

A woman with long, wavy brown hair is leaning against a large, textured stone wall. She is wearing a dark, oversized blazer over a black top and a white collared shirt. She is holding a bright red, round, crocodile-textured handbag with a silver buckle. She is also wearing black knee-high socks and black lace-up boots. The background shows a cobblestone street and buildings in a city setting.

CCC

**CAPITAL GROUP CCC S.A.
CONSOLIDATED
INTERIM REPORT
FOR 3Q 2019**

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

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

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
Selected data from the consolidated statement of profit or loss and other comprehensive income				
Sales revenue	4 127,8	3 122,4	958,0	734,1
Poland	1 620,3	1 412,3	376,1	332,0
CEE	778,8	660,1	180,8	155,2
Western Europe	452,2	243,3	105,0	57,2
Other countries	107,8	75,5	25,0	17,8
Retail activity	2 959,1	2 391,2	686,8	562,2
E-commerce	995,3	649,8	231,0	152,8
Wholesale	165,7	81,0	38,5	19,0
Manufacturing	0,2	0,4	—	0,1
Other	7,5	—	1,7	—
Gross profit (loss) on sale	2 019,0	1 553,7	468,6	365,4
Gross sale margin	48,9%	49,8%	48,9%	49,8%
Result on segments				
Poland	196,6	174,6	45,6	41,1
CEE	15,2	26,6	3,5	6,3
Western Europe	(98,0)	(61,6)	(22,7)	(14,5)
Other countries	(11,4)	(0,2)	(2,6)	—
Retail activity	102,4	139,4	23,8	32,9
E-commerce	71,3	77,8	16,5	18,3
Wholesale	14,3	19,8	3,3	4,7
Manufacturing	(0,5)	—	(0,1)	—
Profit (loss) on operating activity	5,9	223,9	1,4	52,6
Profit (loss) before tax	(100,3)	145,9	(23,3)	34,3
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(117,4)	121,4	(27,3)	28,5
ADJUSTED NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(96,9)	151,6	(22,5)	35,6
Selected data of the consolidated statement of financial position	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Fixed assets	4 326,1	3 574,1	989,1	831,2
Current assets, including:	3 042,8	3 161,9	695,7	735,3
Inventories	2 164,4	1 806,1	494,9	420,0
Cash	467,3	375,8	106,8	87,4
TOTAL ASSETS	7 368,9	6 736,0	1 684,9	1 566,5
Non-current liabilities including:	2 892,9	2 650,9	661,4	616,5
Debt liabilities	311,0	210,0	71,1	48,8
Current liabilities including:	3 495,2	2 937,3	799,2	683,1
Debt liabilities	1 268,0	806,8	289,9	187,6
TOTAL LIABILITIES	6 388,1	5 588,2	1 460,6	1 299,6
EQUITY	980,8	1 147,8	224,3	266,9

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
Selected data from the consolidated statement of cash flows				
Net cash flows from operating activities	565,7	497,4	131,3	116,9
Net cash flows from investing activities	(601,1)	(377,0)	(139,5)	(88,6)
Net cash flows from financing activities	127,5	(160,4)	29,6	(37,7)
TOTAL CASH FLOWS	92,1	(40,0)	21,4	(9,4)
OPERATIONAL DATA				
	30.09.2019	31.12.2018		
Number of stores CCC	1 219	1 125		
Floor space of stores (thousand m ²)	724,8	660,3		
Number of markets with online sales	15	15		
			IN MLN PLN	IN MLN EUR
	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
Capital expenditures (in mln)	(369,8)	(268,1)	(85,8)	(63,0)

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

- particular items of assets and liabilities in the interim condensed consolidated and separate statement of financial position were converted in accordance with the NBP (Central Bank of Poland) exchange rate as at reporting date:
 - exchange rate on 30.09.2019 amounted to 1 EUR – 4,3736 PLN
 - exchange rate on 31.12.2018 amounted to 1 EUR – 4,3000 PLN
 - exchange rate on 30.09.2018 amounted to 1 EUR – 4,2714 PLN

- particular items of the interim condensed consolidated and separate financial statements and other comprehensive income and interim condensed consolidated and separate statement of cash flows were converted in accordance with the exchange rate which constitutes an arithmetic average of NBP exchange rates for Euro effective on the last day of each month of the reporting period:
 - the average exchange rate in the period 01.01.2019 – 30.09.2019 was 1 EUR – 4,3086 PLN
 - the average exchange rate in the period 01.01.2018 – 30.09.2018 was 1 EUR – 4,2535 PLN

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

NOTES

1. GENERAL INFORMATION

Name of the company:	CCC Spółka Akcyjna (Joint-Stock Company)
Headquarters:	ul. Strefowa 6, 59-101 Polkowice
Registration:	District Court for Wrocław-Fabryczna in Wrocław, IX Commercial Division of the National Court Register,
National Court Register/ KRS/:	0000211692
Corporate purpose:	The Group's primary corporate purpose according to the European Classification of Economic Activities is wholesale and retail trade of clothing and footwear (ECEA 5142).

CCC GROUP STRUCTURE

As at September 30, 2019, the CCC S.A. Capital Group formed the parent company of CCC S.A. with headquarters in Polkowice and selected subsidiaries:

GRUPA CCC



[1] The Company CCC.eu Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (99.75%) and a subsidiary of the Issuer (0.25%).

[2] The Company Shoe Express S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (95%) and a subsidiary of NG2 Suisse GmbH Switzerland (5%).

[3] The Company Karl Voegele AG is a subsidiary of NG2 Suisse S.a.r.l. (70%).

[4] The Company DeeZee Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (51%).

BASIS FOR PREPARATION

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

The financial statements have been prepared on a historical cost basis and at fair value when the historical cost principle could not be applied (i.e. investment property, financial instruments measured at fair value).

The interim condensed financial statements of the Group cover the nine-month period ended 30 September 2019 and include comparative data for the nine months ended 30 September 2018 and as of 31 December 2018. These financial statements was not the subject to review or auditing by an auditor.

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Group's consolidated financial statements for the year ended 31 December 2018 approved for publication on 14.03.2019.

The interim condensed consolidated financial statements have been prepared in accordance with going concern assumption by the Group in foreseeable future, i.e. at least one year from the balance sheet date. As at 30.09.2019, the consolidated statement of financial position of the Group shows current assets in the amount of PLN 3,042,8 million, including, among others: inventories in the amount of PLN 2,164.4 million, cash in the amount of PLN 467.3 million, receivables in the amount of PLN 406.8 million, derivative financial instruments in the amount of PLN 4.3 million and short-term liabilities in the amount of PLN 3,495,2 million, which include, among others: debt from loans in the amount of PLN 1,268,0 million, liabilities to suppliers and other in the amount of 1,656.9 PLN million and liabilities due to leasing (IFRS 16) in the amount of PLN 525.6 million, which results in a surplus of short-term liabilities relative to current assets in the amount of PLN 452.4 million. This situation is largely due to the fact that inventories are presented at purchase price, while the value of inventories at sale prices would be higher by approx. PLN 2 billion with current sales margins of about 50%. Therefore, based on the knowledge possessed as at the date of this report, in the opinion of the Company's Management Board, taking into account the growing sales revenues of the Group, both in terms of value and quantity, this situation does not affect the possibility of current settlement of liabilities.

BASIS FOR CONSOLIDATION

This condensed consolidated interim financial statement contains the statement of the dominant entity CCC S.A. and the statements of the subsidiaries.

The subsidiaries are subject to consolidation in the period from the date of taking control by the Group until the date of cessation of control.

All entities constituting the Capital Group underwent the audit during the entire reporting period. All transactions, balances, revenues and costs between the consolidated subsidiaries are subject to consolidation eliminations.

FUNCTIONAL CURRENCY AND CURRENCY OF THE FINANCIAL STATEMENTS

Items contained in the Capital Group's condensed consolidated interim financial statements are valued in the currency of the primary business environment in which each entity operates ("functional currency"). The consolidated financial statement is presented in (PLN), which is the Group's functional currency and its presentation currency.

APPLIED ACCOUNTING PRINCIPLES

The accounting principles applied by CCC S.A. Capital Group companies did not change compared to the accounting principles applied in the financial statement prepared for the financial year from 1 January to 31 December 2018, except for the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2019 or later.

INFORMATION ON USED AVERAGE EXCHANGE RATES OF POLISH ZLOTY IN THE PERIOD COVERED BY THE FINANCIAL STATEMENTS AND COMPARATIVE FINANCIAL DATA IN RELATION TO EURO AND US DOLLAR ESTABLISHED BY THE NBP

PERIOD (USD/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-09.2019	4,0154	3,7243	4,0000	3,8426
01.2018-09.2018	3,7871	3,3173	3,6754	3,5688
01.2018-12.2018	3,8268	3,3173	3,7597	3,6227

PERIOD (EUR/PLN)	HIGHEST	LOWEST	END OF THE PERIOD	AVERAGE
01.2019-09.2019	4,3891	4,2406	4,3736	4,3086
01.2018-09.2018	4,3978	4,1423	4,2714	4,2535
01.2018-12.2018	4,3978	4,1423	4,3000	4,2669

A BRIEF DESCRIPTION OF CONSIDERABLE ISSUER'S ACHIEVEMENTS OR FAILURES IN Q3 2019

Significant achievements of the CCC S.A. Capital Group in Q3 2019:

CCC'S 100% SHAREHOLDING IN GINO ROSSI AND DELISTING GINO ROSSI

As part of the mandatory buyout, CCC acquired all Gino Rossi shares belonging to minority shareholders. As a result, the shares of Gino Rossi S.A. were excluded from trading on the Warsaw Stock Exchange on September 29, 2019.

DEBUT OF THE GINO ROSSI COLLECTION IN CCC STORES

From August, the Gino Rossi products of the new collection are available in almost 600 brick&mortar stores and online channels on 23 markets in Europe on which the CCC Group operates.

MARKETING CAMPAIGNS FOR GINO ROSSI, YOUNGSTERS AND ESIZE.ME

The debut of the Gino Rossi collection in CCC stores was accompanied by the „Bella Momenti. Bella Vita“ / „Beautiful moments. Beautiful life“, emphasizing her Italian style. The autumn season 2019 also began with the next installment of Youngsters communication, dedicated to young recipients. In the third quarter, an advertising campaign for the e-size.me solution was launched with the participation of eobuwie.pl brand ambassadors – Dorota Wellman and Marcin Prokop.

FOREIGN EXPANSION

Three more CCC stores were opened in the Middle East (in Bahrain, Oman and Saudi Arabia).

GOOGLE VOICE ASSISTANT

CCC as the first entity on the Polish market in the clothing / footwear category, has provided its customers with the possibility of voice communication in the Google Assistant application.

CCC AS A WINNER OF THE E-COMMERCE POLAND AWARDS IN THE BEST ON MOBILE CATEGORY

CCC won in the Best On Mobile category for the mobile application „CCC Shoes & Bags – Online Shop“.

OPENING OF CREATIVE CITY CONCEPT IN WARSAW

The official opening of the CCC showroom in Creative City Concept in Warsaw on 12.09.2019.

SALES REVENUE ^[1]

	07-09.2019	07-09.2018	CHANGE %	01-09.2019	01-09.2018	CHANGE %
Poland	554,7	493,1	12,5%	1 620,3	1 412,3	14,7%
CEE	263,2	237,6	10,8%	778,8	660,0	18,0%
Western Europe	150	160,5	-6,5%	452,2	243,3	85,9%
Other countries	43,8	29,8	47,0%	107,8	75,5	42,8%
Retail activities	1 011,7	921	9,9%	2 959,1	2 391,1	23,8%
Wholesale	71,4	22,3	>100%	165,7	81,1	>100%
E-commerce	356,9	249,5	43,0%	995,3	649,8	53,2%
Manufacturing	0,1	0,1	—	0,2	0,4	-50,0%
Total	1 440,1	1 192,9	20,7%	4 120,3	3 122,4	32,0%
Unallocated to segments	7,5	—	—	7,5	—	—
Total	1 447,6	1 192,9	21,4%	4 127,8	3 122,4	32,2%

[1] Revenues from sales apply only to sales to external customers.

The data above includes sales of the acquired companies, i.e. KVAG, Shoe Express, DeeZee and Gino Rossi in 2018-2019.

Sales revenues in the third quarter of 2019 amounted to PLN 1,447.6 million, it is an increase of PLN 254.7 million (+21.4%) compared to the comparable period of the previous year. The largest share in the retail segment is still Poland (55%), while the highest dynamics growth was recorded by networks belonging to „Other countries” like CCC Russia (47% y/y) and CCC Serbia (44% y/y).

Dynamic growth in the third quarter of the e-commerce segment (43% y/y) increased sales by 107.4 million PLN compared to the third quarter of 2018, and sales in the wholesale segment increased by PLN 49.1 million.

The volume of revenues achieved in the third quarter of 2019 was also impacted by sales in comparable facilities, which was as follows: Poland – 1%; Europe Central and East. – 2%, in the Western Europe – 1% was recorded. Positive changes in revenues in comparable establishments was recorded in Croatia and Slovakia.

Sales revenues for the period of 01-09.2019 amounted to PLN 4,127.8 million, an increase of PLN 1,005.4 million (+32.2%) compared to the comparable period of the previous year. The increase in revenues was mainly due to the sales increase in the retail segment by PLN 568.0 million (+23.8% y/y), e-commerce by PLN 345.5 million (+53.2% y/y) and wholesale by PLN 84.6 million (among others by opening stores in the GCC region and cooperation with an associate of the HR Group).

Share of retail sales revenues in total sales in the period 01-09.2019 amounted to 72% (2018: 77%), with an increasing share of e-commerce 24% (2018: 21%) and 4% wholesale share (2018: 3%). Poland remains the largest market, whose share in total retail sales in the period 01-09.2019 was 55% compared to 59% in the same period of 2018 (decline in share is due to expansion in the markets foreign acquisitions and acquisitions in Romania in 2018 and Switzerland).

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

**RETAIL REVENUE PER 1m² OF FLOOR SPACE
(IN THOUSAND PLN) [2]:**

	07-09.2019	07-09.2018	CHANGE %	01-09.2019	01-09.2018	CHANGE %
Retail activities	490	511	-4,1%	492	512	-3,9%

[2] Revenue per m² in area is calculated by quotient of value income for specific period of time of a given year by the average number of plots per m² in the analyzed period.

Average monthly retail sales per m² for the period 01-09.2019 amounted to 490 PLN/m², compared to 511 PLN/m² in the corresponding period of 2018, with an increase in the average store area by 5% y/y.

Average monthly retail sales per m² for the period 01-09.2019 amounted to 492 PLN/m², against 512 PLN/m² the same period of 2018, with an increase in the average area stores by 3% y/y.

GROSS SALES PROFIT

Gross profit by particular segments was as follows:

	07-09.2019	07-09.2018	CHANGE %	01-09.2019	01-09.2018	CHANGE %
Poland	263,2	227,0	15,9%	804,4	709,3	13,4%
CEE	144,7	121,0	19,6%	445,4	370,5	20,2%
Western Europe	83,3	91,9	-9,4%	249,9	142,1	75,9%
Other countries	23,6	15,9	48,4%	57,2	40,4	41,6%
Retail activity	514,8	455,8	12,9%	1 556,9	1 262,3	23,3%
E-commerce	16,9	6,8	>100%	32,7	25,5	28,2%
Wholesale	147,3	100,9	46,0%	422,4	265,9	58,9%
Manufacturing	(0,1)	0,3	—	(0,5)	—	—
Total	678,9	563,8	20,4%	2 011,5	1 553,7	29,5%
Unallocated to segments	7,5	—	—	7,5	—	—
Total	686,4	563,8	21,7%	2 019,0	1 553,7	29,9%

Consolidated gross profit on sales Q3 2019 amounted to PLN 686.4 million and was higher by 21.7% compared to 3rd quarter of 2018. Dynamic segment growth e-commerce has increased its share to 22% (2018: 18%), with the segment still dominating retail 75% (2018: 81%).

