

## The CCC Group reports a three-fold increase in operating profit and industry-leading EBITDA margin for its CCC business line in the second quarter of 2024

In the second quarter of 2024 (May–July 2024), the CCC Group reported an over three-fold increase in operating profit and a sharp improvement in its EBITDA margin. Revenue rose by 6%, with sales growth across CCC, HalfPrice, and the Modivo Group. This quarter again saw sharp gross margin improvements in HalfPrice (up by 13pp) and CCC (up by 5pp). Each business line reported a lower cost-to-revenue ratio year on year, thanks to continued tight cost discipline. In July, the Group successfully completed the refinancing of its CCC Business Unit, which is expected to lower financing costs and unlock further growth potential for its most profitable and proven business formats in the coming quarters.

*The CCC Group's revenue for the second quarter of 2024 reached PLN 2.6 billion, marking a 6% increase year on year. Turnover for the CCC segment grew by 7% year on year (up by 12% on a like-for-like basis), with retail space further optimised (down by 2% year on year). HalfPrice saw a 23% year-on-year increase in revenue, aligning with the expected rate of expansion of its sales network. The Modivo Group reported a 1% year-on-year growth in sales.*

*The CCC Group again posted an improvement in its gross margin in the second quarter of 2024, up by 4pp on the prior year. Notably, the CCC business line saw a sharp margin improvement of 5pp year on year, marking the second consecutive quarter with a gross margin of approximately 60%. HalfPrice's gross margin increased by just under 13pp year on year, with the growth attributed to a robust and constantly enhanced product mix, more favourable purchase terms for collections, and a conservative pricing policy within these business lines.*

*'For another consecutive quarter, we have seen a sharp improvement in our performance, demonstrating that our unique business model effectively meets the needs of today's customers,' said **Dariusz Miłek, President of the Management Board of the CCC Group**. 'We continue to enhance our gross margin, particularly within the CCC business line, thanks to the ongoing expansion of our high-margin licensing model. Adding globally recognised brands has boosted our LFL sales and strengthened profitability, especially in international markets. We expect the share of licensed brands in CCC's product mix, as well as across the Group's other business lines, to keep growing in the coming quarters.'*

*The CCC Group maintained strong cost discipline in the second quarter. During the period, the cost-to-revenue ratio decreased year on year across CCC, HalfPrice, and the Modivo Group. Overall, costs were reduced by 1%, despite a 7% increase in the Group's total retail space. The CCC business line alone experienced a 2% reduction in costs, marking the eighth consecutive quarter of year-on-year reductions in this metric. The Modivo Group reported a 4% decrease in costs year on year.*

*'We are particularly proud of our continued tight cost discipline. Every business line has improved its cost ratio, which at the Group level now stands at just approximately 40% (down by 3pp year*

on year), and we aim to enhance it further in the second half of the year,' noted **Dariusz Milek**. 'Our focus on profitability is yielding strong results across our business lines. CCC is achieving industry-leading EBITDA margins, and despite its relatively recent entry into the market, HalfPrice is competing effectively against global players. The Modivo Group has also improved its results for the second quarter in a row. While there is still progress to be made, these results are a step in the right direction.'

In the second quarter of 2024, the CCC Group reported an operating profit of PLN 249 million, marking more than a three-fold increase year on year, and EBITDA of PLN 401 million, a 79% increase from the previous year. The CCC business line achieved an operating profit of PLN 85 million, a 74% year-on-year growth, with EBITDA margin at 26%, up by 6pp year on year. HalfPrice saw a sharp improvement in EBITDA margin, reaching 18.5%, up by more than 17pp year on year, primarily driven by a wider gross margin and tight cost control. The Modivo Group generated an operating profit of PLN 8 million, a PLN 26 million increase year on year, and EBITDA of PLN 36 million, up by PLN 31 million on the previous year.

In July, the CCC Group successfully refinanced the CCC Business Unit, securing up to PLN 1.8 billion in new financing. The new financing structure offers greater flexibility, including increased limits on bank guarantees, letters of credit, and reverse factoring. It also reduces financing costs and raises the limits on available capital expenditures. This will unlock the potential for further expansion of the Group's proven and profitable formats in the region.

'We are very pleased to have secured new financing for the CCC Business Unit, providing us with access to a larger pool of more cost-effective and flexible capital. Importantly, it allows us to further develop our unique business model. We have proven, profitable business formats that have demonstrated success in numerous markets, and it is our responsibility to continue their expansion for the benefit of our shareholders. The CCC Group is committed to pursuing rational and profitable growth in the key markets where it currently operates,' **Mr Milek** added.

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