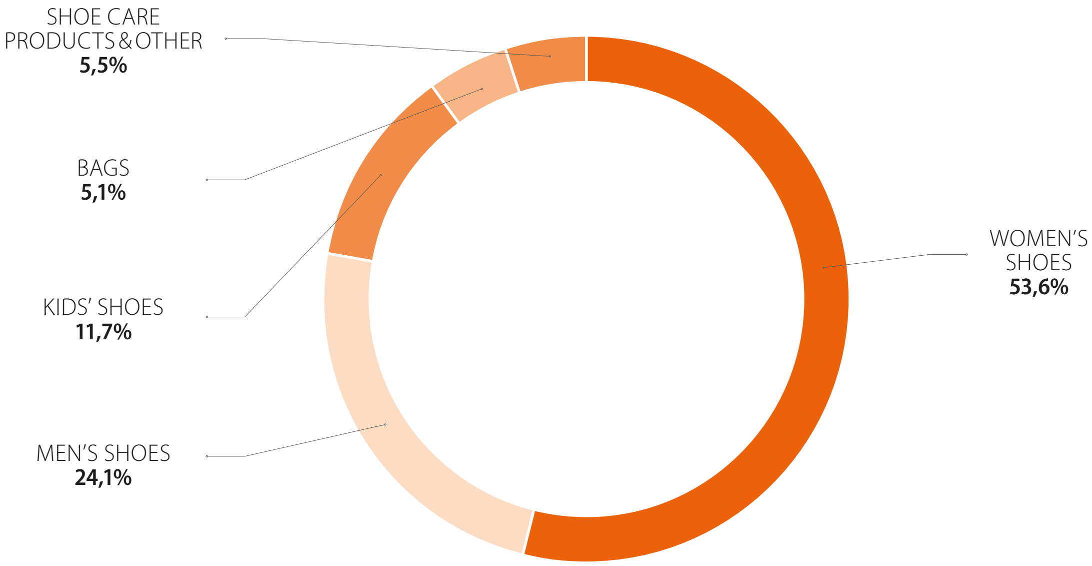
PRODUCT RANGE STRUCTURE

The sales structure by product range remains constant over years – in the first half of 2019 footwear accounted for 90% of sales in value; women's footwear accounted for approx. 60% of sales; men footwear accounted for approx. 27%, and kids footwear accounted for approx. 13%. Besides footwear, which is the main product, bags and shoe care products&other both account for approx. 5% of sales.

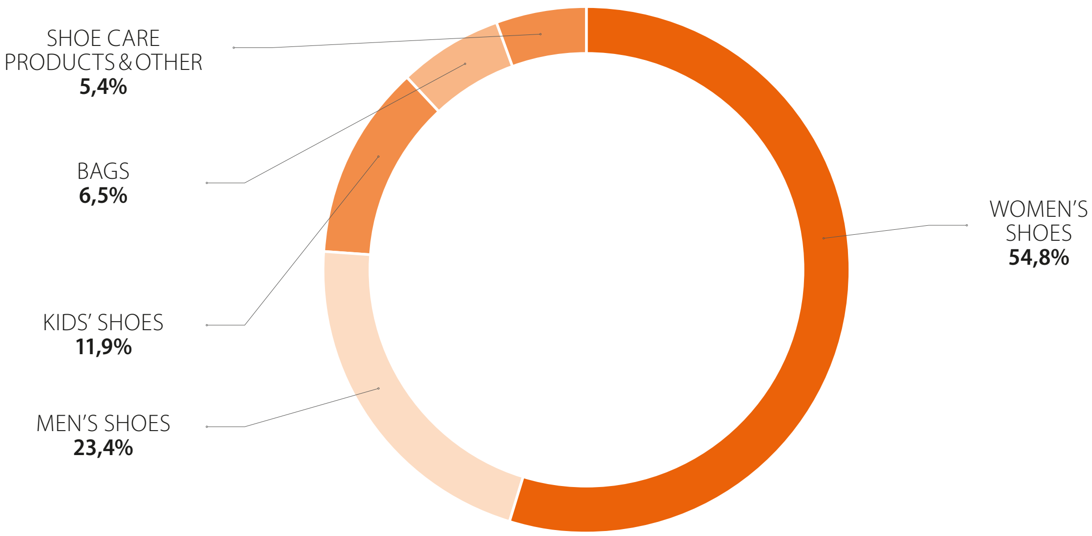
The CCC Group range of products is being constantly expanded, which positively impacts the increase in sales – the variety of products offered allows customers to find a product corresponding to their expectations, making the development of the group of product range increase sales revenues.

The chart below presents a detailed structure of retail sales in particular groups of products in the first half of 2019 and 2018:

SALES STRUCTURE IN 1ST HALF YEAR 2019 (BY VALUE)



SALES STRUCTURE IN 1ST HALF YEAR 2019 (BY VALUE)



53,6%

WOMEN'S SHOES

Within the product range of „Women shoes", the Group offers its customers: ballerinas, boots, flip-flops, sport shoes, low cut shoes, sandals, high-heels and sneakers. Women's footwear is sold under the following brands: Lasocki, Lasocki Comfort, Sprandi, Jenny Fairy, Clara Barson, Bassano, Nylon Red, INBLU and Via Ravia, BUT S, Gino Rossi, MAX Shoes, DeeZee Quazi Togoshi and others. Sales of women's footwear accounted for 54% of total revenues in the first half of 2019 (60% of revenue from footwear). Compared with the first half of 2018, sales of women's footwear increased by 37%.

MEN'S SHOES

24,1%

Within the product range of „Men shoes", the Group offers its customers: boots, sports shoes, low cut shoes, sandals and sneakers. Men's footwear is sold under the following brands: Lasocki for men, Sprandi, Ottimo, Gino Lanetti, Vapiano and Cesare Cave, Gino Rossi, GO SOFT, MAX Shoes and others. Sales of men's shoes accounted for 24% of total revenues in the first half of 2019 (27% of revenue from footwear). Compared with the first half of 2018, sales of men's footwear increased by 57%.

KIDS' SHOES

Within the product range of „Kids' shoes", the Group offers its customers footwear for both boys and girls for every season of the year. Kids' footwear is sold the under the own brands such as Lasocki, Lasocki Kids, Lasocki Young, Sprandi, Action Boy, Magic Lady, Nelli Blu, Nylon Red, Vapiano, Muflon and under licensed brands, including Spiderman Ultimate. Sales of kids' footwear accounted for 11.7% of total revenues in the first half of 2019 (13.1% of sales of footwear). Compared with the first half of 2018, sales of kids' footwear increased by 40%.

11,7%

5,1%

BAGS

Within this group of products, the Group offers its customers bags made of synthetic materials and natural leather sold under such brands as Jenny Fairy and Lasocki, DeeZee, Gino Rossi, Eva Minge, Sprandi and others. Sales of bags accounted for 5% of total revenues in the first half of 2019. Compared with the first half of 2018 sales of bags increased by 13%.

Within the product range of others, the Group sells, among others, following products: cosmetics, jewellery, fancy goods and cycling accessories. Sales of other products accounted for 5,5%% of total sales and increased by 38%.

5,5%

OTHER

1.3 BUSINESS MODEL

1.3.1 DISTRIBUTION

MARKET ENVIRONMENT

Retail activity is the main business segment of the CCC Capital Group which generates 72.7% of total revenues. In this segment, the Group operates in four geographical regions:

- Poland,
- Central and Eastern Europe,
- Western Europe,
- Other countries.

In these regions, the CCC Group also runs an online business, which accounts for 23,8% of total revenues.

The following is a characteristic of the market environment and competition in the Group's key regions.

REGION	MARKET SITUATION
Poland	The current economic situation in Poland is stable, with medium development prospects. The level of GDP is growing at a fast pace. In the second quarter of 2019 GDP increased by 4,5% (change to the corresponding quarter of the previous year). Currently, the unemployment rate is the lowest since 1991 and amounts to 3,8% (data for June 2019). In the presented period there were no changes in tax rates concerning the Group's products. In connection with the above macroeconomic data and the continuation of the government's social policy (program 500+), a further increase in the disposable income of consumers is expected. In Poland, Deichmann is the key competitor of the Group in its fixed sales.
Central and Eastern Europe	The current economic situation in Central and Eastern Europe is stable, with moderate growth prospects. The level of GDP per capita is growing at a stable pace, the unemployment rate in the most important countries of the region is in a decreasing trend. In the reporting period there were no changes in tax rates relating to Group's products. The above macroeconomic data allows to expect an increase in disposable income of consumers. In Central and Eastern Europe Deichmann is the key competitor for the CCC Group.
Western Europe	The current economic situation in Western Europe is stable, with moderate growth prospects. The level of GDP per capita is growing at a stable pace. The unemployment rate remained at a stable level. In the reporting period there were no changes in tax rates relating to Group's products. The above macroeconomic data allows to expect a positive impact on the results achieved by the CCC Group. Deichmann is the key competitor of the Group in Western Europe.

[in mln PLN unless otherwise stated]

PRESENCE IN THE MARKETS

The main sales market of the CCC Group is Poland. The share of CCC in the very fragmented retail market of footwear in Poland is estimated at around 30%. The main market of the CCC Group is the broadly understood middle customer segment. In terms of the number of stores in Poland, CCC almost twice exceeds the offer of the largest competitors. It is still the widest segment on the national footwear market, calculated on over 130 million pairs of shoes per year.

In addition to the Polish market, the CCC Capital Group conducts its operations in the Central and Eastern European region, i.e. in the Czech Republic, Slovakia, Hungary, Slovenia and Bulgaria, in Croatia; in Western Europe, i.e. in Austria, Switzerland, Germany and other countries – Russia, Serbia, Romania, Ukraine, Latvia, Lithuania, Estonia and Moldova, Kosovo, Qatar and United Arab Emirates.

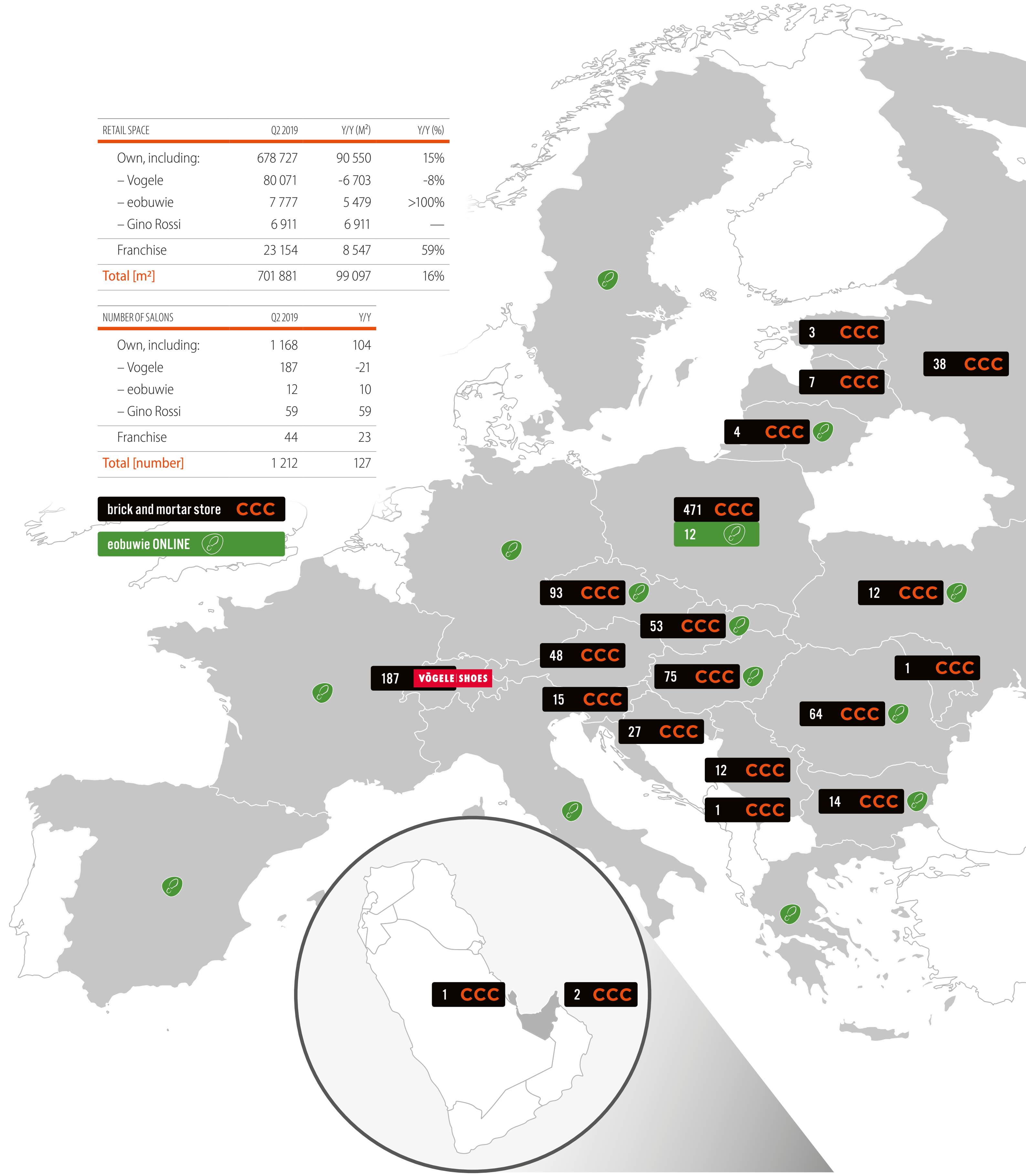
The stores are located in large shopping centers, alongside major traffic routes and in prestigious urban locations.

