# CONSOLIDATED DIRECTORS' REPORT ON THE OPERATIONS OF THE CCC GROUP

in the financial year from February 1st 2022 to January 31st 2023

# Dear Shareholders,

I present to you the Directors' Report on the operations of the CCC Group in 2022, which provides a summary of key tasks we embarked on in the period.

We entered 2022 hoping that after the several pandemic waves the global economic situation would gradually stabilise. However, at the beginning of the year we realised that external factors would again affect the economic development of countries, sectors and businesses. Following Russia's invasion of Ukraine on February 24th 2022, our beliefs that this part of Europe would only experience stability and growing prosperity were brutally shattered.

The outbreak of the war soon sent shockwaves through the macroeconomic environment. As surging commodity prices fuelled up inflation, central banks responded with interest rate rises. As a result, 2022 saw mounting pressure on consumers' disposable incomes and, consequently, on their purchasing decisions.

Weaker demand significantly affected the competitive climate within the industry. Retailers, stocked up for higher sales, adopted aggressive pricing tactics, putting pressure on margins. In addition, a depreciation of local currencies against the US dollar and rising freight prices drove up the costs required to purchase new collections. Meanwhile, the cost base remained affected by the growing energy prices and labour costs.

Amid this challenging business environment, the CCC Group generated PLN 9.1bn in revenue, a year-on-year increase of 21%. The strong revenue growth was achieved on contributions from all segments: CCC (+13%), eobuwie (+8%), MODIVO (+65%) and HalfPrice (+255%). In addition, e-commerce continues to account for a whopping share of the Group's total sales (55%), meeting Customers' needs and anticipating market trends.

The CCC segment is entering maturity, where the size of the brick-and-mortar chain stabilises, with digital channels gaining in importance. ccc.eu, the online store launched less than four years ago, generated revenue of almost PLN 1bn and already represents more than 20% of the business line's total sales. The CCC mobile app has been downloaded more than 11m times (delivering a strategic objective three years ahead of schedule) and has become the segment's main digital sales channel. Thanks to the consistently enhanced product mix and communication with Customers, CCC managed to improve its omnichannel sales/m$^2$ for the last eight consecutive quarters and was back to the record-high levels seen in 2018. As for the CCC business line, our main focus is now on cost efficiency and working capital optimisation, and we are successful on both fronts. In the fourth quarter of 2022, CCC's costs fell by 3% while sales grew by 21%. Inventories at the year's end decreased by 28%, with the inventory cycle shortened by as many as 80 days. This success is owed to multiple efforts (including procurement planning and in-season merchandise management) we have announced over the past few years. And there is more to come – the strategic objective of a 200-day inventory cycle will be achieved by the end of 2023.

The CCC segment's robust positive operating cash flows allowed us to further develop HalfPrice, the Group's youngest business line. At the year's end, our off-price chain comprised 91 stores in eight countries – in 2022, we opened 41 new locations and HalfPrice made its debut in four new markets. The effective product mix development strategy, expansion of the retail chain and creative marketing campaigns allowed HalfPrice to achieve a nearly 50% brand recognition among Customers and double that figure within several months. As a result, the business line's strong sales growth is attributable not only to the chain expansion, but also to a sharp increase in sales at like-for-like (LFL) stores – in the fourth quarter of 2022, it reached 30% and remains consistently high. 2022 was a breakthrough year for HalfPrice – after only a year and a half since its inception, it delivered a positive operating profit margin, and in the third and fourth quarters HalfPrice's EBITDA margin topped 12%, making it the Group's most profitable segment. HalfPrice also generates positive operating cash flows, which means that is can finance its future growth using internally generated funds. We will soon celebrate the opening of a 100th HalfPrice store, as well as debuts in new markets.

The greatest consequences of the fashion industry's overstocking were experienced by the MODIVO Group. The price competition in the inherently competitive multibrand e-commerce sector became even more intense, putting further pressure on margins. The industry's situation led to a jump in the costs of paid traffic, while rising fuel prices had an adverse impact on the costs of logistics. At eobuwie, 2022 marked the launch of a major technological change, as we began migrating the store to a new e-commerce platform that will underpin its operations across the main markets. We are replacing the existing solution, which is outdated, prone to failures and undevelopable, with an advanced system bound to serve us for years to come. This is a landmark change, scheduled for completion on all markets served by eobuwie in the autumn of 2023. In addition, eobuwie's new mobile app was released in October 2022 for improved Customer experience, translating into higher conversion rates. In 2023, work will also be under way to develop a new mobile app for the MODIVO business line. However, the largest and most significant project implemented at the MODIVO Group was the MODIVO Marketplace, launched in October 2022 as a platform through which our partners can offer their products to MODIVO Customers, with a consistent shopping experience guaranteed. The Marketplace platform has already attracted more than 300 merchants, offering about 150,000 SKUs. For MODIVO, the solution is primarily an opportunity to strongly expand the breadth of its product offering, a thing of utmost importance for Customers, without the need to additionally invest in working capital.

The CCC Group closed the financial year 2022 with EBITDA on a par with the previous year's result, despite a highly challenging business environment. In response to market headwinds, in the second half of 2022 the Group put in place a capital conservation plan involving cost savings, working capital optimisation and capex reduction measures, which are already delivering tangible benefits. We also made a commitment to our banks and bondholders to deleverage the business. In addition to measures designed to improve our operating cash flows, efforts to raise additional capital will also contribute to this objective. The CCC S.A. Extraordinary General Meeting approved the issue of Series L and Series M shares worth up to PLN 500m, and the Company's main shareholder declared it would subscribe for the new shares. Several days ago, we also signed a letter of intent for the sale and leaseback of our warehouse assets in Polkowice for EUR 83m. Additional capital can also be raised by the Group through dedicated financing for HalfPrice and an initial public offering of MODIVO shares.

We have entered 2023 in an environment of continuing high uncertainty over the consumer buying power, caused primarily by a decline in real wages. However, we believe that – once the inflation subsides by the year's end – our industry will see a significant improvement, as inventory balancing will ease the competitive pressure. As a result, we expect that in 2023 the Group will record double-digit sales growth and improved profitability in each of its reportable segments. Whether these assumptions are realised will depend on external factors, in particular the macroeconomic conditions and geopolitical situation in the region. The CCC Group's priority objective for 2023 is to strongly deleverage the business, and to create a new financing structure relying much more heavily on reverse factoring arrangements.

Dear Shareholders, on behalf of the Management Board I would like to thank you for being there for us last year. Thank you for the many inspiring discussions we had and for the support you offer in so many situations. I firmly believe that the best is yet to come.

With best regards, on behalf of the Management Board of CCC S.A.,
Marcin Czyczerski

## ABOUT THIS REPORT

This consolidated Directors' Report on the operations of the CCC Group in 2022 contains financial and non-financial information, showing the results and position of the CCC Group on the Polish and European markets. This Report also contains disclosures on the activities of the parent required to be disclosed in the Directors' Report. The Report is published in the PDF format, available in Polish and English. It contains logos and photographs of registered proprietary brands available in CCC, eobuwie and HalfPrice stores.

This Report covers one, 12 month-long financial year from February 1st 2022 to January 31st 2023 and includes comparative data for the period from February 1st 2021 to January 31st 2022. To keep the information as current as possible, this Report includes a summary of events after the reporting date up to the date of its issue.

## CCC IN NUMBERS

The data relate to changes in the period from February 1st 2022 to January 31st 2023 relative to the corresponding period of the previous year. Data calculated based on a table representing revenue from continuing operations by operating segments.

| | | | |
|---|---|---|---|
| **21%** | CHANGE IN THE GROUP'S REVENUE | | |
| 25% | INCREASE IN **DIGITAL** REVENUE | 55% | SHARE OF **DIGITAL** REVENUE |
| 8% | INCREASE IN REVENUE OF **eobuwie** (excluding MODIVO) | 66% | INCREASE IN REVENUE OF **MODIVO** (excluding eobuwie) |
| 13% | INCREASE IN REVENUE OF **CCC** | 256% | INCREASE IN REVENUE OF **HalfPrice** |
| 47% | SHARE OF REVENUE FROM **FOREIGN MARKETS** | 29 MARKETS | (21 offline) (19 online) |

CCC

Contents

# BUSINESS OF THE CCC GROUP

The CCC Group (the "CCC Group", the "Group") is a leader of the footwear market in Poland and Central Europe operating through an omnichannel platform. The Group's operations are currently segmented into the following business lines:

- **CCC**
- **eobuwie**
- **MODIVO**
- **HalfPrice**
- **DeeZee**

As at the reporting date, the CCC Group comprised a total of 979 offline chain stores located in modern shopping centres and malls, as well as a number of online sales platforms in Poland and 28 countries of Europe and the Middle East. CCC stores are renowned for their exciting, contemporary brands, many of which are achieving iconic status, including Lasocki, Gino Rossi, Jenny Fairy, Sprandi and DeeZee, as well as a wide range of licensed sports shoe and children's footwear brands. The CCC Group has a wide range of products, constantly expanded, picked and selected in response to the needs of consumer groups carefully targeted by particular brands. The CCC Group's portfolio is complemented by products offered by eobuwie, MODIVO, and HalfPrice.

# BUSINESS PROFILE

The CCC Group is the leader of the CEE footwear market, actively expanding its product portfolio to additionally include clothes and accessories.

The Group focuses on Customers, offering them high quality, fashionable products. In line with its mission, the CCC Group's main objective is 'To unlock fashion for everybody, everywhere'.

The Group's business model is based on an omnichannel platform of five complementary business lines: CCC, eobuwie, MODIVO, HalfPrice, and DeeZee. The omnichannel model is based on the overlapping of online and offline sales channels and free migration of Customers between those channels. Expansion of the omnichannel platform is also supported by a number of facilities for customers, including express delivery, deferred payments, etc.

Products at brick-and-mortar stores are mainly sold under the CCC business line, which offers chiefly well-known private labels (Lasocki, Jenny Fairy, Gino Rossi and others) and under the new off-price concept called HalfPrice. In 2022, the Group's revenue generated through the offline channel accounted for 44% of the total.

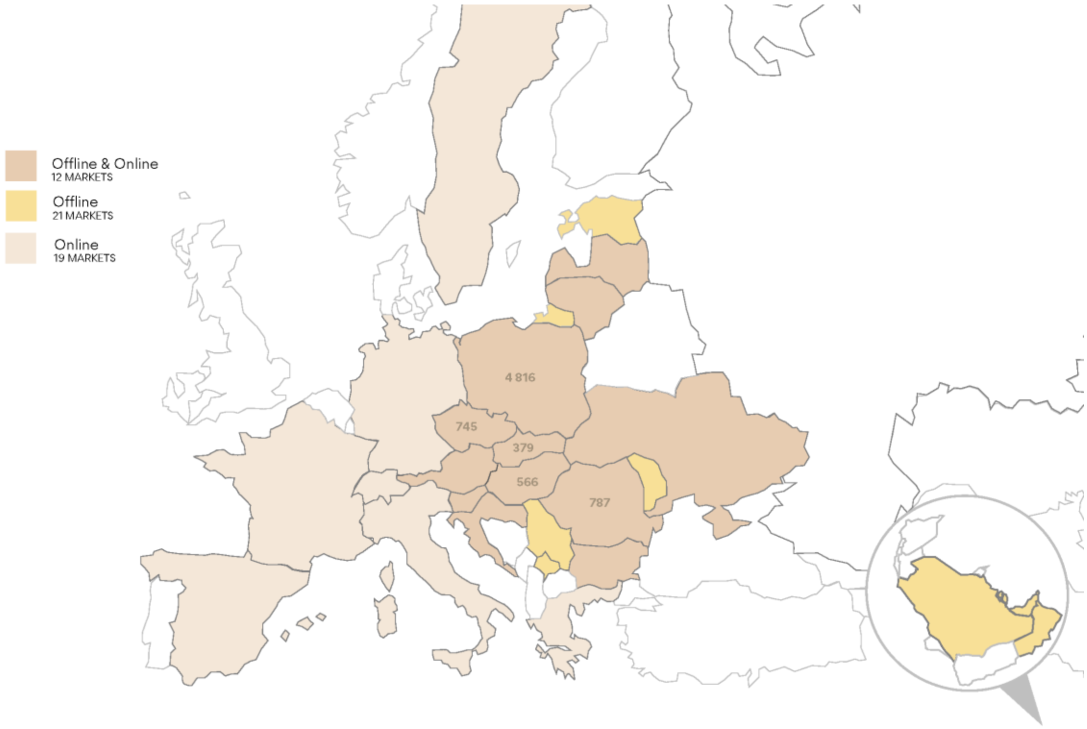
The Group is ramping up sales in the fast-growing e-commerce channel. The Group's revenue from this channel, accounting for 55% of the total, is generated through the CCC and HalfPrice online stores, as well as through the Group's pure online platforms, i.e. eobuwie and MODIVO (offering mainly third-party brands) and DeeZee.