Consolidated gross profit on sales in the period 01-09.2019 amounted to PLN 2,019.0 million and was 29.9% higher compared to the comparable period of the previous year. Share of the retail segment in gross profit on total sales in the period 01-09.2019 amounted to 77% (2018: 81%), with a growing share of e-commerce 21% (2018: 17%).

**GROSS MARGIN FOR SALE IN
THE MOST IMPORTANT SEGMENT
BREAKDOWN AS FOLLOWS:**

	07-09.2019	07-09.2018	CHANGE IN PERCENTAGE POINTS	01-09.2019	01-09.2018	CHANGE IN PERCENTAGE POINTS
Retail activity	50,9%	49,5%	1,4	52,6%	52,8%	(0,2)
E-commerce	41,3%	40,4%	0,9	42,4%	40,9%	1,5
Total	47,4%	47,3%	0,1	48,9%	49,8%	(0,9)

Consolidated gross margin on sales in the third quarter of 2019 was 47.4%, compared to 47.3% in the same period last year. Nominal gross margin both in retail and e-commerce increased, however, taking into consideration the growing share of e-commerce, consolidated margin increased slightly by 0.1 pp in relation to the period comparable.

Consolidated gross margin on sales in the period 01-09.2019 amounted to 48.9% and was lower by 0.9 pp relative to a comparable period. Nominal gross margin on sales increased in e-commerce, however, growing e-commerce share (an increase from 17% to 21% in gross profit on sales) caused a slight decrease in the consolidated margin.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

COSTS OF OPERATING STORES

Costs of operating stores were as follows:

	07-09.2019	07-09.2018	CHANGE%	01-09.2019	01-09.2018	CHANGE%
Remuneration and employee benefits	(145,2)	(125,6)	15,6%	(417,6)	(314,2)	32,9%
Agent services	(2,0)	(1,2)	66,7%	(4,7)	(21,8)	-78,4%
Lease costs	(45,7)	(51,3)	-10,9%	(111,5)	(88,8)	25,6%
Amortization	(156,9)	(124,2)	26,3%	(471,6)	(344,8)	36,8%
Taxes and charges	(3,1)	(1,5)	>100%	(7,3)	(4,8)	52,1%
Consumption of materials and energy	(18,0)	(16,8)	7,1%	(49,5)	(43,4)	14,1%
Transportation services	(1,6)	(0,5)	>100%	(4,0)	(1,2)	>100%
Other outsourcing services	(28,8)	(18,1)	59,1%	(86,1)	(51,1)	68,5%
Other flat costs	(2,6)	(2,6)	0,0%	(7,5)	(5,2)	44,2%
Provision for inventories	—	2,2	—	—	—	—
Total	(403,9)	(339,6)	18,9%	(1 159,8)	(875,3)	32,5%

The item operating costs of stores was the largest cost group, constituting 58% in the period 01-09.2019 (60% in the period 01-09.2018) and 61% in the third quarter of 2019 (61% in the third quarter of 2018).

In quarterly terms, the cost of operating stores in the third quarter of 2019 amounted to PLN 403.9 million and were higher by PLN 64.3 million (+18.9%) compared to the same period of the previous year. Along with market expansion and opening more retail stores most items of store operating expenses has increased, with the largest share of wage costs 35.9% as well as rental and depreciation costs 50.2%.

In the period of 01-09.2019, the costs of operating stores amounted to PLN 1,159.8 million and were higher by PLN 284.5 million (+32.5%) from the same period of the previous year, with 28.8% increase in average retail space. The main reason for the increase in costs was the acquisition of a chain of franchise stores CCC in Romania and acquisitions of Karl Voegelé companies and Gino Rossi. In addition, an influencing factor of the increase in costs was the increase in commercial space, which does not include the acquired

networks as at 30.09.2019 amounted to 570.6 thousand m² (+77.9 thousand m² in relations to the same period of the previous year). The most significant items in costs of operating stores were rental costs and depreciation and salary costs, which they constituted accordingly 50.3% and 36.0%.

In order to analyze the costs of the third quarter and compare the results of individual stores, the Group uses the cost indicator incurred per square meter of retail space, excluding IFRS 16. For the sake of comparability of the analysis, only companies operating in the Group in both quarters were taken into account, i.e. excluding companies acquired in 2019 (Gino Rossi). Monthly store operating costs per m² in Q3 2019 amounted to 195 PLN/m² compared to 189 PLN/m² in the third quarter of 2018. Analyzing the indicator against the previous year store operating costs per m² increased by 3%.

OTHER OPERATING INCOME AND COSTS

In the third quarter of 2019, other operating costs and revenues accounted for accordingly PLN 12.8 million and PLN 10.5 million, which was PLN -2.3 million on a net basis on the cost side, compared with PLN 26.4 m revenue in the previous year. Main reason of changes from the same period of 2018 was the presentation of the result on exchange rate differences in the amount of PLN -25.9 million (2019 negative exchange rate differences PLN -8.8 million, positive exchange rate differences PLN +17.1 million)

Other operating costs and revenues in the period of 01-09.2019 amounted PLN 22.2 million and PLN 25.9 million respectively, which in net terms represented PLN 3.7 million on the revenue side as compared to PLN 117.0 million also on the revenue side of the previous year. Main reason for the change compared to the same period 2018 was the recognition in 2018 of profit from bargain acquisition of Karl Voegelé AG in the amount of PLN 104.3 million.

OPERATING PROFIT

Consolidated operating profit in the third quarter of 2019 amounted to PLN 16.2 million and was lower by PLN 14.0 million compared to the third quarter of 2018.

The CCC Group generated operating profit for the period 01-09.2019 in the amount of PLN 5.9 million, which in comparison with the same period of 2018 was lower by PLN 218 million.

FINANCIAL INCOME AND COSTS

In the third quarter of 2019, financial income amounted to PLN 3.4 million and compared to the previous year were lower by PLN 8.4 million. Financial costs in the third quarter of 2019 amounted to PLN 21,0 million and in comparison to the previous year were PLN 24,5 million lower.

In the period of 01-09.2019, financial income amounted to PLN 10.9 million and compared to the previous year were lower by PLN 17.6 million. The main factor causing the decline revenue was a change in the result on exchange rate differences by PLN -7.8 million and reduction in the valuation of instruments PLN 11.9 million. Financial costs in the same period of 2019 amounted to PLN 106,5 million

and in comparison to the previous year was lower by PLN 16,3 million.

For the financial costs in the reported period comprised, among others, costs of interest amounted to PLN 53.8 million (2018: PLN 38.2 million), negative differences exchange rate PLN 7.6 million (2018: PLN 45.3 million), valuation of purchase of non-controlling interests option in PLN 21.6 million (2018: PLN 19.1 million) and valuation of financial instruments PLN 2.8 million (2018: PLN 0 million).

INCOME TAX

In the third quarter of 2019, income tax amounted to PLN -19.0 million (2018: PLN -15.8 million), while for the period of 01-09.2019, it amounted to PLN -17.1 million (2018: PLN -24.5 million).

NET INCOME AND ADJUSTED NET INCOME

After taking into account financial revenues and expenses, share in the loss of an associate and income tax, the net result in the third quarter of 2019 amounted to PLN -43.4 million and was lower by PLN 24.1 million than in the corresponding period of 2018.

The net result for the period of 01-09.2019 amounted to PLN -100.3 million and was lower by PLN 246.2 million than in the period of 01-09.2018.

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

NON-CASH POSITIONS:

- deferred tax related to the trademark – this item refers to temporary differences on amortization,
- deferred tax related to investment relief – this item applies to temporary differences arising from investments held by the CCC Group,
- the cost of the incentive scheme – this item includes the cost of the incentive scheme existing in the CCC Group.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

ADJUSTED NET PROFIT RECONCILIATION

	07-09.2019	07-09.2018	CHANGE %	01-09.2019	01-09.2018	CHANGE %
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(43,4)	(19,3)	>100%	(117,4)	121,4	<-100%
Recognition of a deferred tax asset relating to the trademark, goodwill and investment relief	(3,1)	(0,7)	>100%	(3,5)	(1,6)	>100%
Costs of the incentive program	(5,8)	(9,5)	-38,9%	(17,0)	(28,6)	-40,6%
Adjusted net income	(34,5)	(9,1)	>100%	(96,9)	151,6	<-100%

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

	01.2019-09.2019	01.2018-09.2018	CHANGE %
Fixed assets, and including:	4 326,1	3 574,1	21,0%
Tangible fixed assets	1 333,2	1 144,3	16,5%
Right of use Assets	2 048,5	1 870,1	9,5%
Current assets, and including:	3 042,8	3 161,9	-3,8%
Inventories	2 164,4	1 806,1	19,8%
Cash and cash equivalents	467,3	375,8	24,3%
TOTAL ASSETS	7 368,9	6 736,0	9,4%
Non-current liabilities, and including:	2 892,9	2 650,9	9,1%
Debt liabilities	311,0	210,0	48,1%
Lease liabilities	1 599,0	1 484,0	7,7%
Current liabilities, and including:	3 495,2	2 937,3	19,0%
Debt liabilities	1 268,0	806,8	57,2%
Trade liabilities and other liabilities	1 656,9	1 138,5	45,5%
Lease liabilities	525,6	425,2	23,6%
TOTAL LIABILITIES	6 388,1	5 588,2	14,3%
EQUITY	980,8	1 147,8	-14,5%

Total balance sheet as at September 30, 2019 was PLN 7,368.9 million and increased by PLN 632.9 million (+9.4%) compared to December 31, 2018.

The increase in the total balance sheet on the asset side was affected by increase in non-current assets by PLN 752.0 million (+21.0%) and decrease of current assets by PLN 119.1 million (-3.8%).

The increase in non-current assets resulted mainly from Gino Rossi acquisitions and the expansion of the logistics center as well investments in the HR Group.

The decrease in current assets was mainly due to a decrease of the value of the Group's assets related to the CCC Germany GmbH sale transaction by PLN 503.4 million and an increase in level inventories by PLN 358.3 million and cash by PLN 91.5 million.

The increase of the total balance sheet on the liabilities side was mainly affected by increase in liabilities by PLN 799.9 million (+14.3%) and a decrease in equity by PLN 167.0 million (-14.5%).

The increase in liabilities resulted mainly from an increase in debt liabilities by PLN 562.2 million, an increase in short-term liabilities to suppliers and other liabilities by PLN 501.8 million, and a decrease in the Group's liabilities related to the sale of CCC Germany GmbH by PLN 518.2 million.

The decrease in equity was influenced by, among others net loss on continuing operations of PLN 117.4 million and a decision to pay dividend for 2018 in the amount of PLN 23.9 million.

DEBT AND LIQUIDITY RATIOS

The CCC Group Management Board, when analyzing the level of debt, uses the overall debt ratio to assess the structure of asset financing. The overall debt ratio is calculated as the ratio of net debt to the total value of capital employed. Net debt is calculated as the sum of financial liabilities (including current and long-term loans and issued bonds indicated in the consolidated statement of financial position) less cash and cash equivalents.

The total value of capital employed is calculated as equity disclosed in the consolidated statement of financial position together with net debt.

The calculation of the debt ratio is as follows:

	30.09.2019	31.12.2018
Net debt		
Loan liabilities	1369,0	800,0
(+) Bonds liabilities	210,0	216,8
= Debt liabilities	1 579,0	1 016,8
(-) Cash and cash equivalents	467,3	375,8
= Net debt	1 111,7	641,0
Capital employed		
Total equity	980,8	1 147,8
(+) Net debt	1 111,7	641,0
= Capital employed	2 092,5	1 788,9
The debt ratio (net debt/capital employed)	53%	36%

The debt ratio as at 30.09.2019 amounted to 53% and is associated with an increase in net debt to PLN 1,111.7 million (an increase by PLN 562.2 million in debt, with a simultaneous increase in cash by PLN 91.5 million).

The current liquidity ratio is calculated as the quotient of current assets as well as the value of short-term liabilities and provisions.

Calculation of the ratio below:

	30.09.2019	31.12.2018
Inventories	2 164,4	1 806,1
(+) Trade and other receivables	406,8	475,3
(+) Cash and cash equivalents	467,3	375,8
(+) Derivative financial instruments	4,3	1,3
(+) Assets classified as held for sale	—	503,4
= Current assets	3 042,8	3 161,9
Current debt liabilities	1 268,0	806,8
(+) Trade liabilities and other liabilities	1 682,0	1 167,5
(+) Provisions and subsidies	19,6	19,6
(+) Lease liabilities	525,6	425,2
(+) Liabilities directly associated with assets classified as held for sale	—	518,2
= Current liabilities	3 495,2	2 937,3
Current liquidity ratio (current assets/current liabilities)	0.87	1.08

The current liquidity ratio of the CCC Group as at 30 September 2019 was 0.87 and was lower by 0.21 compared to 31.12.2018. The reason for the decrease in the ratio is a faster increase in short-term liabilities (+19.0% y/y) relative to the decrease in current assets (-3.8% y/y). Short-term liabilities as at September 30, 2019 were higher than current assets by PLN 452.4 million, with the Group diversifying sources of financing (including an increase in long-term debt by PLN 101.0 million). In addition, the current account loan of PLN 582.0 million with a maturity over 12 months was included in the CCC Group's short-term debt.

Therefore, based on our knowledge as at the date of the report, in the opinion of the Company's Management Board, taking into account the growing sales revenues of the Group, this situation does not affect the possibility of current settlement of liabilities.

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

	01-09.2019	01-09.2018	CHANGE %
Profit (loss) before tax	(146,2)	69,4	<-100%
Adjustments	696,0	363,3	91,6%
Income tax paid	(35,3)	(41,4)	-14,7%
Cash flow before changes in working capital	514,5	391,3	31,5%
Changes in working capital	51,2	106,1	-51,7%
Net cash flows from operating activities	565,7	497,4	13,7%
Net cash flows from investing activities	(601,1)	(377,0)	59,4%
Net cash flows from financing activities, including:	127,5	(160,4)	<-100%
Proceeds from borrowings and issue of bonds	633,2	437,2	44,8%
TOTAL CASH FLOWS	92,1	(40,0)	<-100%

In the period of 01-09.2019, there was an increase in cash and cash equivalents, without taking into account differences in their valuation, by PLN 92.1 million, which resulted from positive cash flows from operating activities PLN 565,7 million, negative cash flows from investing activities PLN -601.1 million and positive cash flow on financing activities PLN 127,5 million.

NET FLOWS FROM OPERATING ACTIVITIES

Consolidated net cash flows from operating activities for the period from 01-09.2019 amounted to PLN 565.7 million and resulted from a change in working capital PLN 51.2 million (including a change in inventories and inventory write-offs PLN -304.0 million) and the adjusted operating result from operating activities in the amount of PLN 514,5 million.

NET FLOWS FROM INVESTMENT ACTIVITIES

Consolidated net cash flows from investing activities for the period from 01-09.2019 amounted to PLN 601.1 million. The investment activity was primarily affected by an increase in expenditure on property, plant and equipment and intangible assets (PLN 369,8 million), resulting from acquisitions, the

expansion of the logistics center and the development of the sales network. Expenses related to investments in the associate HR Group amounted to PLN 118.4 million, and loans granted to PLN 112.7 million.