	30.06.2019	30.06.2018
TOTAL STORES	1 212	1 085
OWN STORES CCC	969	854
Poland	471	462
Czech Republic	93	87
Hungary	75	74
Romania	64	55
Slovakia	53	50
Austria	48	46
Croatia	27	24
Russia	38	24
Slovenia	15	13
Bulgaria	14	10
Serbia	12	9
Gino Rossi	59	—
FRANCHISE STORES CCC	44	21
Latvia	7	7
Ukraine	12	7
Lithuania	4	4
Estonia	3	2
Moldova	1	1
Kosovo	1	—
Qatar	1	—
UAE	2	—
Gino Rossi	13	—
Vögele Shoes	187	208
e-obuwie	12	2

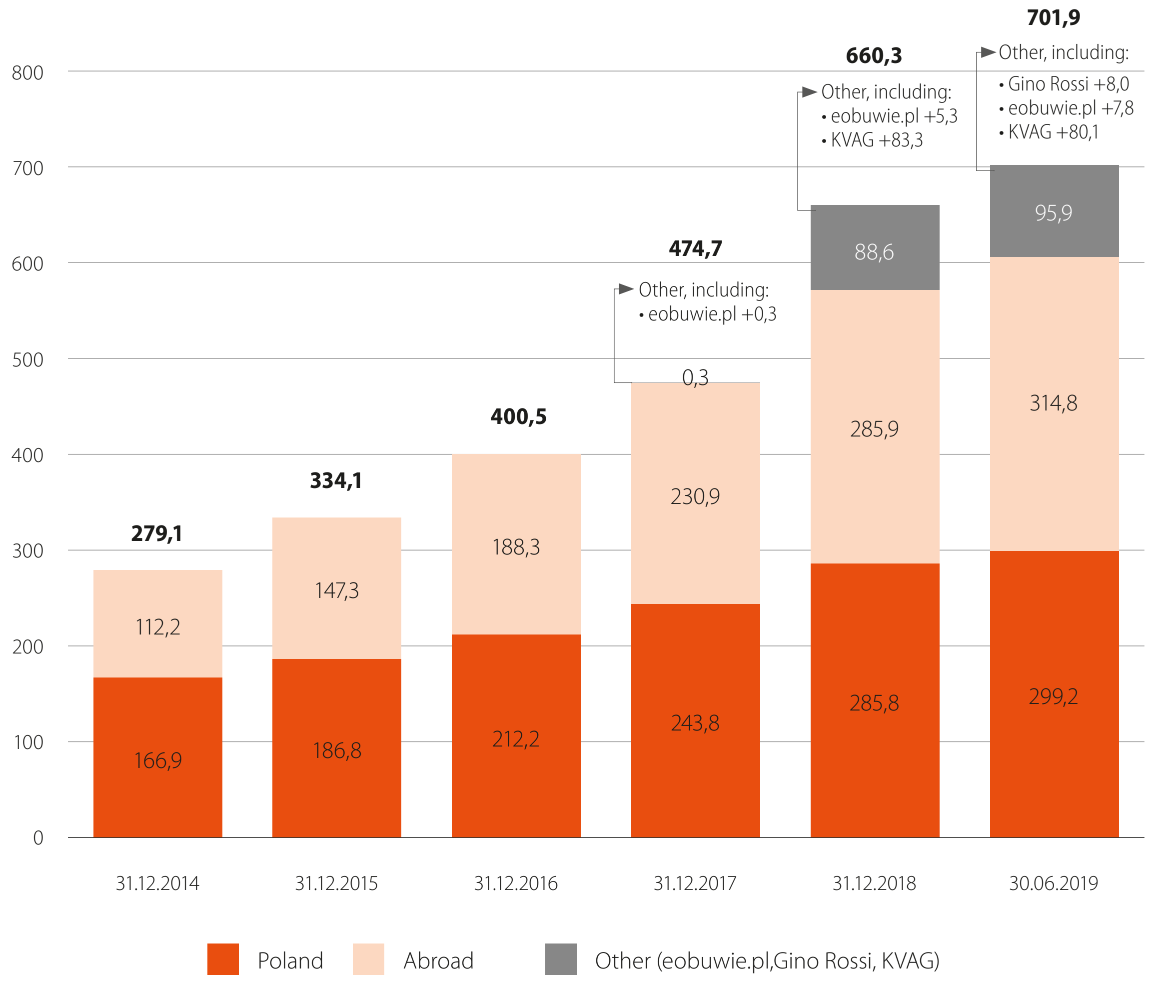
* Data related to the continued operations.

RETAIL SPACE	Q2 2019	Y/Y (M^2)	Y/Y (%)
Own, including:	678 727	90 550	15%
– Vogele	80 071	-6 703	-8%
– eobuwie	7 777	5 479	>100%
– Gino Rossi	6 911	6 911	—
Franchise	23 154	8 547	59%
Total [m^2]	701 881	99 097	16%

NUMBER OF SALONS	Q2 2019	Y/Y
Own, including:	1 168	104
– Vogele	187	-21
– eobuwie	12	10
– Gino Rossi	59	59
Franchise	44	23
Total [number]	1 212	127



CHANGE OF THE FLOOR SPACE OF STORES IN THE YEARS 2014–2018 [THOUSAND M²]



In the first half of 2019, the CCC Capital Group increased the retail space of CCC stores by 41.6 thousand m^2 net, from 660.3 thousand m^2 to 701.9 m^2 at the end of the reporting period. The change in space resulted from the expansion of the existing retail space by opening stores with a total area of 41,5 thousand m^2, and modernization and extension of the existing retail space by 10,6 thousand m^2. During the first half of 2019, 26 CCC stores with a total area of 10,5 thousand m^2 were closed.

[in mln PLN unless otherwise stated]

CHAIN	TYPE	31.12.2016		30.06.2017		31.12.2017		30.06.2018		31.12.2018		30.06.2019	
		m²	number	m²	number	m²	number	m²	number	m²	number	m²	number
CCC	Poland	212 242	436	220 795	439	243 839	448	268 063	462	285 782	466	299 184	471
	Hungary	38 040	69	40 607	71	45 247	73	47 620	74	51 843	76	52 080	75
	Czech Republic	39 415	82	41 946	85	44 701	88	44 989	87	51 497	93	53 215	93
	Slovakia	23 104	42	24 180	44	28 198	50	29 581	50	31 500	51	33 702	53
	Austria	23 580	39	26 301	43	27 431	45	28 351	46	30 378	49	30 368	48
	Romania	—	—	—	—	—	—	28 005	55	34 762	62	36 160	64
	Russia	6 339	11	9 314	14	13 923	19	18 168	24	28 041	35	31 683	38
	Croatia	11 842	20	12 342	21	13 561	23	14 018	24	16 061	25	17 884	27
	Slovenia	6 272	11	6 882	12	7 687	13	7 687	13	8 528	14	10 900	15
	Bulgaria	5 665	9	6 562	10	6 562	10	6 562	10	7 430	11	9 210	14
	Serbia	1 089	2	1 917	3	4 078	6	6 061	9	8 237	11	9 582	12
TOTAL		367 588	721	390 846	742	435 227	775	499 105	854	554 059	893	583 968	910
Other	Gino Rossi	—	—	—	—	—	—	—	—	—	—	6 911	59
	KVAG	—	—	—	—	—	—	86 774	208	83 299	197	80 071	187
	eobuwie.pl	—	—	—	—	348	1	2 298	2	5 256	9	7 777	12
TOTAL OWN		367 588	721	390 846	742	435 575	776	588 177	1 064	642 614	1 099	678 727	1 168

RETAIL SALES

Retail sales in the chain of own stores at the end of the first half of 2019 took place in Poland, the Czech Republic, Slovakia, Austria, Slovenia, Croatia, Serbia, Russia, Bulgaria, Romania and Hungary. The total number of CCC brand own stores as at June 30, 2019 amounted to 910. The average area of these stores increased by 21,3 m^2 to 641,7 m^2 (620,4 m^2 in 2018). The total surface area of CCC's own stores as at June 30, 2019 increased by 6% compared to December 31, 2018 (554.1 thousand m^2). Considering the area of stores of the acquired company Karl Vögele, the total area of CCC, Vögele Shoes, Bingo, Max, eObuwie and Gino Rossi amounted to 678,6 thousand m^2. Revenues from retail sales increased by 32,5% to PLN 1,947.1 million (PLN 1,470.1 million in the first half of 2018) and accounted for 73% of total sales. Revenue from retail sales per square meter amounted to 2,94 thousand PLN / m^2 (PLN 3,04 thousand / m^2 in the first half of 2018).

WHOLESALE

The franchise partners targeted at wholesale sales at the end of the first half of 2019 were present in Poland, Estonia, Ukraine, Latvia, Lithuania, Moldova, Kosovo, Qatar and United Arab Emirates. The total number of franchise stores as at June 30, 2019 amounted to 44. The average area of these stores decreased by 150,0 m^2 to 526,3 m^2 mainly due to the acquisition of 13 franchise stores Gino Rossi, whose average area (81m2) significantly deviates from the average of other franchise stores in Group (676,2 m^2 in 2018). The total area of franchise stores on June 30, 2019 amounted to PLN 23,2 thousand m^2 and increased by 32.0% compared to 31 December 2018 (17,6 thousand m^2), mainly due to the opening of stores in the region GCC and the acquisition of Gino Rossi.. These stores from the date of acquisition are reported in the retail segment. Wholesale revenues increased by 60,4% to PLN 94,3 million (PLN 58,8 million in the first half of 2018) and accounted for 3,5% of total sales. Sales are also carried out in the wholesale segment to the affiliate HRG Reno.

CHAIN	TYPE	31.12.2016		30.06.2017		31.12.2017		30.06.2018		31.12.2018		30.06.2019	
		m^2	number	m^2	number	m^2	number	m^2	number	m^2	number	m^2	number
Franchise	Ukraine	2 709	5	3 827	6	3 827	6	5 027	7	7 147	11	8 088	12
	Latvia	3 281	7	3 809	7	4 409	7	4 409	7	4 409	7	4 409	7
	Lithuania	1 787	3	1 787	3	2 657	4	2 657	4	2 657	4	2 657	4
	Estonia	724	1	724	1	724	1	1774	2	2629	3	2 629	3
	Moldova	—	—	—	—	740	1	740	1	740	1	740	1
	Romania	24 386	50	26 290	53	27 148	54	—	—	—	—	—	—
	Kosovo	—	—	—	—	—	—	—	—	—	—	1 048	1
	Qatar	—	—	—	—	—	—	—	—	—	—	1 002	1
	UAE	—	—	—	—	—	—	—	—	—	—	1 521	2
	Gino Rossi	—	—	—	—	—	—	—	—	—	—	1 061	13
TOTAL FRANCHISE		32 887	66	36 437	70	39 505	73	14 607	21	17 582	26	23 155	44
CCC CG TOTAL		400 475	787	427 283	812	475 080	849	602 784	1 085	660 196	1 125	701 882	1 212

The above data includes continued operations. The above tables present development data CCC franchise network and other brands sales network (data as on June 30 and December 31).

ONLINE SALES

In the CCC Group, online sales are carried out by CCC S.A., eobuwie.pl SA, DeeZee Sp. Z o.o., Gino Rossi and Karl Vögele AG. At the end of June 2019, eobuwie.pl operated in Poland, Germany, the Czech Republic, Slovakia, Romania, Hungary, Ukraine, Bulgaria, Lithuania, Greece, Sweden, Spain, France and Italy, and Karl Vögele AG in Switzerland. Revenues from online sales amounted to PLN 638,4 million and accounted for 23,8% of total sales in the first half of 2019.

1.3.2 LOGISTICS

Development of the Group, the increase in demand for its products and increasing distribution performance requirements contributed to the realization of the largest investment in the history of the Group – the building of the Logistics Centre, located in the Legnica Special Economic Zone (SEZ) in Polkowice. The Logistics Centre is a modern complex of large-format objects.

The most important part of the Logistics Centre is the fully automated mini-load high storage warehouse, with a total area of 23,064 square meters, which is able to store 5 million pairs of shoes, which constitutes more than 500,000 cartons of different dimensions. It is the largest of its kind in Central Europe. The investment was in 40% financed with EU funds from the Innovative Economy programme.

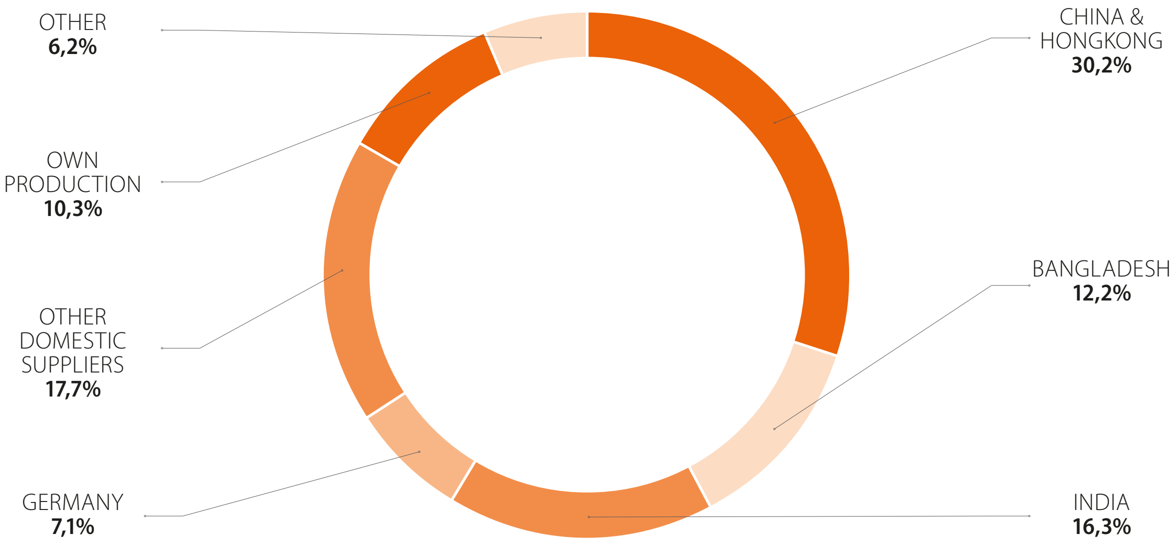
The New Distribution Centre, with the existing sorting plant is able to handle more than 100,000 cartons (approx. 1.1 million pairs of shoes) during two working shifts. The process of mechanization provides handling for future development and is essential for the further development of the logistics processes. In addition, it allows for the optimization of storage space, which is currently 82.3 thousand m^2.

CCC Group invests in logistics processes in the e-commerce segment as well, which can be seen through a currently constructed new logistics center in Zielona Góra. The facility will enable CCC Group to multiply the capacity of currently operated logistics center. It corresponds with the growing importance of e-commerce in CCC Group and reflects the constantly increasing popularity of online shopping. The investment composes of 4 stages, which are to be performed one after another. Phase I of the project begun in September 2018 and is expected to be completed at the end of 2019. As s result, e-commerce logistics capacities will be expanded by another 40k sqm of warehouse floor space - equipped with advanced automation solutions.