In November 2021, the Company adopted a new business strategy called GO.25, under which the Group plans to triple its sales revenue (to approximately PLN 20bn) and deliver an EBITDA margin of 12% or more by 2025. This will be achieved by, among other things, increasing the share of new product categories (other than footwear) in the offering to one third, increasing the share of online sales in total revenue to 60%, as well as increasing customer satisfaction measured by NPS (Net Promoter Score) by 10 points for each of the Group's five business lines.

The main driver of the Group's revenue growth in the coming years will be strong expansion of the off-price segment and further scaling up of the MODIVO Group's business (including further growth of the marketplace service and increasing contribution of foreign markets to revenue).

The Group intends to grow its business in a responsible and sustainable manner by engaging in projects that promote a low-carbon circular economy, diversity and transparency.

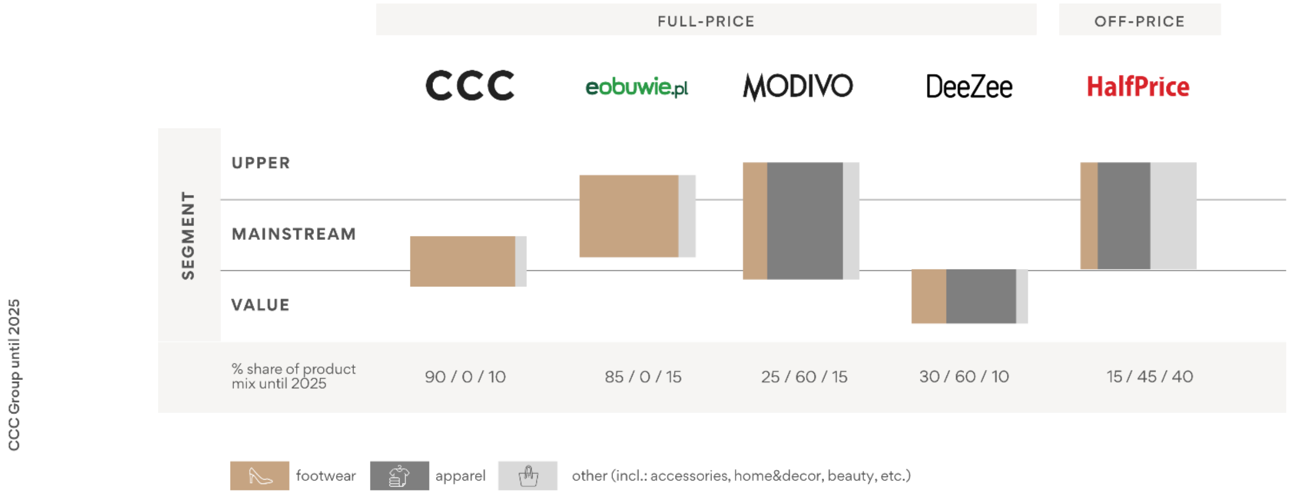
**Five countries in which the CCC Group generated the highest revenues in the period from February 1st 2022 to January 31st 2023 (PLNm)**




## CCC GROUP'S PORTFOLIO

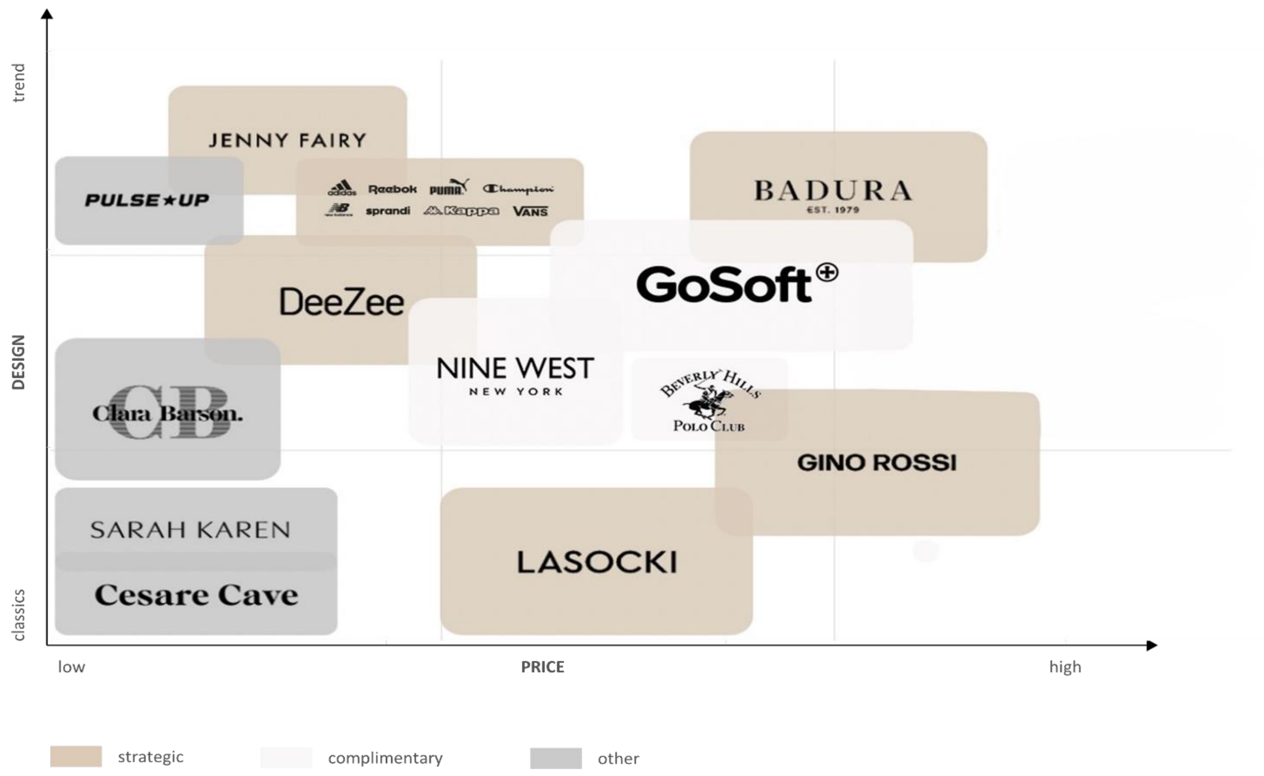
Products offered by the Group address the needs of a wide range of customers. Products sold through the CCC business line include primarily high-quality value for money goods and mainstream private label brands. Eobuwie and MODIVO offer mainstream clothes and footwear, as well as premium recognisable third-party brands. The portfolio is complemented by HalfPrice, the off-price business line selling clothes and footwear of famous brands at discounted prices.

## Our business lines address the needs of various customer segments




The CCC chain's product portfolio includes both popular private labels and recognised third-party brand names, as well as licences. The portfolio has been designed so that its elements address demand from various groups of customers, depending on their fashion preferences, age, or disposable income. We address the shopping needs of consumers through inspiringly presented offerings of third-party and private label sports brands, trendy synthetics and leather, children's shoes, as well as men's footwear and accessories. In response to the prevailing economic climate and deteriorated consumer sentiment, we communicate attractively priced products through a wide range of marketing activities.

## Our private label portfolio covers a wide range of customer needs



In response to the rise in inflation and the resulting pressure on consumers, CCC’s private label portfolio was expanded in the period under review to include three new economy brands: Sarah Karen, Cesare Cave and Pulse up. With these brands added to the range, customers will find fashionable leather and athletic footwear at more affordable prices in CCC stores.







Provided below is a detailed description of the main private labels of CCC.

## JENNY FAIRY

Jenny Fairy is a real crown jewel in CCC’s portfolio dedicated to young women who love the hottest trends in fashion. It brings together the latest trends in fashion aesthetic with functionality and an eye-catching design. Jenny Fairy perfectly fits into the fashion freedom space where every woman can develop her own unique style. Its latest campaign featured the global top model and activist Emily Ratajkowski.

## sprandi

Sprandi is a sports lifestyle brand for anyone who mainly goes for comfort in everyday life. Its minimalistic branding, comfortable materials, trendy colours, and prime quality are the pillars of Sprandi. The collections feature sneakers, t-shirts, tracksuits and accessories for women, men and children.

## GINO ROSSI

Timeless classics with a modern twist. Minimalist designs for true fashion aficionados and connoisseurs of minimalist aesthetics. Gino Rossi is a noble brand focused on simplicity and prime quality of materials. Its sophisticated style delivers timeless functional elegance.

## LASOCKI

Lasocki for the family, or top quality traditional craftsmanship enclosed in a trusted brand. Classic, elegant, timeless, and inherently close to nature. Natural leather, fine materials, versatile and timeless designs that easily become casual collectible companions in the most enjoyable family moments.

Latest trends, original combinations, bold looks and colours, and lots of fun – here comes the DeeZee girl! It is fashion made unique, plus exciting designs, patterns, shapes, and prints. DeeZee is the perfect way to define and express your personal style.

Furthermore, CCC offers other iconic sports brands, such as Adidas, Champion, Reebok, Puma, New Balance, Converse, Skechers and Vans, as well as children's footwear featuring some of the beloved Disney characters.

The CCC Group's range is also complemented by products offered by eobuwie and MODIVO. Revenue generated by the two channels is mostly derived from sales of third-party brands, i.e., brands supplied by footwear and clothing manufacturers widely recognised by consumers. MODIVO's portfolio also includes private label brands, their share in total sales constantly on the rise. MODIVO's leading own labels are Togoshi, Americanos, Simple, Rage Age and Quazi.

Togoshi is a futuristic streetwear brand. It is inspired by modern technology, the Korean comic strip art and the music of Black Pink and BTS. Targeted at those who follow trends and influencers. Although Togoshi has its source in streetwear, it goes beyond the boundaries of this single convention. Its soft knitwear baggy sweatshirts, joggers and t-shirts have prints with Korean popculture motifs. Their opposite are super tight dresses and leggings that fit perfectly like a second skin.

## Americanos™

Americanos is a casual brand. Its customers love garments composed of prime quality, simple and informal basics. An expert in denim, Americanos makes sure to offer its customers timeless and universal jeans styles. The brand also has unisex shirts and T-shirts, designed for comfort and durability.

## SIMPLE

Simple is a fashion brand championing contemporary minimalism. Its casual clothes and night out outfits are kept in simple, minimalist, designer styles. Simple is a women's brand whose key values are functionality and modernity. It features timeless and effortlessly feminine garments in a range of carefully selected colours and on-trend styles. All this comes with accessories that never go out of style.

## RAGE AGE

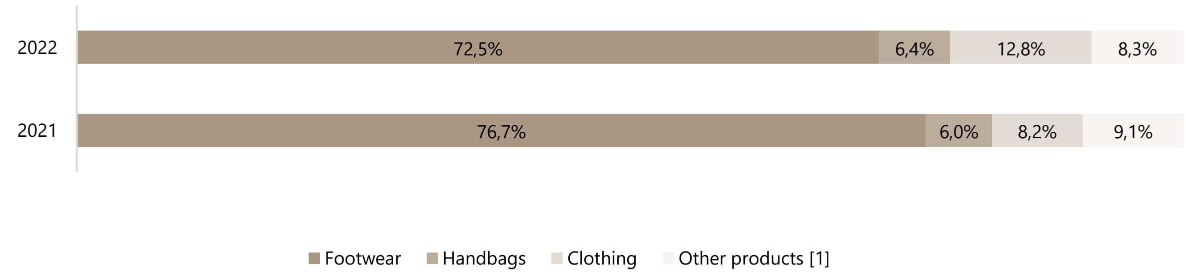
Rage Age is a brand of clothes for those who know what they want and are not afraid to live their life to the full. The women's collection features dresses with unique prints, laces, creases and cutouts, tops emphasising body shapes, and tracksuits in resplendent colours with a shiny logo. The core of the men's collection are perfectly cut denim, cotton, patterned, plain, colour and white shirts. There are also men's tracksuits made of soft cotton. All Range Age clothes carry a visible logo of the brand.

QUAZI

Quazi is an Italian footwear brand with an established presence in Poland. It focuses on excellent workmanship, which is considered to be key in delivering shoes that are comfortable to use. The most popular models of women's footwear are ankle boots resembling bovver boots and worker boots, as well as low-heel sandals. Men prefer classic loafers and sneakers.

The CCC Group's portfolio is complemented by HalfPrice, a modern store concept in the off-price segment, offering a wide variety of popular brands at attractive prices. Products sold at HalfPrice brick-and-mortar outlets and the halfprice.eu online store are tailored to the needs of customers, who buy wisely, choosing quality and looking for branded products sold at reduced prices. Several times a week, new products are added to the existing range, allowing consumers to find real bargains. The product portfolio comprises clothing, footwear, accessories, cosmetics, toys, and homewares.