NET FLOWS FROM FINANCIAL ACTIVITIES

Consolidated net cash flows from financing activities for the period from 01-09.2019 amounted to PLN 127,5 million. This value consisted primarily of inflows from taking loans and borrowings in the amount of PLN 633.2 million, while on the outflow side payment of loans and interest in the amount of PLN 129.9 million, as well as leasing payments PLN 364.7 million.

SALES NETWORK OF THE CAPITAL GROUP CCC S.A.

The third quarter of 2019 was marked by further expansion in foreign markets. The Group opened 2 stores in Serbia and one each in Austria, Bulgaria, Croatia, Russia, Romania Austria, also 2 new stores of e-obuwie. What is more, 3 new franchise stores were opened in Ukraine, one each in Saudi Arabia, Bahrain, Kosovo, Oman and the United Arab Emirates.

As of 30 September 2019, the sales network of the Capital Group CCC S.A. comprised of 1 219 stores, which consisted of:

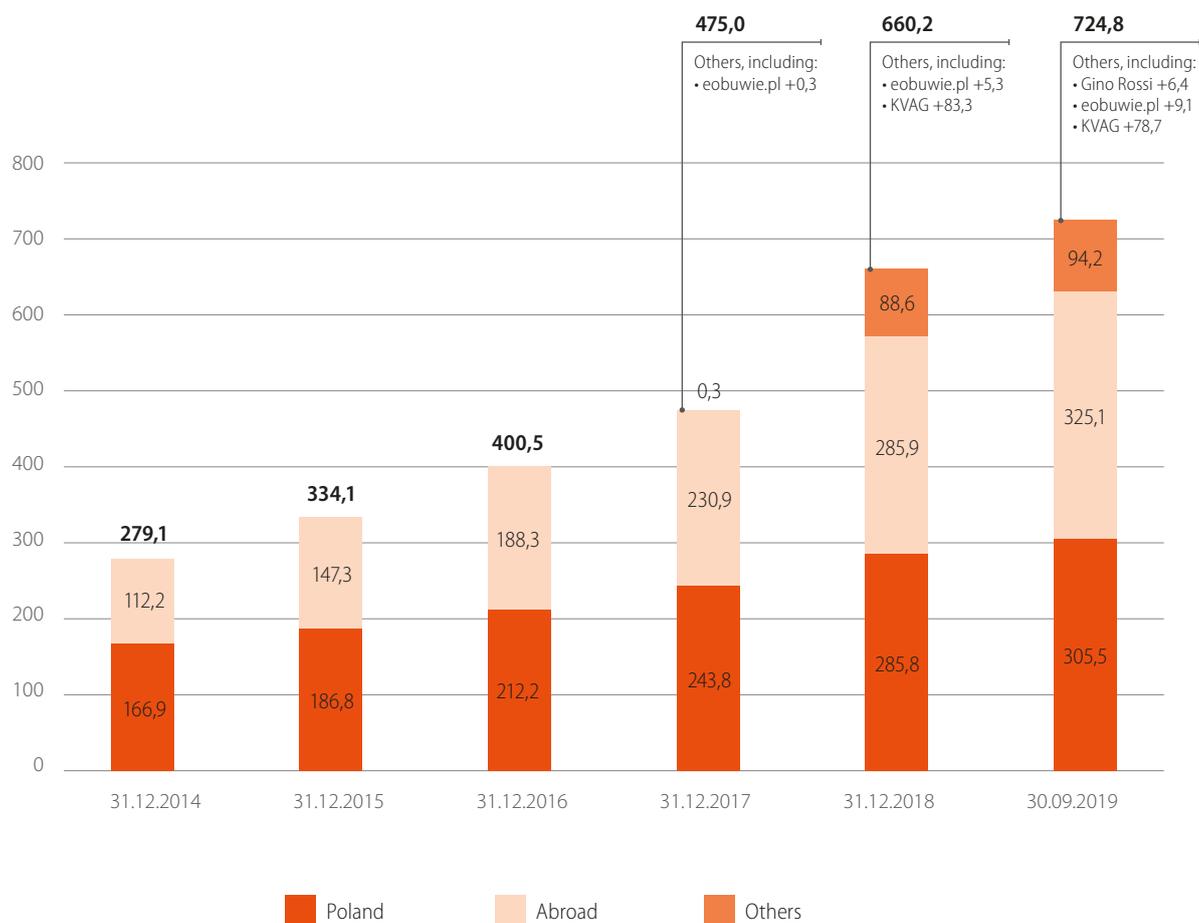
CHAIN	TYPE	30.06.2018		30.09.2018		31.12.2018		31.03.2019		30.06.2019		30.09.2019	
		m ²	NUMBER										
CCC	Austria	28 351	46	30 239	49	30 378	49	30 268	48	30 358	48	31 510	49
	Bulgaria	6 562	10	6 562	10	7 430	11	8 116	12	9 210	14	10 110	15
	Croatia	14 018	24	14 018	24	16 061	25	16 061	25	17 884	27	18 667	28
	Czech Republic	44 989	87	46 827	88	51 497	93	51 953	93	53 213	93	53 937	93
	Poland	268 063	462	273 867	465	285 782	466	288 575	467	299 184	471	305 476	472
	Russia	18 168	24	20 655	27	28 041	35	29 925	37	31 683	38	32 663	39
	Romania	28 005	55	29 562	57	34 762	62	36 060	63	36 160	64	37 572	65
	Serbia	6 061	9	7 382	10	8 237	11	8 237	11	9 582	12	11 031	14
	Slovakia	29 581	50	30 566	51	31 500	51	32 170	52	33 702	53	33 702	53
	Slovenia	7 687	13	8 528	14	8 528	14	8 528	14	10 900	15	11 484	15
Hungary	47 620	74	51 036	76	51 843	76	51 945	76	52 080	75	52 898	75	
TOTAL		499 105	854	519 242	871	554 059	893	561 838	898	583 956	910	599 050	918
OTHER	eobuwie.pl	2 298	2	3 012	4	5 256	9	5 726	10	7 777	12	9 076	14
	Gino Rossi	—	—	—	—	—	—	7 972	72	6 911	59	6 372	54
	KVAG	86 774	208	88 126	205	83 299	197	81 149	190	80 071	187	78 759	182
TOTAL OWN		588 177	1 064	610 380	1 080	642 614	1 099	656 685	1 170	678 715	1 168	693 257	1 168

CHAIN	TYPE	30.06.2018		30.09.2018		31.12.2018		31.03.2019		30.06.2019		30.09.2019	
		m ²	NUMBER										
FRANCHISE	Saudi Arabia	—	—	—	—	—	—	—	—	—	—	1 050	1
	Bahrain	—	—	—	—	—	—	—	—	—	—	929	1
	Estonia	1 774	2	1 774	2	2 629	3	2 629	3	2 629	3	2 629	3
	Gino Rossi	—	—	—	—	—	—	—	—	1 061	13	976	12
	Qatar	—	—	—	—	—	—	—	—	1 002	1	1 002	1
	Kosovo	—	—	—	—	—	—	—	—	1 048	1	1 958	2
	Lithuania	2 657	4	2 657	4	2 657	4	2 657	4	2 657	4	2 657	4
	Latvia	4 409	7	4 409	7	4 409	7	4 409	7	4 409	7	4 409	7
	Moldova	740	1	740	1	740	1	740	1	740	1	740	1
	Oman	—	—	—	—	—	—	—	—	—	—	1 223	1
	Ukraine	5 027	7	5 840	8	7 147	11	7 147	11	8 088	12	10 590	15
	UAE	—	—	—	—	—	—	—	—	1 521	2	3 347	3
TOTAL FRANCHISE		14 607	21	15 420	22	17 582	26	17 582	26	23 155	44	31 508	51
TOTAL CG CCC		602 784	1 085	625 800	1 102	660 196	1 125	674 267	1 196	701 870	1 212	724 765	1 219

The floor space of the Group on 30.09.2019 amounted 724.8 thousand m² and increased by 22.9 thousand m² in only third quarter and 64.6 thousand m² compared to 31.12.2018, which consisted of opening and enlargement of CCC stores (+45 thousand m²), opening 2 new stores of e-obuwie (+3.8 thousand m²) and opening new franchise stores in the Middle East, Ukraine and Kosovo (+13,0 thousand m²)

The floor space in own stores of the CCC chain increased by 8.1% and amounted to 599.1 thousand m² on 30.09.2019 (including 305.5 thousand m² in Poland) as compared to 554.1 thousand m² on 31.12.2018 (including 285.8 thousand m² in Poland). The floor space in franchises units increased by 79.2% and amounted to 31.5 thousand m² on 30.09.2019 compared to 17.6 thousand m² on 31.12.2018.

CHANGES TO THE AREAS OF SHOPS OF THE CCC S.A. CAPITAL GROUP in the period from 01.01.2019 to 30.09.2019 [in thousand m²]



DESCRIPTION OF FACTORS AND CIRCUMSTANCES, INCLUDING NON-TYPICAL FACTORS AND CIRCUMSTANCES, WHICH MATERIALLY AFFECTED THE ACHIEVED FINANCIAL RESULTS.

In the period covered by this statement there were no non-typical occurrences that would materially affect the achieved financial results.

FACTORS THAT IN THE ISSUER'S VIEW WILL AFFECT ITS RESULTS WITHIN A TIME SPAN OF AT LEAST THE NEXT QUARTER.

In the Issuer's view, the major factors that will affect its performance in the near future are:

1. the volume of sales achieved and margins generated,
2. further development of the CCC retail chain in Poland and abroad,
3. existing weather conditions,
4. currency exchange rates.

INFORMATION ABOUT THE NATURE AND SCOPE OF ALL MATERIAL LIMITATIONS OF CAPACITY OF THE SUBSIDIARIES TO FORWARD FUNDS TO THE PARENT COMPANY IN THE FORM OF CASH DIVIDENDS OR TO REPAY LOANS OR CREDITS.

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

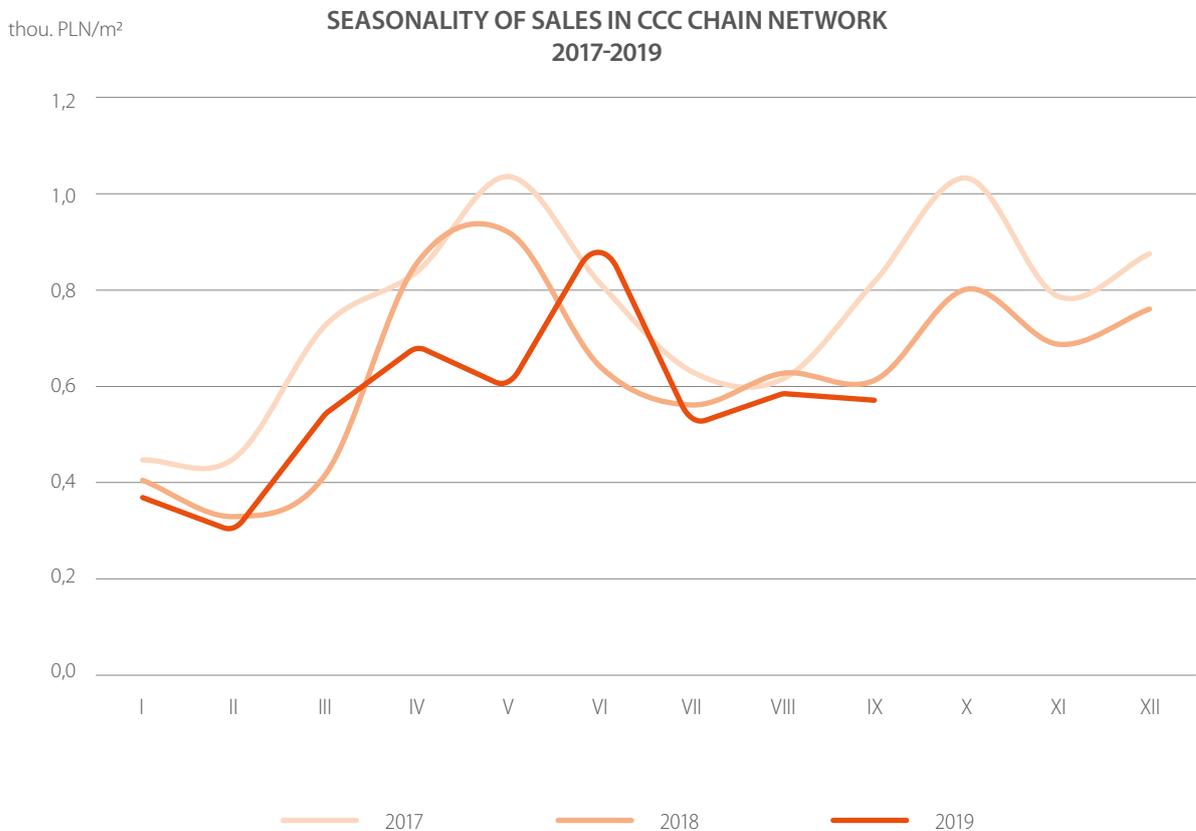
INFORMATION ON SIGNIFICANT TANGIBLE FIXED ASSETS PURCHASE AND SALE TRANSACTIONS, SIGNIFICANT LIABILITIES DUE TO THE PURCHASE OF TANGIBLE FIXED ASSETS PURCHASE, SIGNIFICANT SETTLEMENTS DUE TO COURT PROCEEDINGS

Not applicable.

EXPLANATIONS CONCERNING SEASONALITY AND CYCLICALITY OF THE ISSUER'S ACTIVITIES DURING THE PRESENTED PERIOD.

In the case of the companies of Capital Group CCC S.A., we are dealing with seasonal sales. The seasonality of CCC S.A. Capital Group's sales is significant, just as in the entire clothing and footwear industry. There are two primary high sales periods: Q2 and Q4. Furthermore, throughout the year, sales are tied closely to weather conditions. Weather may disrupt such seasonality pattern, by accelerating or postponing the periods of lower or higher sales, respectively.

Seasonal fluctuations for the past three years are presented in the diagram below.



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

Not applicable.

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

Not applicable.

INFORMATION CONCERNING CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS WHICH OCCURRED SINCE THE END OF THE LAST FINANCIAL YEAR.

Changes in contingent liabilities and assets are described in the table below.

DESCRIPTION OF EVENTS WHICH OCCURRED AFTER THE DAY ON WHICH THE FINANCIAL STATEMENT WAS PREPARED, NOT INCLUDED IN THIS STATEMENT BUT WHICH MIGHT SIGNIFICANTLY AFFECT THE ISSUER'S FUTURE FINANCIAL RESULTS.

Not applicable.

	30.09.2019	31.12.2018	30.09.2018
Warranties and indemnities recieved	47,5	47,5	47,5
Total contingent assets	47,5	47,5	47,5
Customs guarantees	17	17	17
Other guarantees	151,5	112,50	111,9
Guarantees provided	—	—	—
Total contingent liabilities	168,5	129,5	128,9

Customs bonds provide a security for the repayment of customs liabilities due to the Group's operation of customs warehouses, and their maturity date is on 31.12.2019.

Other guarantees constitute a collateral of concluded agreements for the lease of premises, and their maturity date is on 15.04.2021. The collaterals granted are related to the surety agreement of the liability and their maturity is indefinite.

