

**Very good sales results in March
determine the growth of revenues in the first quarter by nearly 60%**

Today, the CCC Management Board published preliminary financial data for the first quarter of 2019. The favourable weather for sales of the spring-summer collection in the second half of February and March affected the significant improvement of revenues achieved in the first quarter of this year, compared to the same period of 2018. The sales dynamics in the segment of e-commerce, which even exceeded our expectations, also had a significant impact on the achieved level of revenues. Almost 30% of the Group's sales come from this distribution channel. In accordance with earlier announcements, starting from 2019, CCC presents financial information only with the application of IFRS16¹.

Sales of the CCC Group in the first quarter of 2019 amounted to PLN 1,039 billion, which means an increase of 58% on a year-to-year basis. Sales in like-for-like stores in the CCC Group amounted to 10% (14% in Poland). In this case, the broadening of the product offer in the CCC store chain, including the commencement of sales of DeeZee shoes and branded sports shoes, was of great importance. Gross sales profit on the consolidated level increased by 58%, to PLN 492 million. The gross margin at the CCC Group level remained at the same level of 47.4%.

Costs increased to PLN 634 million (PLN 394 million in Q1 2018), mainly due to the consolidation of the acquired companies (a total of PLN 126 million, including PLN 95 million KVAG, PLN 23 million CCC Romania) and the increase of floor space and e-commerce scale. In the next quarter in a row, CCC is consistently reducing store costs - thanks to optimisation of business processes they were successfully reduced by 2% y/y (Q1 2019 - PLN 180) per square meter².

Finally, the CCC Group reported an EBITDA profit of PLN 21 million in the first quarter (PLN 43 million in Q1 2018) and a net loss on continued operations of PLN 151 million (-117 million in Q1 2018).

CCC is successfully continuing its work on the optimisation of working capital. Trade liabilities increased by PLN 703 million to the level of PLN 1,031 billion. In addition, inventories per square meter decreased by 9% y/y (excluding KVAG, DeeZee and Gino Rossi).

Sales in the e-commerce segment amounted to PLN 289 million (PLN 169 million in Q1 2018, an increase of 71% y/y) and already accounted for 28% of the Group's revenues. Dynamic growth in this sales channel is mainly attributable to eobuwie.pl. The e-commerce segment also includes the results of DeeZee and sales of KVAG and Gino Rossi in the online channel.

"When assessing the financial results of the first quarter, it is necessary to bear in mind that this is largely a sale season, the results of which are not relevant to the view of the whole year. The key event of the first quarter

¹ The comparability of data with the previous year will be maintained, due to the implementation of the standard in the Company in January 2018.

² Data does not include KVAG, Shoe Express, DeeZee, Gino Rossi

was the closing of the sale transaction of CCC Germany, which means the elimination of the unprofitable part of the business, and the start of cooperation with HR Group, of which we became a shareholder. At the same time, we are making good progress in the integration and restructuring of the business processes of the KVAG acquired last year, which will soon be reflected in the financial results.

The most important task for us now is product development, the first effects of which were already visible after very good sales results in March. The new collection of branded sports shoes was very well-received by the market, and DeeZee products are also being sold very well. We have just finalized the acquisition of Gino Rossi, a brand that will further diversify and make our offer more attractive for customers later this year. The work on launching the CCC e-commerce platform is coming to an end, and the first steps in the clothing industry are taken through the online shop Modivo of eobuwie.pl Group ", comments Marcin Czyczerski, President of the Management Board of the CCC Group.

The total floor space of the CCC sales chain at the end of Q1 2019 amounted to over 674,000 m² and included 1,196 stores, including over half abroad. CCC Group was present in 23 countries (18 offline and 15 online).

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