## Sales mix

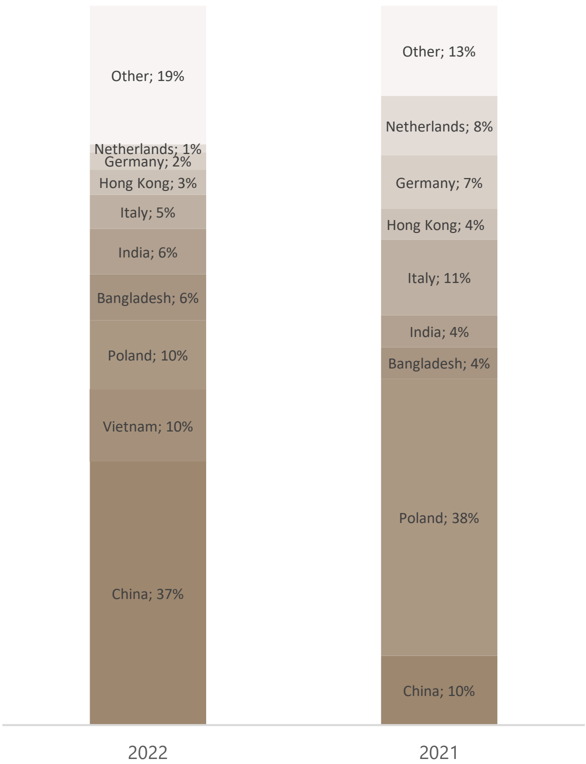



[1] "Other" includes various accessories, such as belts, wallets, in-soles, socks, shoe care products, and homewares.

The CCC Group's sales mix changed during 2022 in line with the GO.25 strategy, reflecting primarily development of the omnichannel platform and the HalfPrice business line. The contribution of the 'Footwear' category to total sales fell nearly 4pp year on year, mainly in favour of 'Clothing' (up 5pp).

# BUSINESS MODEL

## 17. SUPPLIERS




CCC.eu Sp. z o.o. is the supplier of goods for the CCC, HalfPrice and DeeZee chains. The company procures goods from domestic and foreign suppliers.

The MODIVO Group purchases merchandise for the eobuwie and MODIVO online platforms and offline stores of the same names through its parent Modivo S.A. In 2022, purchases made by MODIVO accounted for over 50% of the CCC Group's total purchases of merchandise. The purchasing structure of the CCC Group, including purchases by the MODIVO Group, is presented below.

[1] In the 'Other' category, purchases in any single country did not exceed 5% of the CCC Group's total purchases.

For a detailed description of the supply chain, see the Non-Financial Report of the CCC Group for the 2022 financial year, which is available from https://corporate.ccc.eu/raporty-i-polityki

### 17.1. LOGISTICS

The CCC Group currently operates four logistics centres: The centre in Polkowice (serving mainly offline stores), two buildings in Zielona Góra, a new facility in Bucharest, Romania (serving e-commerce) and the Logistics Centre in Wola Bykowska.

**LOGISTICS CENTRE IN THE LEGNICA SPECIAL ECONOMIC ZONE (LSEZ) IN POLKOWICE**

*Offline: storage space of 158,000 m$^2$, which can accommodate 39 million pairs of footwear, shipping capacity of 794,000 pairs per day*

The Group's development, increased demand for its products and ever greater requirements in terms of distribution efficiency contributed to the implementation of the project to construct a Logistics Centre in the Legnica Special Economic Zone (LSEZ) in Polkowice. The Centre is a modern complex of large-area buildings.

The most important facility of the Logistics Centre is a fully automated high-bay mini-load warehouse, with a total area of 23,000 m$^2$, which can hold up to 5 million pairs of footwear, i.e. over 500 thousand cardboard boxes of various sizes. It is the largest facility of its kind in Central Europe. Forty per cent of the capital expenditure was financed from EU funds through the Innovative Economy programme.

The new Distribution Centre, combined with the existing sorting facility, can handle over 80,000 cardboard boxes (or ca. 794 thousand pairs of footwear) in two working shifts. The mechanisation process provides support for future growth and a platform for further expansion of the logistics processes. Moreover, the current logistics space at the facility, of approximately 110,000 m², can be further optimised.

In the six months ended July 31st 2021, a project was completed to adapt one of the warehouses in Polkowice to the processes employed by the new HalfPrice concept. The 20,000 m$^2$ facility was modernised in terms of its technical infrastructure and equipment. The logistics is prepared to serve more than 100 stores. The warehousing processes and goods handling areas will make it possible to increase the distribution efficiency up to 1.5 million items per month.

On October 4th 2021, following upgrade works of only two months, a modern e-commerce Fulfilment Centre for HalfPrice was opened in the former CCC footwear factory. A current stocks warehouse was arranged over an area of 5,000 m$^2$ on two storeys. It can store 220,000 pieces of footwear, clothing, homewares and beauty goods for the needs of the HalfPrice ongoing e-commerce campaigns. On the ground floor, there is a goods receipt zone, stations equipped with modern infrastructure for the picking up of orders to be shipped to end customers, and a courier delivery zone. Hidden launch of the Centre took place on October 26th 2021, but the Centre reached its full operational capability and went live on December 9th 2021.

The HalfPrice e-commerce centre is technically capable of handling up to 16,000 multi-item orders per day. Orders placed by 1.00pm are delivered the following day.

## E-COMMERCE LOGISTICS CENTRE IN ZIELONA GÓRA

*Online: two buildings with a total storage area of 63,600 m$^2$, capable of accommodating 10.2 million products, with a total shipping capacity of 215,000 products per day*

The Logistics Centre in Zielona Góra consists of two facilities. K1 – with a storage area of 11,800 m$^2$, accommodating up to 1.8 million products, with a shipping capacity of 50,000 items per day. K2 – with a storage area of 51,800 m$^2$, accommodating up to 8.4 million products, with a shipping capacity of 165,000 items per day.

Built back in 2016, MODIVO S.A.'s Logistics Centre in the Lubuski Industrial Park in Zielona Góra is the Group's first shipping warehouse dedicated to serving the online sector. At present, it provides logistics support for CCC's products sold through the e-commerce channel. The K1 warehouse and the nearby K2 warehouse provided the foundations for MODIVO S.A.'s New Logistics Centre, a project that strengthens growth in the European markets served by the Group and improves logistics support for CCC Group entities, including digital sales of the CCC Group's products. December 2019 saw the completion of the facility with an area of just under 40,000 m$^2$, in which the receipt of goods and implementation of automated systems commenced in the same year, and was followed by the start of shipment processing in the first quarter of 2020.

In the first half of 2020, work on a 15,000 m$^2$ extension of the New Logistics Centre began. The occupancy permit for the new K3 building obtained in January 2021 mad it possible to launch business operations in the new building and fully utilise the new warehouse space before the spring sales peak.

Following the extension of its own warehouse, MODIVO S.A. decided to terminate the lease of warehouse space from Panattoni. The lease was terminated in August 2021, which helped optimise logistics costs, enhance operational efficiency and significantly improve the timeliness of supplies.

The Management Board of MODIVO S.A. also decided to extend the K3 warehouse building by adding another 22,000 m$^2$ of floor space. The construction works are scheduled for completion in the first quarter of 2023, while the automation systems will be expanded in August 2023. It will allow the New Distribution Centre in Zielona Góra to increase its capacity and prepare it for future sales peaks. In parallel, work is underway to further improve the handling of orders and processing of returns. The running projects, including those designed to optimise automation systems, are expected to enable next business day (NBD) deliveries for customers in key markets.

**E-COMMERCE LOGISTICS CENTRE IN BUCHAREST**

*Online: a building with a total storage area of 15,000 m$^2$, capable of accommodating up to 2.1 million products, with a shipping capacity of 24,000 products per day*

In December 2020, MODIVO S.A. signed a ten-year contract for the lease of a warehouse building in Stefanesti near Bucharest. The building is designated as R1. In the fourth quarter of 2021, the facility was put into service and in January 2022 operating activities commenced. The warehouse currently serves customers in Romania, Bulgaria and Greece. The main reason behind locating the Fulfilment Centre in Bucharest is to reduce the order execution time and, consequently, to further increase sales in the target markets and lessen the workload on the warehouses in Zielona Góra.

Installation of the conveyor automation and sorting systems began in the third quarter of 2022. The planned commissioning and optimisation of the new equipment is scheduled for completion in the second quarter of 2023, but the automation system should start to efficiently support logistics operations in the first months after installation.

Given the rapid growth in southern Europe, a decision was made to expand the R1 warehouse by an additional 30,000 m$^2$ (2 x 15,000 m$^2$). The new sections of the warehouse are scheduled to start commercial operation in April and in the fourth quarter of 2023.

**LOGISTICS CENTRE IN WOLA BYKOWSKA**

*Online: a building with a total storage area of 42,000 m$^2$, 3 million products stored in racking systems, and an estimated shipping capacity of 60,000 products per day*

In late June and early July 2022, a contract was signed under which Poland's largest logistics operator, InPost, will provide fulfilment services for products sold mainly under the MODIVO brand. Shipments from the L1 warehouse in Wola Bykowska started in January 2023, but the transfer of goods to the new facility began in late December 2022. What differentiates the warehouse where the new logistics partner will operate is its close proximity to InPost's main sorting facility, enabling the last hour for the fulfilment of NBD delivery orders to be pushed to the values currently unattainable by competitors. The focus on clothing products will also be a major advantage that should greatly improve the average process efficiency at both InPost's warehouse and the facilities in Zielona Góra, which will then be able to concentrate on footwear handling, thus increasing the efficiency of their automation systems.

### 17.2. DISTRIBUTION

The breakdown of the CCC Group's operations by distribution channel is into the following omnichannel business lines:

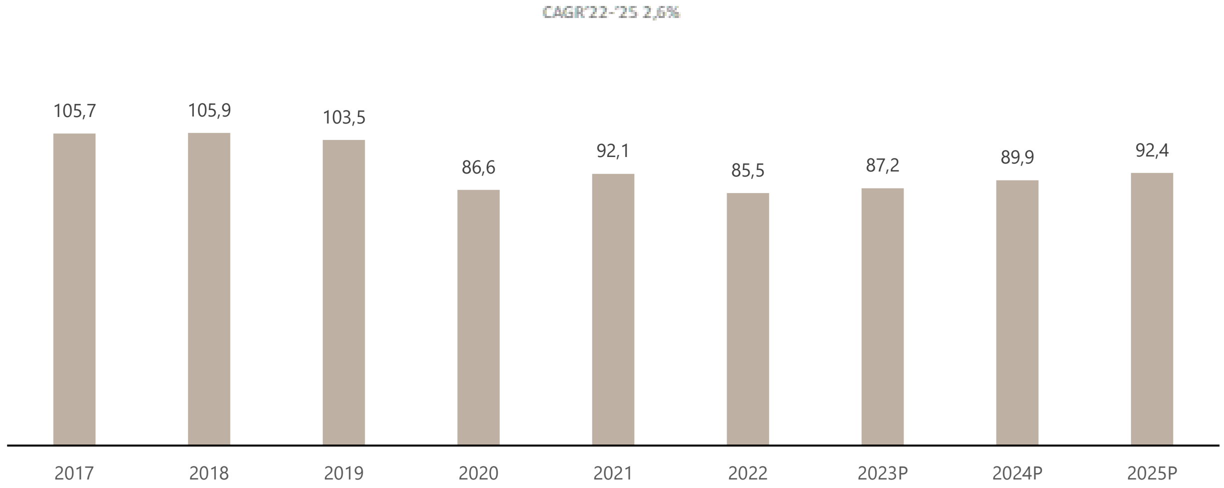
- CCC
- eobuwie
- MODIVO
- HalfPrice
- DeeZee

## MARKET ENVIRONMENT AND COMPETITION IN OUR KEY REGIONS

The main exogenous factors affecting the Group's business are the macroeconomic environment, industry outlook, and the competitive environment in the Group's key operating regions. For a detailed analysis of these macroeconomic factors, see 'Factors and events with bearing on the performance of the CCC Group/ Macroeconomic growth in Poland and Central and Eastern Europe'.

According to Statista forecasts, the European footwear market will grow at a CAGR of 2.6% (CAGR 2022–2025). The CCC Group's main sales market is the clothing and footwear market of Central and Eastern Europe (CEE). In 2022, the Group's share in the footwear retail market in the CEE region (comprising Poland, the Czech Republic, Hungary, Romania, Slovakia, Croatia, Slovenia, Bulgaria and Serbia) was close to 20%.