RESULTS OF CHANGES IN THE STRUCTURE OF THE BUSINESS ENTITY, INCLUDING RESULTS OF BUSINESS COMBINATIONS, ACQUISITIONS OR SALES OF ENTITIES OF THE ISSUER'S CAPITAL GROUP, LONG-TERM INVESTMENTS, DEMERGERS, RESTRUCTURINGS AND DISCONTINUED OPERATIONS.

A detailed description of changes in the structure of the capital group is presented in item 4.

PROJECTIONS OF FINANCIAL RESULTS.

No projections for 2019 were published.

INFORMATION ON THE ECONOMIC SITUATION AND THE CONDITIONS OF CONDUCTING BUSINESS ACTIVITY WHICH HAVE A MATERIAL EFFECT ON THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF AN ENTITY.

Not applicable.

INFORMATION ON A FAILURE TO REPAY A CREDIT OR LOAN OR A MATERIAL BREACH OF THE PROVISIONS OF THE CREDIT OR LOAN AGREEMENT, WHICH WERE NOT SUBJECT TO ANY REMEDIES TILL THE END OF THE REPORTING PERIOD.

Not applicable

CONTENTIOUS ISSUES.

The companies of CCC S.A. Capital Group are not a party to any court proceedings in which the value of the subject of dispute would exceed 10% of the Group's equities.

INFORMATION ON TOTAL LOAN SURETIES OR WARRANTIES GRANTED BY THE ISSUER OR ITS SUBSIDIARY TO A SINGLE ENTITY OR THAT ENTITY'S SUBSIDIARY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES CONSTITUTES AN EQUIVALENT OF AT LEAST 10% OF THE ISSUER'S OWN FUNDS.

Not applicable.

SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE ISSUER'S GENERAL MEETING

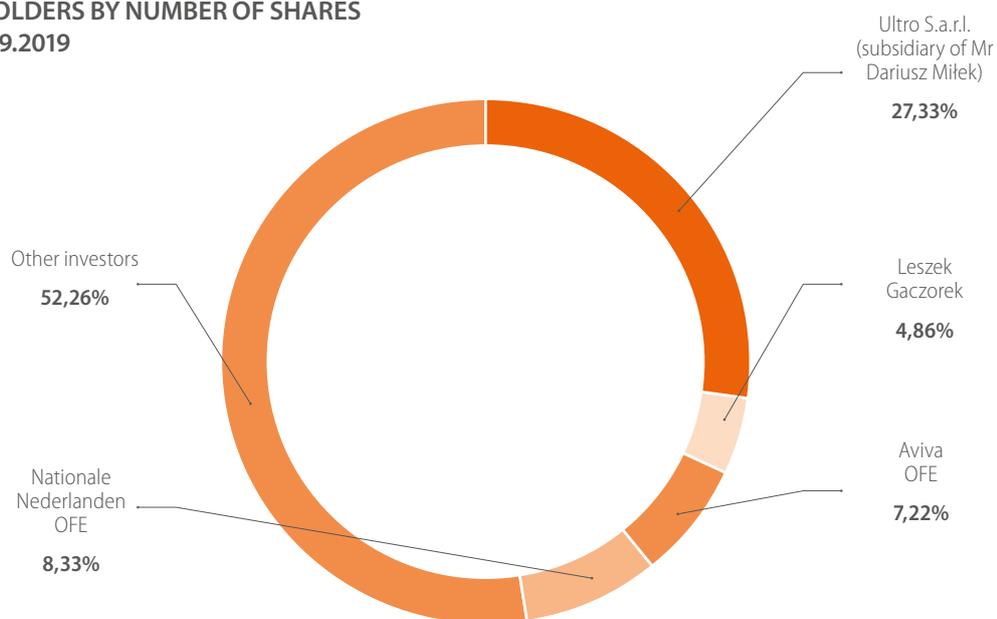
Summary of shareholders holding at least 5% of votes at the General Meeting of Shareholders on the date of submitting the report QSr – III/2019.

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)	11 250 000	27,33%	16 710 000	34,95%
Leszek Gaczorek	2 000 000	4,86%	3 040 000	6,36%
Aviva OFE Aviva Santander	2 975 150	7,22%	2 975 150	6,22%
Nationale-Nederlanden OFE	3 429 086	8,33%	3 429 086	7,17%
Other investors	21 513 764	52,26%	21 663 764	45,30%
TOTAL	41 168 000	100,00%	47 818 000	100,00%

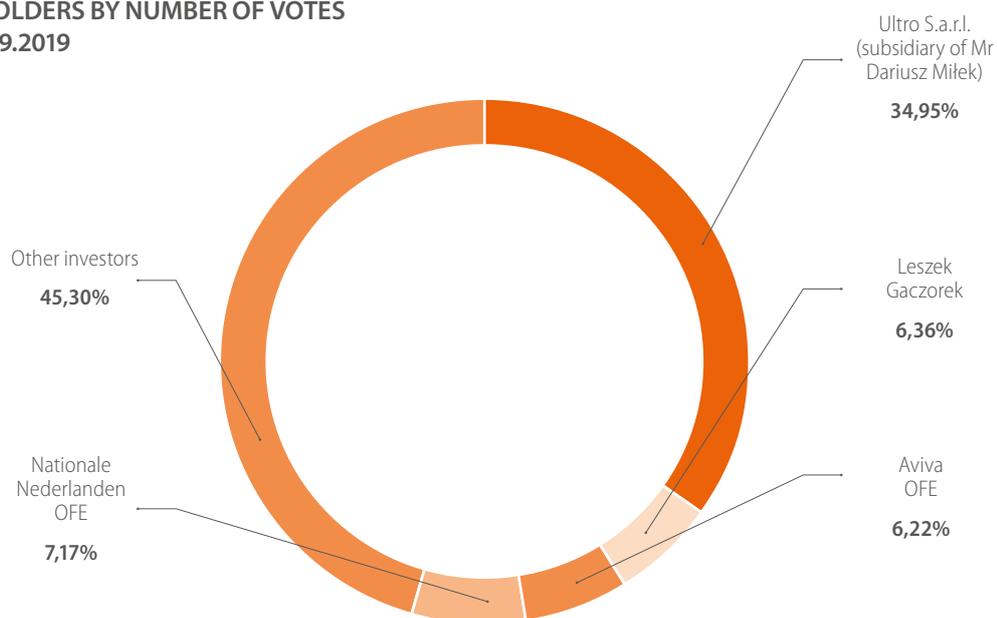
* data derived from the annual information on the structure of assets of Funds as of 31.12.2018.

** Shareholders holding less than 5% of votes at the General Meeting of Shareholders

SHAREHOLDERS BY NUMBER OF SHARES as of 30.09.2019



SHAREHOLDERS BY NUMBER OF VOTES as of 30.09.2019



At the date of submitting the report for the third quarter of 2019, the Company is not aware of other shareholders who have held at least 5% of votes at the General Meeting of Shareholders.

THE SHARES OF THE DOMINANT ENTITY AND SUBSIDIARIES BY MANAGING AND SUPERVISING PERSONS OF THE ISSUER

To the Issuer's best knowledge, the shareholding by managing and supervising persons is as follows:

SHAREHOLDER	NUMBER OF SHARES AT THE SUBMISSION DATE OF THE REPORT (PCS)	THE NOMINAL VALUE OF THE SHARES AT THE SUBMISSION DATE OF THE REPORT (PLN)
Management Board		
Ultro S.a.r.l. (subsidiary of Mr Dariusz Miłek) ^[1]	11 250 000	1 125 000
President Marcin Czyczerski	5 100	510
Vice President Mariusz Gnych	207 112	20 711
Vice President Karol Półtorak	5 500	550

[1] indirectly as the dominant entity in the company Ultro S.a.r.l.

INFORMATION ON CONCLUSION BY THE ISSUER OR ITS SUBSIDIARY OF ONE OR MORE RELATED PARTY TRANSACTIONS, IF THEY ARE INDIVIDUALLY OR JOINTLY MATERIAL AND WERE CONCLUDED ON NON-MARKET TERMS.

Not applicable.

INFORMATION ON THE CHANGE OF FINANCIAL INSTRUMENTS APPRAISAL METHOD (EXPRESSED SO FAR IN FAIR VALUE).

Not applicable.

INFORMATION ON THE FINANCIAL ASSETS CLASSIFICATION CHANGE DUE TO THE CHANGE OF AIM OR USE OF THE SAID ASSETS.

Not applicable.

INFORMATION THAT, IN THE ISSUER'S VIEW, IS CRITICAL FOR THE ASSESSMENT OF THE STAFFING, ASSET AND FINANCIAL SITUATION, THE FINANCIAL RESULT AND ANY CHANGES THERETO, AS WELL AS INFORMATION THAT IS CRITICAL FOR THE ASSESSMENT OF THE ISSUER'S ABILITY TO PERFORM ITS LIABILITIES..

According to the information published in RB No. 10/2019 of 28/02/2019, Mr. Dariusz Miłek resigned from the position of the President of the Management Board and membership in the Management Board of CCC SA, with effect from the moment of opening the Extraordinary General Meeting of the Company held on 11.04.2019. on the agenda of which will be the adoption of a resolution regarding the appointment of a member of the Company's Supervisory Board. The reason for resignation is the intention to run the Company's affairs from the level of the Supervisory Board, therefore Mr. Dariusz Miłek submitted his candidacy for the Chairman of the Company's Supervisory Board. At the same time, the President of the Management Board, Mr. Dariusz Miłek, nominated Mr. Marcin Czyczerski (previously the Vice President for Financial Affairs) as the President of the Management Board. On March 8, 2019, the Supervisory Board of CCC S.A. adopted a resolution regarding the appointment of Mr. Marcin Czyczerski as the President of the Management Board. Mr. Marcin Czyczerski performs this function from the moment of the appointment of Mr. Dariusz Miłek as Chairman of the Supervisory Board of CCC S.A.

INTERIM **CONSOLIDATED** FINANCIAL STATEMENTS FOR 3Q 2019



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	1.2019-9.2019	7.2019-9.2019	1.2018-9.2018	7.2018-9.2018
CONTINUING OPERATIONS			TRANSFORMED DATA	TRANSFORMED DATA
Sales revenue	4 127,8	1 447,7	3 122,4	1 192,9
Cost of sale of goods	(2 108,8)	(761,3)	(1 568,7)	(629,1)
Gross profit (loss) on sale	2 019,0	686,4	1 553,7	563,8
Cost of operating stores	(1 159,8)	(403,9)	(875,3)	(339,6)
Other cost of sale	(664,2)	(204,5)	(441,5)	(168,6)
Administrative expenses	(192,8)	(59,5)	(130,1)	(51,9)
Other cost and operating revenue	3,7	(2,3)	117,0	26,4
Operating profit (loss)	5,9	16,2	223,9	30,2
Finance revenue	10,9	3,4	28,5	11,8
Finance cost	(90,2)	(21,0)	(106,5)	(45,5)
Share of net profit (loss) of associates accounted for using the equity method	(26,9)	(23,0)	—	—
Profit (loss) before tax	(100,3)	(24,4)	145,9	(3,5)
Income tax	(17,1)	(19,0)	(24,5)	(15,8)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(117,4)	(43,4)	121,4	(19,3)
DISCONTINUED OPERATION				
NET LOSS FROM DISCONTINUED OPERATION	(46,5)	—	(77,6)	(26,7)
NET PROFIT (LOSS)	(163,9)	(43,4)	43,8	(46,0)
Attributable to shareholders of the parent company	(148,3)	(32,7)	37,8	(44,7)
Attributable to non – controlling interests	(15,6)	(10,7)	6,0	(1,3)
Other comprehensive income from continuing operations				
Attributable to be reclassified to profit – exchange rate differences upon conversion of reports of foreign entities	4,3	5,8	3,4	(4,9)
Non-attributable to be reclassified to result – other:	—	—	—	—
Actuarial profit (losses) related to employee benefits	—	—	—	—
Other comprehensive income from discontinued operation				
Attributable to be reclassified to profit – exchange rate differences upon conversion of reports of foreign entities	(0,3)	—	(0,4)	—
Non-attributable to be reclassified to result – other:	—	—	—	—
Actuarial profit (losses) related to employee benefits	—	—	—	—
Total net comprehensive income	4,0	5,8	3,0	(4,9)
TOTAL COMPREHENSIVE INCOME	(159,9)	(37,6)	46,8	(50,9)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

	1.2019-9.2019	7.2019-9.2019	1.2018-9.2018	7.2018-9.2018
Total comprehensive income attributable to:				
Shareholders of the parent company from:	(144,3)	(26,9)	40,8	(49,6)
– continuing operations	(97,5)	(26,9)	118,8	(22,9)
– discontinued operation	(46,8)	—	(78,0)	(26,7)
Non-controlling interests	(15,6)	(10,7)	6,0	(1,3)
Weighted average number of ordinary shares (mln pcs)	41,2	41,2	41,2	41,2
Basic earnings per share from continuing operations (in PLN)	(2,85)	(1,05)	2,95	(0,47)
Diluted earnings per share from continuing operations (in PLN)	(2,85)	(1,05)	2,95	(0,47)
Basic earnings per share from discontinued operation (in PLN)	(1,13)	—	(1,88)	(0,65)
Diluted earnings per share from discontinued operation (in PLN)	(1,13)	—	(1,88)	(0,65)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30.09.2019	31.12.2018
Intangible assets	328,1	261,7
Goodwill	227,1	202,5
Tangible fixed assets – investments in stores	649,0	615,4
Tangible fixed assets – factory and distribution	578,1	427,2
Tangible fixed assets – other	106,1	101,7
Right to use	2 048,5	1 870,1
Deferred tax assets	102,5	74,8
Loans granted	83,4	—
Other financial assets	124,2	10,1
Investments accounted for using the equity method	21,0	0,2
Investment property	4,5	—
Trade receivables	37,2	—
Long-term receivables	16,4	10,4
Total non-current assets	4 326,1	3 574,1
Inventories	2 164,4	1 806,1
Trade receivables	220,4	124,4
Income tax receivables	3,2	6,8
Loans granted	—	37,7
Other receivables	183,2	306,4
Cash and cash equivalents	467,3	375,8
Derivative financial instruments	4,3	1,3
Assets classified as held for sale	—	503,4
Total current assets	3 042,8	3 161,9
TOTAL ASSETS	7 368,9	6 736,0
Debt liabilities	311,0	210,0
Deferred tax liabilities	37,7	34,2
Liabilities to employees	13,1	12,7
Provisions	12,1	12,1
Grants received	19,7	19,2
Obligation to repurchase non-controlling interests	900,3	878,7
Lease liabilities	1 599,0	1 484,0
Total non-current liabilities	2 892,9	2 650,9

	30.09.2019	31.12.2018
Debt liabilities	1 268,0	806,8
Trade and other liabilities	1 301,9	864,2
Other liabilities	355,0	274,3
Income tax liabilities	25,1	29,0
Provisions	17,2	17,2
Grants received	2,4	2,4
Lease liabilities	525,6	425,2
Liabilities directly associated with assets classified as held for sale	—	518,2
Total current liabilities	3 495,2	2 937,3
TOTAL LIABILITIES	6 388,1	5 588,2
NET ASSETS	980,8	1 147,8
Equity		
Share capital	4,1	4,1
Share premium	645,1	645,1
Exchange rate differences from the translations	4,0	2,9
Actuarial valuation of employee benefits	(0,3)	(0,3)
Retained earnings	221,5	369,1
Equity attributable to the shareholders of the parent entity	874,4	1 020,9
Non-controlling interests	106,4	126,9
TOTAL EQUITY	980,8	1 147,8
TOTAL LIABILITIES AND EQUITY	7 368,9	6 736,0