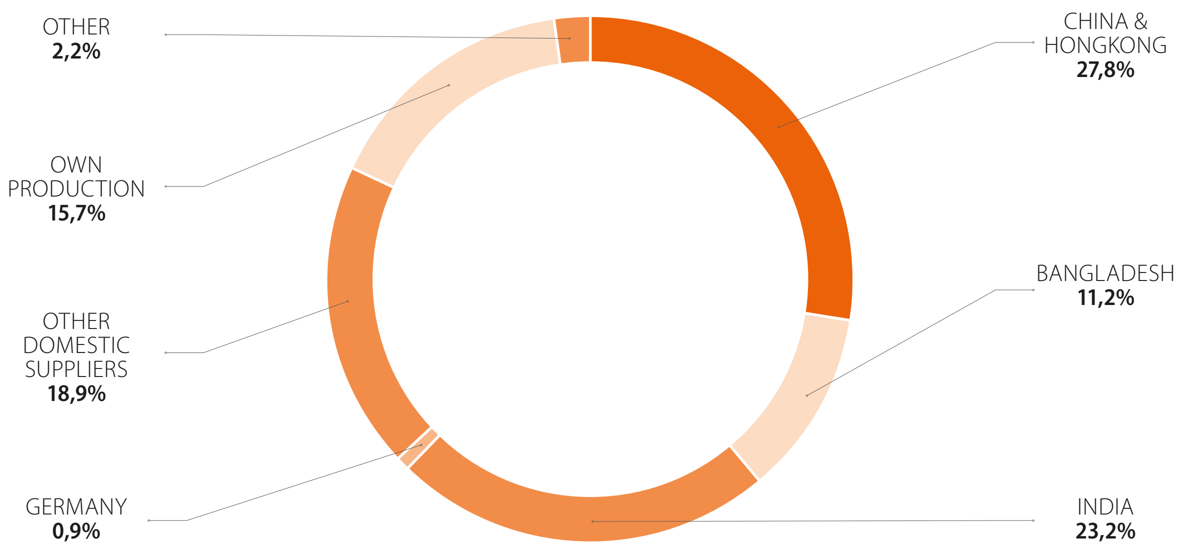
1.3.3 MANUFACTURING AND SUPPLIERS

The company CCC.eu Sp. z o.o. is the supplier of goods to the CCC Group. The company acquires goods from domestic and foreign suppliers and from the Group's factory (CCC Factory Sp. z o.o.).

TERRITORIAL STRUCTURE OF FOOTWEAR PURCHASES IN 1ST HALF YEAR 20109 (VALUE)



TERRITORIAL STRUCTURE OF FOOTWEAR PURCHASES IN 1ST HALF YEAR 2018 (VALUE)



FOOTWEAR

Footwear, the main product of the CCC Group, imported from Asia (59% of the total footwear purchases, produced in its own factory (10%), purchased from domestic suppliers (18%) and in other countries (13%) The main direction of imports of footwear from Asia is China, from where deliveries come from dozens of manufacturers.

BAGS, SHOE CARE PRODUCTS AND OTHERS

The CCC Group sells also bags, shoe care products, jewellery, fancy goods and cycling accessories. All of these goods are purchased from external suppliers. In particular, bags are imported from Asia, while other goods are obtained from European markets.

1.4 LISTING OF SHARES ON WSE

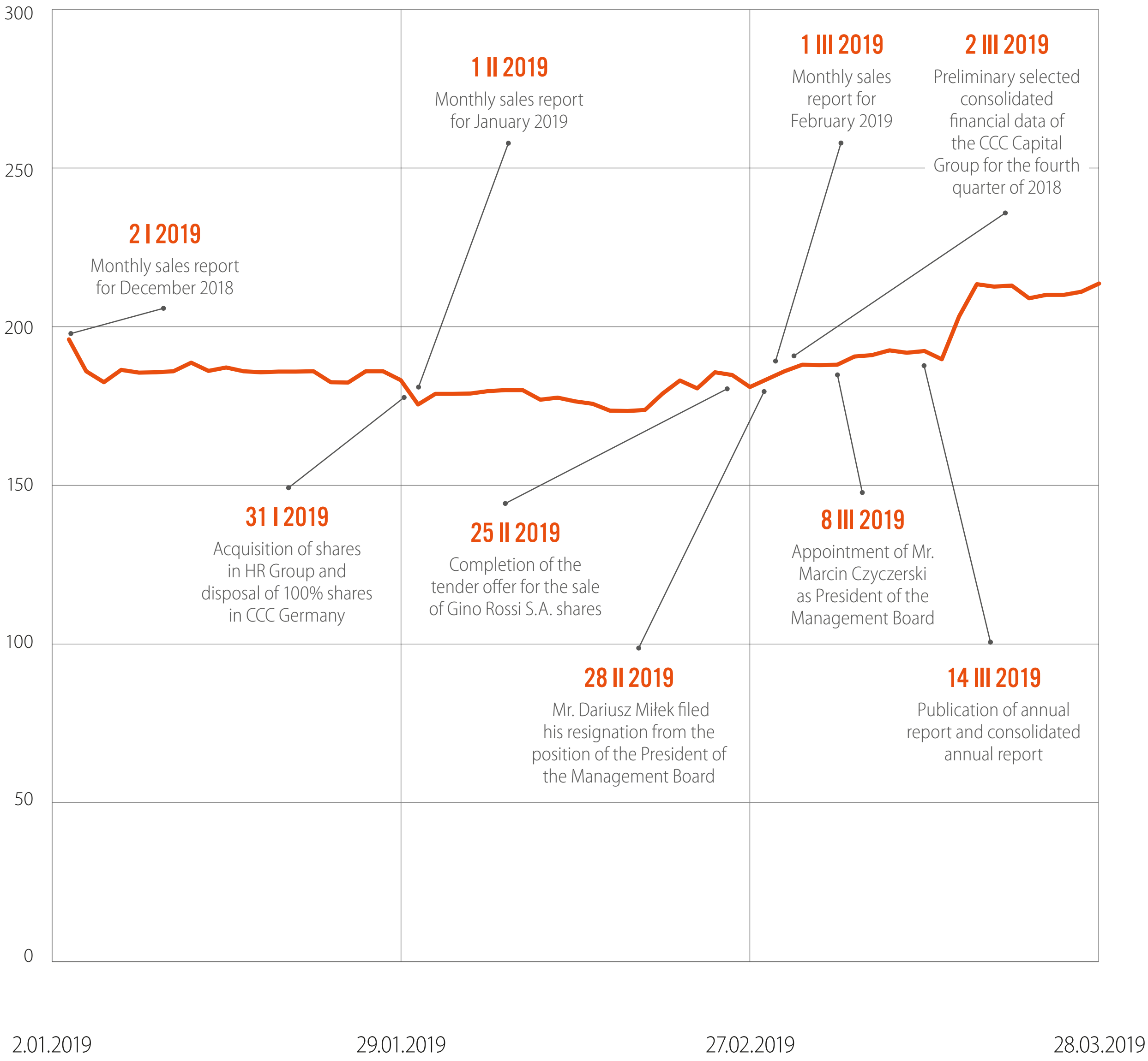
The company CCC has been listed on the Warsaw Stock Exchange for almost 15 years, as at 30 June 2019, one share of CCC was valued at PLN 168.60, which translated into the capitalization of the CCC Group in the amount of PLN 6.9 billion. The highest price in the year (according to the closing rate) amounted to PLN 248.00, while the lowest one was PLN 148.10. The maximum transaction price in the first half of 2018 amounted to PLN 258.80, while the minimum price was PLN 146.60.

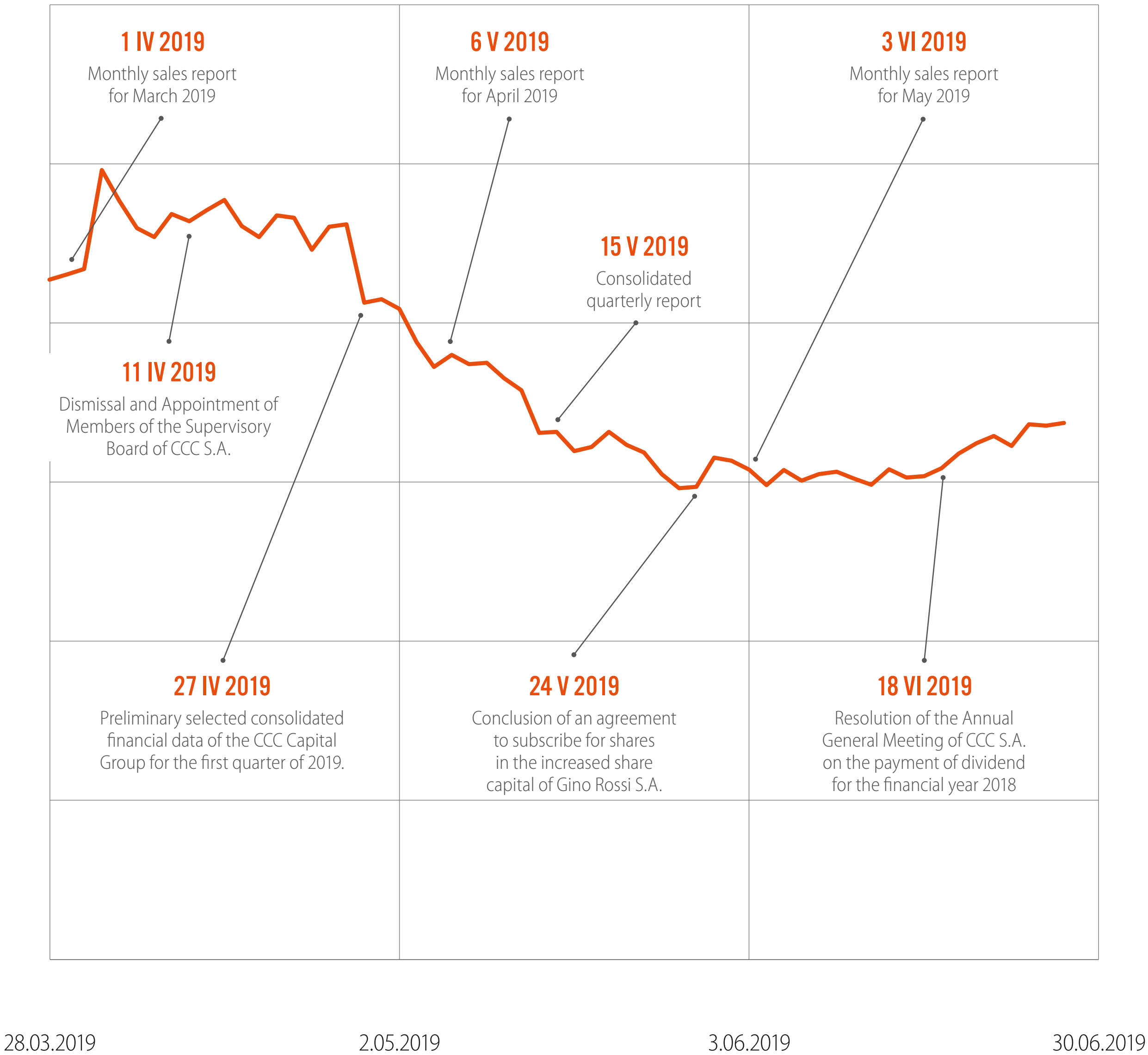
From the beginning of quotations, the price of one CCC share increased by nearly 1700% from PLN 9.50 (issue price from December 2, 2004) to PLN 168.60 at the closing of the session on June 30, 2019.

The Ordinary General Meeting of the Company adopted a resolution on covering the loss for 2018 in the amount of 40 365 817.81 from the supplementary capital and on allocating a part of the supplementary capital in the amount of 19 760 640.00 for distribution among the shareholders through payment of a dividend.

SHARE PRICE OF CCC S.A. IN THE REPORTING PERIOD (01.01.2019 to 30.06.2019)

THE MOST IMPORTANT EVENTS ON THE BACKGROUND OF CCC ON THE WSE





REPORTING CALENDAR

30 October 2019
Consolidated quarterly report for Q3 2019

2. ANALYSIS OF SELECTED FINANCIAL RESULTS OF THE CCC GROUP


CCC

2.1
ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA

2.1.1 FINANCIAL RESULTS OF THE CCC GROUP

2.1.1.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REVENUE, COST OF GOODS SOLD AND GROSS PROFIT

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL RESULT

Sales revenue comprises revenue from sales of goods, products and sublease services obtained in the normal course of business. Data on revenue by segment included in the tables below represent the sales to external customers – intragroup sales were excluded and consolidation adjustments were included so that the value of revenue was the same as the revenue reported in the consolidated financial statement.

As **cost of goods sold** the Group recognizes: the value of goods sold, the value of packages sold, the cost of the provision concerning claims and returns, the value of finished goods sold, the cost of sublease services, the cost of logistics and accounting services, impairment of inventories and impairment of tangible and intangible assets used in manufacturing of goods or providing services (depreciation of manufacturing machines).

Gross profit is calculated as the difference between sales revenue and cost of goods sold and gross profit margin as the ratio of gross profit to sales revenue from external customers.

In addition, in the analysis we use metrics such as **revenue per m^2 of floor space and like-for-like sales** – definitions of these measures are included in the tables below.

CCC S.A. – parent company in the CCC Capital Group focuses mainly on retail distribution goods on Polish territory through a network of own stores and e-commerce channel. In addition, it also provides logistics and accounting services for CCC.eu. In the composition of the retail network Groups in Poland also include Gino Rossi stores and eobuwie.pl stationary stores. Distribution of goods in the retail channel outside of Poland teritory are responsible subsidiaries operating in the Czech Republic, in Slovakia, Slovenia, Croatia, Austria, Serbia, Bulgaria, Russia, Romania in Hungary and Switzerland. On German territory the sale is carried out through the entity associated HR Group in which CCC S.A. has 30.55% shares. The manufacture of footwear for the needs of the Group CCC are responsible Factory and Gino Rossi. Sale of goods in the e-commerce channel is run by eobuwie.pl S.A., Karl Vögele AG, DeeZee, Gino Rossi and CCC S.A. (online sales launched in June 2019).

Our sales revenue were as follows:

	SALES REVENUE [1]		CHANGE %	REVENUE PER 1M² OF FLOOR SPACE (IN THOUSAND PLN) [2]		CHANGE %
	01.2019-06.2019	01.2018-06.2018		01.2019-06.2019	01.2018-06.2018	
Poland	1065,6	919,2	15,9%	3,49	3,57	-2,2%
CEE	515,6	422,4	22,1%	2,49	2,6	-4,2%
Western Europe	302,2	82,8	>100,0%	2,72	1,95	39,5%
Other countries	64,0	45,7	40,0%	1,66	2,15	-22,8%
Retail activities	1947,4	1470,1	32,5%	2,94	3,04	-3,3%
Wholesale	94,3	58,8	60,4%	nd	nd	nd
E-commerce	638,3	400,3	59,5%	nd	nd	nd
Manufacturing	0,1	0,3	-66,7%	nd	nd	nd
Total	2680,1	1929,5	38,9%	nd	nd	nd

[1] Sales revenues refer only to sales to external customers

[2] Revenue per 1m² in floor space is calculated by dividing the value of revenue for the 12 months of a given year by the number of m² of the average floor space in given period.