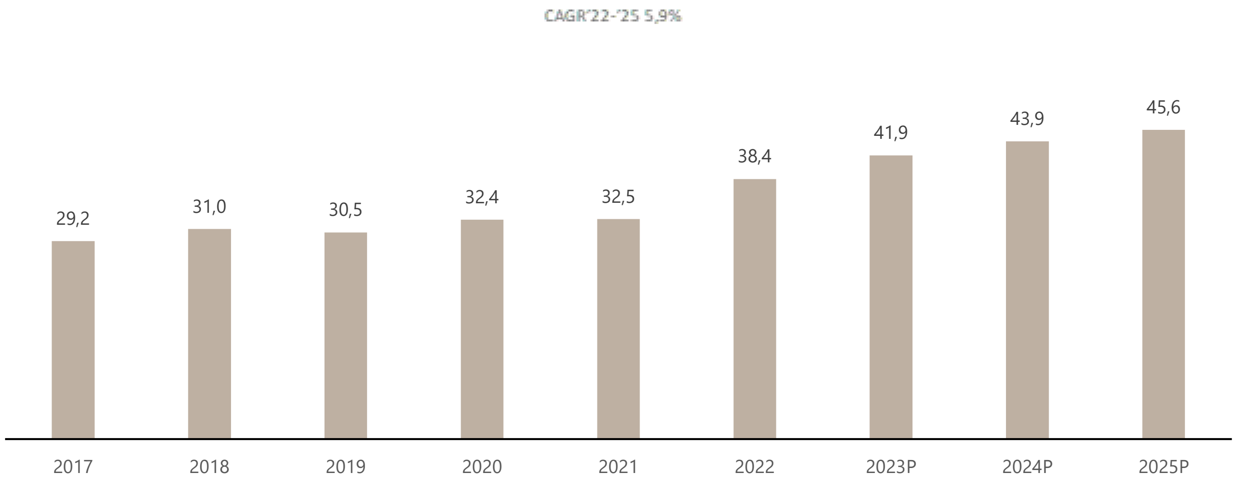
**Value of the European footwear market (USDbn)**




*Source: Statista*

Statista analysts expect unit footwear prices to grow at a CAGR of ca. 6% in 2022–2025. The strongest growth rates are expected for leather and textile footwear.

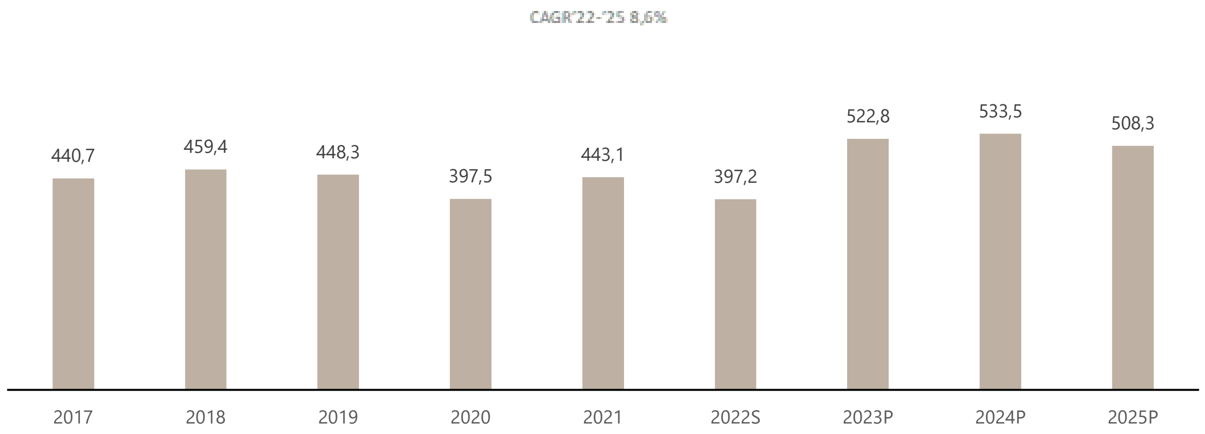
**Average unit footwear price - Europe (USD)**




*Source: Statista*

In 2025, the value of the European clothing market will be around USD 508.3bn, implying a CAGR of nearly 9% for 2022–2025, according to Statista.

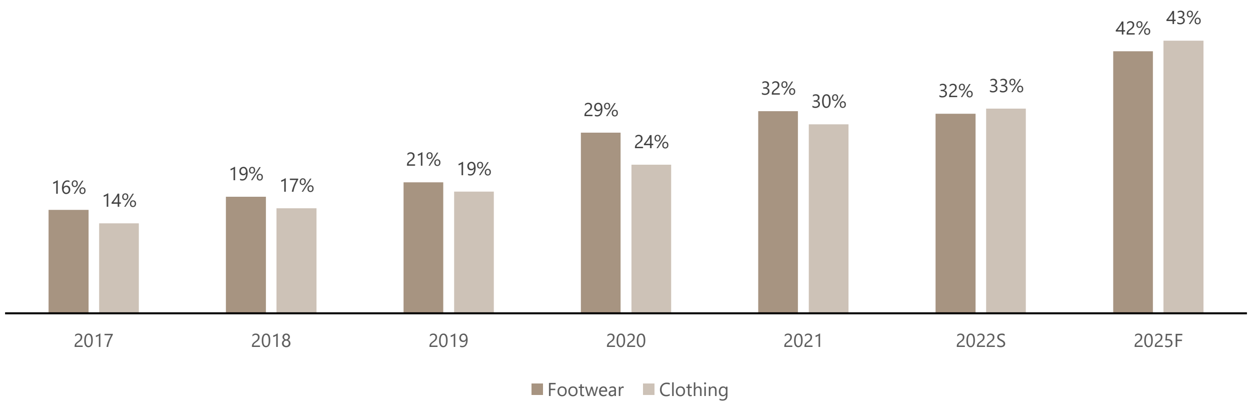
**Value of the European clothing market (USDbn)**




*Source: Statista*

Statistics analysts expect e-commerce to further gain in prominence as a sales channel for footwear and clothing. Based on their forecasts, in 2025 the share of online in total revenue generated by footwear and clothes retailers will reach, respectively, 42% and 43%. This means a 10pp increase on 2022 for both variables.

**Share of online in total sales**




*Source: Statista*

## GEOGRAPHICAL COVERAGE OF CCC GROUP SALES CHANNELS

Outside Poland, the Group operates in Central and Eastern Europe, Western Europe, the Baltic States, the Balkans and the Middle East. The Group's showrooms operate in large shopping centres or at attractive high-street locations.

| CHAIN | COUNTRY | January 31st 2023 | | January 31st 2022 | |
|---|---|---|---|---|---|
| | | $m^2$ | NUMBER | $m^2$ | NUMBER |
| CCC | Poland | 281,929 | 444 | 278,752 | 432 |
| | Hungary | 53,543 | 77 | 54,035 | 79 |
| | Czech Republic | 48,507 | 82 | 53,264 | 86 |
| | Romania | 48,340 | 76 | 49,898 | 80 |
| | Slovakia | 32,628 | 50 | 34,896 | 53 |
| | Croatia | 20,624 | 28 | 21,015 | 29 |
| | Bulgaria | 12,976 | 20 | 11,651 | 17 |
| | Slovenia | 11,763 | 17 | 13,830 | 17 |
| | Serbia | 11,050 | 14 | 11,056 | 14 |
| | Latvia | 4,621 | 6 | – | – |
| | Estonia | 2,879 | 3 | – | – |
| | Lithuania | 1,420 | 2 | – | – |
| **TOTAL** | | **530,280** | **819** | **528,397** | **807** |
| HalfPrice | Poland | 124,689 | 75 | 71,824 | 54 |
| | Hungary | 5,633 | 3 | 4,282 | 2 |
| | Austria | 5,038 | 3 | 5,038 | 3 |
| | Czech Republic | 5,000 | 3 | 1,711 | 1 |
| | Slovakia | 4,787 | 3 | – | – |
| | Slovenia | 3,515 | 2 | – | – |
| | Croatia | 1,955 | 1 | 1,955 | 1 |
| | Romania | 1,486 | 1 | – | – |
| **TOTAL** | | **152,103** | **91** | **84,810** | **61** |
| MODIVO | MODIVO | 26,689 | 38 | 20,715 | 28 |
| **TOTAL OWN STORES** | | **709,072** | **948** | **633,922** | **896** |

| CHAIN | COUNTRY | January 31st 2023 | | January 31st 2022 | |
|---|---|---|---|---|---|
| | | $m^2$ | NUMBER | $m^2$ | NUMBER |
| CCC FRANCHISE | Ukraine | 9,415 | 16 | 11,613 | 17 |
| | UAE* | 5,302 | 6 | 5,302 | 6 |
| | Saudi Arabia | 2,420 | 3 | 2,420 | 3 |
| | Kosovo | 1,958 | 2 | 1,958 | 2 |
| | Oman | 1,223 | 1 | 1,223 | 1 |
| | Qatar | 1,002 | 1 | 1,002 | 1 |
| | Bahrain | 929 | 1 | 929 | 1 |
| | Moldova | 740 | 1 | 740 | 1 |
| | Latvia | – | – | 4,559 | 7 |
| | Estonia | – | – | 2,879 | 3 |
| | Lithuania | – | – | 2,020 | 3 |
| **TOTAL FRANCHISE** | | **22,989** | **31** | **34,645** | **45** |
| **TOTAL CCC GROUP** | | **732,061** | **979** | **668,567** | **941** |
| Discontinued operations | Russia | – | – | 26,880 | 40 |

*UNITED ARAB EMIRATES

## Omnichannel sales

Omnichannel sales at the CCC Group are made through the CCC, eobuwie, MODIVO and HalfPrice own stores, and the DeeZee platform. In the reporting period, own stores operated in Poland, Hungary, the Czech Republic, Romania, Slovakia, Croatia, Slovenia, Bulgaria, Serbia, Latvia, Estonia, Lithuania, and Austria (through the HalfPrice chain). As at the reporting date, the total number of these stores was 948 (including 91 HalfPrice stores and 38 eobuwie.pl stores), with the number of franchise stores totalling 31.

As at reporting date, CCC's digital business was carried out in Poland, Hungary, Czech Republic, Romania, Slovakia, Croatia, Slovenia, Bulgaria, Austria, Ukraine, and Greece. The dedicated sales app was available in Poland, the Czech Republic, Slovakia, Romania, Hungary, Bulgaria, Greece, and Austria. The mobile app was downloaded more than 10 million times, with every fourth złoty earned by CCC during the reported period generated by the app.

Services supporting online shopping available at the Group include CCC Express (deliveries even within 90 minutes, available in 37 Polish cities as at the reporting date), deliveries over the weekend via InPost, deferred PayPo payments, and the Order Management System (OMS), which have transformed CCC stores into mini-hubs that can ship e-commerce orders, offering customers better access to a wider range of products.

As at the reporting date, eobuwie operated (under local domain names) in Poland, the Czech Republic, Slovakia, Slovenia, Romania, Hungary, Bulgaria, Croatia, Switzerland, Ukraine, Greece, Italy, Lithuania, Germany, Sweden, Spain, France, Austria, and Latvia. The dedicated eobuwie.pl app was available on all markets. The MODIVO platform is also available in these countries (except for Switzerland, Sweden and Spain). In addition, the innovative esize.me function was launched in the eobuwie.pl app in the Czech Republic, Hungary, Bulgaria and Greece in August 2021.

HalfPrice is a modern store concept in the off-price category, offering a wide range of products of popular brands at attractive prices, including clothing, footwear, accessories, toys and homewares. The network was launched in Poland, in May 2021. As at the reporting date, HalfPrice operated 75 stores in Poland, three in Austria, the Czech Republic, Slovakia and Hungary, two in Slovenia, and one in Croatia and Romania.

Revenue from omnichannel sales increased in the reporting period by PLN 1,581.5m (+21.0%) year on year, to PLN 9,123.2m.

## Wholesale and other sales

In the reporting period, wholesale customers were franchisees operating in Ukraine, Latvia, Lithuania, Estonia, the United Arab Emirates, Kosovo, Saudi Arabia, Bahrain, Qatar, Moldova and Oman. As at the reporting date, stores in Latvia, Lithuania and Estonia were part of the CCC Group structure, with the number of franchise stores totalling 31. Furthermore, after the reporting date, the Group acquired control of CCC Ukraina Sp. z o.o., thus acquiring its 16 stores.

Wholesale revenue and revenue from services were allocated to the CCC segment. In the reporting period, revenue from those sales was PLN 115.2m, down 40.4%.