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	1.2019-9.2019	1.2018-9.2018
Profit (loss) before tax	(146,2)	69,4
Amortization and depreciation	526,5	434,4
Impairment on fixed assets	2,2	—
Loss on investment activity	2,7	(4,1)
Share in profits (losses) of associated entities	26,9	—
Cost of borrowings	56,4	46,8
Other adjustments to profit before tax	81,3	(113,8)
Income tax paid	(35,3)	(41,4)
Cash flow before changes in working capital	514,5	391,3
Changes in working capital		
Change in inventory and inventory write-downs	(304,0)	(415,9)
Change in receivables	(35,0)	(72,6)
Change in current liabilities, excluding borrowings	390,2	594,6
Net cash flows from operating activities	565,7	497,4
Proceeds from the sale of tangible fixed assets	19,3	32,6
Repayment of loans granted and interest	—	—
Other inflows from investing activities	11,9	—
Purchase of intangible and tangible fixed assets	(369,8)	(268,1)
Loans granted	(112,7)	(9,1)
Payment related to purchase of Adler enterprise	(16,5)	—
Nabycie inwestycji Karl Voegele AG i Shoe Express SA	—	(132,4)
Payment related to investment in HR Group associate	(118,4)	—
Purchase of non-controlling interest	(9,4)	—
Other outflows from investing activities	(5,5)	—
Net cash flows from investing activities	(601,1)	(377,0)
Proceeds from borrowings	633,2	227,8
Issue of bonds	—	209,4
Dividends and other payments to owners	(4,2)	—
Repayment of borrowings	(75,0)	—
Wykup obligacji	(6,9)	(209,3)
Lease payments	(364,7)	(341,5)
Interest paid	(54,9)	(46,8)
Net cash flows from finance activities	127,5	(160,4)
TOTAL CASH FLOWS	92,1	(40,0)
Net increase/decrease of cash and cash equivalents	91,4	(35,6)
Exchange rate changes on cash and cash equivalents	(0,7)	4,4
Cash and cash equivalents at beginning of period	374,3	511,6
Cash and cash equivalents at the end of period	466,4	471,6

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE RATE DIFFERENCES UPON CONVERSION OF FOREIGN ENTITIES	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY						
As of 01.01.2018	4,1	644,9	453,1	(1,3)	(0,3)	67,8	1 168,3
Net profit (loss) for the period	—	—	56,7	—	—	—	56,7
Net profit (loss) attributable to non-controlling interests	—	—	2,6	—	—	(2,6)	—
Exchange rate differences from the translations	—	—	—	4,2	—	1,6	5,8
Total comprehensive income	—	—	59,3	4,2	—	(1,0)	62,5
Dividend payment	—	—	(94,7)	—	—	—	(94,7)
Valuation of employee option scheme	—	—	25,4	—	—	—	25,4
Issue of shares	—	0,2	—	—	—	—	0,2
Purchase of shares	—	—	—	—	—	60,1	60,1
Total transactions with owners	—	0,2	(69,3)	—	—	60,1	(9,0)
Obligation to purchase of own shares of subsidiary	—	—	(74,0)	—	—	—	(74,0)
As of 31.12.2018 (01.01.2019)	4,1	645,1	369,1	2,9	(0,3)	126,9	1 147,8
As of 31.12.2018 (01.01.2019)	4,1	645,1	369,1	2,9	(0,3)	126,9	1 147,8
Net profit (loss) for the period	—	—	(163,9)	—	—	—	(163,9)
Net profit (loss) attributable to non-controlling interests	—	—	15,6	—	—	(15,6)	—
Exchange rate differences from the translations	—	—	—	1,1	—	2,9	4,0
Total comprehensive income	—	—	(148,3)	1,1	—	(12,7)	(159,9)
Dividend resolution	—	—	(23,9)	—	—	—	(23,9)
Valuation of employee option scheme	—	—	17,4	—	—	—	17,4
Purchase of shares	—	—	—	—	—	8,8	8,8
Total transactions with owners	—	—	(6,5)	—	—	8,8	2,3
Acquisition of non-controlling interests	—	—	7,2	—	—	(16,6)	(9,4)
As of 30.09.2019 (01.10.2019)	4,1	645,1	221,5	4,0	(0,3)	106,4	980,8

2. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND OTHER COMPREHENSIVE INCOME

2.1 COST BY TYPE

Consolidated data

1.2019-9.2019	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(1 921,5)	—	—	—	(1 921,5)
<i>including discontinued operation:</i>	(10,0)	—	—	—	(10,0)
Consumption of materials and energy	(120,5)	(50,0)	(24,1)	(11,1)	(205,7)
<i>including discontinued operation:</i>	—	(0,5)	—	—	(0,5)
Provision for inventories	(19,6)	—	—	—	(19,6)
<i>including discontinued operation:</i>	(2,3)	—	—	—	(2,3)
Remuneration and employee benefits	(48,2)	(425,2)	(169,7)	(57,3)	(700,4)
<i>including discontinued operation:</i>	—	(7,6)	(0,6)	(0,5)	(8,7)
Cost of incentive program	—	—	—	(17,0)	(17,0)
Agent services	—	(4,7)	—	(0,3)	(5,0)
Transportation services	(1,3)	(4,1)	(141,7)	(0,2)	(147,3)
<i>including discontinued operation:</i>	—	(0,1)	—	(0,0)	(0,1)
Lease costs ^[1]	(0,3)	(121,5)	(24,3)	(9,0)	(155,1)
<i>including discontinued operation:</i>	—	(10,0)	(0,4)	(0,7)	(11,1)
Other outsourcing services	(9,7)	(86,8)	(184,8)	(38,2)	(319,5)
<i>including discontinued operation:</i>	—	(0,7)	(0,2)	(0,2)	(1,1)
Amortization	(3,5)	(471,6)	(30,1)	(21,3)	(526,5)
Taxes and charges	(0,9)	(7,3)	(4,1)	(29,6)	(41,9)
Other flat costs	(1,1)	(10,0)	(86,5)	(10,5)	(108,1)
<i>including discontinued operation:</i>	—	(2,5)	(0,5)	(0,3)	(3,3)
Change in products and production in progress	5,5	—	(0,6)	—	4,9
Total	(2 121,1)	(1 181,2)	(665,9)	(194,5)	(4 162,7)
<i>including discontinued operation:</i>	(12,3)	(21,4)	(1,7)	(1,7)	(37,1)

[1] utilities and other variable fees

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

1.2018-9.2018	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(1 456,0)	—	—	—	(1 456,0)
<i>including discontinued operation:</i>	(61,5)	—	—	—	(61,5)
Consumption of materials and energy	(131,1)	(48,0)	(19,7)	(5,0)	(203,8)
<i>including discontinued operation:</i>	—	(4,6)	(0,2)	(0,1)	(4,9)
Provision for inventories	(12,6)	—	—	—	(12,6)
Remuneration and employee benefits	(34,9)	(365,8)	(113,9)	(41,8)	(556,4)
<i>including discontinued operation:</i>	—	(51,6)	(6,0)	(2,6)	(60,2)
Cost of incentive program	—	—	—	(28,6)	(28,6)
Agent services	—	(21,8)	—	(0,1)	(21,9)
Transportation services	(1,3)	(1,2)	(94,8)	(0,1)	(97,4)
Lease costs	—	(97,6)	(22,7)	(5,7)	(126,0)
<i>including discontinued operation:</i>	—	(8,8)	(6,5)	(1,3)	(16,6)
Other outsourcing services	(0,7)	(54,1)	(137,7)	(34,5)	(227,0)
<i>including discontinued operation:</i>	—	(3,0)	(1,8)	(1,1)	(5,9)
Amortization	(1,8)	(407,8)	(16,1)	(9,8)	(435,5)
<i>including discontinued operation:</i>	—	(63,0)	(0,2)	(0,2)	(63,4)
Taxes and charges	(0,8)	(4,9)	(2,4)	(5,0)	(13,1)
<i>including discontinued operation:</i>	—	(0,1)	—	—	(0,1)
Other flat costs	(0,5)	(12,6)	(51,9)	(5,0)	(70,0)
<i>including discontinued operation:</i>	—	(7,4)	(3,0)	(0,2)	(10,6)
Change in products and production in progress	9,5	—	—	—	9,5
Total	(1 630,2)	(1 013,8)	(459,2)	(135,6)	(3 238,8)
<i>including discontinued operation:</i>	(61,5)	(138,5)	(17,7)	(5,5)	(223,2)

2.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

Consolidated data

	1.2019-9.2019	1.2018-9.2018
Total other costs		
Loss on disposal of tangible fixed assets	(2,8)	—
<i>including discontinued operation:</i>	(5,7)	—
Stocktaking net losses	(5,5)	(4,5)
Impairment on fixed assets and intangible assets	(2,2)	—
Provision establishment	(31,6)	—
<i>including discontinued operation:</i>	(31,6)	—
Other operating cost	(11,0)	—
<i>including discontinued operation:</i>	(0,3)	—
Loss on exchange rate differences on items other than debt	(6,7)	(6,1)
Total other operating costs	(59,8)	(11,4)
<i>including discontinued operation:</i>	(37,6)	—
Total other income		
Profit on disposal of tangible fixed assets	—	2,4
Profit from exchange rate differences on items other than debt	—	—
Compensations	3,9	0,8
Subsidy of SFRDP remuneration	3,0	2,7
Gain on bargain purchase of Karl Voegelé AG	—	104,3
Gain on sale of Simple	13,7	—
<i>including discontinued operation:</i>	13,7	—
Other operating income	19,1	17,4
<i>including discontinued operation:</i>	0,1	—
Total other operating income	39,7	127,6
<i>including discontinued operation:</i>	13,8	—
Total other operating costs and income	(20,1)	117,0
<i>including continuing operations:</i>	3,7	117,0
<i>including discontinued operation:</i>	(23,8)	—

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

	1.2019-9.2019	1.2018-9.2018
Finance cost		
Interest on borrowings and bonds	(27,3)	(19,0)
Interest on leasing	(26,7)	(23,9)
<i>including discontinued operation:</i>	(0,2)	(4,7)
Result on exchange rates	(7,6)	(45,3)
Commissions paid	(2,3)	(3,4)
Valuation of non-realized put option of non-controlling interests	(21,6)	(19,1)
Valuation of HRG option	(2,8)	—
Other finance cost	(2,1)	(0,5)
Total finance cost	(90,4)	(111,2)
<i>including discontinued operation:</i>	(0,2)	(4,7)
Finance revenue		
Interest from current account and other	4,6	2,0
Result on exchange rates	4,3	12,1
<i>including discontinued operation:</i>	0,1	—
Other finance revenue	2,1	2,5
Valuation of financial instruments	—	11,9
Total finance revenue	11,0	28,5
<i>including discontinued operation:</i>	0,1	—

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

2.3 PROVISIONS

Consolidated data

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	OTHER PROVISIONS	TOTAL
As of 31.12.2018	12,5	12,8	4,0	29,3
Current	1,5	12,8	2,9	17,2
Non-current	11,0	—	1,1	12,1
As of 01.01.2019	12,5	12,8	4,0	29,3
Establishment	0,9	3,7	—	4,6
Utilisation	(0,1)	(1,0)	(2,4)	(3,5)
Release	—	—	(1,5)	(1,5)
Exchange rate differences	(0,2)	0,1	—	(0,1)
Increase related to acquisition of subsidiary	0,5	—	—	0,5
As of 30.09.2019	13,6	15,6	0,1	29,3
Current	1,8	15,4	—	17,2
Non-current	11,8	0,2	0,1	12,1

2.4 DEFERRED TAX ASSETS AND LIABILITIES

Consolidated data

	30.09.2019	CREDITING TO /(CHARGING) FINANCIAL RESULT	31.12.2018	CREDITING TO /(CHARGING) FINANCIAL RESULT	01.01.2018
Assets					
Trademarks	20,6	(3,0)	23,6	(4,1)	27,7
Inventories – adjustment of margin on intragroup sale	11,8	3,3	8,5	1,5	7,0
Impairment of assets	3,5	(0,2)	3,7	1,2	2,5
Provisions for liabilities	24,0	11,6	12,4	4,8	7,6
Special economical zone relief	2,1	(0,5)	2,6	2,6	—
Call option on HRG acquisition	0,5	0,5	—	—	—
Others	8,0	2,2	5,8	(2,5)	8,3
Tax losses	30,0	1,8	28,2	12,4	15,8
Leasing valuation	17,0	13,7	3,3	3,3	—
Total before offsetting	117,5	29,4	88,1	19,2	68,9
Liabilities					
Accelerated tax depreciation of tangible fixed assets	10,0	0,4	9,6	5,1	4,5
Others	4,3	(0,3)	4,6	1,9	2,7
Purchase of intangible assets revealed during acquisition of subsidiaries	38,4	5,1	33,3	1,6	31,7
Total before offsetting	52,7	5,2	47,5	8,6	38,9
Offsetting	15,0	1,7	13,3	7,6	5,7
Balance of deferred tax in the balance sheet:					
Assets	102,5	27,7	74,8	8,3	66,5
Liabilities	37,7	3,5	34,2	1,0	33,2

2.5 CHANGE IN WRITE-DOWNS ON CURRENT RECEIVABLES, ON INVENTORIES, ON IMPAIRMENT OF TANGIBLE FIXED ASSETS

Consolidated data

WRITE-DOWN (IN MLN PLN)	FIXED ASSETS	INVENTORIES	RECEIVABLES
As of 01.01.2019	63,7	41,5	1,4
Increase:	2,2	17,3	0,7
Decrease:	(57,0)	(4,1)	—
Exchange rate differences	0,3	1,9	—
As of 30.09.2019	9,2	56,6	2,1

WRITE-DOWN (IN MLN PLN)	FIXED ASSETS	INVENTORIES	RECEIVABLES
As of 01.01.2018	—	12,2	0,9
Increase:	—	5,2	0,1
Decrease:	—	(1,7)	—
Exchange rate differences	—	—	—
As of 30.09.2018	—	15,7	1,0
Increase: ^[1]	63,7	30,9	0,4
Decrease:	—	(5,1)	—
Exchange rate differences	—	—	—
As of 31.12.2018	63,7	41,5	1,4

[1] including the amount of the increase as a result of the acquisition of a subsidiary

2.6 EARNINGS PER SHARE

In the reporting period basic and diluted earnings per share amounted to PLN 2,85 (in 2018 it was respectively PLN 2,95). The existence of A-series subscription warrants granted under the incentive scheme does not significantly affect the calculation of diluted earnings per share.

3. REPORTING SEGMENTS

Operating segments are presented in a manner consistent with internal reporting submitted to the Group Management Board, on the basis of which it shall evaluate the results and decide on the allocation of resources.

The Management Board analyses Group's performance from the geographical and product perspective:

- from a geographical perspective, the Management Board analyses the activities in Poland, the European Union and other countries;
- from the perspective of product, the Management Board analyses the e-commerce, wholesale and retail activities in each of these geographic areas.

