PRELIMINARY ESTIMATED FINANCIAL RESULTS

Q2 2020 | CCC SA Capital Group

Revenue

- The level of revenues achieved by the CCC Group in the second quarter of 2020 was influenced by the administrative restriction of sales in the offline channel as a result of the coronavirus pandemic, as well as the dynamically developing e-commerce channel.
- From 20th April this year, the restrictions on offline sales were gradually lifted. At the end of the quarter, 95% of the CCC Group stores resumed operations after the freezing of the economy. The return of customers to the stores was characterized by a gradually improving visitor numbers, accompanied by a significantly higher y/y conversion and the number of products by the receipt.

	Q2 2019	Q2 2020	Δ Q2'19-Q2'20	yoy
Sales revenues of the CCC Group				
Sales [PLN million]	1 642	1 292	-350	*-21%*
Retail network	1 233	656	-577	*-47%*
CCC	1052	566	-486	*-46%*
KVAG	137	71	-66	*-48%*
Gino Rossi	25	6	-19	*-76%*
Eobuwie	19	13	-6	*-32%*
e-commerce	349	626	277	*79%*
Eobuwie	331	519	188	*57%*
KVAG1	3	0	-3	-
Gino Rossi	3	3	0	-
DeeZee	11	18	7	*64%*
CCC	1	86	85	*>100%*
Wholesale	60	10	-50	*-83%*
CCC	58	8	-50	*-86%*
Gino Rossi	2	1	-1	*-50%*
Deezee	0	1	1	-
LFL retail CCC[2]	-3%	-49%		

[1] KVAG E-commerce closed from August 2019, replaced by a new platform in June 2020.
[2] Excluding CCC e-commerce.

Results

- In the second quarter of 2020 the CCC Group recorded a drop in gross margin on sales by 3.2 p.p., which was caused by a high share of e-commerce sales in April. (93% of consolidated revenue) and higher y/y promotional activity in May.
- The CCC Group recorded a significant decrease in other sales and general and administrative expenses, as well as the balance of other income and operating costs, mainly due to: savings on the level of wage costs (optimization of employment, reduction of employment, reduction of benefits) and logistics, as well as, among others, savings on third party services and marketing services. The Company introduced a savings program and efficiency improvement, which aims to further reduce the cost base and improve profitability. Subsidies received under government assistance to enterprises, and in particular subsidies to employees' wages, also contributed to the reduction in costs.
- In addition, the Group is in the process of renegotiating rental agreements with landlords. During the negotiation process, the terms and conditions of the agreements that affect the following recognized in the consolidated statement of financial position are changed: asset under the right of use and liability under the lease, as well as depreciation and other lease costs recognized in

the consolidated statement of comprehensive income. The negotiations cover both the reporting period and future periods, hence the impact of annexes/agreements to rental agreements will be reflected in the balance sheet items as well as in the resultant items throughout the term of the rental agreements, and not only in the current financial year. The Group is in the process of processing annexes/agreements, which will influence the published data.

CCC Group results without provisions[3]

Profit and Loss Account [PLN million]	Q2 2019	Q2 2020	Δ Q2'19-Q2'20	yoy
Sale	1642	1292	-350	-21%
Gross sales profit	840	620	-220	*-26%*
gross sales margin [%]	*51,2%*	*48,0%*		*-3.2 p.p.*
Sales and general and administrative expenses and other operating revenues and costs	-702	-585	117	*-17%*
Profit on operating activities	138	34	-104	*-75%*
EBITDA	321	187	-134	*-42%*

[3] Financial data were not subject to audit/review.

- In accordance with the earlier communication, and in particular in reference to the current report CR 21/2020 of 21 April 2020, as well as the Consolidated Financial Statement of CCC S.A. Group for the first quarter of 2020, the Company recognized in the results of the second quarter of 2020 cash reserves in the amount of 147 million PLN, related mainly to: restructuring of the presence on the Swiss market, activities related to the closure of selected stores on the German market, closure of sports sponsorship activities and one-off costs related to the refinancing of the CCC Group - impact on the results of the CCC Group presented in the table below.

CCC Group results including reserves[3]

Profit and Loss Account [PLN million]	Q2 2019	Q2 2020	Δ Q2'19-Q2'20	yoy
Sale	1642	1292	-350	-21%
Gross sales profit	840	620	-220	*-26%*
gross sales margin [%]	*51,2%*	*48,0%*		*-3.2 p.p.*
Sales and general and administrative expenses and other operating revenues and costs	-702	-732	-30	*4%*
Profit on operating activities	138	-112	-250	-
EBITDA	321	40	-281	*-88%*

[3] Financial data were not subject to audit/review.