## SELECTED FINANCIAL AND OPERATING DATA OF THE CCC GROUP

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the consolidated statement of profit or loss and other comprehensive income | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 |
| **Revenue** | **9,123.2** | **7,541.7** | **1,942.1** | **1,645.8** |
| CCC | 4,175.2 | 3,697.1 | 888.8 | 806.8 |
| eobuwie | 3,081.3 | 2,853.3 | 655.9 | 622.7 |
| MODIVO | 895.0 | 540.0 | 190.5 | 117.8 |
| HalfPrice | 843.1 | 236.9 | 179.5 | 51.7 |
| DeeZee | 115.8 | 108.0 | 24.7 | 23.6 |
| Not allocated to segments/discontinued operations | 12.8 | 106.4 | 2.7 | 23.2 |
| **Gross profit (loss)** | **4,265.4** | **3,525.3** | **908.0** | **769.3** |
| Gross margin | 46.8% | 46.7% | 46.8% | 46.7% |
| **Segment profit or loss:** | **450.3** | **321.8** | **95.9** | **70.2** |
| CCC | 280.8 | 80.4 | 59.8 | 17.5 |
| eobuwie | 108.7 | 230.8 | 23.1 | 50.4 |
| MODIVO | 34.8 | 46.3 | 7.4 | 10.1 |
| HalfPrice | 16.8 | -37.8 | 3.6 | -8.3 |
| DeeZee | 9.2 | 2.1 | 2.0 | 0.5 |
| **Operating profit (loss)** | **-51.3** | **4.1** | **-10.9** | **0.9** |
| Profit (loss) before tax | -398.9 | -148.3 | -84.9 | -32.4 |
| **NET PROFIT (LOSS) FROM CONTINUING OPERATIONS** | **-401.5** | **-216.6** | **-85.5** | **-47.3** |
| **NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS** | **-42.4** | **24.3** | **-9.0** | **5.3** |
| **NET PROFIT/(LOSS)** | **-443.9** | **-192.3** | **-94.5** | **-42.0** |

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the consolidated statement of financial position | January 31st 2023 | January 31st 2022 | January 31st 2023 | January 31st 2022 |
| **Non-current assets** | **3,601.3** | **3,393.8** | **764.8** | **738.1** |
| **Current assets, including:** | **3,462.8** | **4,106.9** | **735.4** | **893.1** |
| Inventories | 2,691.1 | 2,625.8 | 571.5 | 571.0 |
| Cash | 395.4 | 941.1 | 84.0 | 204.7 |
| **Total assets** | **7,064.1** | **7,500.7** | **1,500.2** | **1,631.2** |
| **Non-current liabilities, including:** | **2,741.4** | **3,410.2** | **582.2** | **741.7** |
| Bank borrowings and bonds | 1,370.5 | 1,914.6 | 291.0 | 416.4 |
| Lease liabilities | 1,266.8 | 1,303.9 | 269.0 | 283.6 |
| **Current liabilities, including:** | **3,740.0** | **2,938.9** | **794.2** | **639.1** |
| Bank borrowings and bonds | 1,155.7 | 545.0 | 245.4 | 118.5 |
| Trade and other payables | 1,389.5 | 1,480.1 | 295.1 | 321.9 |
| **Total liabilities** | **6,481.4** | **6,349.1** | **1,376.4** | **1,380.8** |
| **Equity** | **582.7** | **1,151.6** | **123.8** | **250.4** |

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the consolidated statement of cash flows | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 |
| Net cash flows from operating activities | 540.7 | 50.3 | 115.1 | 11.0 |
| Net cash flows from investing activities | -409.1 | -219.2 | -87.1 | -47.8 |
| Net cash flows from financing activities | -677.3 | 651.3 | -144.2 | 142.1 |
| **Total cash flows** | **-545.7** | **482.4** | **-116.2** | **105.3** |
| Capital expenditure | -455.1 | -312.9 | -96.9 | -68.3 |

| Operating data | January 31st 2023 | January 31st 2022 |
|---|---|---|
| Number of stores | 979 | 941 |
| Retail space (thousand $m^2$) | 732.1 | 668.6 |
| Number of markets with digital sales | 19 | 19 |

Selected data from the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows were translated into the euro using the method specified below:

- Items of assets, equity and liabilities in the consolidated statement of financial position were translated at the exchange rate effective on the last day of the reporting period:
  - the exchange rate as at January 31st 2023 was EUR 1 = PLN 4.7089
  - the exchange rate as at January 31st 2022 was EUR 1 = PLN 4.5982
- particular items of the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of cash flows were translated at exchange rates representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the euro in effect on the last day of each month in a given reporting period:
  - in the period February 1st 2022 – January 31st 2023, the average exchange rate was EUR 1 = PLN 4.6975
  - in the period February 1st 2021–January 31st 2022, the average exchange rate was EUR 1 = PLN 4.5825

The amounts were translated at the exchange rates specified above by dividing amounts expressed in millions of the zloty by the exchange rate.

## Changes in exchange rates

Part of the settlements of the CCC Group are denominated in foreign currencies. The USD and EUR exchange rates have an impact on the structure of revenue and costs. As the Group imports merchandise whose purchase prices are mainly denominated in USD, and also sells finished goods on foreign markets where selling prices are denominated in EUR, the Group is exposed to currency risk. The Group also provides loans denominated in foreign currencies.

| PERIOD (USD/PLN) | HIGH | LOW | END OF PERIOD | MID |
|---|---|---|---|---|
| February 1st 2022–January 31st 2023 | 5.0381 | 3.9218 | 4.3480 | 4.4873 |
| February 1st 2021–January 31st 2022 | 4.1893 | 3.6545 | 4.1147 | 3.9065 |

| PERIOD (EUR/PLN) | HIGH | LOW | END OF PERIOD | MID |
|---|---|---|---|---|
| February 1st 2022–January 31st 2023 | 4.9647 | 4.4879 | 4.7089 | 4.6975 |
| February 1st 2021–January 31st 2022 | 4.7210 | 4.4541 | 4.5982 | 4.5825 |

## KEY EVENTS IN THE PERIOD FROM FEBRUARY 1ST 2022 TO JANUARY 31ST 2023

### Q1

- *Eobuwie debuts in Latvia and Austria*
- *Marketplace service launched in MODIVO*
- *International Business Unit (international development office) launched at MODIVO*
- *CCC Group joins the UN Global Compact initiative*

### Q2

- *CCC Group shuts down Russian operations*
- *Company CEO Damian Zapłata acquires shares in MODIVO S.A.*

### Q3

- *Commercial launch of the marketplace MODIVO service*
- *HalfPrice reaches operating profitability*
- *Eobuwie zones are deployed at CCC stores – leveraging sales synergies within the Group*
- *Agreement on new financing terms is reached with banks and bondholders For details, see Section 19 'Covenants/financial ratios'*

### Q4

- *Adoption by Extraordinary General Meeting of resolution to issue up to 14 million Series L and M shares*
- *Execution of agreements to partially refinance CCC Group's debt towards financial institutions*
- *HalfPrice debut in Latvia*
- *10 million downloads of CCC mobile app – its main digital sales channel*

Find out more about developments important to the Group on the websites:

https://corporate.ccc.eu/news/aktualnosci,1

https://corporate.ccc.eu/raporty#pills-relacjeinwestorskie-raporty-zakladki-raporty-biezace-1-tab

# FACTORS AND EVENTS WITH BEARING ON THE PERFORMANCE OF THE CCC GROUP

## MACROECONOMIC GROWTH IN POLAND AND CENTRAL AND EASTERN EUROPE

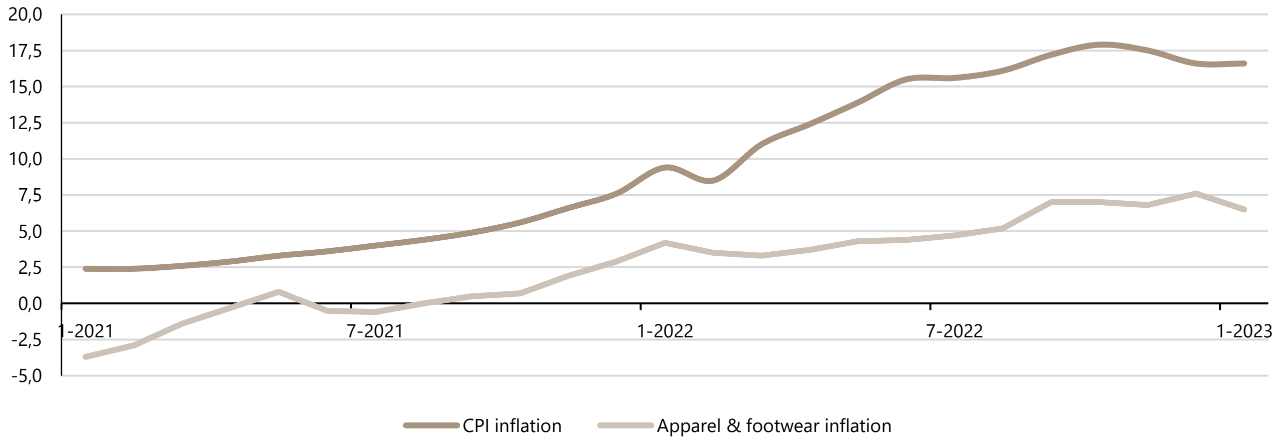
The CCC Group operates mainly on the markets of Central and Eastern Europe, with a clear dominance of the Polish market. As a result of the location of the Group's sales channels in this region, the condition of the CEE economies has a significant impact on the sales of the Group.

The main factors that influenced the financial results in the reporting period were:

- **change in disposable income of consumers, change in propensity for consumption, change of shopping preferences**

Inflation has been rising fast over the past months.

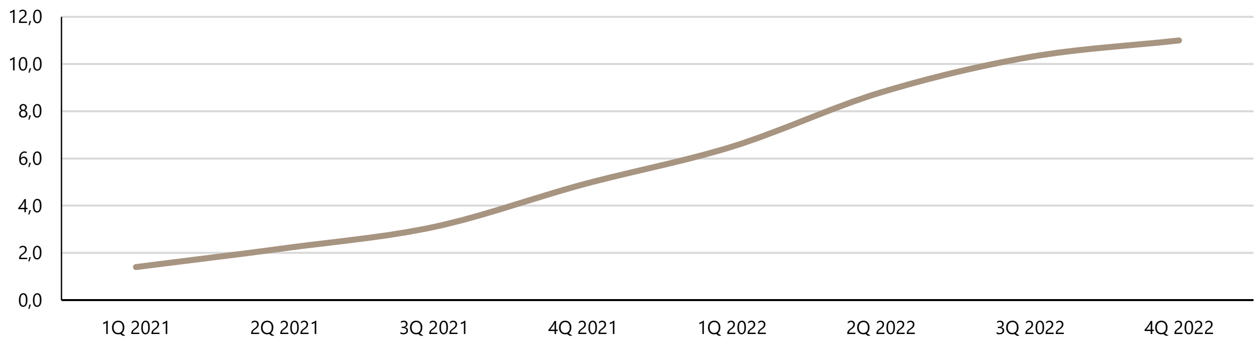
**Inflation in Poland [%]**




*Source: NBP*

Growing inflation changes the distribution of disposable income of consumers and consequently affects their shopping preferences. Customers tend to choose cheaper products and show higher price sensitivity. The Group makes every effort to ensure that the product offering is best tailored to customers' needs and takes numerous measures to steadily expand its range – in recent months new economy brands have been added to CCC's product portfolio to reduce threshold prices. Inflation for apparel and footwear has also been rising in recent months, albeit at a slower rate than the CPI.

**Inflation in the European Union (HICP) [%]**



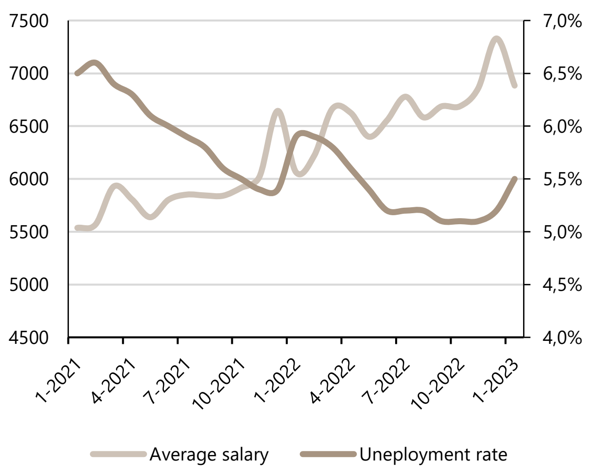

*Source: EC*

High inflation is seen across the European Union. According to European Commission data, the HICP inflation rate was approximately 11.0% for all member states in the fourth quarter of 2022.

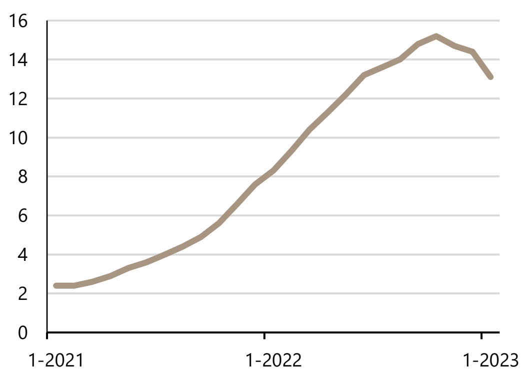
– **cost pressures**

The inflation's impact is also seen on the cost side. Since 2021, wages have been rising rapidly while unemployment remained relatively low. Such a situation leads to wage pressures.