REPORTING SEGMENT	DESCRIPTION OF THE REPORTING SEGMENT AND USED MEASURES OF THE RESULT	PREMISES OF AGGREGATION OF OPERATING SEGMENTS INTO REPORTING SEGMENTS, INCLUDING ECONOMIC CIRCUMSTANCES TAKEN INTO ACCOUNT IN ASSESSING THE SIMILARITY OF THE ECONOMIC CHARACTERISTICS OF THE OPERATING SEGMENTS
Distribution activities – retail in Poland. Stores operate in the chain CCC, eObuwie and Gino Rossi.		
Distribution activities – retail in the European Union – Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria, Romania). Stores operate in the chain CCC and Voegelé.	Each own individual store operating in the said country constitutes the operating segment. Stores sell footwear handbags shoe care products, small leather goods and clothing in their own facilities, within the chain CCC.	The financial information was aggregated in total for the chain CCC by geographic markets due to: <ul style="list-style-type: none"> • Similarity of long-term average gross margins • Similar nature of the goods (such as footwear, handbags, shoe care accessories, clothing accessories), • Similar way of distributing the goods, Similar categories of customers (sale made in own facilities and directed to retail customers)
Distribution activities – retail in the European Union – Western Europe (Austria, Switzerland). Stores operate in the chain CCC	Measures of the result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold, direct selling costs relating to the operations of the retail chain (stores operating costs) and the cost of organizational units supporting the sale.	
Distribution activities – retail in other countries (Russia, Serbia, Turkey). Stores operate in the chain CCC.		
Distribution activities – e-commerce	The whole activity is conducted by the companies: eobuwie.pl S.A., DeeZee sp. z o.o., Karl Voegelé AG and Gino Rossi S.A. dealing with the distribution of goods via the Internet. The Companies sell footwear, handbags, shoe care accessories, small fashion finery, etc. to domestic and foreign retailers. Measures of the result is the gross sales profit calculated in relation to the external sales and the operating result of the segment, which is the difference between the sale, the cost of goods sold and the direct sales costs related to the functioning of the sales channel (e.g. logistics costs).	

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

REPORTING SEGMENT	DESCRIPTION OF THE REPORTING SEGMENT AND USED MEASURES OF THE RESULT	PREMISES OF AGGREGATION OF OPERATING SEGMENTS INTO REPORTING SEGMENTS, INCLUDING ECONOMIC CIRCUMSTANCES TAKEN INTO ACCOUNT IN ASSESSING THE SIMILARITY OF THE ECONOMIC CHARACTERISTICS OF THE OPERATING SEGMENTS								
Distribution activities – wholesale	The whole activity is carried out by CCC.eu dealing with the distribution of goods to the companies of the Group. The Company sells footwear, handbags, shoe care products, clothing accessories to domestic and foreign franchisees and other wholesale customers. Measures of result is the gross sales profit calculated in relation to the external sales and the segment's operating profit being the difference between the sales, cost of goods sold and direct selling costs relating to the operation of the distribution network (including logistics costs).									
Manufacturing activities	Manufacturing of leather shoes for women is carried out in Poland. Measures of result is the result of operating segment being the difference between the sales, cost of goods sold and direct costs of sales.									
Discontinued operation	Stores CCC in Germany and Simple sold before 30.09.2019.									
		DISTRIBUTION ACTIVITY								
		RETAIL								
		POLAND	UE – CEE	UE – WESTERN EUROPE	OTHER COUNTRIES	E-COMMERCE	WHOLESALE	MANUFACTURING ACTIVITY	TOTAL	DISCONTINUED OPERATION
1.2019-9.2019										
Total sales revenue		1 620,3	778,8	452,2	107,8	995,3	1 980,0	119,9	6 054,3	15,1
Revenue from sales to other segments		—	—	—	—	—	(1 814,3)	(119,7)	(1 934,0)	—
Revenue from sales from external customers		1 620,3	778,8	452,2	107,8	995,3	165,7	0,2	4 120,3	15,1
Gross profit on sale		804,4	445,4	249,9	57,2	422,4	32,7	(0,5)	2 011,5	2,8
Gross margin		49,6%	57,2%	55,3%	53,1%	42,4%	19,7%	—	48,8%	18,6%
PROFIT OF SEGMENT		196,6	15,2	(98,0)	(11,4)	71,3	14,3	(0,5)	187,5	(20,3)
Assets of segments										
Fixed assets except other financial assets and deferred tax assets and granted loans		1 463,7	912,5	577,3	258,2	527,7	290,4	69,6	4 099,4	—
Deferred tax assets		10,1	0,2	—	0,9	11,3	26,1	3,1	51,7	—
Inventories		524,2	281,7	218,3	75,6	417,5	670,8	38,8	2 226,9	—
Outlays on tangible fixed assets and intangibles		639,4	273,3	94,1	54,0	404,1	126,8	69,6	1 661,3	—
Other revenue/costs:										
Amortization and depreciation		(199,1)	(144,1)	(107,3)	(20,6)	(8,4)	(0,8)	—	(480,3)	—
Impairment loss of tangible fixed assets and intangibles		—	—	(2,2)	—	—	—	—	(2,2)	—

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 3Q 2019

[in PLN million unless otherwise stated]

1.2018-9.2018	DISTRIBUTION ACTIVITY							TOTAL	DISCONTINUED OPERATION
	RETAIL				E-COMMERCE	WHOLESALE	MANUFACTURING ACTIVITY		
	POLAND	UE – CEE	UE – WESTERN EUROPE	OTHER COUNTRIES					
Total sales revenue	1 412,3	660,1	243,3	75,5	649,8	1 685,6	180,7	4 907,3	151,7
Revenue from sales to other segments	—	—	—	—	—	(1 604,6)	(180,3)	(1 784,9)	—
Revenue from sales from external customers	1 412,3	660,1	243,3	75,5	649,8	81,0	0,4	3 122,4	151,7
Gross profit on sale	709,4	370,5	142,0	40,4	265,9	25,5	—	1 553,7	90,2
Gross margin	50,2%	56,1%	58,4%	53,5%	40,9%	31,5%	n/a	49,8%	59,4%
PROFIT OF SEGMENT	174,6	26,6	(61,6)	(0,2)	77,8	19,8	—	237,0	(66,0)
Assets of segments									
Fixed assets except other financial assets and deferred tax assets and granted loans	1 168,9	800,7	1 273,6	118,3	349,2	63,1	72,1	3 845,9	—
Deferred tax assets	8,4	—	1,9	1,7	7,3	23,0	2,6	44,9	—
Inventories	333,8	218,1	221,5	43,3	313,0	815,5	42,4	1 987,6	—
Outlays on tangible fixed assets and intangibles	509,2	244,4	153,8	34,5	238,3	63,1	72,1	1 315,4	—
Other revenue/costs:									
Amortization and depreciation	(160,6)	(106,9)	(64,5)	(11,8)	(3,1)	(0,6)	(1,8)	(349,3)	(63,2)
Impairment loss of tangible fixed assets and intangibles	—	—	—	—	—	—	—	—	—

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

	1.2019-9.2019			1.2018-9.2018		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENT
Total sales revenue	6 054,3	(1 934,0)	4 120,3	4 907,3	(1 784,9)	3 122,4
Sales revenue not allocated to the segment	7,5	—	7,5	—	—	—
Sales revenue in the financial statement	—	—	4 127,8	—	—	3 122,4
Cost of goods sold in the financial statement	—	—	(2 108,8)	—	—	(1 568,7)
Gross profit on sale	2 011,5	—	2 011,5	1 553,7	—	1 553,7
Gross profit on sale not allocated to the segment	7,5	—	7,5	—	—	—
Gross profit on sale in the financial statement	2 019,0	—	2 019,0	—	—	—
Gross margin	(1 824,0)	—	(1 824,0)	(1 316,7)	—	(1 316,7)
Performance of segment	195,0	—	195,0	237,0	—	237,0
Not allocated cos of sale	—	—	—	—	—	—
Administrative expenses	—	—	(192,8)	—	—	(130,1)
Other cost and operating revenue	—	—	3,7	—	—	117,0
Finance revenue	—	—	10,9	—	—	28,5
Finance cost	—	—	(90,2)	—	—	(106,5)
Share in profits (losses) of associated entities	—	—	(26,9)	—	—	—
Profit before tax	—	—	(100,3)	—	—	145,9
Assets of segments						
Fixed assets except other financial assets and deferred tax assets and granted loans	4 099,4	—	4 099,4	3 845,9	(4,9)	3 841,0
Deferred tax assets	51,7	50,8	102,5	44,9	35,5	80,4
Inventories	2 226,9	(62,5)	2 164,4	1 987,6	(46,9)	1 940,7
Outlays on tangible fixed assets and intangibles	1 661,3	—	1 661,3	1 315,4	(4,9)	1 310,5
Other revenue/costs:						
Amortization and depreciation	(480,3)	(46,2)	(526,5)	(349,3)	(23,1)	(372,4)
Impairment loss of tangible fixed assets and intangibles	(2,2)	—	(2,2)	—	—	—

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

	SALES REVENUE		FIXED ASSETS (EXCEPT FINANCIAL INSTRUMENTS AND DEFERRED TAX)	
	01.2019-09.2019	01.2018-09.2018	30.09.2019	30.09.2018
CONTINUING OPERATIONS				
Poland	1 620,3	1 412,3	1 823,9	1 299,2
Switzerland	357,8	147,6	330,5	355,5
Czech Republic	211,7	199,8	206,2	193,4
Hungary	164,4	158,3	189,5	202,6
Slovakia	124,3	113,1	116,7	110,5
Austria	94,4	95,8	246,7	370,5
Romania	163,1	119,9	213,9	170,2
Russia	87,5	61,8	172,3	77,0
Croatia	55,8	48,2	75,1	57,2
Slovenia	34,8	30,4	56,3	32,2
Bulgaria	24,7	19,1	54,7	34,6
Serbia	20,3	13,7	85,9	41,3
Other	173,4	52,7	—	—
e-commerce	995,3	649,8	527,7	349,2
DISCONTINUED OPERATION	15,1	151,7	—	547,6
Germany	11,6	151,7	—	547,6
Poland	3,5	—	—	—
Total	4 142,9	3 274,2	4 099,4	3 841,0
Deferred tax			102,5	80,4
Financial instruments			124,2	—
Total assets			4 326,1	3 921,4

4. ACQUISITION OF SUBSIDIARIES AND TRANSACTIONS WITH RELATED ENTITIES

4.1 ACQUISITION OF INVESTMENT IN HR GROUP HOLDING S.A.R.L.

According to the information published in Current Report No. 5/2019 as of 31.01.2019, on 30-31.01.2019, after fulfilling the conditions precedent provided for in the agreements, the transaction of acquisition by CCC S.A. of a non-controlling block of shares in HR Group Holding S.à r.l. seated in Luxembourg („HR Group“ or HRG) and sale of 100% of shares in the subsidiary CCC S.A., CCC Germany GmbH, was closed.

Upon closing of the transaction on January 31, 2019, the remaining transaction agreements entered into force, which the Company reported in Current Report No. 52/2018 of November 24, 2018, i.e. the Operational Contribution Agreement, the Shareholders Agreement and the Option Agreement.

In performance of the operating contribution agreement on 31 January 2019, the Company concluded a loan agreement with HR Group under which the loan granted to HR Group will amount to EUR 41.5 million (the discounted value of the loan as at the acquisition date is EUR 40.94 million) and will bear interest at 8% per annum. HR Group will use these funds to integrate CCC Germany GmbH with HR Group by closing selected unprofitable stores operated by CCC Germany GmbH, to make rebranding of selected stores operated so far under the „CCC“ brand by CCC Germany GmbH to the „RENO“ brand, which will continue to operate and integrate other activities of CCC Germany GmbH with HR Group. The loan shall be disbursed in instalments in accordance with the conditions laid down by the parties in the operational contribution agreement and the loan agreement.

On the day of the transaction CCC S.A. received a CALL option for the purchase of the remaining (69.45%) shares of HR Group Holding S.a.r.l. for EUR 53.6 million in the option with a maturity of 6 months and for EUR 74.6 million in the option with a maturity of 24 months. The Management Board of the Company decided not to exercise the call option with a maturity of 6 months.

Additionally CCC S.A. issued a PUT option to Capiton for 0.32% of preferred shares of HR Group Holding S.a.r.l. with the execution amount of EUR 4.5 million.

The valuation of the provided option CALL 6M and 24M and PUT was prepared taking into account the strategic premises as to the probability of option exercise. In particular, it was assumed that the probability of exercising the CALL 6M option is low (close to zero), due to the fact that the maturity of the 6M option falls within 6 months from the date of the sale of CCC Germany and the acquisition of a block of HRG shares. The basic strategic assumption of this transaction was to give HRG control over the activities of CCC Germany in order to restructure its activities and then integrate it with the HRG business. As at the date of exercising the 6M option, i.e. six months after the transaction, it is not possible to reliably assess the progress of both the restructuring and integration process. Due to the relative attractiveness of the purchase price of shares under the 6M option (strike price lower than under the 24M option), its possible exercise forces the company to take control over HRG, together with the risk of failure in the described restructuring and integration processes. According to the Management Board, the likelihood of exercising the 6M option reflects correctly the low strategic rationale of exercising the 6M option in the context of the perception of the market value of the discussed option by other market participants.

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 a total of 30.55% of the total number of votes at the General Meeting of Shareholders.

The purchase price of 30.55% of HRG shares by CCC was set at EUR 11.5 million, which in PLN terms is PLN 49.4 million as at the acquisition date.

The process of allocating the purchase price to the acquired assets and liabilities under the above-mentioned transactions has not been completed due to the ongoing period

of integration and verification of risks and evaluation of the quality of the acquired operating assets. In particular, the process of measurement of tangible fixed assets and intangible assets to fair value (including, among others, the acquired trademark and customer databases taken over) was not completed. The value of acquired tangible fixed assets and intangible assets was disclosed according to their values resulting from measurements (fair value).

Therefore, the fair value of assets and liabilities was measured provisionally in these financial statements.

FORM OF PAYMENT AND INSTRUMENTS PURCHASED

The fair value of the transferred payment amounted to EUR 57.0 million (PLN 244.4 million), which corresponds to the sum of the amounts:

	IN MLN EUR	IN MLN PLN
purchase of ordinary shares of HRG from Flo and Caption	4,7	21
the purchase of privileged HRG shares from Flo and Caption	21,2	90,1
providing an operational contribution to execute the restructuring of CCC Germany ^[1]	40,9	175,2
transaction costs	1,7	7,1
sale of 100% of shares in CCC Germany ^[2]	-10,1	-43,2
disposal of net assets of CCC Germany ^[3]	-1,4	-5,8
TOTAL	57,0	244,4

[1] As at 30 June 2019, the CCC Group made payments to HRG in the amount of EUR 17.0 million (PLN 72.7 million). Moreover, in the statement of financial position, the Group presents a commitment to make a contribution in the amount of PLN 101.4 million.

[2] The fair value of 100% of CCC Germany's net assets was revalued as at 31 January 2019 and changed by EUR 7.6 million (PLN 31.6 million) compared to 31 December 2018. Costs related to revaluation were presented in discontinued operations as other operating expenses.

[3] The disposal of CCC Germany's net assets as at 31 January 2019 was recognised as an adjustment to the purchase price of the HR Group.

The fair value of the acquired instruments amounted to EUR 57.0 million (PLN 244.4 million), which corresponds to the sum of the amounts:

	IN EUR MILLION	IN PLN MILLION
Conversion of preference shares into a claim on HRG ^[1]	18,3	78,3
Total call/put option ^[2]	21,3	116,7
Share of 30.55% in HR Group Holding S.a.r.l.	11,5	49,4
TOTAL	57,0	244,4

[1] Discounted value of CCC's receivables from HRG with a nominal value of EUR 21.2 million. CCC S.A. paid EUR 21,20 million for the preference shares in HRG (at the time of the transaction the conversion of these shares into an unconditional receivable of CCC from HRG with a maturity of 30.09.2024 was carried out). The receivable was recognized in the amount of PLN 79.2 million in the balance sheet item „Loans granted”, after taking into account the discount reversal.