Sales revenue in the first half of 2019 amounted to PLN 2 680.1 million, which is an increase of PLN 750,6 million (38.9%) compared to the corresponding period in the previous year. Development of business activities and expansion in particular retail markets significantly attributed to the increase of sales. Total revenues from retail sales in the first half of 2019 accounted for 72,7% of total sales to external customers, with 3.5% of wholesale and 23,8% of sale via the e-commerce channel. The Polish market is still the largest retail sales market, with a share in total sales in the first half of 2019 39.8% compared to 47,6% in the same period of 2018. Revenue from sales to external customers increased in all markets compared to the corresponding period. The highest increase was recorded in the segment Western Europe due to the takeover of KVAG. The Group maintains high retail sales per 1m² – during the first half of 2019, revenue amounted to 2.94 thousand PLN/m² (3.04 thousand PLN/m² in the first half of 2018) together with an increase in the average area of a CCC store by 9,8% to 642 m².

In the case of the Group, the average store area was 579 m² which is 4.2% increase.

The amount of revenue is affected by changes in sales of existing stores and changes resulting from the opening and closing of retail units. Data on the distribution of sales by facilities continuing operations and newly opened or closed ones are as follows:

	COMPARABLE FACILITIES [1]			CHANGE %	OTHER FACILITIES [2]		CHANGE %
	LICZBA	2019	2018		2019	2018	
Poland [3]	367	772,4	745,0	3,7%	261,2	174,2	49,9%
CEE [4]	232	343,1	348,8	-1,6%	65,2	32,7	99,4%
Western Europe [5]	39	48,9	55,2	-11,4%	12,1	7,7	56,6%
Other countries	21	32,0	35,3	-9,3%	32,0	10,4	>100,0%
Total	659	1196,4	1184,3	1,0%	370,5	225	64,6%

[1] Comparable facilities which operated without interruptions during 2018 i 2019 r.

[2] All other stores, including: stores newly opened in current or previous year; stores closed in the current or previous year; and stores that had a break in the activity.

[3] Does not include Gino Rossi stores acquired in March 2019

[4] Does not include Shoe Express stores acquired in April 2018

[5] Does not include KVAG stores acquired in June 2018

In total, in relation to the reported periods, the increase in comparable stores sales amounted to PLN 12.1 million (+1,0%). Growth in comparable facilities was recorded on the Polish market + 3.7%, on others presented markets declines were noted: Central and Eastern Europe – 1.6% Western Europe – 11.4%, Other countries – 9.3%.

Revenues from retail sales in Poland in the first half of 2019 amounted to PLN 1 065.6 million, which is an increase of PLN 146.4 million (15,9%) compared to the corresponding period of the previous year. Impact on change in revenues in relation to the previous period had sales in comparable stores CCC PLN +27.4 million (+ 3.7%) and sales in other stores PLN + 87.0 million (+ 49.9%). Revenues of the eobuwie.pl stores in the analysed period increased by PLN 23.0 million (+ 242,1%). In addition, a source of growth revenues in the Poland segment was the acquisition of Gino Rossi, whose retail revenues in the first half amounted to PLN 32.0 million.

In the reporting period, CCC stores' floor space in Poland increased due to openings and expansions by 15,2 thousand m^2, and decreased due to closures by 1.8 thousand m^2. Surface growth of the eobuwie.pl stores in the first half of 2019 amounted to 2.5 thousand m2, and the area of the acquired Gino Rossi retail stores amounted to 6.4 thousand m2.

Throughout the segment of Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bulgaria, Romania) revenues from sales amounted to PLN 515,6 million, increasing by PLN 93.2 million (+22,1%) compared to the corresponding period of the previous year. Excluding the acquired Shoe Express company the segment increased by PLN 26.5 million (+ 6.9%) In the same period in Central and Eastern Europe new stores with a total net floor space of 11,5 thousand m^2 were opened (10.1 thousand m2 excluding Shoe Express).

The largest market in this segment in terms of revenue is the Czech Republic, which accounts for 5.3% of total revenue from external customers. In the first half of 2019 sales to external customers in the Czech Republic amounted to PLN 142,5 million and increased by PLN 7.0 million relative to the first half of 2018. In the reporting period new stores with a total net floor space of 1,7 thousand m^2 were opened in the Czech Republic.

Hungary is the second largest market with a share in total revenues of 4,1%. Revenues from external customers generated in this market in the first half of 2019 amounted to PLN 109.3 million and increased by PLN 4.2 million (+4.0%) compared to the corresponding period of the previous year. In the reporting period, new stores with total net floor space of 0.2 thousand m^2 were opened in Hungary.

The Romanian market is significant among the markets in Central and Eastern Europe with a share in total revenues of 4.0% (PLN 107.3 million). It recorded an increase in sales of PLN 37.6 million (53.9%). In Romania in the first half of 2019 new stores with a total net floor space of 1.4 thousand m^2 were opened.

Among other markets in Central and Eastern Europe segment the Group achieved changes in sales revenues at a level from a few to several dozen percent. Slovakia achieved an increase in sales revenues from customers external by 9.0%, Croatia by 9.7%, Slovenia by 13.0%, while Bulgaria increased by 26.5%.

In the segment of Western Europe the largest market in the first half of 2019 was the Swiss market. During this period in Swiss sales revenue from external customers amounted to PLN 241.2 million and increased compared to the previous period by PLN 221.3 million (KVAG was acquired in June 2018). In turn, the Austrian market generated sales revenues at PLN 61.0 million – a decrease of 3.2% from the level of PLN 63.0 million. Change in net area in Switzerland in the first half of the year it amounted to – 3,1 thousand m2, while in Austria the surface has not changed.

In the segment of other countries, the dominant market is Russia responsible for 1.9% of total revenues from sales. In the first half of 2019 in Russia, sales to external customers amounted to PLN 51.4 million. The second market within this segment is Serbia with sales representing 0.5% of total sales revenues. In the first half of 2019, sales to external customers in Serbia amounted to PLN 12.5 million.

The Group generated sales revenues in the channel e-commerce in the first half of 2019 at the level of 638.4 million PLN, which is an increase of 59.5% from PLN 400.3 million. The largest share in the e-commerce segment is eobuwie.pl S.A. (94.7% of segment sales). The remaining sales in this segment are carried out by websites DeeZee, Karl Vogele, Gino Rossi and CCC.

Sales to external customers in the wholesale operations segment in in the first half of 2019 amounted to PLN 94.3 million and increased by 60.4% compared to the corresponding period of the previous year. As part of this activity, we support, among others, sales to franchise entities operating in Lithuania, Latvia, Estonia, Ukraine, Moldova, Kosovo, Qatar and United Arab Emirates and sale to affiliate of HRG Reno.

[in mln PLN unless otherwise stated]

GROSS PROFIT

As a result of our activity we achieved the following gross profit:

	01.2019-06.2019	01.2018-06.2018	CHANGE %
Sales revenue from external clients	2 680,1	1 929,4	38,9%
Cost of goods sold	(1 347,5)	(939,6)	43,4%
Cost of purchase of goods sold	(1 226,0)	(819,0)	49,7%
Cost of manufacturing goods sold	(111,3)	(119,9)	-7,1%
Write-down on inventories	(10,2)	(0,7)	>100,0%
Gross profit on sale	1 332,6	989,9	34,6%

Gross profit by each segment was as follows:

	GROSS PROFIT ON SALE		CHANGE %	GROSS MARGIN	
	01.2019-06.2019	01.2018-06.2018		01.2019-06.2019	01.2018-06.2018
Poland	541,3	482,3	12,2%	50,8%	52,5%
CEE	300,7	249,5	20,5%	58,3%	59,1%
Western Europe	166,6	50,2	>100,0%	55,1%	60,6%
Other countries	33,6	24,5	37,1%	52,5%	53,6%
Retail activity	1 042,2	806,5	29,2%	53,5%	54,9%
E-commerce	275,1	165,0	66,7%	43,1%	41,2%
Wholesale	15,8	18,7	-15,5%	16,8%	31,8%
Manufacturing	(0,4)	(0,3)	—	nd.	nd.
Total	1 332,6	989,9	34,6%	49,7%	51,3%
Unallocated to segments	—	—			
Total	1 332,6	989,9	34,6%	49,7%	51,3%

Consolidated gross profit of the Group increased by 34.6% and amounted to PLN 1 332.6 million in the first half of 2019. A higher growth rate of cost of goods sold of +43.4%, resulting from a change in the structure of sales channels (higher e-commerce share) , compared to a growth rate of sales revenue of +34.6% resulted in a reduction gross margin on sales by – 1.6 p.p. relative to the period previous.

The margin in the retail segment was in the first half of 2019 53.5% and changed slightly (-1.4 pp) compared to a comparable period. A significant impact the drop in retail margin had a share in acquired KVAG and Gino Rossi companies, increase in sales share in eobuwie.pl stores, increasing the share selling foreign brands, as well as an intensified campaign CCC club.

[in mln PLN unless otherwise stated]

COST OF OPERATING STORES/ WHOLESALE AND SEGMENTS RESULT

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL RESULT

Cost of operating stores include the cost of maintenance of stores. This item includes mainly fees under operating lease of premises in which stores are operated; depreciation of tangible fixed assets; amortization of intangible assets; costs of external services; cost of remuneration of store employees ; and other flat costs.

RESULT OF SEGMENTS

01.2019-06.2019	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	1 065,6	541,3	(312,6)	(98,6)	130,1
CEE	515,6	300,6	(228,3)	(55,2)	17,1
Western Europe	302,2	166,6	(180,6)	(52,5)	(66,5)
Other countries	64,0	33,6	(34,4)	(6,5)	(7,3)
Retail activities	1 947,4	1 042,1	(755,9)	(212,8)	73,4

01.2018-06.2018	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	919,2	482,3	(265,2)	(87,1)	130,0
CEE	422,4	249,5	(181,3)	(44,3)	23,9
Western Europe	82,8	50,2	(67,5)	(18,1)	(35,4)
Other countries	45,7	24,5	(21,7)	(3,7)	(0,9)
Retail activities	1 470,1	806,5	(535,7)	(153,2)	117,6

Changes in gross profit, costs of operating stores and segment result between the first half of 2019 and the corresponding period of 2018 are shown in the table below:

CHANGE %	SALES REVENUE	GROSS PROFIT ON SALE	COST OF OPERATING STORES	OTHER COST OF SALE	PERFORMANCE OF SEGEMENT
Poland	15,9%	12,2%	17,9%	13,2%	0,1%
CEE	22,1%	20,5%	25,9%	24,6%	-28,5%
Western Europe	>100%	>100%	>100%	>100%	87,9%
Other countries	40,0%	37,1%	58,5%	75,7%	>100%
Retail activities	32,5%	29,2%	41,1%	38,9%	-37,6%

Gross profit covers the costs of operating stores and creates the segment results. In the first half of 2019, as compared to the corresponding period of the previous year, costs of operating stores increased by PLN 220.2 million, and the result of the retail segment decreased by PLN 44.2 million.

The most significant possible negative change in joining y / y was shot in the Western Europe segment of the acquired company KVAG, when consistent improvement continues profitability.

Costs of operating stores were as follows:

	01.2019-06.2019	01.2018-06.2018	CHANGE %
Remunerations and social security contributions	(272,4)	(188,6)	44,4%
Agency services	(2,7)	(20,6)	-86,9%
Lease costs	(65,8)	(37,5)	75,5%
Amortization and depreciation	(314,7)	(220,6)	42,7%
Taxes and fees	(4,2)	(3,3)	27,3%
Consumption of materials and energy	(31,5)	(26,6)	18,4%
Write-down of inventories	—	(2,2)	<100%
Transportation services	(2,4)	(0,7)	>100%
Other outsourced	(57,3)	(33)	73,6%
Other flat costs	(4,9)	(2,6)	88,5%
Total	(755,9)	(535,7)	41,1%

In the first half of 2019, the most significant cost item of the CCC Group were the costs of operating stores, which in comparison with the corresponding period of the previous year increased by PLN 220.2 million (+41.1%) up to PLN 755.9 million. The main reason for the increased costs in operating stores was taking over the CCC franchise chain store in Romania and the acquisition of Karl Voegele and Gino Rossi, whose total area is 18.2% as at 30/06/2019 own stores in the CCC Group. Apart from the above factors also influenced the increase in costs new openings, enlarging and closing stores. Growth of the floor space without taking into account taken networks, amounted to 82.2 thousand m2 (+ 17.4%). The most significant running costs being the costs of lease and remuneration of employees, which accounted respectively for 50.3% and 36.0% of the total 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 floor space. In aggregate, the costs of operating stores per square meter (including companies acquired during 2018 and 2019) between the first half of 2018 and 2019 changed slightly – in the first half of 2019 this ratio amounted to 1.14 thousand PLN/m^2, and in the corresponding period in 2018 it amounted to PLN 1.11 PLN/m^2.

Not including acquired companies (Voegele, Shoe Express and Gino Rossi - Companies that were not fully operational period) the cost of operating stores per square meter are as follows: 1.05 thous. PLN / m^2 in the first half of the year 2019 and 1.13K PLN / m^2 in the first half of 2018. This means that after excluding these companies, the group notes cost reduction per m^2 by 8% YOY.

[in mln PLN unless otherwise stated]

THE IMPACT OF OTHER INCOME AND COSTS

HOW WE DEFINE PARTICULAR COMPONENTS OF THE FINANCIAL RESULT

Other costs of sale include the costs of organizational units supporting sale and development of the sales network, including the costs of the expansion department, regional managers, the costs of logistics department, and marketing.

Administrative expenses include expenses relating to management of all operations of the Group (the costs of financial and accounting departments, administration department, costs of the Management Board) and general expenses.

Other operating income and costs include income and costs of non-core business activities of the operating units, e.g. profits or losses on disposal of tangible fixed assets, penalties and fines, donations, etc.

Finance income includes the following items: interest income from current account and others; the result on exchange rate differences and other finance income.

Finance cost includes the following costs: interest on loans; commissions paid and other finance costs.

Income tax includes accrued tax and deferred tax.

When presenting **adjusted net profit** the Group excludes items that according to the Management Board are of a one-off nature and are not taken into account when assessing performance and in making decisions. Adjusted net profit is not an IFRS measure. More information on the measure is presented on page 53.