**Unemployment rate and wage growth [%]**



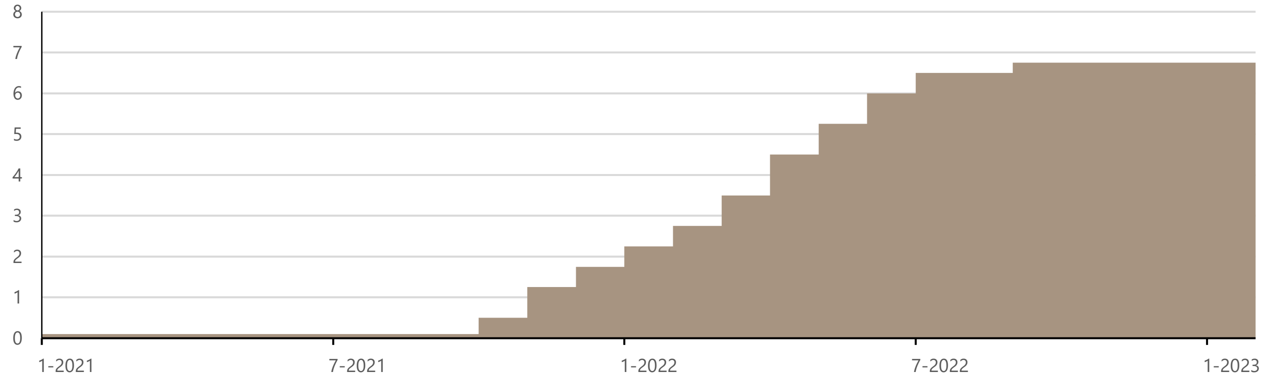

**Increase in construction and assembly prices [%]**




*Source: Statistics Poland, National Bank of Poland*

Since the second half of 2021, the prices of construction and assembly output have been growing rapidly, which mainly affected the costs and expenditure on the expansion of the offline sales chain. The CCC Group takes numerous measures to mitigate the inflationary cost increase.

– **interest rate development**



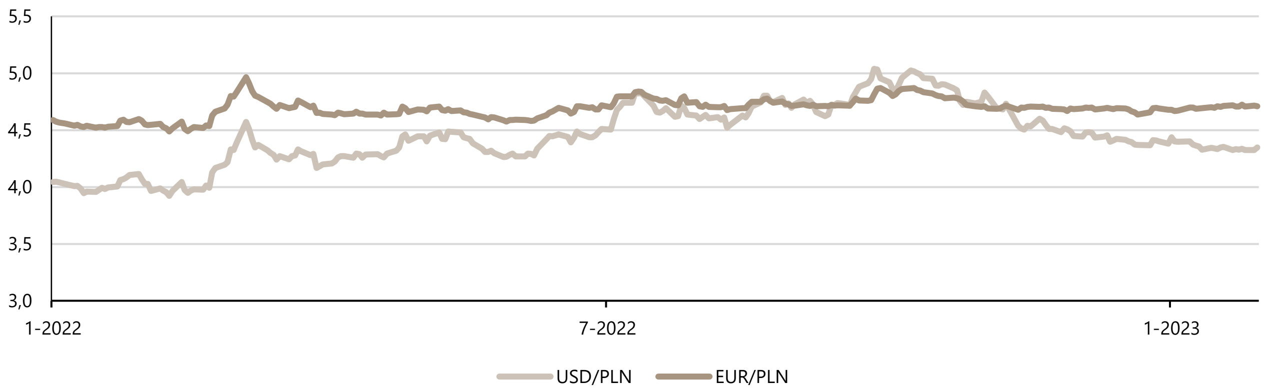

**Reference rate in Poland [%]**

*Source: NBP*

Due to the strong growth of inflation in Poland, in October 2021 the Monetary Policy Council of the National Bank of Poland started a series of reference rate rises. In September 2022, the reference rate was increased to 6.75%, and has been maintained at that level since. The interest rate hikes lead to higher debt service costs for the Group.

– **foreign exchange**

**EUR/PLN and USD/PLN exchange rates [PLN]**



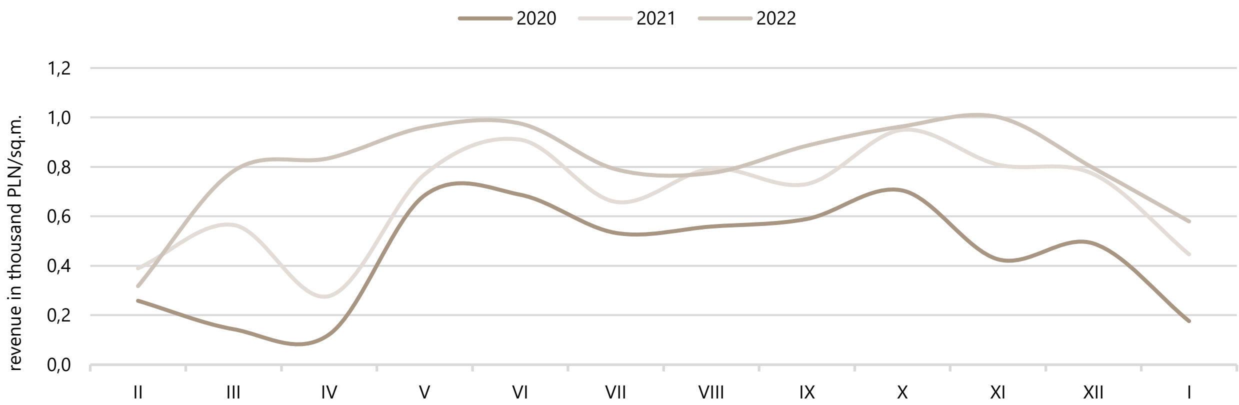

*Source: NBP*

In late 2021 and early 2022, the geopolitical situation contributed to a strengthening of foreign currencies – the euro and the US dollar – against the Polish złoty. The depreciation of the złoty is exerting pressure on gross margin (USD, EUR) and rental costs (EUR). The Group mitigates the impact of changes in foreign exchange rates on its performance by actively adjusting its pricing and discount policies. It also seeks to enter into contracts providing for flexible terms of lease of retail space, and some of its revenue is generated in the euro.

### 15.1. SEASONALITY

The weather and seasonality have a significant effect on the distribution of revenue during the financial year (peak demand falls in spring and autumn). Disruptive weather conditions can result in customers postponing purchasing decisions or in a shortened peak sales season. In 2020–2021, the seasonality of sales was disrupted by the effects of the global coronavirus pandemic and, in particular, by several rounds of administrative restrictions on retail trade through offline stores in most of the Group's markets.

**Seasonality of revenue for CCC network in Poland in 2020–2022**




## KEY TRENDS IN THE FOOTWEAR AND CLOTHING MARKET AND CUSTOMERS' SHOPPING HABITS:

**The Group has identified four key categories of trends which currently shape the footwear and clothing market and affect customers:**

### 1. Product

- The growing role of fashion, driven, among other things, by the rapid spread of new fashion trends involving the use of social media
- Development of casual and sports footwear (sneakerisation):
- Growing importance of environmental aspects of products and circular approach (secondary circulation)

### 2. Competition

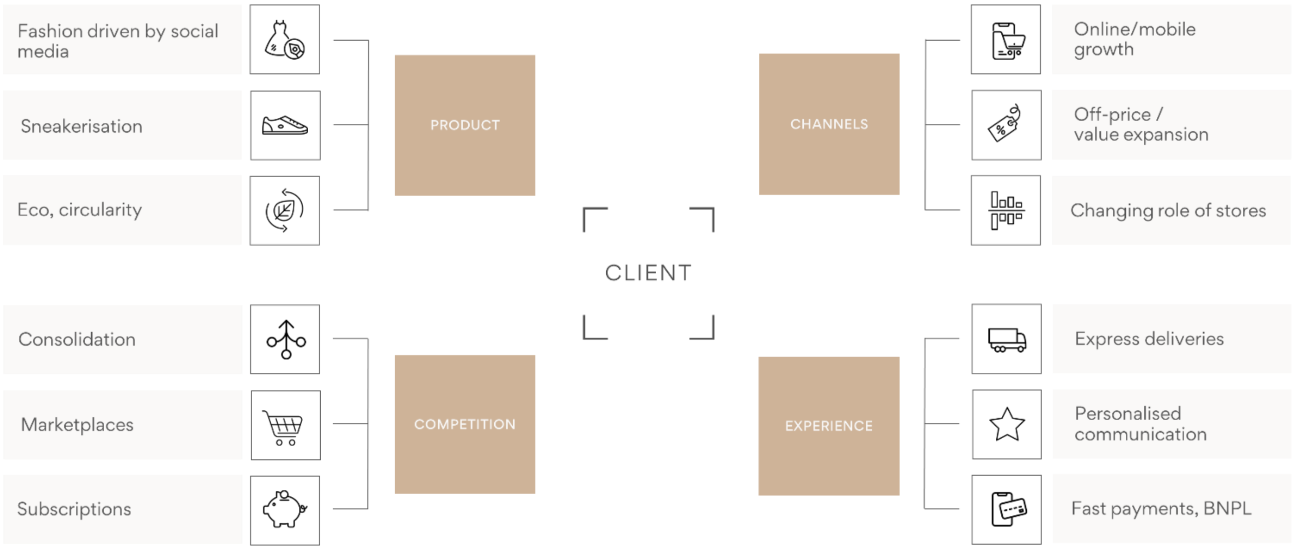
- Growing competition – both the emergence of new players and diversification of the product ranges offered by existing competitors – and consolidation of the market due to problems faced by smaller players as a result of COVID-19
- Development and growing popularity of the marketplace model
- Subscriptions

### 3. Sales channels

- Growth of online/mobile sales channels – increasing importance of development of new channels of distribution and customer relations
- Expansion of the off-price and value segment
- Evolving role of offline stores – stores as part of omnichannel distribution systems and places where brand experience is created

## 4. Experience

- Acceleration of deliveries, including the next business day and same day delivery models
- Personalised communication – growing importance of direct interaction with customers, personalisation of the message and continuous feedback
- Fast payments and deferred payments – further rollout of electronic payment solutions and popularisation of deferred payment methods




**<u>As a result, customers today make purchases in an increasingly complex manner involving multiple channels</u>**:

## 1. They shops online and use digital solutions

- They expect a consistent experience across all channels
- They are more likely to shop online
- They pay digitally

## 2. They appreciate a positive shopping experience and extra services

- They expect personalised communication
- They expect fast delivery
- They are likely to choose deferred payment solutions

## 3. They make informed purchasing decisions

- They look for 'value for money' products
- They are more likely to buy from local brands
- They care about environmental and community support aspects

## STRATEGY ADAPTED TO MARKET CHANGES

**In response to the changing market environment, the CCC Group developed and implemented the GO.25 strategy, and is monitoring progress in its delivery The Group's strategy is implemented through the omnichannel platform, which includes:**

1. **Business lines**

   Five strong complementary business lines – CCC, eobuwie, MODIVO, HalfPrice and DeeZee – which complement one another in terms of sales channels and product mix

2. **Channels**

   Overlapping offline and online channels to help the customer choose the best way to make a purchase

3. **Products**

   Diverse product mix, offering customers a wide range of footwear, clothing, accessories and other categories (homeware, health and beauty, and other products)

4. **Platform foundations**

   Mainly the products, communication, supply chain, technology, finance, sustainable development, culture and people

The CCC Group's omnichannel platform is a unique ecosystem for products representing various brands (both private label and third-party brands, which are consistently developed by the Group), enabling the flow of products from full-price (CCC, eobuwie, MODIVO, DeeZee) to off-price (HalfPrice) channels.

**As part of the new strategy, the Company has identified seven key strategic objectives:**

1) **3x business** – threefold expansion of the Group's business scale by leveraging the omnichannel platform model

2) **EBITDA margin > 12%**

3) **New categories accounting for more than one-third of total sales** – strong entry into new fashion categories, including clothing, homeware and beauty products

4) **60% share of online sales** – with the focus on a well-balanced share of pure online and digitalised offline channels

5) **NPS + 10p for all business lines and channels** – our strategic goal is to increase NPS across all business lines and channels while maintaining a focus on customers and continuously enhancing customer experience

**and Sustainable Development Goals – low-carbon circular economy, diversity and transparency, which underpin our strategic efforts:**

6) **MSCI ESG rating of A+**

7) **Employee engagement +10pp vs industry average**

The CCC Group's strategy is discussed at length in 'CCC Group's strategy, Execution and growth plans'.