[2] The value of the total call/put option as at 30.06.2019 amounted to EUR 21.8 million (PLN 93.6 million) and is presented under the balance sheet item „Other financial assets”. The resultant effect of option valuation was presented in financial costs.

FAIR VALUE OF ACQUIRED ASSETS AND LIABILITIES

The table below presents provisional fair values of the acquired net assets of the HR Group broken down by major categories.

	FAIR VALUE AS AT 31.01.2019	
	IN EUR THOUSAND	IN PLN THOUSAND
Assets		
Trade mark „RENO”	104 384,80	446 787,82
Relations with wholesale customers	12 053,50	51 591,39
Other intangible assets	7 401,80	31 681,18
Tangible fixed assets	257 444,60	1 101 914,38
Non-current receivables	15,00	64,20
Non-current investments	88,00	376,66
Deferred tax assets	68 626,70	293 736,00
Inventories	111 979,00	479 292,52
Current receivables	13 424,60	57 459,97
Current investments	3 884,70	16 627,29
Other receivables	5 380,70	23 030,47
Total assets	584 683,40	2 502 561,89

	FAIR VALUE AS AT 31.01.2019	
	IN EUR THOUSAND	IN PLN THOUSAND
Liabilities		
Provisions for liabilities	2 608,70	11 165,76
Deferred tax liabilities	102 384,70	438 226,99
Non-current liabilities	324 855,20	1 390 445,23
Current liabilities	70 626,20	302 294,26
Total liabilities	500 474,80	2 142 132,24
Net assets	84 208,60	360 429,65
Share of CCC	23 747,1	101 642,3

The adjusted net assets after taking the 30.55% share in HRG into account, amounted to EUR 23,747.1 thousand.

The fair value of the acquired receivables does not differ from the book values.

As a result of transaction settlement, the Group recognized an investment of PLN 49.13 million, call options of PLN 116.7 million, long-term loans granted of PLN 78.3 million, and liabilities due to payment obligations towards the associated company of PLN 175.2 million.

Revenues of HR Group Holding S.a.r.l. (as the whole Group) from 31 January 2019 to 30 September 2019 amounted to PLN 1,268.2 million. The net loss of HR Group Holding S.a.r.l. in the same period amounted to PLN -89.3 million, of which PLN -27.3 million was recognized in the consolidated statement of financial result and other comprehensive income as a 30.55% share in the profits/losses of associated entities.

PROFIT ON A BARGAIN PURCHASE

Due to the fact that on 30.09.2019 the Group did not complete the process of allocation of the purchase price, the Management Board of the Company decided not to recognize the profit from a bargain purchase (surplus of CCC share in net assets of HR Group (PLN 101 million) over the purchase price of 30.55% of shares in HR Group Holding S.a.r.l. PLN 49.13m) until the final settlement.

The financial year of HRG ends on 30 September and does not coincide with the financial year of the parent company, therefore the associated company prepares additional consolidated financial statements for the needs of the parent company on the same day as the parent company.

4.2 ACQUISITION OF GINO ROSSI S.A.

On 25.02.2019 The Management Board of CCC S.A. informed about the completion of the subscription for the sale of shares of the company Gino Rossi S.A. based in Słupsk on 15.02.2019. The Company announced a tender offer for the sale of 50,333,095 ordinary bearer shares, i.e. all shares issued by Gino Rossi S.A., entitling to 100% of the total number of votes at the General Meeting of Shareholders, at a price of PLN 0.55 per share.

As a result of the settlement of the call to purchase the shares on 20 February 2019. CCC S.A. purchased 33,283,510 shares representing in total 66.13% of the share capital of Gino Rossi and entitling to 33,283,510 votes at the General Meeting of Gino Rossi representing 66.13% of the total number of votes at the General Meeting of Gino Rossi.

The purchase price amounted to PLN 0.55 per share, so the payment was PLN 18,311 thousand.

The process of allocating the purchase price to the acquired assets and liabilities under the above-mentioned transactions has not been completed due to the ongoing period of integration and verification of risks and evaluation of the quality of the acquired operating assets. In particular, the process of measurement of tangible fixed assets and intangible assets to fair value (including, among others, the acquired trademark and customer databases taken over) was not completed. Such recognition is provisional and will be changed when the process of allocating the purchase price is completed.

The acquisition of control took place on 20 February 2019 along with the settlement of the tender offer to acquire the company's shares.

The acquisition of non-controlling interests (PLN 8.7m) and goodwill (PLN 24.0m in total) are also of a similar nature. Non-controlling interests were measured at fair value.

The goodwill of PLN 24.0m resulting from the acquisition consists mainly of synergies and economies of scale expected from the merger of CCC and Gino Rossi.

FAIR VALUE OF ACQUIRED ASSETS AND LIABILITIES

The table below presents provisional fair values of the acquired net assets of Gino Rossi broken down by main categories.

	FAIR VALUE AS AT 20.02.2019 IN PLN THOUSAND
Assets	
Trade mark „Gino Rossi“	29 998,0
Loyalty customer base	0,0
Other intangible assets	2 240,0
Rights of use	45 674,0
Tangible fixed assets	30 519,0
Other non-current receivables	601,0
Investment properties	4 495,0
Deferred tax assets	5 053,0
Inventories	54 333,0
Trade receivables	761,0
Other current receivables	2 918,0
Cash and cash equivalents	2 529,0
Total assets	179 121,0
Liabilities	
Provisions	3 570,0
Deferred tax liabilities	7 065,0
Trade liabilities	30 986,0
Current part of interest-bearing loans and borrowings	56 458,0
Bill of exchange liabilities	5 339,0
Leasing liabilities	45 674,0
Other liabilities	27 050,0
Total liabilities	176 142,0
Net assets	2 979,0
Acquisition price paid	18 311,0
Cash and cash equivalents purchased	2 529,0
Outflow disclosed in the statement of cash flows	15 782,0
CALCULATION OF GOODWILL (IN PLN THOUSAND)	
Payment made	18 311
Non-controlling interests	8 695
Net assets and liabilities of Gino Rossi	-2 979
Goodwill	24 027

If Gino Rossi S.A. was consolidated as of 1 January 2019, the consolidated statement of comprehensive income would show pro-forma revenue of PLN 22.3 million and pro-forma loss of PLN -14.2 million (including discontinued operations, loss of PLN -7.2 million).

The revenues of Gino Rossi S.A. recognised in the consolidated statement of comprehensive income from 20 February 2019 to 30 September 2019 amounted to PLN 91.3 million. In addition, Gino Rossi S.A. reported a net profit of PLN 18.5 million in the same period.

SALE OF SIMPLE 10.05.2019

On 10 May 2019, the Management Board of Gino Rossi S.A. informed about concluding with Closed Investment Fund FORUM 82, with its registered office in Kraków represented by FORUM TFI S.A. with its registered office in Kraków, a conditional agreement for the sale of 100% of shares in the share capital of Simple Creative Products S.A. with its registered office in Warsaw. The sale price of Simple Shares is PLN 1.00. Due to the fact that the intention of the Group at the acquisition of Gino Rossi was the subsequent sale of Simple, for the purpose of accounting for the acquisition of Gino Rossi, Simple net assets was valued at the sales price level. Therefore, for the purpose of accounting for the acquisition, the Group measured the net assets of Gino Rossi S.A. at Simple up to PLN 1.00.

CALCULATION OF GOODWILL

The goodwill was calculated as follows:

CALCULATION OF GOODWILL (IN PLN THOUSAND)	
Payment made	18 311
Non-controlling interests	8 695
Net assets and liabilities of Gino Rossi	-2 979
Goodwill	24 027

PURCHASE OF RECEIVABLES FROM GINO ROSSI S.A.

On 18 December 2018 CCC purchased from PKO BP S.A. bank receivables under loans granted to Gino Rossi in the total amount of PLN 68.5 million for the price of PLN 37.7 million. PLN. In addition, CCC also purchased bank receivables on account of guarantees granted (actual payments made by CCC on account of executed guarantees amounted to PLN 1.8 million). In the process of allocating the purchase price, the difference between the nominal value of receivables and the paid purchase price was recognized as an adjustment of Gino Rossi's liability to fair value.

The fair value of Gino Rossi's liabilities towards CCC within the allocation of the purchase price was determined at the level of PLN 37.7 million.

CAPITAL INCREASE OF GINO ROSSI S.A.

On 24 May 2019, CCC concluded with Gino Rossi S.A. an agreement on taking up shares in the increased share capital of Gino Rossi. Under the agreement, CCC accepted an offer to acquire newly created shares in the share capital of Gino Rossi, i.e. ordinary registered shares of series K with a nominal value of PLN 0.50 each and a total nominal value of PLN 60.3 million, at the issue price of PLN 0.50 per share and the total issue price of PLN 60.3 million. The capital increase took place through the conversion of debt of Gino Rossi S.A. toward CCC S.A.

On 12 July 2019 there was a settlement of a squeeze-out of shares of Gino Rossi S.A. („Gino Rossi“) belonging to all minority shareholders of Gino Rossi announced on 9 July 2019 pursuant to Article 82 (1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws of 2018, item 512, as amended) („Squeeze-Out“).

The subject of the squeeze-out were all shares in Gino Rossi owned by all minority shareholders of Gino Rossi, i.e. 17,049,585 ordinary bearer shares with a nominal value of PLN 0.50 (fifty groszy) each, representing approx. 9.98% of the share capital of Gino Rossi and entitling to 17,049,585 votes at the general meeting of shareholders of Gino Rossi, which corresponds to 9.98% of the total number of votes in Gino Rossi

4.3 ACQUISITION OF DEEZEE SP. Z O.O.

On 23 October 2018 CCC S.A. Capital Group (through CCC Shoes and Bags Sp. z o.o.) acquired 51% of shares of DeeZee Sp. z o.o. based in Kraków (Poland) („DeeZee”). The acquired shares constitute 51% of the share capital of DeeZee and represent 51% of votes at the General Meeting of DeeZee. The payment for the shares amounted to PLN 13.0 million payable in cash.

The CCC Group took control of DeeZee Company at the time of acquisition, obtaining the ability to control its operating and financial activities and the exclusive right to change the Members of the Management Board. The CCC Group actively participates in the current activities of the DeeZee Company and in strategic planning.

Additionally, the investment agreement provides for 2 options to purchase the remaining 49% stake in DeeZee by the CCC Group. If the put option (by DeeZee) or the call option (by the CCC Group) is exercised, the CCC Group will be obliged to purchase a 49% stake under two possible scenarios. They provide an option I to acquire 24% of shares in DeeZee’s share capital at PLN 7m and option II to acquire the remaining 25% of shares at a price defined as 25% of the amount calculated as twelve times EBITDA for 2021 and 2023 less net debt or, in the event of a breach of an obligation under the investment agreement, 25% of the amount calculated as sixteen times EBITDA for 2021 and 2023 less net debt.

Options shall be exercisable from 1 July 2024 until 30 September 2024 at the latest.

Initiating the exercise of the option by one of the parties will result in the settlement of the option. The settlement price is the same for both parties. The obligation to acquire a non-controlling block of shares resulting from the put option was recognized in the consolidated financial statements at the present value estimated at the time of recognition of remuneration for the remaining shares and recognized in equity (retained earnings) in the amount of PLN 20.5 million.

The liability was estimated based on DeeZee’s 25% forecast of the difference between EBITDA multiplied by 12 and net debt for 2021 and 2023.

The nominal value of the liability resulting from the multiplication factor of 25% x (12 x EBITDA – net debt) amounted to PLN 23.2 million as at the acquisition date and PLN 23.1 million as at the balance sheet date.

The nominal amount calculated in the above manner was discounted with an interest rate at the level of the average cost of debt for CCC S.A. The liability value as at the acquisition date was PLN 20.3 million and PLN 20.5 million as at the balance sheet date.

Liabilities due to the non-controlling redemption of shares in DeeZee is a variable price, calculated based on EBITDA and net debt of the company. Due to such a price structure, it is probable that the risks and benefits related to the non-controlling block of shares covered by the option were not transferred to the CCC Group as at the date of option issuance. Therefore, the financial liability under the put option decreases the equity.

DeeZee has been operating on the Polish online footwear market since 2005 and is one of the most recognizable independent online stores in this segment. This transaction is the next stage of e-commerce development, in line with the strategy of the CCC Group – entering one of the most prospective markets, especially in terms of margins and profitability.

The goodwill of PLN 6.3m resulting from the acquisition consists mainly of synergies and economies of scale expected from the merger of CCC and DeeZee as well as the acquired DeeZee customer base.

None of the recognised elements of goodwill will constitute tax deductible expenses.

Due to the ongoing process of integration, identification and valuation of risk, assets and liabilities of the acquired business, the final settlement and allocation of the purchase price has not yet been completed. Therefore, as at 31 December 2018 and 30 September 2019, the settlement was recognized in a provisional version. The Group focuses in particular on confirming the valuation of acquired intangible assets.

Details of the provisionally estimated fair value of the net assets acquired, goodwill and purchase price as at the date of acquisition of control are presented below (in PLN million):

	PRE-MEASURED FAIR VALUE IN PLN MILLION
Recognised values of identifiable acquired assets and liabilities	
Tangible fixed assets	0,1
Assets of right of use	1,2
Intangible assets	9,2
Inventories	3,6
Trade receivables and other receivables	1,2
Cash and cash equivalents	0,8
Trade liabilities and other liabilities	-1,7
Leasing liabilities	-1,2
Total identifiable net assets	13,2
Determined goodwill	6,3
Non-controlling interests	-6,5
Total	13,0
Remuneration for acquisition	
Paid in cash	13
Acquired funds, including	0,8
– cash with restricted availability	0,8
Cash expenditure on acquisition	12,2

The fair value of the acquired financial assets does not differ from the book value and includes trade receivables and other receivables in the amount of PLN 1.2 million.

DeeZee's revenues recognized in the consolidated statement of comprehensive income from January 1, 2019 to September 30, 2019 amounted to PLN 28.1 mln. DeeZee also reported a net loss of PLN -2.8 mln for the same period.

5. EVENTS AFTER BALANCE SHEET DATE

On October 4, 2019, the Management Board of CCC S.A. received the signed annex to the credit limit agreement in the form of bank guarantees as of September 25, 2018 concluded with the Polish Bank Pekao S.A. with its headquarters in Warsaw at 53/57 Grzybowska Street.

Under the annex to the agreement, the Bank increased the amount of the Guarantee to PLN 15 588 000.00 (fifteen million five hundred eighty-eight thousand PLN) from January 1, 2020, previous value: PLN 13 975 000.00 (thirteen million nine hundred seventy-five thousand PLN) and extended its validity to April 15, 2021 (previous expiry date: March 31, 2020).

Other conditions have not changed significantly and do not differ from terms commonly used for this type of contracts.

The Issuer's Management Board has decided to publish the above-mentioned information due to the significant value of the contracts concluded by the Group with the Bank.

On October 25, 2019, the Issuer received a signed overdraft agreement of October 21, 2019, acquired by the Issuer and a subsidiary Karl Vögele AG with Bank BNP Paribas Bank Polski Spółka Akcyjna with its headquarters in Warsaw at 10/16 Kasprzaka Street.

Under the agreement, the Bank granted a loan in the amount of PLN 65,958,300.00 (sixty-five million, nine hundred and fifty-eight thousand, three hundred PLN) for a period of 12 months, i.e. until October 19, 2020, on a current transaction.