	01.2019-06.2019	01.2018-06.2018	ZMIANA%
Performance of segment	117,0	181,3	-35,5%
Administrative expenses	(133,3)	(78,2)	70,4%
Other cost and revenue	6,0	90,6	-93,4%
Operating profit (loss)	(10,3)	193,7	>100%
Finance revenue	16,3	16,7	-2,4%
Finance cost	(78,0)	(61)	27,8%
Share profit (loss) of associates	(3,9)	—	—
Profit (loss) before tax	(75,9)	149,4	>100%
Income tax	1,9	(8,7)	>100%
Net profit (loss)	(74,0)	140,7	>100%
Adjusted net income (loss) [1]	(62,4)	160,7	>100%

[1] Adjusted net profit is an own measure of profit – an explanation of the measure is provided on page 53

Other operating costs and income accounted for PLN 9.4 million and PLN 15.3 million respectively, which on a net basis resulted in a PLN 6.0 million of income, compared to PLN 90.6 million of net income in the corresponding period of the previous year. The main reason for the change in the first half of 2019 to the first half of 2018 was the recognition of profit from the bargain purchase of KVAG in the amount of PLN 104.3 million PLN in 2018.

As a result of the factors described above, the CCC Group obtained result on operating activities in the first half of 2019. in the amount of PLN – 10.3 million. In comparison with the analogous one the period of 2018 was lower by PLN 204 million.

FINANCE INCOME AND COSTS

In the first half of 2019, finance income amounted to PLN 16.3 million and compared with the corresponding period of the previous year it was lower by PLN 0.4 million. The main reason for the change in the first half of 2019 relate to the same period of the previous year was the result on exchange differences in 2019 in the amount of 13.0 PLN million and the valuation of financial instruments in 2018 in the amount of PLN 15.0 million.

In the first half of 2019, finance costs amounted to PLN 78.0 million and compared to the corresponding period of the previous year they were higher by PLN 17.0 million. The main item impacting finance costs in the reporting period was interest on debt (47.3% of total finance costs), which amounted to PLN 36.9 million and was PLN 13.2 million higher in comparison with the corresponding period of the previous year. The other items of finance costs were option valuation non-controlling interests PLN 37.4 million and other finance costs PLN 3.7 million.

Income tax in the first half of 2019 amounted to PLN +1.9 million compared to PLN – 8.7 million in the same period of the year previous.

After taking into account financial revenues and expenses, share in associate loss and tax net income loss amounted to PLN 74.0 million against PLN 140.7 million profit in the same period last year.

RESULTS MEASURES

The alternative performance measures used by the Management Board are EBITDA and adjusted net profit.

EBITDA is a measure used primarily for the analysis of debt due to covenants imposed by the lending banks. For more information on the EBITDA measure, please refer to section 3.2.1. „Debt and liquidity of the CCC Group „.

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

NON-CASH ITEMS

- Deferred tax concerning trademark and goodwill – includes temporary differences which resulted from business restructuring of the Group.
- Deferred tax concerning the investment relief – this item concerns temporary differences which resulted from investments undertaken in CCC Group.
- Cost of incentive scheme – this item includes costs of the incentive program functioning in the CCC Group.

[in mln PLN unless otherwise stated]

RECONCILIATION OF ADJUSTED NET PROFIT

	01.2019-06.2019	01.2018-06.2018*
Net profit (loss) from continued operations	(74,0)	140,7
Recognition of a deferred tax asset relating to the trademark, goodwill and investment relief	(0,4)	(0,9)
Costs of the incentive program	(11,2)	(19,1)
Adjusted net income (loss)	(62,4)	160,7

* Restated figures

2.1.1.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (OVERVIEW OF MAIN ITEMS)

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

	30.06.2019	31.12.2018	CHANGE %
Fixed assets, including:	4 316,4	3 574,1	20,8%
Tangible fixed assets	1 283,4	1 144,3	12,2%
Deferred tax assets	107,7	74,8	44,0%
Current assets, and including:	2 876,9	3 161,9	-9,0%
Inventories	2 012,1	1 806,1	11,4%
Cash and cash equivalents	512,4	375,8	36,3%
TOTAL ASSETS	7 193,3	6 736,0	6,8%
Non-current liabilities, including:	2 916,5	2 650,9	10,0%
Debt liabilities	311,0	210,0	48,1%
Current liabilities, including:	3 254,8	2 937,3	10,8%
Debt liabilities	1 125,8	806,8	39,5%
Trade liabilities and other liabilities	1 581,0	1 138,5	38,9%
TOTAL LIABILITIES	6 171,3	5 588,2	10,4%
EQUITY	1 022,0	1 147,8	-11,0%

[in mln PLN unless otherwise stated]

	TANGIBLE FIXED ASSETS		CHANGE %	
	30.06.2019	31.12.2018	VALUE OF TANGIBLE FIXED ASSETS	CHANGE OF FLOOR SPACE
Investment in stores	649,5	615,4	5,5%	5,7%
Factory and distribution	532,7	427,2	24,7%	
Land, buildings and constructions	321,4	311,0	3,3%	
Machines and equipment	130,0	103,6	25,5%	
Tangible fixed assets in progress	81,3	12,6	>100,0%	
Other	101,2	101,7	-0,5%	
Total	1 283,4	1 144,3	12,2%	

NON-CURRENT ASSETS

HOW WE DEFINE PARTICULAR COMPONENTS OF ASSETS

Tangible fixed assets include: investments in non-proprietary fixed assets (namely, investments in leased stores which are used for sales of retail goods); fixed assets used in production and distribution activities and other.

Deferred tax assets and liabilities are recognized (i) as a result of arising differences between the book values of assets and liabilities and the corresponding tax values, and (ii) in respect of unused tax losses.

Non-current assets as at 30 June 2019 included tangible fixed assets (PLN 1 283.4 million), intangible assets (PLN 314.8 million), goodwill (PLN 226.1 million) and deferred tax assets (PLN 107.7 million). The value of non-current assets compared to 31 December 2018 increased by 20.8% to PLN 4 316.4 million, which was mainly due was an increase of non-current assets by 12.2% (PLN + 139.1 million) and also items regarding investments in the HR Group, among others increase of others financial assets (PLN + 93.8 million) loans granted in the amount of PLN + 79.2 million, as well as investments in associated units (PLN + 44.9 million)

Tangible fixed assets as at 30 June 2019 amounted to PLN 1 283.4 million and increased by PLN 139.1 million (12.2%) compared to 31 December 2018, which resulted mainly from investment outlays in production and logistics activities which were higher by PLN 105.5 million compared to the end of 2018 and amounted to 532.7.For growth it is mainly responsible investment in a new warehouse carried out by eobuwie.pl and the acquired Gino Rossi company.

Deferred tax assets as at 30 June 2019 related mainly to the recognition of deferred tax assets arising from the acquisition of trademarks, provisions for liabilities, tax losses and amounted to PLN 107.7 million at the balance sheet date. A detailed description of the recognition of deferred tax assets and liabilities is set out in note 3.4 c to the consolidated financial statements.

[in mln PLN unless otherwise stated]

CURRENT ASSETS

HOW WE DEFINE PARTICULAR COMPONENTS OF ASSETS

Inventories are recognized at purchase price, cost of production or net sale price, depending on which of these amounts is lower. The cost of production of finished goods and work-in-progress includes design costs, raw materials, direct labour, other direct costs and related general manufacturing costs.

In the event of circumstances as a result of which there was a decrease in the value of inventories, impairment loss is recognized in the cost of goods sold.

Cash and cash equivalents include cash in hand and bank deposits payable on demand.

Current assets as at 30 June 2019 amounted to PLN 2876.1 million and consisted of inventories (PLN 2012.1 million), cash and cash equivalents (PLN 512.4 million), income tax receivables (PLN 1.9 million) and receivables from customers (PLN 173.3 million) and others receivables (PLN 177.2 million). The value of current assets compared to 31 December 2018 increased by 9.0% from PLN 3161.9 million. The main reason for the decline current asset value was the sale of assets Group for sale (CCC Germany GmbH).

The following table presents data on the inventories of the CCC Group:

	30.06.2019	31.12.2018	CHANGE %
Retail activity	865,5	757,9	14,2%
Warehouse	815,3	746,5	9,2%
E-commerce	338,6	305,3	10,9%
Factory	44,7	41,1	8,8%
Gross total inventories (before consolidation adjustments)	2 064,1	1 850,8	11,5%
Consolidation adjustments	(52,0)	(44,7)	16,3%
Net total inventories	2 012,1	1 806,1	11,4%
Share of write-down on inventories against the net value of inventories	-2,8%	-2,3%	—
Inventory turnover ratio [1]	269 dni	270 dni	

[1] Inventory turnover ratio is calculated as the ratio of stocks at the end of the period to the cost of goods sold multiplied by the number of days in the period.

As at June 30, 2019, 39.5% of all goods was in the Group's main warehouse, i.e. in the Center Logistics in Polkowice, 41.9% was inside commercial network, 16.4% of the value of stocks remained in magazines supplying the e-commerce channel, and 2.2% in a factory.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the CCC Group as at 30 June 2019 amounted to PLN 512.4 million, increasing by PLN 136.6 million (36,3%) compared with the end of 2018. At the end of the first half of 2019, 63.9% of cash was held in the bank account and in hand, and 36.2% were deposited on current deposits. Main reason for the increase was the consistently implemented fundraising policy, including an increase in commitment financing trade.

EQUITY AND DEBT LIABILITIES

HOW WE DEFINE PARTICULAR COMPONENTS OF ASSETS

Equity is recognized in the accounting books by the following types: share capital; reserve capital; retained earnings; and other reserves.

Debt liabilities consist mainly of bank loans and issued bonds.

Liabilities to suppliers are classified as current liabilities if payment is due within one year. Otherwise, liabilities are recognised as non-current. Liabilities to suppliers are valued at the amount due.

As at 30 June 2019, the CCC Group's equity compared with the end of 2018 decreased by PLN 125.8 million (-11.0%), and amounted to PLN 1,022.0 million. The reduced amount of equities was caused by, among others net loss on operations continued and discontinued, which in the first half of 2019 amounted to PLN 120.5 million and the decision of the Annual General Meeting of Shareholders on the distribution of profit for 2018 in the amount of PLN 23.9 million.

Non-current liabilities as at 30 June 2019 amounted to PLN 2916.5 million, increasing by PLN 265.6 million (10.0%) from PLN 2650.9 million as at 31 December 2018. The total amount of non-current liabilities as at 30 June 2019 consisted mainly of liabilities due to leasing (PLN 1,630.0 million), redemption liabilities non-controlling interests (PLN 892.9 million), long-term liabilities due to loans and bonds (PLN 311.0 million).

Current liabilities as of 30 June 2019 amounted to PLN 3254.8 million, increasing by PLN 317.5 million (10.8%) from PLN 2937.3 million as at 31 December 2018. The total amount of current liabilities as of 30 June 2019 consisted mainly of debt liabilities (PLN 1125.8 million); trade and other liabilities, which amounted to PLN 1132.6 million), lease liabilities (PLN 511.3 millions); other liabilities (PLN 448.4 millions).

Debt liabilities have been discussed in chapter 2.2.1. „CCC Group debt and liquidity".

2.1.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS (OVERVIEW OF MAIN ITEMS)

	01.2019-06.2019	01.2018-06.2018	CHANGE %
Gross profit before tax	(121,8)	99,1	>-100%
Adjustments	454,3	253,1	79,5%
Income tax paid	(28,4)	(14,0)	>100%
Cash flows before changes in working capital	304,1	338,2	-10,1%
Changes in working capital	153,3	5,5	>100%
Cash flows from operating activities	457,4	343,7	33,1%
Cash flows from investing activities	(454,7)	(236,3)	>-100%
Cash flows from financing activities, including:	135,8	79,3	71,3%
Proceeds from loans and bonds issued	495,2	519,3	-4,6%
Total cash flows	138,5	186,7	-25,8%

* Data not verified by the auditor

NET CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated net cash flows from operating activities in the first half of 2019 amounted to PLN 457.4 million and resulted from changes in working capital of PLN 153.3 million (including change in inventory and inventory write-downs of PLN – 151.7 million) and operating profit adjusted by non-cash items of PLN 304.1 million.

NET CASH FLOWS FROM INVESTING ACTIVITIES

Consolidated net cash flows from investing activities in the first half of 2019 amounted to PLN – 454.7 million. This amount resulted mainly from by the increase in expenditures on tangible fixed assets related to the implementation of the strategy of market expansion (including expansion of the logistic centre) and enlargement of retail floor space in Poland and abroad – such expenses in the first half of 2019 amounted to PLN 264.1 million, as well as investment expenditure in an associate of the HR Group (PLN 118.4 million).

NET CASH FLOWS FROM FINANCE ACTIVITIES

Consolidated net cash flows from finance activities in first half of 2019 amounted to PLN 135.8 million. For this value consisted of cash inflows in the amount of 495.2 PLN million financial debt, loan repayment and loans in the amount of PLN 81.9 million, interest paid 35.6 PLN million and leasing payments PLN 241.9 million.

More information about net cash flows from finance activities is presented in section 2.2.1. „Debt and liquidity of the CCC Group".

Taking into account the above mentioned cash flows, the CCC Group's cash and cash equivalents amounted to PLN 512.8 million at 30 June 2019, which was an decrease of PLN 187.9 million (-26.8%) compared to 30 June 2018.

2.2 CAPITAL MANAGEMENT AND LIQUIDITY

2.2.1 DEBT AND LIQUIDITY OF THE CCC GROUP

The CCC Group finances its operations through equity and debt, which consists mainly of bank loans, borrowings and issued bonds.

LOANS AND BONDS

As of 30 June 2019 the Group had non-current debt liabilities in the amount of PLN 311.0 million, which consisted mainly of bonds issued in June 2018 with a total value of PLN 210.0 million and bank loans, the non-current part of which amounted to PLN 101.0 million, and lease liabilities which amounted to PLN 1630,0 million. Compared to 31 December 2018 the non-current part of bank loans increased by PLN 101 million.

[in mln PLN unless otherwise stated]

Current debt liabilities as at 30 June 2019 consisted mainly of bank loans in the amount of PLN 1125.8 million and lease liabilities in the amount of PLN 511.3 million. This item increased by 405.1 million PLN (32.9%) compared to 31 December 2018.

