

**SECOND QUARTER PERFORMANCE FOLLOWING THE PANDEMIC  
STRONGER E-COMMERCE  
FOURFOLD INCREASE IN EBITDA OF EOBUWIE**

**The CCC Group, which is the leader of the footwear industry in the Central and Eastern Europe, ended the second quarter with a revenue of nearly PLN 1.3 billion, i.e. 21% less than a year before. The revenue dropped due to the pandemic and a temporary closure of shops. In the past quarter, the Group focused even more on the development of e-commerce, expanded its mobile channels to reach customers, and intensified the works to improve efficiency of logistics. At the end of June, 95% of the Group's stores resumed their retail activities, which made it possible to return to the multi-channel sales model and pursue the 'GO.22' strategy.**

Starting from 20 April, the restrictions on traditional sales in stores were gradually lifted. The return of customers to the stores was accompanied by steadily improving attendance, together with significantly higher y/y conversion and the number of products on a single ticket. During the temporary closure of the stores, the Group continued to sell through its e-commerce channel, which in consequence recorded a dynamic 79% y/y growth in the second quarter. The share of online revenue in the Group's sales in Q2 2020 increased to 48% (vs. 21% a year earlier).

In view of the market challenges associated with the pandemic, the Group significantly accelerated the development of e-commerce by deploying online platforms and applications in new foreign markets. The ccc.eu store and the CCC application were launched in 3 new markets (Romania, Austria, Hungary). As a result, in the second quarter the ccc.eu platform, operating for more than a year, and currently available in 6 countries, recorded more than 200 percent increase in revenue compared to the previous quarter. In May, ccc.eu generated record sales of nearly PLN 40 million. The number of customers visiting the online store has been reaching up to 13.5 million per month.

Eobuwie, which is the key driver of the Group's e-commerce, generated revenue of PLN 532 million (+52% y/y) which was caused by a high number of orders, approx. 2.8 million in total (64% submitted via mobile devices). Following poorer results in March 2020, in April, May and June eobuwie reported significant sales increases (by 28%, 71%, 60% y/y, respectively), with higher gross margins and lower marketing costs. The Group intends to further develop eobuwie, as well as Modivo, i.e. its online store selling premium clothing, which continues its rapid growth. The sales recorded by Modivo at the end of the second quarter reached PLN 49 million.

DeeZee, i.e. one of the fastest growing and best selling (at first price) brands in the Group, also accelerated its development during the pandemic by opening in the last quarter an online platform in 4 new markets (Czech Republic, Slovakia, Hungary, Romania). In the second quarter, DeeZee recorded sales of PLN 19 million (y/y/ increase by 73%) and a high operating profitability of several percent.

*As a result of the store closure for 7 weeks and a serious drop of the number of visitors, the company lost revenue of approximately PLN 1 billion. Our response to the lockdown was very quick. We have implemented a plan based on an agreement with the banks and bondholders, and the use of aid programmes. We have successfully conducted a share issue, raising over PLN 0.5 billion. We have been implementing our plan step by step. We have been well prepared for the opening of the stores, including the new collection. Today, the preliminary data for the second quarter demonstrate that we have stabilised the situation using all available opportunities. Faced with the pandemic, we have accelerated the development of e-commerce. Today we are one of the strongest players in the online channel with a unique model of omni-channel sales. We operate around 60 different online sales platforms, including mobile applications. The CCC.eu platform has only been in existence for a year, and it has already completed over 1.5 million orders. We still have a lot of work ahead of us, but we are on the right track – says Marcin Czyczerski, President of the Management Board of CCC S.A.*

Consolidated gross profit on sales declined by 26%, to PLN 620 million. In the second quarter of 2020, the CCC Group reported a drop in gross margin on sales by 3.2 p.p., which was influenced by the high share of e-commerce sales in April (93% of consolidated revenue) and higher y/y promotional activities in May, related to the significant shortening of the SS'20 season due to COVID-19.

The costs borne by the Group stood at 585 million (-17% y/y). A significant decrease in the costs of sales and general management was influenced by savings on salaries, logistics, third party services and marketing costs. The company implemented a savings and efficiency improvement programme to further reduce the cost base and improve profitability. In the second quarter, the Group recorded EBIT and EBITDA at PLN 34 million and 187 million, respectively.

The Group recognised provisions for restructuring expenses in the amount of PLN 147 million in the Q2 2020 results. These provisions are mainly associated with activities relating to the closure of the selected stores in Germany, the completion of sports sponsorship activities and one-off costs related to refinancing. The Group's costs (including provisions) amounted to 732 million (+4% y/y). Consequently, having taken into account the provisions for restructuring expenses, in the second quarter the Group recorded EBIT and EBITDA of PLN -112 million and 40 million, respectively.

*In the second quarter, together with our partners, the mall owners, we made a huge effort to renegotiate the lease terms. We have further accelerated the development of e-commerce and all points of digital interaction with customers. We want to win for us, for CCC. It is a unique opportunity that has appeared on the market – says Karol Póltorak, Vice President of the Management Board of CCC S.A. for Development and Strategy.*

*The pandemic period has revealed the power of online commerce. After a challenging March when customers focused on buying essential products, the following months showed sales increases and improving consumer moods. The time of the pandemic caused a change in purchasing trends, as some unexpected categories became popular and brought about large increases.*

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*We have acquired new customers that earlier did not choose this form of shopping, and we expect some of them to stay with us – says Marcin Grzymkowski, CEO of eobuwie.pl S.A.*

*The pandemic has shown us even more clearly that the acceleration of e-commerce development must go hand in hand with improving the efficiency of logistics. And we have managed to do so. Over the past quarter, the logistics maintained high operational efficiency and handled all arrivals and dispatches to e-commerce and retail outlets. During the lock-down, we changed almost the entire product range in the stores in order to meet the expectations of customers visiting us once the restrictions are lifted - says Mariusz Gnych, Vice President of the Management Board of CCC S.A. responsible for Logistics and Production.*

At the end of the second quarter of 2020, the total retail space of CCC was 761 000 sq.m., i.e. it increased y/y by nearly 8% (59 000 sq.m.). However, since the beginning of 2020, it increased by only 2 thousand square metres which was in line with the strategy to optimise retail space. In view of the uncertainty related to the coronavirus, the Company has significantly reduced its plan to open new space later in the year (previously, it has been announced that 60 thousand sq m in 2020 net will be open). The eobuwie stores reported the fastest growth of retail space (+13 on a y/y basis in omni-channel stores).

At the end of April 2020, the CCC Group was present in 29 countries, with 1208 traditional stores in 23 countries, and the online channel in 17 countries. The Group operates over 60 online platforms across Europe, including eobuwie.pl, ccc.eu, MODIVO, DeeZee, or Gino Rossi. In 2019, the customers of CCC acquired over 52 million pairs of shoes via all sales channels.

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