The loan is entirely allocated to the Karl Vögele subsidiary for the current operations department, including repayment of liabilities towards the Issuer.

In connection with the concluded merger agreement of the banks in the CCC S.A. capital group it may not exceed PLN 115,958,300.00 (one hundred and fifteen million, nine hundred and fifty-eight thousand, three hundred PLN). The lower value agreement is the Debt Limit Agreement (bank guarantee limit) concluded between the Issuer and the Bank on May 4, 2011 and amended by an annex of March 11, 2019 to the limit amount, i.e. PLN 50,000,000.00 (fifty million PLN).

Other terms of the contract do not differ from the terms of the function list for this type of contract.

INTERIM **STAND-ALONE** FINANCIAL STATEMENTS FOR 3Q 2019



INTERIM CONDENSED STAND-ALONE FINANCIAL STATEMENTS FOR 3Q 2019

[in PLN million unless otherwise stated]

FINANCIAL ACTIVITY	IN MLN PLN		IN MLN EUR	
Selected data from the statement of profit or loss and other comprehensive income	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
Sales revenue	1 613,7	1 468,8	374,5	345,3
Gross profit (loss) on sale	571,2	482,4	132,6	113,4
Profit (loss) on operating activity	76,6	40,9	17,8	9,6
Profit (loss) before tax	68,7	24,2	15,9	5,7
NET PROFIT	57,7	11,4	13,4	2,7
Selected data of the statement of financial position	30.09.2019	31.12.2018	30.09.2019	31.12.2018
Fixed assets	2 179,1	1 697,8	498,2	394,8
Current assets, including:	772,6	574,6	176,7	133,6
Inventories	443,7	303,8	101,4	70,7
Cash	190,7	104,3	43,6	24,3
TOTAL ASSETS	2 951,7	2 272,4	674,9	528,5
Non-current liabilities including:	876,4	706,4	200,4	164,3
Debt liabilities	323,7	210,0	74,0	48,8
Current liabilities including:	978,1	524,1	223,6	121,9
Debt liabilities	3,0	7,1	0,7	1,7
TOTAL LIABILITIES	1 854,5	1 230,5	424,0	286,2
EQUITY	1 097,2	1 041,9	250,9	242,3
Selected data from the statement of cash flows	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
Net cash flows from operating activities	603,6	393,1	140,1	92,4
Net cash flows from investing activities	(466,9)	(303,4)	(108,4)	(71,3)
Net cash flows from financing activities	(50,3)	(140,6)	(11,7)	(33,1)
TOTAL CASH FLOWS	86,4	(50,9)	20,0	(12,0)
OPERATIONAL DATA		30.09.2019		31.12.2018
Number of stores CCC		472		466
Floor space of stores (thousand m ²)		305,5		285,8
		IN MLN PLN		IN MLN EUR
Capital expenditures (in mln)	01.2019-09.2019	01.2018-09.2018	01.2019-09.2019	01.2018-09.2018
	(96,9)	(145,8)	(22,5)	(34,3)

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS AND OTHER COMPREHENSIVE INCOME

	01.2019-09.2019	07.2019 – 09.2019	01.2018-09.2018	07.2018-09.2018
Sales revenue	1 613,7	554,5	1 468,8	510,5
Cost of sale of goods	(1 042,5)	(340,7)	(986,4)	(349,2)
Gross profit (loss) on sale	571,2	213,8	482,4	161,3
Cost of operating stores	(422,7)	(140,0)	(396,3)	(133,2)
Other cost of sale	(25,2)	(10,5)	(16,1)	(5,6)
Administrative expenses	(35,7)	(7,7)	(40,0)	(13,4)
Other cost and operating revenue	(11,0)	5,0	10,9	4,0
Operating profit (loss)	76,6	60,6	40,9	13,1
Finance revenue	21,4	24,7	16,5	8,6
Finance cost	(29,3)	(17,9)	(33,2)	(5,0)
Profit (loss) before tax	68,7	67,4	24,2	16,7
Income tax	(11,0)	(5,2)	(12,8)	(9,9)
NET PROFIT (LOSS)	57,7	62,2	11,4	6,8
Other comprehensive income	—	—	—	—
TOTAL COMPREHENSIVE INCOME	57,7	62,2	11,4	6,8
Weighted average number of ordinary shares (mln pcs)	41,1	41,1	41,1	41,1
Basic earnings per share (in PLN)	1,40	1,51	0,28	0,17
Diluted earnings per share (in PLN)	1,40	1,51	0,28	0,17

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	30.09.2019	31.12.2018
Intangible assets	1,6	2,2
Goodwill	48,8	48,8
Tangible fixed assets – investments in stores	274,3	255,1
Tangible fixed assets – factory and distribution	237,4	221,7
Tangible fixed assets – other	56,3	60,9
Right of use	687,4	615,0
Deferred tax assets	19,2	8,4
Loans granted	203,8	44,6
Long-term investments	536,3	441,1
Other financial assets	114,0	—
Total non-current assets	2 179,1	1 697,8
Inventories	443,7	303,8
Trade receivables	9,2	8,1
Loans granted	103,1	90,0
Other receivables	25,9	68,4
Cash and cash equivalents	190,7	104,3
Total current assets	772,6	574,6
TOTAL ASSETS	2 951,7	2 272,4
Debt liabilities	323,7	210,0
Provisions	2,2	2,2
Grants received	19,7	19,2
Employees liabilities	5,5	5,5
Lease liabilities	525,3	469,5
Total non-current liabilities	876,4	706,4
Debt liabilities	3,0	7,1
Trade liabilities	613,3	184,4
Other liabilities	136,7	73,9
Income tax liabilities	19,7	6,7
Provisions	0,9	77,3
Grants received	2,4	2,4
Lease liabilities	202,1	172,3
Total current liabilities	978,1	524,1
TOTAL LIABILITIES	1 854,5	1 230,5
NET ASSETS	1 097,2	1 041,9
Equity		
Share capital	4,1	4,1
Share premium	645,1	645,1
Retained earnings	448,0	392,7
TOTAL EQUITY	1 097,2	1 041,9
TOTAL LIABILITIES AND EQUITY	2 951,7	2 272,4

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	01.2019-09.2019	01.2018-09.2018
Profit (loss) before tax	68,7	24,2
Amortization and depreciation	197,6	170,6
Profit (loss) on investment activity	(8,1)	(5,7)
Cost of borrowings	13,3	14,2
Other adjustments to profit before tax	27,0	29,3
Income tax paid	(8,8)	13,2
Cash flow before changes in working capital	289,7	245,8
Changes in working capital		
Change in inventory and inventory write-downs	(139,9)	(84,0)
Change in receivables	10,7	(63,2)
Change in current liabilities, excluding borrowings and bonds	443,1	294,5
Net cash flows from operating activities	603,6	393,1
Proceeds from the sale of tangible fixed assets	17,8	33,0
Repayment of loans granted and interest	22,6	152,1
Purchase of intangible and tangible fixed assets	(96,9)	(145,9)
Loans granted	(270,2)	(217,6)
Expenses on capital increase in subsidiaries	—	(125,0)
Other outflows from investing activity	(5,3)	—
Expenses related to purchase of Adler enterprise	(16,5)	—
Payment related to purchase of non-controlling interests	(9,4)	—
Purchase of investment in associate	(118,4)	—
Other inflows from investing activities	9,4	—
Net cash flows from investing activities	(466,9)	(303,4)
Proceeds from borrowings	111,7	1,3
Issue of bonds	—	209,4
Repayment of bonds	(6,9)	(203,2)
Payment due to leasing	(144,4)	(134,8)
Interest paid	(10,6)	(11,1)
Other financial expenses	(0,1)	(2,2)
Net cash flows from finance activities	(50,3)	(140,6)
TOTAL CASH FLOWS	86,4	(50,9)
Net increase/decrease of cash and cash equivalents	86,4	(50,9)
Exchange rate changes on cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	104,3	300,4
Cash and cash equivalents at the end of period	190,7	249,5

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
As of 01.01.2018	4,1	502,5	644,9	1 151,5
Net profit (loss) for the period	—	(40,3)	—	(40,3)
Total comprehensive income	—	(40,3)	—	(40,3)
Dividend payment	—	(94,7)	—	(94,7)
Valuation of employee option scheme	—	25,2	—	25,2
Issue of shares	—	—	0,2	0,2
Total transactions with owners	—	(69,5)	0,2	(69,3)
As of 31.12.2018 (01.01.2019)	4,1	392,7	645,1	1 041,9
Net profit (loss) for the period	—	57,7	—	57,7
Total comprehensive income	—	57,7	—	57,7
Dividend adopted	—	(19,8)	—	(19,8)
Valuation of employee option scheme	—	17,4	—	17,4
Total transactions with owners	—	(2,4)	—	(2,4)
As of 30.09.2019 (01.10.2019)	4,1	448,0	645,1	1 097,2

6. NOTES TO THE INTERIM CONDENSED STAND-ALONE STATEMENT OF FINANCIAL POSITION AND OTHER COMPREHENSIVE INCOME

6.1 COSTS BY TYPE

Separated data

01.2019-09.2019	COST OF SALE OF GOODS	COST OF OPERATING STORES	OTHER COST OF SALE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of purchase of goods sold	(1 041,5)	—	—	—	(1 041,5)
Consumption of materials and energy	—	(10,8)	(3,1)	(1,0)	(14,9)
Provision for inventories	(1,0)	—	—	—	(1,0)
Remuneration and employees benefits	—	(146,5)	(12,4)	(11,3)	(170,2)
Cost of incentive program	—	—	—	(7,8)	(7,8)
Agent services	—	—	—	—	—
Transportation services	—	—	(0,6)	(0,1)	(0,7)
Lease costs	—	(67,2)	(1,2)	(2,2)	(70,6)
Other outsourcing services	—	(19,6)	(1,6)	(7,4)	(28,6)
Amortization	—	(178,6)	(5,8)	(1,2)	(185,6)
Taxes and charges	—	—	—	(3,2)	(3,2)
Other flat costs	—	—	(0,5)	(1,5)	(2,0)
Total	(1 042,5)	(422,7)	(25,2)	(35,7)	(1 526,1)

INTERIM CONDENSED STAND-ALONE FINANCIAL STATEMENTS FOR 3Q 2019

[in PLN million unless otherwise stated]

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

6.2 OTHER INCOME AND OPERATING AND FINANCIAL COSTS

Separated data

	01.2019-09.2019	07.2019-09.2019	01.2018-09.2018	07.2018-09.2018
Total other costs				
Loss on disposal of tangible fixed assets	-	-	-	-
Stocktaking net losses	(1,2)	(0,7)	(1,6)	(0,1)
Provision establishment	(22,0)	-	-	-
Other operating cost	(4,2)	(1,0)	0,1	0,5
Loss on exchange rate differences on items other than debt	-	0,8	(0,3)	-
Total other costs	(27,4)	(0,9)	(1,8)	0,4
Total other income				
Profit on disposal of tangible fixed assets	8,0	2,6	5,7	1,2
Profit from exchange rate differences on items other than debt	0,7	0,7	-	-
Compensations	0,6	-	0,5	-
Subsidy of SFRDP remuneration	2,4	0,8	2,3	0,8
Other operating income	4,7	1,8	4,2	1,6
Total other income	16,4	5,9	12,7	3,6
Total other operating costs and income	(11,0)	5,0	10,9	4,0

INTERIM CONDENSED STAND-ALONE FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

	01.2019-09.2019	07.2019-09.2019	01.2018-09.2018	07.2018-09.2018
Total finance cost				
Interest on borrowings (recognised in costs)	(23,8)	(15,1)	(11,1)	(3,5)
Result on exchange rates	—	(2,3)	(18,0)	(1,1)
Commissions paid	—	—	(1,9)	—
Other finance cost	(1,6)	(0,5)	(1,0)	(0,4)
Valuation of HRG call option	(2,8)	—	—	—
Guaranties received	(1,1)	—	(1,2)	—
Total finance cost	(29,3)	(17,9)	(33,2)	(5,0)
Total finance revenue				
Interest from current account and other	7,8	3,6	3,7	1,0
Result on exchange rates	5,8	—	7,5	7,5
Other finance revenue	2,4	0,8	5,0	—
Valuation of HRG call option	—	20,3	—	—
Guaranties granted	5,4	—	0,3	0,1
Total finance revenue	21,4	24,7	16,5	8,6

6.3 PROVISIONS

Separated data

	PROVISION FOR JUBILEE AWARDS AND RETIREMENT BENEFITS	OTHER PROVISIONS	TOTAL
As of 01.01.2018	2,8	—	2,8
Establishment	0,4	76,4	76,8
Utilisation	—	—	—
Release	(0,1)	—	(0,1)
Exchange rate differences	—	—	—
As of 31.12.2018	3,1	76,4	79,5
Current	0,9	76,4	77,3
Non-current	2,2	—	2,2
As of 01.01.2019	3,1	76,4	79,5
Establishment	—	22,0	22,0
Utilisation	—	(98,4)	(98,4)
Release	—	—	—
Exchange rate differences	—	—	—
As of 30.09.2019	3,1	—	3,1
Current	0,9	—	0,9
Non-current	2,2	—	2,2

INTERIM CONDENSED STAND-ALONE FINANCIAL STATEMENTS FOR FOR 3Q 2019

[in PLN million unless otherwise stated]

6.4 DEFERRED TAX ASSETS AND LIABILITIES

Separated data

	30.09.2019	CREDITING TO / (CHARGING) FINANCIAL RESULT	31.12.2018	CREDITING TO / (CHARGING) FINANCIAL RESULT	01.01.2018
Assets					
Impairment of assets	1,0	0,1	0,9	0,4	0,5
Provisions for liabilities	8,7	1,9	6,8	4,2	2,6
Others	10,5	9,1	1,4	0,1	1,3
Valuation of financial instruments – HRG option	0,5	0,5	—	—	—
Total before offsetting	20,7	11,6	9,1	4,7	4,4
Liabilities					
Accelerated tax depreciation of tangible fixed assets	0,7	0,1	0,6	(1,8)	2,4
Others	0,8	0,7	0,1	(0,1)	0,2
Total before offsetting	1,5	0,8	0,7	(1,9)	2,6
Offsetting	(1,5)	(0,8)	(0,7)	1,9	(2,6)
Balance of deferred tax in the balance sheet:					
Assets	19,2	10,8	8,4	6,6	1,8
Liabilities	—	—	—	—	—

6.5 CHANGE IN WRITE-DOWNS ON CURRENT RECEIVABLES, ON IMPAIRMENT OF TANGIBLE FIXED ASSETS AND ON INVENTORIES

Separated data

WRITE-DOWN (IN MLN PLN)	FIXED ASSETS	INVENTORIES	RECEIVABLES
As of 01.01.2019	—	3,3	0,9
Increase:	—	1,0	0,9
Decrease:	—	(4,3)	—
As of 30.09.2019	—	—	1,8
As of 01.01.2018	—	1,8	0,8
Increase:	—	—	—
Decrease:	—	—	—
As of 30.09.2018	—	—	0,8
Increase:	—	3,3	2,2
Decrease:	—	—	(2,1)
As of 31.12.2018	—	3,3	0,9

THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF CAPITAL GROUP CCC S.A.
was approved for publication by the Management Board of the Dominant Entity on October 30, 2019
and signed on behalf of the Management Board by:

SIGNATURE OF THE PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS

Edyta Banaś

Chief Accountant

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

Marcin Czyczerski

President
of the Management Board

Mariusz Gnych

Vice President
of the Management Board

Karol Półtorak

Vice President
of the Management Board

Polkowice, October 30, 2019