Below are the details regarding changes in bank loans which took place in the first half of 2019:

BANK	COMPANY	DESCRIPTION	DATE OF CONCLUSION	MATURITY DATE	VALUE	UTILIZATION	CURRENCY
CREDIT AGREEMENTS							
Pekao S.A.	CCC.eu Sp. z o.o	Multi-purpose credit limit agreement	2014-10-15	2020-10-31	600,0	546,0	PLN
PKO BP	CCC.eu Sp. z o.o	Multi-purpose credit limit agreement	2016-05-30	2020-05-29	200,0	170,0	PLN
Bank Citi Handlowy	CCC.eu Sp. z o.o	Overdraft credit agreement	2009-03-03	2021-02-11	101,0	100,7	PLN
Bank Citi Handlowy	CCC.eu Sp. z o.o	Revolving overdraft credit agreement	2009-03-03	2021-02-11	101,0	101,0	PLN
mBank	CCC.eu Sp. z o.o, CCC S.A.	Overdraft credit agreement	2018-12-17	2020-11-10	150,0	129,0	PLN
Pekao S.A.	eobuwie.pl S.A.	Multi-purpose credit limit agreement	2017-10-26	2019-10-31	250,0	104,6	PLN
AO Citibank	CCC Russia ooo	Overdraft credit agreement	2018-12-03	2019-12-21	19,8	19,8	USD
TOTAL CREDIT AGREEMENTS [PLN]					1 402,0	1 151,3	
TOTAL CREDIT AGREEMENTS [USD]					19,8	19,8	
LIMITS FOR GUARANTEES							
PKO BP	CCC S.A.	Limit of debt liabilities/guarantees	2010-10-28	2020-05-29	40,0	32,7	PLN
mBank	CCC S.A.	Limit of debt liabilities/guarantees	2012-11-14	2019-11-08	34,0	18,1	PLN
Societe Generale	CCC S.A.	Limit of debt liabilities/guarantees	2019-01-17		20,0	11,0	PLN
Santander	CCC S.A.	Limit of debt liabilities/guarantees	2009-03-31	2020-03-31	65,0	44,5	PLN
BNP Paribas Bank Polska S.A.	CCC S.A.	Limit of debt liabilities/guarantees	2011-05-04	2020-09-30	50,0	21,9	PLN
Pekao S.A.	CCC S.A.	Agreement for warranty for commitment award	2018-09-25	2020-04-30	3,3	3,3	EUR
TOTAL CREDIT AGREEMENTS [PLN]					209,0	128,2	
TOTAL CREDIT AGREEMENTS [EUR]					3,3	3,3	

INFORMATION ON BONDS

In June 2014 the Company carried out an issue of bonds within the Bond Issue Programme for the amount of PLN 500 million.

The bonds were issued in PLN, as bearer securities, dematerialized and as coupon bonds. The Agent of the issue was mBank S.A.

In June 2018, the Company carried out a second bonds issue Series 1/2018 combined with early redemption bonds of Series 1/2014.

The bonds were issued with the following terms and conditions of the issue:

1. The nominal value of one Bond – PLN 1.000;
2. Issue price: equal to the nominal value of one Bond;
3. The number of Bonds in Series 1/2014 – 210 000, and 210 000 in Series 1/2018
4. The nominal value of Bonds – PLN 210 000 000 in Series 1/2014 and 210 000 000 in Series 1/2018
5. Purchase of Bonds – one-time buyout according to value nominal Bond on June 10, 2019 for the series 1/2014 and on June 29, 2021 for the series 1/2018
6. Interest on coupon bonds: at a variable interest rate based on WIBOR 6M plus a fixed margin; interest paid semi-annually;
7. Quotations in the alternative trading system Catalyst – bonds traded from 16 October 2014. Series 1/2018 bonds were registered on July 20, 2018 by the National Depository for Securities JSC.

After the issue of 210,000 Bonds of series 1/2018 and earlier redemption and remission of 210,000 Series 1/2014 Bonds in trading.There are 210,000 Series 1/2018 Bonds.

INFORMATION ON COVENANTS

Under the terms of the bond issue agreement, of which the balance of debt as at the balance sheet date is PLN 210.0 million PLN (1/2018: PLN 210 million) and with loan agreements, whose level as at 30/06/2019 is PLN 1226.8 million (2018: PLN 806.8 million), the Group is required to comply the following covenants:

a) Indicator 1, i.e. [net financial debt / EBITDA] not higher than 3.5

b) Index 2, ie [interest rate] not lower than 5.0

c) Indicator 3, ie [dividend payout ratio] not higher than 50.0% (indicator calculated for data on full financial year)

As at 30 June 2019, the level of indicators shaped is as follows:

a) net financial debt / EBITDA ratio (excluding taking into account the impact of IFRS 16 and the incentive program) amounted to 2.6 (1.2 as at 31 December 2018),

b) interest rate (excluding impacts) IFRS16) was 10.0 (16.8 as at December 31, 2018),

c) dividend payout ratio was 35.0% (31% on December 31, 2018).

As at June 30, 2019, during the reporting period and until the date of approval of the report by publication, there were no violations of covenants contained in the abovementioned agreements.

[in mln PLN unless otherwise stated]

CHANGES IN DEBT LEVEL

The seasonality of sales revenues causes the Group CCC increases the level of funding in weaker periods sales, seeking to optimize funding sources.

Below is the change in the debt structure.

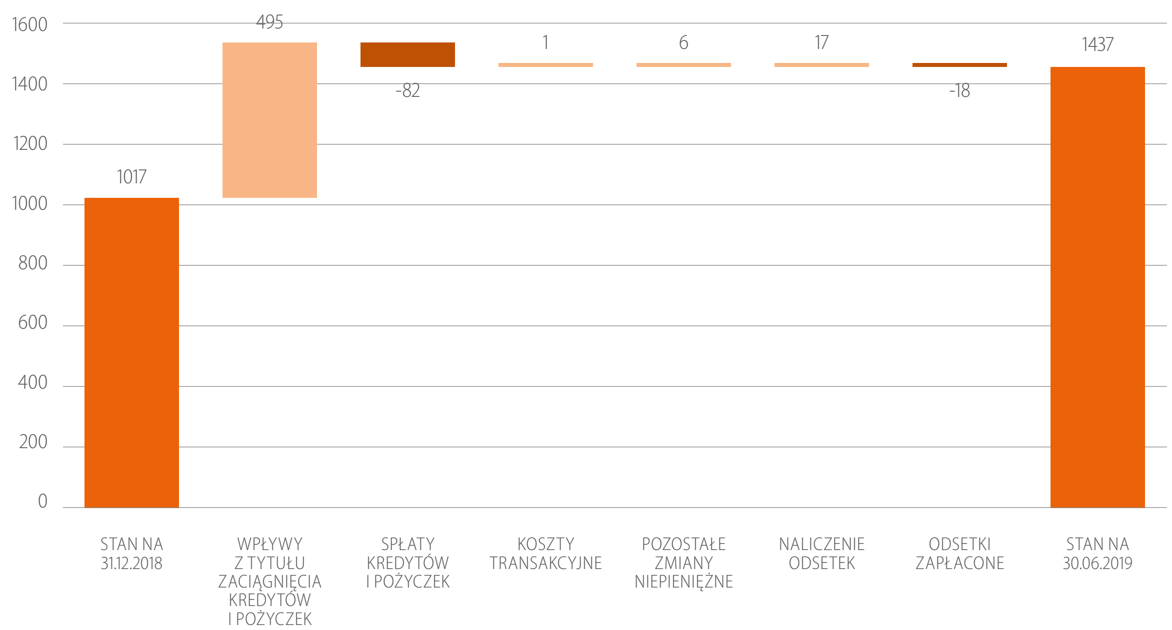
KOWENANT	30.06.2019	31.12.2018	ZM. R/R	ZM. R/R
Net debt				
Non-current liabilities	311,0	210,0	101,0	48,1%
(+) Current liabilities	1 125,8	806,8	319,0	39,5%
= Debt Liabilities	1 436,8	1 016,8	420,0	41,3%
(-) Cash and cash equivalents	512,4	375,8	136,6	36,4%
= Net debt	924,4	641,0	283,4	44,2%

The CCC Group diversifies its external sources of acquisition financing also in terms of the division into financing long and short term. In the first half of 2019 it occurred 48.1% increase in long-term financing compared to December 31, 2018.

In addition, the CCC Group has an annex to the loan agreement with Pekao S.A (debt as at 30/06/2019 amounted to PLN 546 million), extending the maturity over 12 months to 31/10/2020 (loan in accordance with IFRS, it was presented in short-term liabilities).

Change in the level of debt under loans and bonds in the first half of 2019, it is presented in the chart below (in accordance with Note 4.2 'Debt' to the consolidated financial statements):

CHANGE OF THE DEBT LEVEL



[in mln PLN unless otherwise stated]

In the first half of 2019 cash flows from incurred and repaid borrowings and bonds amounted to respectively PLN 495.2 million and PLN 99.8 million (including interest: PLN 18.0 million).

Considering the business changes described above, consolidated net cash flow on financial activities in the first half of 2019. amounted to PLN 135.8 million, while in the same period in 2018, they amounted to PLN 79.3 million.

DEBT RATIOS

The Management Board of the CCC Group, when analysing the level of debt, uses the net debt to capital ratio and net debt to EBITDA ratio. The following is a description of the two ratios.

Net debt to capital ratio is calculated as the ratio of net debt to total capital employed. Net debt is calculated as total borrowings (including current and non-current loans, borrowings and issued bonds as indicated in the consolidated statement of financial position) less cash and cash equivalents. Total capital employed is calculated as the sum of equity as shown in the consolidated statement of financial position and the net debt. The following is a calculation of the net debt to capital ratio:

	30.06.2019	31.12.2018
Net debt		
Loan liabilities	1 226,8	800,0
(+) Bonds liabilities	210,0	216,8
= Debt Liabilities	1 436,8	1 016,8
(-) Cash and cash equivalents	512,4	375,8
= Net debt	924,4	641,0
Debt ratio		
Total equity	1 022,0	1 147,8
(+) Net debt	924,4	641,0
= Capital employed	1 946,4	1 788,8
The debt ratio (net debt/capital employed)	47%	36%

The debt ratio increased compared to the end of the previous year by 11 pp, primarily due to growth net debt by PLN 283.4 million, mainly due to the factors listed in the item „Changes in debt".

[in mln PLN unless otherwise stated]

Net debt to EBITDA ratio is calculated as the ratio of net debt and EBITDA.

EBITDA is used by the Management Board of CCC S.A. when analysing debt which is a result of covenants imposed by banks.

Below is the calculation of the debt ratio EBITDA and EBITDA reconciliation:

	30.06.2019	31.12.2018
Net debt		
Loan liabilities	1 226,8	800,0
(+) Bonds liabilities	210,0	216,8
= Debt liabilities	1 436,8	1 016,8
(-) Cash and cash equivalents	512,4	375,8
= Net Debt	924,4	641,0
EBITDA		
Net profit (loss)	(0,6)	273,7
(+) Income tax	(25,4)	(36,2)
Profit (loss) before tax	24,8	309,9
(+) Finance cost	(127,7)	(64,1)
(-) Finance revenue	(3,9)	—
(+) Share profit (loss) of associates	2,7	3,7
Operating profit	153,7	370,3
(+) Amortization and depreciation	178,1	131,1
(+) Costs of valuation of the incentive program	17,9	25,8
= EBITDA *	349,7	527,2
EBITDA debt ratio (net debt/EBITDA)	2,6	1,2

* EBITDA data annualized without IFRS16 influence

The EBITDA debt ratio increased compared to 2018 mainly due to the increase in net debt by 44.2% (related to the increase in debt due to loans by PLN 426.8 million) and lower EBITDA result.

CURRENT LIQUIDITY RATIO

This ratio is calculated by dividing the value of current assets and the value of current liabilities and provisions. The calculation of the ratio is presented below:

	30.06.2019	31.12.2018
Inventories	2 012,1	1 806,1
(+) Trade and other receivables	352,4	475,3
(+) Cash and cash equivalents	512,4	375,8
(+) Derivative financial instruments	—	1,3
(+) Assets held for sale	—	503,4
= Current assets	2 876,9	3 161,9
Current debt liabilities	1 125,8	806,8
(+) Trade liabilities and other liabilities	1 596,3	1 167,5
(+) Provisions	20,0	19,6
(+) Lease liabilities	511,3	425,2
(+) Liabilities related to the group held for sale	—	518,2
(+) Derivative financial instruments	1,3	—
= Current liabilities	3 254,8	2 937,3
Current liquidity ratio (current assets/current liabilities)	0,9	1,1

Current liquidity ratio of the CCC Group as at June 30 2019 was 0.9 and was lower by 0.2 compared to the balance at 31.12.2018. The reason for the decline is faster growth short-term liabilities (+ 10.8% y / y) relative to decrease in current assets (-9.0 % y / y).

The balance sheet of the CCC Group as at 30/06/2019 shows assets working capital in the amount of PLN 2,876.9 million. The main items are: inventories PLN 2,012.1 million, fixed assets and their equivalents 512.4 PLN million, receivables PLN 352.4 million. On the liabilities side, under current liabilities, the balance sheet shows value of PLN 3,254.8 million, including debt from loans: PLN 1,125.8 million, trade payables and other and other PLN 1,581.0 million and lease liabilities (IFRS 16) PLN 511.3 million.

Surplus of short-term liabilities relative to current assets amount to PLN 377.9 million. This situation is largely due to the fact that the inventory is included in the price acquisition, while the value of inventory at sales prices would be higher by approx. PLN 2 billion at current margins sales at over 50%.

In this regard, relying on existing knowledge on the preparation date of this report, according to The Company's Management Board, bearing in mind the growing revenues from Group sales, both in terms of value as well as quantitative, this situation does not affect on the possibility of current settlement of obligations.