- In addition, in relation to the announcements of possible revaluations and provisions of a purely accounting nature (not related to cash outflow from the Group), the Group continues the process of analysing assets for impairment. In the course of preparing the financial statements for the first half of the year, it is therefore possible to recognise additional non-cash provisions of a non-cash nature, related, among others, to operations in offline sales channels, mainly on the Swiss and Austrian markets, as well as liquidation of selected stores in other locations and revaluation of inventories and loans. The estimated preliminary value of purely accounting provisions is at the level of PLN 300-400 million.

- Provisions for restructuring expenses and estimates of provisions and non-cash write-offs are of a one-off nature and result from work aimed at eliminating from the activities of the CCC Group unprofitable undertakings and the recognition of costs to be borne in the future, and consequently improve its profitability in subsequent reporting periods.

Development of online sales channels

- The COVID-19 pandemic and consequent administrative decisions to close offline stores and changes in consumer behaviour (e.g. refraining from visiting offline stores despite their opening) have created a very favourable environment for the sale of products through online platforms, which has been further accelerated by them.
  - ccc.eu - sales increased by 200% quarter-on-quarter (start of the project on 24.06.2019), which was due to the launch of platforms in Romania, Austria and Hungary in Q2 2020. The ccc.eu channel recorded in May the highest sales since the launch, at nearly 40 million PLN.
  - DeeZee - 64% y/y revenue growth. As part of the company's next stage of development, DeeZee was launched in the Czech Republic, Slovakia, Hungary and Romania.
  - Gino Rossi - flat score y/y. At the same time, the integration with Gino Rossi was completed in Q2 in the area of e-commerce by moving the management of the gino-rossi.com platform to eobuwie.
  - Eobuwie.pl - a total of about 2.8 million orders (including 64% from mobile devices), which translated into a 51% increase in sales revenues. After lower revenue growth in March 2020, significant increases were recorded in April, May and June (28%, 71%, 60% y/y respectively), with gross margins several percentage points higher (similar for CEE and Western Europe) and lower marketing costs. The development of the Modivo platform continued, with revenues of PLN 49m in the second quarter (up 32% q/q). The Company believes that COVID-driven change in consumer behaviour towards ecommerce creates an unique opportunity for eObuwie.pl to accelerate its profitable growth and significantly increase market share. In that context, Company plans to continue works and analysis aimed to ensure that adequate capital is available at eObuwie level to fully respond to those new market opportunities.

	Q2 2019	**Q2 2020**	**Δ Q2'19-Q2'20**	**yoy**
Profit and Loss Account of the eobuwie Group[3] [PLN million].				
Revenue	350	532	182	*52%*
Poland	144	215	71	*49%*
Central and Eastern Europe	160	224	64	*40%*
Western Europe	46	93	47	*102%*
Gross sales profit	153	248	95	*62%*
Gross margin [%]	*43,8%*	*46,6%*		*+2.8 p.p.*
EBITDA	16	65	49	*306%*
EBITDA margin [%]	*4,6%*	*12,2%*		*+7.6 p.p.*

[3] Financial data were not subject to audit/review.

Development of offline sales channels

- In line with the strategy, retail space is being optimised, mainly through the reduction of Gino Rossi's sales network in Poland and Karl Voegele in Switzerland.
- Retail space grew the fastest in eobuwie.pl (+13 omnichannel stores ytd).
- Since the beginning of the year, the retail space has increased by only 2,000 sqm.
- Due to the uncertainty related to the virus, the Company will significantly reduce its opening plan later in the year (previously announced 60 thousand sq.m net in 2020).

	Q2 2019	Q2 2020	Δ Q2'20-Q2'19	yoy
Development				
Area [thousand m^2]	**701,9**	**761,2**	**59,3**	***8%***
CCC	606,1	663,8	57,7	*10%*
KVAG	80,1	75,6	-4,5	*-6%*
Gino Rossi	8,0	4,6	-3,4	*-43%*
eobuwie	7,8	17,2	9,4	*121%*
Number of stores	**1 212**	**1 208**	**-4**	**-**
CCC	941	981	40	-
KVAG	187	162	-25	-
Gino Rossi	72	40	-32	-
eobuwie	12	25	13	-