## OPERATIONAL DATA ON MODIVO S.A. SALES

| KPI | Unit | Business line | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Share of mobile visits | % | eobuwie | 78.8% | 77.6% | 79.1% | 79.9% | 80.5% | 83.3% | 83.4% |
| | | MODIVO | 77.7% | 79.4% | 79.3% | 78.4% | 79.1% | 80.2% | 81.2% |
| Conversion rate | % | eobuwie | 2.1% | 1.8% | 1.7% | 1.9% | 2.3% | 2.0% | 1.7% |
| | | MODIVO | 1.5% | 1.3% | 1.6% | 1.5% | 1.8% | 1.6% | 1.5% |
| Active customers | k | eobuwie | 6,968.20 | 7,356.39 | 7,590.95 | 7,813.92 | 8,101.80 | 8,264.85 | 8,219.12 |
| | | MODIVO | 722.84 | 878.91 | 1,200.27 | 1,385.98 | 1,668.96 | 1,908.08 | 2,164.54 |
| Average number of SKUs | k | eobuwie | 106,000.00 | 120,000.00 | 125,000.00 | 132,000.00 | 137,000.00 | 140,000.00 | 145,000.00 |
| | | MODIVO | 53,000.00 | 64,000.00 | 75,000.00 | 91,000.00 | 103,000.00 | 130,000.00 | 117,000.00 |
| | | MODIVO + Marketplace | 53,000.00 | 64,000.00 | 75,000.00 | 91,000.00 | 103,000.00 | 130,000.00 | 174,000.00 |

Definitions:

Share of mobile visits – share of visits via the mobile channel (including the tablet) in the total number of sessions.

Conversion rate – the total number of orders divided by the total number of sessions.

Active customers – the number of customers who have made at least one transaction in the last 12 months.

Average number of SKUs (Stock Keeping Units) – the average number of SKUs in the main warehouse during a quarter, rounded to the nearest thousand.

The share of visits via the mobile channel in the total number of sessions rose substantially (especially in the case of eobuwie) following the release of a new version of the eobuwie app and development of new functionalities in the MODIVO app.

October 2022 saw the launch of the marketplace MODIVO service on the Polish market. At the end of the fourth quarter, the platform's customers gained access to an additional 150,000 SKUs, offered by almost 60 partners.

A slight year-on-year decline in the conversion rate was mainly attributable to the observed weakening of consumer sentiment and the product mix in individual countries. In the first quarter of 2023, the Group recorded a quarter-on-quarter improvement in the conversion rate.

# ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA OF THE CCC GROUP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### Revenue, cost of sales and gross profit

**How we define the individual components of the result:**

**Revenue** includes revenue from sales of merchandise, products and services in the ordinary course of business. The segment revenue data presented in the tables below presents revenue from sales to external customers – intra-group sales were eliminated and consolidation adjustments were made so that the revenue presented below is the same as revenue disclosed in the consolidated financial statements.

As **costs of sales** the Group recognises: costs of goods sold, cost of packaging sold, cost of provisions for complaints, costs of finished goods sold; logistics and accounting services; inventory write-downs and impairment losses on property, plant and equipment and intangible assets used in the production of goods or the provision of services (depreciation of production plant and equipment).

**Gross profit** on sales is calculated as the difference between revenue and cost of sales, and gross profit margin as the ratio of gross profit to revenue from sales to external customers.

**Segment profit 1** is gross profit (revenue – cost of sales) less costs of points of purchase and distribution.

**Segment profit 2 (EBITDA)** is Segment profit 1 less administrative expenses and other expenses, plus other income. The change in the presentation of segment results is intended to align the presented financial data with analyses carried out by the Group's Management Board in connection with operational expansion of the CCC Group and its business lines. It is also intended to provide the target performance measure for each operating segment.

In the analysis we also use sales of like-for-like stores (the definition of this measure is given in the respective tables).

Omnichannel sales in Poland are handled by CCC S.A., which also provides logistics services to CCC.eu Sp. z o.o., MODIVO S.A., HalfPrice Sp. z o.o. and DeeZee Sp. z o.o. Omnichannel sales outside Poland are carried out by the subsidiaries indicated in the section devoted to the structure of the CCC Group. In Germany, retail sales are conducted by the HR Group, an associate, in which CCC S.A. holds a 30.55% equity interest. CCC.eu Sp. z o.o. is a wholesaler to franchise entities.

**Revenue**

| REVENUE [1] | | | |
|---|---|---|---|
| | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | Change (%) |
| CCC | 4,175.2 | 3,697.1 | 12.9% |
| eobuwie | 3,081.3 | 2,853.3 | 8.0% |
| MODIVO | 895.0 | 540.0 | 65.7% |
| HalfPrice | 843.1 | 236.9 | >100% |
| DeeZee | 115.8 | 108.0 | 7.2% |
| **Total** | **9,110.4** | **7,435.3** | **22.5%** |
| Not allocated to segments/discontinued operations | 12.8 | 106.4 | -87.9% |
| **Total** | **9,123.2** | **7,541.7** | **21.0%** |

| REVENUE [1] | | | |
|---|---|---|---|
| | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | Change (%) |
| | audited | audited, restated | audited, restated |
| Poland | 4,818.9 | 3,895.2 | 23.7% |
| Central and Eastern Europe | 3,362.7 | 2,674.8 | 25.7% |
| Western Europe | 928.8 | 865.3 | 7.3% |
| **Total** | **9,110.4** | **7,435.3** | **22.5%** |
| Not allocated to segments/discontinued operations | 12.8 | 106.4 | −87.9% |
| **Total** | **9,123.2** | **7,541.7** | **21.0%** |

[1] Only revenue from external customers.

In the reporting period, revenue was PLN 9,123.2m, having increased by PLN 1,581.5m (+21.0%) year on year.

Strong revenue growth was seen across all segments. The largest contributors to the revenue growth in value terms were HalfPrice (PLN +606.2m / +>100%) and CCC (PLN +478.1m / +12.9%).

## Like-for-like stores

The revenue was affected by the change in sales at like-for-like stores and changes resulting from the opening and closing of retail outlets, as well as deployment of the new off-price format and product range expansion. The breakdown of revenue into like-for-like sales and sales by newly opened or closed outlets is presented below.

### Breakdown of revenue into like-for-like sales and sales by newly opened or closed outlets.

| | | LIKE-FOR-LIKE STORES [1] | | | Change (%) | OTHER STORES [2] | | Change (%) |
|---|---|---|---|---|---|---|---|---|
| BUSINESS LINE | SEGMENT | NUMBER | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | |
| CCC | Poland | 315.0 | 1,349.4 | 1,309.0 | 3.1% | 532.6 | 523.3 | 1.8% |
| CCC | Central and Eastern Europe | 343.0 | 1,127.0 | 938.3 | 20.1% | 142.0 | 116.3 | 22.1% |
| CCC | Western Europe | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | 83.7 | -100.0% |
| HalfPrice | Poland | 0.0 | 0.0 | 0.0 | 0.0% | 627.5 | 196.9 | 218.7% |
| HalfPrice | Central and Eastern Europe | 0.0 | 0.0 | 0.0 | 0.0% | 119.1 | 20.6 | 478.2% |
| HalfPrice | Western Europe | 0.0 | 0.0 | 0.0 | 0.0% | 64.1 | 17.9 | 258.1% |
| **Total** | | **658.0** | **2,476.4** | **2,247.3** | **10.2%** | **1,485.3** | **958.7** | **54.9%** |

[1] Like-for-like stores are stores that operated without interruption in the financial years 2021 and 2022.
[2] All other stores, including new stores opened in the current or previous year; stores closed in the current or previous year; and stores which temporarily suspended operations.
In the reporting period, revenue generated by like-for-like stores rose by PLN 229.0m (up +10.2%).

Increases in like-for-like sales were reported in the Central and Eastern Europe market (up +20.1%) and in Poland (up +3.1%). There were no like-for-like stores in the Western European market.

Poland continues to be the largest retail market, with a 63.3% share in total revenue in 2022 (PLN 2,509.5m), compared with 63.3% (PLN 2,029.2m) in the same period of 2021.

The PLN 480.3m year-on-year growth in revenue generated in Poland was attributable to revenue from like-for-like stores (up PLN 40.3m) and revenue from other stores (up PLN 440.0m), including the HalfPrice chain (up PLN 430.6m).

As at the end of the reporting period (January 31st 2023), retail space in Poland was 406,600 $m^2$, up 56,100 $m^2$ year on year (relative to January 31st 2022).

## Gross profit

| GROSS PROFIT | | | |
|---|---|---|---|
| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | Change (%) |
| CCC | 2,178.6 | 1,910.3 | 14.0% |
| eobuwie | 1,274.7 | 1,233.9 | 3.3% |
| MODIVO | 366.9 | 216.9 | 69.2% |
| HalfPrice | 390.7 | 107.8 | >100% |
| DeeZee | 54.5 | 56.4 | -3.4% |
| **Total** | **4,265.4** | **3,525.3** | **21.0%** |

| SEGMENT PROFIT 1 | | | |
|---|---|---|---|
| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | Change (%) |
| CCC | 280.8 | 80.4 | >100% |
| eobuwie | 108.7 | 230.8 | -52.9% |
| MODIVO | 34.8 | 46.3 | -24.8% |
| HalfPrice | 16.8 | -37.8 | <-100% |
| DeeZee | 9.2 | 2.1 | >100% |
| **Total** | **450.3** | **321.8** | **39.9%** |

| SEGMENT PROFIT 2 (EBITDA) | | | |
|---|---|---|---|
| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | Change (%) |
| CCC | 339.6 | 309.5 | 9.7% |
| eobuwie | 82.6 | 235.8 | -65.0% |
| MODIVO | 17.3 | 43.9 | -60.6% |
| HalfPrice | 85.1 | -21.5 | <-100% |
| DeeZee | 6.4 | -1.0 | <-100% |
| Other | 0.0 | 0.0 | - |
| **Total** | **530.9** | **566.8** | **-6.3%** |

In the reporting period, consolidated gross profit was PLN 4,265.4m, having increased by PLN 740.1m (+21.0%) year on year.

CCC (51.1%) and eobuwie (29.9%) accounted for the largest share of total gross profit in the reporting period. Consolidated gross margin in the reporting period was 46.8%, on a par with the comparative period's level.

## Operating costs

**How we define the individual components of the result**

**Costs of points of purchase and distribution** comprise costs of operating the stores, other retail outlets and websites as well as distribution costs which cannot be directly allocated to store operations and are incurred by sales support functions. This item mainly includes salaries and wages of employees of stores and sales support units, and depreciation of the right-of-use assets under store lease contracts; depreciation of property, plant and equipment, amortisation of intangible assets; cost of services, retail tax; other expenses.

**Administrative expenses** include costs related to the management of the Group's general business activities (general and administrative expenses) and the Group's overheads.

### Costs of points of purchase and distribution

| COSTS OF POINTS OF PURCHASE AND DISTRIBUTION | | | |
|---|---|---|---|
| | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | Change (%) |
| | audited | audited | |
| Salaries, wages and employee benefits | −980.0 | −789.7 | 24.1% |
| Advertising | −965.0 | −783.9 | 23.1% |
| Depreciation/amortisation | −532.4 | −508.9 | 4.6% |
| Transport services | −470.0 | −405.6 | 15.9% |
| Other costs | −338.2 | −294.3 | 14.9% |
| Other rental costs – utilities and other variable costs | −300.9 | −225.2 | 33.6% |
| Raw material and consumables used | −182.8 | −162.5 | 12.5% |
| Taxes and charges | −45.8 | −34.8 | 31.6% |
| **Total** | **−3,815.1** | **−3,204.9** | **19.0%** |

In the reporting period, costs of points of purchase and distribution were PLN 3,815.1m, having increased by PLN 610.2m (+19.0%). The largest cost items were salaries, wages and employee benefits; advertising; and depreciation, which accounted for 25.7%, 25.3% and 14.0% of total costs of points of purchase and distribution, respectively.

Their increase was mainly attributable to:

- PLN 190.3m increase in costs of salaries, wages and employee benefits, being a consequence of expansion of the sales channels, store closures during lockdowns, and government subsidies received towards salaries, wages and employee benefits in 2021;
- PLN 181.1m increase in advertising costs due to increased competition in the digital channel, mainly at the MODIVO Group, and overall expansion of the sales channels;
- PLN 75.7m increase in other rental costs (sales-based rents and variable costs: utilities, electricity, etc.) attributable to expansion of the sales channels with concurrent renegotiation of lease contracts – shift from fixed rents to variable, sales-based rents;
- PLN 23.5m increase in depreciation expense due to expansion of the sales channels and renegotiation of lease contracts (including the switch to sales-based rents).
- PLN 64.4m increase in transport costs driven by higher sales in the digital channel;
- PLN 43.9m increase in other costs attributable to logistics and IT services.