2.3
INFORMATION ON AGREEMENTS CONCLUDED BY THE COMPANIES OF THE CCC GROUP

2.3.1 LOANS GRANTED

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	MATURITY DATE	AMOUNT [MLN]	CURRENCY	INTEREST
CCC S.A.	CCC AUSTRIA Ges.m.b.H.	2018-04-11	2023-04-30	6,0	EUR	1,80%
CCC S.A.	CCC.EU Sp. z o.o.	2014-12-17	2020-12-31	9,3	USD	1,50%
CCC S.A.	CCC Shoes Bulgaria EOOD	2014-12-14	2019-12-31	4	BGN	6,00%
CCC S.A.	EOBUWIE.PL S.A.	2015-10-13 2018-02-07 2019-03-15	2026-09-30 2019-12-31 2020-12-31	50 60 20	PLN	3M WIBOR + 0,5% 1M WIBOR + 0,6% 3M WIBOR + 1,0%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	2016-09-22 2016-11-18 2016-12-09	2019-12-31 2019-12-31 2019-12-31	0,1 0,1 0,1	EUR	4,00%
		2017-02-09 2017-03-13	— —	0,4 0,4	EUR	—
CCC S.A.	NG2 Suisse S.a.r.l.	2018-08-29	2020-09-30	2	CHF	0,50%
CCC S.A.	CCC Shoes & Bags Sp. z o.o.	2018-09-13	2019-12-31	21,5	PLN	1M WIBOR + 0,6%
CCC S.A.	Karl Vogele AG	2019-01-02 2019-03-19	2020-12-31 2019-12-31	10 4	CHF	0,75%
CCC S.A.	HR Group Holding S.a.r.l.	2019-01-31	2029-12-31	10,0 20,0 5,0	EUR	8,00%
CCC S.A.	CCC Obutev d.o.o.	2019-02-18	2020-02-17	0,8	EUR	1,30%
CCC S.A.	CCC Hrvatska d.o.o.	2019-02-28	2020-02-27	3,8	HRK	1,30%

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	MATURITY DATE	AMOUNT [MLN]	CURRENCY	INTEREST
CCC Shoes & Bags.	Shoe Express S.A.	2018-04-25 2019-02-05	2023-04-25 2020-02-03	30 1	EUR	2,50% 1,50%
CCC Shoes & Bags	Deezee sp. z o.o. sp. k.	2018-07-04	2019-08-20 [1]	2,5	PLN	1,5% + margin 3M

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	MATURITY DATE	AMOUNT [MLN]	CURRENCY	INTEREST
CCC.EU.	CCC Shoes & Bags Sp. z o.o.	2018-04-24 2019-02-05	2019-12-31 2020-02-03	35,9 1	EUR	1,80% 1,50%
CCC.EU	CCC Austria Ges.m.b.h. (agreement)	2018-04-11	2023-04-30	14,1	EUR	1,80%
CCC.EU	CCC GERMANY GmbH (agreement)	2018-04-11	2023-04-30	18,5	EUR	1,80%
CCC.EU	CCC S.A.	2019-01-28	2020-12-31	26	EUR	1,40%

COMPANY (LENDER)	PARTY TO THE AGREEMENT (BORROWER)	DATE OF CONCLUSION	MATURITY DATE	AMOUNT [MLN]	CURRENCY	INTEREST
CCC Factory sp. z o.o.	CCC.EU	2014-09-30	2020-12-31	39,1	PLN	WIBOR 1M + 0,6%

[1] As at the date of publication of the CCC Group Report for the second quarter of 2019, the loan has been repaid.

2.3.2 SURETIES, GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

In the reporting period the CCC Group granted the following sureties and guarantees:

COMPANY	ISSUER	DEBTOR	TYPE OF SECURITY	DURATION		VALUE OF SURETY OR GUARANTEE [MLN]	
				BEGINNING	END		
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o.)	PKO BP S.A.	CCC.eu Sp. z o.o.	Surety to the credit agreement in the form of a multi-purpose credit limit	2014-10-15	2023-05-29	374	PLN
CCC S.A. (Surety granted together with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.)	Pekao S.A.	CCC.eu Sp. z o.o.	Surety to the bank guarantees granted and letters of credit opened under a multi-purpose credit limit agreement	2014-10-15	2022-10-31	720,0	PLN

2.3.3 SIGNIFICANT TRANSACTIONS CONCLUDED WITH RELATED PARTIES

To the best knowledge of the Group there were no significant transactions concluded between the Company and its related parties on non-market terms. Information on transactions with related parties is included in the consolidated financial statements in point. 6.2. "Transactions with related parties".

2.3.4 DESCRIPTION OF SIGNIFICANT AGREEMENTS

In the reporting period CCC S.A. concluded the following significant agreements: In the reporting period, CCC S.A. and companies from its subsidiaries have concluded the following significant contracts:

LOAN AGREEMENTS AND CONTRACTS FOR BANK GUARANTEE LIMITS

1. Annex of February 13, 2019 to the loan agreement revolving and overdraft facility from On March 3, 2009, concluded with Bank Handlowy in Warsaw Joint Stock Company.
2. Annex of 24 April 2019 to the multi-purpose agreement credit limit of April 24, 2019 with the Bank Polska Kasa Opieki Spółka Akcyjna.
3. Annex of May 9, 2019 to the multi-purpose limit agreement loan from October 26, 2017 with the Bank Polska Kasa Opieki Spółka Akcyjna.
4. Agreement of May 24, 2019 regarding the subscription for shares in the increased share capital of Gino Rossi S.A.
5. Annexes of 24 May 2019 from PKO BP SA (hereinafter: PKO BP SA) to loan agreements in the form of a multi-purpose credit limit


gino rossi

3.
ORGANIZATION OF THE CAPITAL GROUP CCC

CCC

3.1 STRUCTURE OF THE CAPITAL GROUP

3.1.1 DESCRIPTION/SCHEME OF ORGANIZATION OF THE GROUP CCC TOGETHER WITH ORGANIZATIONAL LINKS

CCC S.A. is the dominant entity in the Group. CCC Capital Group. As at the balance sheet date CCC S.A. had directly and indirectly 100% of shares in the capital 15 subsidiaries located in Poland and Europe Central and Eastern Europe, Western Europe and other countries . The results of the above mentioned companies are subject to full consolidation. The following diagram shows the organisational structure of CCC Group.

CCC GROUP

CCC S.A.

Manufacturing activity

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

Distribution activity

- CCC Czech s.r.o. – 100% Czech Republic
- CCC Shoes Bulgaria – 100% Bulgaria
- CCC Austria Ges.M.b.H – 100% Austria
- CCC Obutev d o.o. – 100% Slovenia
- CCC Shoes & Bags d.o.o. Beograd – Stari Grad – 100% Serbia
- CCC Slovakia s.r.o. – 100% Slovakia
- CCC.eu sp. z o.o. [1] – 100% Poland
- CCC Shoes Ayakkabicilik Ticaret Limited Sirketi – 100% Turkey
- CCC Russia ooo – 75% Russia
- CCC Hungary Shoes Kft. – 100% Hungary
- Karl Voegele AG [2] – 70% Switzerland
- CCC Hrvatska d o.o. – 100% Croatia
- DeeZee sp. z o.o. [3] – 51% Poland
- Shoe Express S.A. – 100% Romania
- Gino Rossi S.A. [4] – 90,02% Poland
  - GARDA Sp. z o.o.
  - Gino Rossi sp. z o.o.
  - GR Trade Mark Sp. z o.o.
  - Gino Rossi Sp. z o.o. sp. k.
  - S Trade Mark Sp. z o.o.
  - MB SHOPS Sp. z o.o. in liquidation
  - Gino Rossi SRO

Other activity

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

[1] CCC.eu sp.z o.o. is a subsidiary from CCC Shoes & Bags sp.z o.o. (99.75%) and a subsidiary of CCC S.A. (0.25%).

[2] Karl Voegele AG is a subsidiary from NG2 Suisse S.a.r.l. (100%).

[3] DeeZee sp.z o.o. is a subsidiary from CC C Shoes & Bags sp.z o.o. (100%).

[4] CCC Group as at the date of publication The reports for the second quarter of 2019 are held by100% of shares in Gino Rossi S.A.

3.1.2 CHANGES IN ORGANIZATION AND MANAGEMENT IN THE GROUP CCC

CHANGES IN ORGANIZATION OF THE CAPITAL GROUP CCC IN FIRST HALF OF 2019

According to the information published in Current Report No. 5/2019 of 31. 01. 2019 on 30-31. 01. 2019, after the fulfillment of the conditions precedent provided for in the contracts, the transaction (i) of acquisition minority block of shares in the HR Group company Holding S. à r.l. based in Luxembourg („HR Group") by CCC S. A. was closed and (ii) disposal of 100% shares in the subsidiary CCC S.A. CCC Germany GmbH.

With the closing of the transaction on January 31, 2019. other transaction agreements were concluded by the company, about which the Company informed in a current report No. 52/2018 of November 24, 2018, i.e. the contribution agreement Operational Contribution Agreement, shareholders agreement and option agreement.

In addition, in the performance of the contract operating contribution on January 31, 2019, the company concluded with the HR Group loan agreement based on the amount of the loan granted to the HR Group will amount to 41,500,000.00 euros and will be interest rate of 8% per annum. HR Group will use these funds to carry out the integration of CCC Germany GmbH with the HR Group, consisting in closing selected, unprofitable stores operated by CCC Germany GmbH, rebranding of selected stores so far by CCC Germany GmbH under the brand name „CCC" on the „RENO" brand that will continue operating and integration of the remaining activities of CCC Germany GmbH with HR Group. The loan will be paid out in tranches, in accordance with the conditions provided for by the parties in the operational contribution agreement and loan agreement.

As a result of the transaction, the Company acquired a total of 30.55% of shares in the share capital of HR Group, entitling to jointly 30.55% of the total number of votes at the General Meeting of Shareholders.

According to the information published in Current Report No. 9/2019 of 25. 02. 019. The Management Board of CCC S. A. informed about the end of on 15. 02. 2019 accepting subscriptions for the sale of shares of Gino Rossi S. A. with its registered office in Słupsk. The Company has announced a tender offer for the sale of 50,333,095 shares ordinary bearer shares, i. e. all shares issued by the Company, conferring the right to 100% of the total vote at the General Meeting of Shareholders. votes at the Company's General Meeting of Shareholders, at the price of PLN 0. 55 (fifty-five grosz) for each share, announced for pursuant to Article 74. 1 of the Act of 29 July 2005 on Public Offering the public and the conditions for the introduction of the instruments financial instruments to an organised trading venue, and on public companies (Journal of Laws of 2018, item 512) and in accordance with with the Regulation of the Minister of Development and Finance of 14 September 2017 on templates for requests to subscribe for sale or exchange of shares of a public company, detailed the manner of their announcement and the conditions of their acquisition shares as a result of these calls (Journal of Laws of 2017, item 1748).

CHANGES IN ORGANIZATION OF THE CAPITAL GROUPCCC AFTER THE BALANCE SHEET DATE

On July 12, 2019, the compulsory settlement took place purchase of shares of Gino Rossi Spółka Akcyjna belonging to all Gino Rossi minority shareholders announced on July 9, 2019 pursuant to art. 82 paragraph 1 Act of 29 July 2005 on public offering and conditions introducing financial instruments into an organized one trading system and public companies (Journal of Laws from 2018, item 512, as amended). Therefore, CCC S.A. is the owner of 100% shares of Gino Rossi Spółka Akcyjna.

CHANGES IN THE MANAGEMENT STRUCTURES OF THE GROUP OF THE CAPITAL GROUP IN THE FIRST HALF OF 2019

On 28 February 2019, Mr. Dariusz Miłek resigned from the position of President of the Management Board and from membership in the Management Board of the Company, with effect from the moment of opening the debates of the Extraordinary General Meeting of the Company taking place until 11. 04. 2019. (inclusive). The Council On 8 March 2019, the Supervisory Board of the Company adopted a resolution on on the appointment of the then President of the Management Board Vice President of the Management Board of the Company Mr. Marcin Czyczerski. On 11 April 2019, the Extraordinary General Meeting of Shareholders passed resolutions on General Meeting of the Company from the composition of the Supervisory Board Mr. Jerzy Suchnicki was dismissed from the position of the Company and dismissed from the position of the President of the Management Board of the Company Mr. Wiesław Oleś, Chairman of the Supervisory Board. At the same time, by resolutions of the Extraordinary General Meeting of Shareholders the number of the Supervisory Board was adopted by the Company of the 2017-2019 term of office, up to five members, and in the following composition The Supervisory Board of the Company was appointed:

- Mr. Dariusz Miłek – as Chairman of the Supervisory Board
- Mr Filip Gorczyca – as a Member of the Supervisory Board.
- Mrs. Zofia Dzik – as a Member of the Supervisory Board

Resolutions on the dismissal and appointment of Members The Supervisory Board of the Company came into force at the moment of its adoption. The Supervisory Board at its meeting on 9 May 2019 adopted a resolution on appointing the Management Board of the Company to the following positions another sixth term of office for the years 2019 – 2021, commencing on the date of the General Meeting of Approval financial statements for 2018, in the previous year a three-person composition consisting of the following persons:

- Mr. Marcin Czyczerski – as the President of the Management Board;
- Mr. Mariusz Gnych – as Vice-President of the Management Board;
- Mr Karol Półtorak – as Vice-President of the Management Board.

[in mln PLN unless otherwise stated]

3.2 SHARE CAPITAL AND SHAREHOLDERS

3.2.1 SHARE CAPITAL OF THE GROUP CCC AND OWNERSHIP STRUCTURE

As at June 30, 2019, the share capital of CCC S.A. amounted to PLN 4,116,800.00 and was divided into 41,168,000 shares with a nominal value of PLN 0.10 each.

SERIES/ISSUE	TYPE OF SHARES	TYPE OF PREFERENCE	NUMBER OF SHARES	VALUE OF SERIES / ISSUE IN NOMINAL VALUE (PLN)	MANNER OF CAPITAL COVERAGE
„A1"	registered preference shares	2 votes from one share	6.650.000	665.000	cash contributions
„A2"	ordinary bearer shares	not applicable	13.600.000	1.360.000	cash contributions
B	ordinary bearer shares	not applicable	9.750.000	975.000	cash contributions
C	ordinary bearer shares	not applicable	2.000.000	200.000	cash contributions
D	ordinary bearer shares	not applicable	6.400.000	640.000	cash contributions
E	ordinary bearer shares	not applicable	768.000	76.800	cash contributions
H	ordinary bearer shares	not applicable	2.000.000	200.000	cash contributions
Total			41.168.000	4.116.800	

[in mln PLN unless otherwise stated]

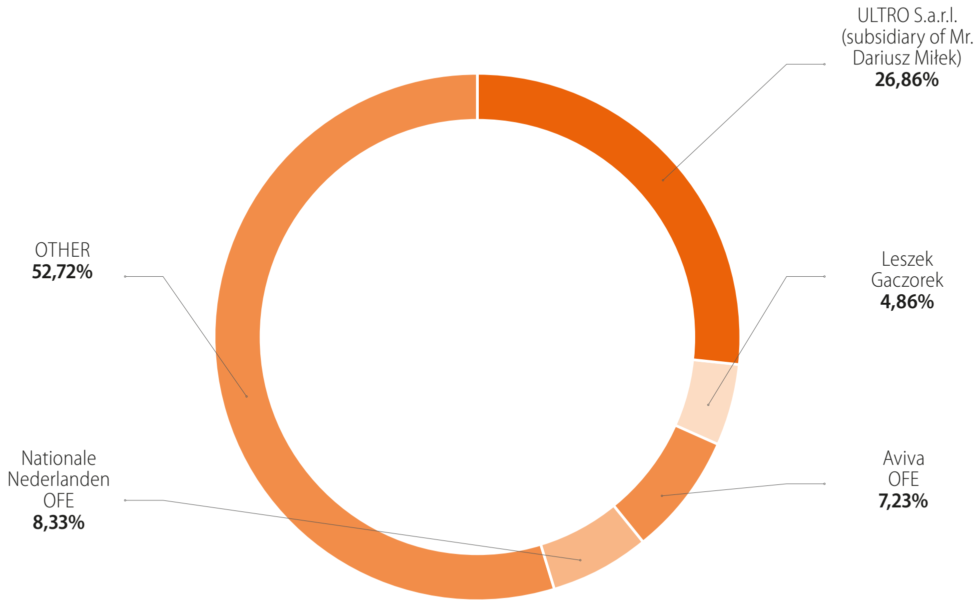
3.2.2 SHAREHOLDERS OF CCC S.A. HOLDING SUBSTANTIAL BLOCKS OF SHARES

According to information possessed by the Company, shareholders holding at least 5% of the total number of votes at the General Meeting of CCC S.A. on June 30, 2019 they were:

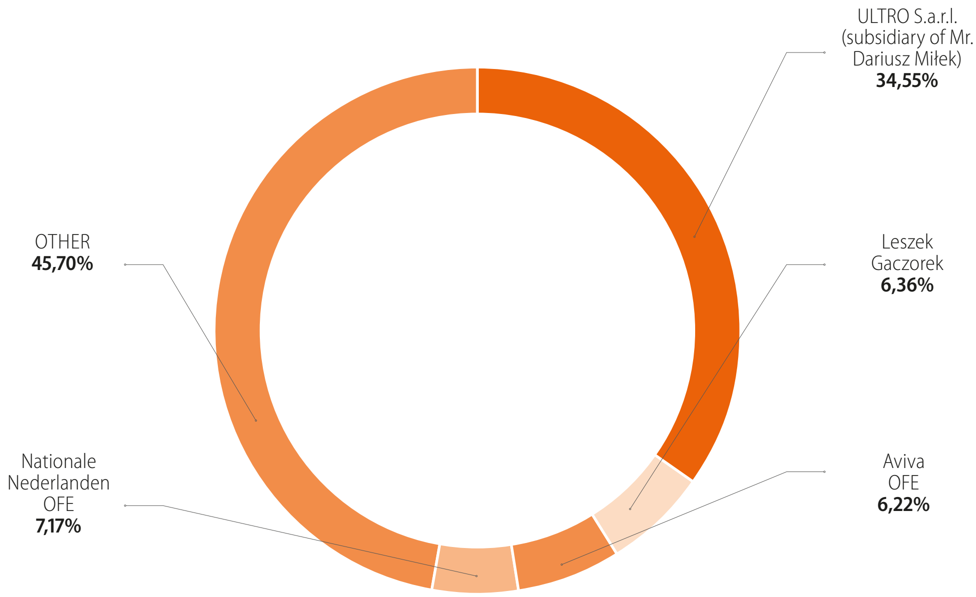
- ULTRO Sp z o.o. (a subsidiary to Dariusz Miłek) who owned 11,060,000 shares of the Company, which constitutes 26.86% of the share capital of the Company and gives the right to 34.55% of votes at the General Meeting of the Company,
- Leszek Gaczorek, who owned 2,000,000 shares of the Company, which constitutes 4.86% of the share capital of the Company and gives the right to 6.36% of votes at the General Meeting of the Company,
- Aviva OFE, which held 3,067,920 shares of the Company, which constitutes 7.23% of the share capital of the Company and gives the right to 6.22% of votes at the General Meeting of the Company.
- Nationale-Nederlanden OFE, which owned 3,429,086 Company shares, representing 8.33% of the share capital Companies and gives the right to 7.17% of votes at the General Meeting Company Meeting.

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 S.a.r.l. (subsidiary of Mr. Dariusz Miłek)	11 060 000	26,86%	16 520 000	34,55%
Leszek Gaczorek	2 000 000	4,86%	3 040 000	6,36%
Aviva OFE Aviva Santander	2 975 150	7,23%	2 975 150	6,22%
Nationale-Nederlanden OFE	3 429 086	8,33%	3 429 086	7,17%
Other investors	21 703 764	52,72%	21 703 764	45,70%
	41 168 000	**100,00%**	**47 818 000**	**100,00%**

SHAREHOLDINGS BY THE NUMBER OF SHARES (30.06.2019)



SHAREHOLDINGS BY THE NUMBER OF VOTES (30.06.2019)



[in mln PLN unless otherwise stated]

3.2.3 SHARES OF THE PARENT COMPANY AND RELATED PARTIES HELD BY MANAGING AND SUPERVISING PERSONS

To the best knowledge of the Management Board, persons managing and supervising the Company at the date of this report and at the date of publication of the consolidated statement for the 6 months ended 30 June 2019 held the following number of shares:

SHAREHOLDER	NUMBER OF SHARES AT THE SUBMISSION DATE OF THE ANNUAL REPORT (PCS.)	THE NOMINAL VALUE OF THE SHARES AT THE SUBMISSION DATE OF THE ANNUAL REPORT(PLN)
ULTRO S.a.r.l. (subsidiary of Mr. Dariusz Miłek)	11 060 000	1 106 000
President Marcin Czyczerski	5 100	510
Vice-President Mariusz Gnych	207 112	20 711
Vice-President Karol Półtorak	5 500	550

Other members of the Management Board and the Supervisory Board did not hold any shares of CCC S.A.. Members of the Management Board and the Supervisory Board did not hold any shares in entities affiliated with CCC S.A.

3.2.4 SYSTEM OF CONTROL OF EMPLOYEES SHARES PROGRAM

INCENTIVE SCHEME FOR 2017-2019

The Supervisory Board of the Issuer adopted on April 13, 2017, Resolution No. 01/04/2017 / RN on positive opinion and conditional approval of the three-year Incentive Scheme presented by the Issuer's Management Board for 2017-2019, subject to a positive decision of the Issuer's General Meeting regarding conditional increase the Issuer's share capital as well as the issuance of shares and subscription warrants for the implementation of the Scheme. The program provides for the issue of 1,174,920 shares, which constitutes 3% of the total number of shares issued. The value of the valuation of the incentive scheme for 2017-2019 included in the costs of the financial result in the first half of 2019 amounted to PLN 11.2 million. The details of the valuation program and accounting treatment of its value are described in Note 6.5 to the consolidated financial statements Capital Group CCC S.A. In the previous incentive programme, in which the right to take up the Shares expired 86 people participated on June 30, 2018, all of which at the balance sheet date exercised the right to take up Series E shares.

4.
RISK MANAGEMENT


CCC

4.1 SIGNIFICANT RISK FACTORS

CCC Group identified the following risks, which are presented below, along with their description and actions taken to minimize their effects.

RISKS OF STRATEGY IMPLEMENTATION

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Strengthening own sales network	In 2019, the Group plans to increase the commercial space of CCC stores. If the objectives are not achieved, the Group may turn out to be less competitive than competitors, and thus lose market share, which may translate into lower revenues In addition, delays in the implementation of the opening plan may result in oversized inventories – higher than current demand. At the same time, if the network develops, which is not in line with the demand (too high saturation with the sales network in some locations) the Group may incur higher than necessary costs.	In order to minimize the risks associated with the strengthening of own sales chain, the Group introduced the following solutions: • monitoring the activities of competitors, • monitoring the situation in the industry, • monitoring of the macroeconomic situation, • creating a detailed plan and a dedicated team responsible for the implementation of the objectives connected to the development of own sales chain. • analysis of customer flow in stores, • current analysis of the profitability of stores and their groups in adjacent locations, • concluding shorter lease contracts commercial.
Activities aimed at increasing brand recognition and value of the brand	Increase of brand recognition and its value can contribute to the increase in keeping regular customers, as well as to increased growth in new customers. The result will lead to an increase in market share and revenue. In case of fall in brand recognition and its value, the outflow of customers may occur and a drop in market share and ultimately a drop in revenue.	Group in order to ensure further increase in brand recognition and value of the brand has undertaken the following actions: • the introduction of appropriate instruments and advertising – promotion media, • the introduction of interesting interior of stores • presence of stores in prestigious locations.
Location of commercial facilities	The location of commercial facilities is an important factor in the attractiveness of the brand to consumers. Inappropriate choice of location, may lead to low profitability of m^2 , and thus to reduce the Group's profitability. Strengthening the market position by the dynamic development of the chain of commercial facilities may be associated with the risk of an unfortunate location of the store, and with a limited number of new, attractive locations.	The Group in order to ensure the appropriate choice of location of commercial facilities, carry out a detailed analysis of the location before deciding to sign a lease agreement, and bases their decisions on historical data.

EXTERNAL RISKS

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Exchange rate risk	Companies of the CCC S.A. Capital Group they realize revenues in PLN, EUR, CZK, HUF, HRK, TRY, BGN, RSD, RON, CHF, RUB. Most of the costs are borne in foreign currencies. As a result, CZK, HUF, HRK, USD and EUR (almost all of the import is denominated in USD and EUR, and a large percentage of rental costs in EUR) will have an impact on the Group's revenue and expenses. The main supply market for the CCC S.A. Capital Group is the Chinese market and, consequently, the CNY Chinese currency exchange rate in relation to the major world currencies may also have a significant impact on the Group's costs. CNY's appreciation may worsen import conditions and, as a result, increase costs for consumers.	The Group has undertaken the following measures to reduce the impact of exchange rate risk: • continuous monitoring of significant, for the Group, changes in exchange rates, • introduction of natural hedging strategy.
The risk of changes in interest rates	The Capital Group CCC S.A. is exposed to the risk of changes in interest rates, in connection with the loan agreements. These loans bear interest at a variable interest rate based on WIBOR or LIBOR. Increase in interest rates will affect the amount of interest paid on loans.	The Group has undertaken the following measures to reduce the impact of interest rate risk: • diversification of sources of capital,, monitoring key interest rates.
The risk of the overall economic situation	The Capital Group CCC S. A. conducts business activity primarily on the Polish, Czech, Hungarian and Slovak markets, so for the Group's consumer purchasing power and propensity to consume is important. The economic downturn could have a negative impact on results of operations and financial position of the Group. Group CCC also operates in several other foreign markets (inter alia: Germany, Austria, Croatia, Slovenia, Bulgaria).	The Group has undertaken the following measures to reduce the impact of risk of the overall economic situation: • diversification in terms of countries where the Group operates (decrease of economic situation correlation between countries) • monitoring the economic situation in the world and in the countries important for the Group, as well as suitable adjustment to the Group's strategy, • monitoring of important economic indicators in selected countries (unemployment rate, GDP per capita, CPI).
Seasonality of sales and weather conditions	Sales and inventory value depends on the seasonality of demand (peak of demand is in spring and autumn). The disorder of weather conditions may result in putting away customer purchase decisions or shortening the season of the highest sales.	Element in reducing the sensitivity of the Capital Group CCC S. A. to seasonal factors and weather is having its own manufacturing capacity. The Group is able to rapidly adjust production and deliver goods to shops line with expectations and current weather conditions.
Trends in fashion and unsuccessful collections	The Capital Group CCC S. A. is exposed to risks associated with unsuccessful collections of footwear.	The factor enabling to reduce this risk is a long-standing market experience of the parent company, permanent observation of trends in the European and world fashion (participation in international fairs of footwear fashion)

INTERNAL RISK

RISK AREA	DESCRIPTION OF RISK	ACTIONS TAKEN
Credit risk	The source of this risk is uncertainty regarding whether and when the receivables are settled. Within the wholesale trade sale with deferred payment is used, therefore The Capital Group CCC S. A. is exposed to the risk of funding the recipients. In order to maintain its leading position in the footwear industry, The Capital Group CCC S.A. uses the instrument of a trade credit, additionally increasing the attractiveness of the company for wholesale partners.	The Group has undertaken the following measures to reduce the impact of credit risk: • a continuous verification of the financial situation of the counterparties • a continuous review of the history of cooperation with counterparties.

5.
STATEMENTS OF
THE MANAGEMENT BOARD


CCC

5.1 STATEMENT ON THE FAIRNESS OF FINANCIAL STATEMENTS PREPARATION

To the best knowledge of the Management Board of CCC S.A., the semi-annual consolidated and separated financial statements and comparative data were prepared in accordance with applicable accounting principles, they give a true and fair view of the financial position of the Group CCC and its financial results.

Management Board's Report on the operations of the Capital Group CCC presents a true picture of the development and achievements and situation of the Capital Group, including basic risks and threats.

5.2 THE STATEMENT AND INFORMATION ABOUT THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

The Management Board of CCC S.A. declares that the entity authorized to audit financial statements, auditing the review of the interim condensed consolidated and separate financial statements, was selected in accordance with the law. This entity and the statutory auditors who performed the audit met the conditions for issuing an impartial and independent audit opinion, in accordance with applicable regulations and professional standards.

The company CCC S.A. concluded on 28 June 2019 with Ernst & Young Audyt Polska Sp. z o.o., Sp. k. an agreement regarding the audit of the financial statements and the consolidated financial statements for the period from January 1 to December 31, 2019 and from January 1 to December 31, 2020 and from January 1 to December 31, 2021; review of the financial statements and consolidated financial statements for the period from January 1 to June 30, 2019, from January 1 to June 30, 2020, and from January 1 to June 30, 2021. The amount of net remuneration for the services indicated is PLN 595 thousand .

6.
OTHER INFORMATION


CCC

6.1 PROCEEDINGS PENDING BEFORE THE COURT, A BODY COMPETENT FOR ARBITRATION OR A PUBLIC ADMINISTRATION BODY

The Companies of the Capital Group CCC S.A. are not a party to the court proceedings the amount in dispute exceeds 10% of the equity of the Group.

6.2 INFORMATION CONSIDERED RELEVANT BY THE ISSUER FOR THE ASSESSMENT OF ITS PERSONNEL SITUATION, PROPERTY, FINANCIAL, FINANCIAL PERFORMANCE AND THEIR CHANGES AS WELL AS THE INFORMATION THAT IS RELEVANT FOR ASSESSING THE FEASIBILITY OF THE ISSUER'S OBLIGATIONS

The financial statements contain basic information that is relevant to the assessment of the Capital Group CCC S.A.. In the opinion of the Management Board, there are currently no risks to the realization of the Group's liabilities.

6.3 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE WHICH MAY AFFECT THE FUTURE FINANCIAL RESULTS OF THE ISSUER

None.

The statements on operations of CCC S.A. approved for publication by the Management Board of the Company on 3 September 2019 and signed on behalf of the Management Board by:

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS

Marcin Czyczerski	President of the Management Board	
Mariusz Gnych	Vice-President of the Management Board	
Karol Półtorak	Vice-President of the Management Board	

Polkowice, 3 September 2019