### Administrative expenses

| ADMINISTRATIVE EXPENSES | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | Change (%) |
|---|---|---|---|
| | audited | audited | |
| Salaries, wages and employee benefits | −186.9 | −136.6 | 36.8% |
| Other costs | −95.5 | −128.7 | −25.8% |
| Depreciation/amortisation | −49.8 | −51.9 | -4.0% |
| Raw material and consumables used | −31.6 | −24.2 | 30.6% |
| Other rental costs – utilities and other variable costs | −27.3 | −22.1 | 23.5% |
| Taxes and charges | −5.7 | −6.6 | −13.6% |
| Advertising | −2.2 | −8.7 | −74.7% |
| Transport services | −0.5 | −0.7 | −28.6% |
| **Total** | **−399.5** | **−379.5** | **5.3%** |

In the reporting period, administrative expenses amounted to PLN 399.5m, up by PLN 20.0m (+5.3%) year on year. The most significant cost groups included salaries, wages and employee benefits, accounting for 46.8%, and other costs, which represented 23.9% of administrative expenses. The year-on-year increase in administrative expenses on continuing operations was attributable to higher salaries and wages (up PLN 50.3m), reflecting mainly expansion of the sales channels and staffing of the HalfPrice segment. Other costs fell by PLN 33.2m thanks to a focus on cost discipline and reduced costs of outsourcing and advisory services.

## Effect of other income and expenses

### How we define the individual components of the result

**Other income and expenses** include income and expenses from the Group's non-core activities, such as gains or losses on disposal of property, plant and equipment, impairment losses on receivables, impairment losses on property, plant and equipment, right-of-use assets, intangible assets and goodwill, penalties and fines, donations, grants, and foreign exchange gains and losses on operating activities, etc.

**Finance income** includes interest income on cash in current account and other interest income; foreign exchange gains or losses and other finance income.

**Finance costs** include interest expense on borrowings; commission fees paid, foreign exchange gains or losses and other finance costs.

**Income tax** includes accrued tax and deferred tax.

### Operating income and expenses

In the reporting period, other income and expenses were PLN 62.5m and PLN 119.9m, respectively. On a net basis, the Group generated PLN 57.4m of other expenses, compared with PLN 58.1m of other income in the corresponding period of the previous year. The change was due mainly to the recognition in the previous period of income from the forgiven PFR loan (PLN 51.0m) and higher foreign exchange losses in the reporting period (PLN 60.7m). In addition, operating expenses for the reporting period include impairment losses on trade receivables of PLN 44.7m.

### Operating profit (loss)

Operating loss in the reporting period was PLN 51.3m. Year on year, the result decreased by PLN 55.4m. The decrease resulted chiefly from higher operating expenses, including other income and expenses, as described above.

### Finance income and costs

In reporting period, finance income was PLN 54.0m, an increase of PLN 11.6m year on year. The main item of finance income was the valuation of options to purchase non-controlling interests (PLN 33.7m; corresponding period of the previous year: PLN 23.9m). In addition, the Group recognised a share of profit of associates amounting to PLN 0.3m.

In the same period, finance costs were PLN 401.9m, an increase of PLN 206.7m year on year. In the reporting period, finance costs included primarily interest on bank borrowings and bonds of PLN 293.4m (PLN 106.5m in the comparative period).

### Income tax

In the reporting period, income tax totalled PLN 2.6m, including current tax of PLN 16.4m and deferred tax asset of PLN 13.8m.

### Net profit

After accounting for finance income and costs, loss allowances, share in the loss of an associate and income tax expense, net loss from continuing operations in the reporting period was PLN 401.5m, which represents a PLN 184.9m decrease year on year.

Net profit in the period was affected by increased cost pressures, both in the context of gross margin (an increase in foreign exchange rates, freight prices) and SG&A expenses (inflationary pressures – salaries and wages, services, etc.). Finally, as regards the Group's debt, following the Monetary Policy Council's decisions to raise interest rates to 6.75%, in 2022 the Group's interest expense/debt service costs rose 175.5% year on year.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (OVERVIEW OF THE MAIN ITEMS)

| | January 31st 2023 | January 31st 2022 | Change (%) |
|---|---|---|---|
| **Non-current assets, including:** | **3,601.3** | **3,393.8** | **6.1%** |
| Total property, plant and equipment | 1,441.9 | 1,288.7 | 11.9% |
| Right-of-use assets | 1,379.9 | 1,388.9 | -0.6% |
| Deferred tax assets | 184.1 | 175.5 | 4.9% |
| **Current assets, including:** | **3,462.8** | **4,106.9** | **-15.7%** |
| Inventories | 2,691.1 | 2,625.8 | 2.5% |
| Cash and cash equivalents | 395.4 | 941.1 | -58.0% |
| **TOTAL ASSETS** | **7,064.1** | **7,500.7** | **-5.8%** |
| **Non-current liabilities, including:** | **2,741.4** | **3,410.2** | **-19.6%** |
| Bank borrowings and bonds | 1,370.5 | 1,914.6 | -28.4% |
| Lease liabilities | 1,266.8 | 1,303.9 | -2.8% |
| **Current liabilities, including:** | **3,740.0** | **2,938.9** | **27.3%** |
| Bank borrowings and bonds | 1,155.7 | 545.0 | >100% |
| Trade and other payables | 1,389.5 | 1,480.1 | -6.1% |
| **TOTAL LIABILITIES** | **6,481.4** | **6,349.1** | **2.1%** |
| **EQUITY** | **582.7** | **1,151.6** | **-49.4%** |

## Non-current assets

**How we define the individual components of the non-current assets**

**Property, plant and equipment** include leasehold improvements (i.e. expenditure on leased premises used in the retail business); property, plant and equipment used in the manufacturing, distribution and other activities.

**Deferred tax assets and liabilities** are recognised (i) as a result of differences between the carrying amounts of assets and liabilities and their corresponding tax bases and (ii) in respect of unused tax losses.

| | PROPERTY, PLANT AND EQUIPMENT | | CHANGE (%) | |
|---|---|---|---|---|
| | January 31st 2023 | January 31st 2022 | PROPERTY, PLANT AND EQUIPMENT | IN RETAIL SPACE |
| **Leasehold improvements** | **656.7** | **573.6** | **14.5%** | **9.5%** |
| **Manufacturing and distribution** | **692.0** | **623.6** | **11.0%** | |
| Land, buildings and structures | 423.7 | 422.7 | 0.2% | |
| Machinery and equipment | 173.7 | 177.7 | -2.3% | |
| Property, plant and equipment under construction | 94.6 | 23.2 | >100% | |
| **Other** | **93.2** | **91.5** | **1.9%** | |
| **Total** | **1,441.9** | **1,288.7** | **11.9%** | |

As at the reporting date, non-current assets comprised, among other things, property, plant and equipment (PLN 1,441.9m), intangible assets (PLN 376.8m), goodwill (PLN 203.9m), right-of-use assets (PLN 1,379.9m), and deferred tax assets (PLN 184.1m). Non-current assets rose by 6.1% year on year, to PLN 3,601.3m.

## Current assets

**How we define the individual components of the current assets**

**Inventories** are stated at the lower of cost or net realisable value. Cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. If circumstances arise which result in a decrease in the carrying amount of inventories, inventory write-downs are recognised and charged to cost of sales.

**Cash and cash equivalents** include cash in hand and bank deposits payable on demand.

As at the reporting date, current assets included inventories (PLN 2,691.1m), cash and cash equivalents (PLN 395.4m), trade receivables (PLN 143.8m), other receivables (PLN 178.7m), and income tax receivables (PLN 53.5m). Current assets fell by 15.7% year on year, to PLN 3,462.8m, with cash and cash equivalents down by 58.0%.

## Inventories

| INVENTORIES | | | |
|---|---|---|---|
| | January 31st 2023 | January 31st 2022 | change [% yoy] |
| CCC | 1,044.8 | 1,450.6 | -28.0% |
| eobuwie | 962.2 | 750.0 | 28.3% |
| MODIVO | 335.7 | 211.9 | 58.4% |
| HalfPrice | 328.3 | 142.9 | >100% |
| DeeZee | 20.1 | 27.1 | -25.8% |
| Not allocated to segments/discontinued operations | 0.0 | 43.3 | |
| **Total** | **2,691.1** | **2,625.8** | **2.5%** |

## Cash and cash equivalents

As at the reporting date, cash and cash equivalents amounted to PLN 395.4m, down by PLN 545.7m (-58%) from the comparative period. As at the reporting date, nearly 100% of cash was held in hand or in bank accounts.

# Equity and financing liabilities

## How we define the individual components of equity and financing liabilities

**Equity** is recorded in accounting books, broken down into the following components: share capital; share premium, retained earnings; and other components of equity.

**Financing liabilities** consist mainly of bank borrowings and issued bonds.

**Trade payables** are classified as current liabilities if they fall due within one year. Otherwise, liabilities are disclosed as non-current. Trade liabilities are measured at amounts due.

As at the reporting date, equity decreased by PLN 568.9m (-49.4%). The decrease was largely attributable to net loss for the financial year and recognition of the option to purchase MODIVO S.A. shares (5.01%) from MKK3 − recognition of liability under options to purchase shares in subsidiaries, as discussed in detail in Note 6.1 to the Consolidated Financial Statements.

As at the reporting date, non-current liabilities stood at PLN 2,741.4m, down by PLN 668.8m (-19.6%) year on year. As at the reporting date, the total amount of non-current liabilities included non-current liabilities under bank borrowings and bonds (PLN 1,370.5m), lease liabilities (PLN 1,266.8m), and liabilities under the obligation to purchase non-controlling interests (PLN 31.1m).

As at the reporting date, current liabilities amounted to PLN 3,740.0m, having risen by PLN 801.1m (27.3%) relative to the comparative period. As at the reporting date, the total amount of current liabilities comprised mainly trade and other payables (PLN 1,389.5m), liabilities under bank borrowings and bonds (PLN 1,155.7m), lease liabilities (PLN 512.9m), other liabilities (PLN 470.4m) and liabilities arising from the obligation to purchase non-controlling interests (PLN 173.3m).

## CONSOLIDATED STATEMENT OF CASH FLOWS (REVIEW OF THE MAIN ITEMS)

| | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | Change (%) |
|---|---|---|---|
| **Profit (loss) before tax from continuing operations** | **-398.9** | **-398.9** | **0.0%** |
| Adjustments | 985.8 | 610.3 | 61.5% |
| Income tax paid | -81.5 | -95.7 | -14.8% |
| **Cash flow before changes in working capital** | **466.5** | **389.4** | **20.0%** |
| Changes in working capital | 74.2 | -339.1 | <-100% |
| **Cash flows from operating activities** | **540.7** | **50.3** | **>100%** |
| **Cash flows from investing activities** | **-409.1** | **-219.2** | **86.6%** |
| **Cash flows from financing activities, including:** | **-677.3** | **651.3** | **<-100%** |
| Proceeds from borrowings | 55.1 | 939.3 | -94.1% |
| Repayment of borrowings | -343.0 | -1,071.5 | -68.0% |
| Lease payments | -410.6 | -346.0 | 18.7% |
| Acquisition of eobuwie.pl shares from MKK3 | 0.0 | -720.0 | -100.0% |
| Sale of shares to A&R and Polsat | 0.0 | 1,000.0 | -100.0% |
| Bond issue | 0.0 | 860.0 | -100.0% |
| **Total cash flows** | **-545.7** | **482.4** | **<-100%** |
| **Cash and cash equivalents at end of period** | **395.4** | **941.1** | **-58.0%** |

## INDICATORS

| Profitability ratios | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | change [% yoy] | change [% qoq] |
|---|---|---|---|---|
| Gross margin | 46.8% | 47.1% | -0.3% | -3.8% |
| Operating profit/(loss) margin | -0.6% | 0.1% | -0.7% | 0.3% |
| Net profit/(loss) margin | -4.9% | -2.5% | -2.4% | 2.5% |

**Gross margin** is calculated as the ratio of gross profit to revenue.

**Operating profit/(loss) margin** is calculated as the ratio of operating profit/(loss) to revenue. **Net profit/(loss) margin** is calculated as the ratio of net profit/(loss) to revenue.

| Liquidity ratios | January 31st 2023 | January 31st 2022 | change [yoy] | change [qoq] |
|---|---|---|---|---|
| Current ratio | 0.9 | 1.4 | -0.5 | -0.5 |
| Quick ratio | 0.2 | 0.5 | -0.3 | -0.3 |
| Inventory cycle (days) | 216.8 | 231.1 | -14.3 | -4.9 |
| Average collection period (days) | 7.6 | 10.8 | -3.2 | -1.4 |
| Average payment period (days) | 117.8 | 125.3 | -7.5 | 7.5 |

The **current ratio** is calculated as the ratio of current assets to the carrying amount of current liabilities. The **quick ratio** is calculated as the ratio of current assets less inventory to the carrying amount of current liabilities.

The **inventory cycle** in days is calculated as the ratio of the average inventory value for the last four quarters to cost of sales, multiplied by the number of days in the period.

The **average collection period** in days is calculated as the ratio of the average amount of receivables from customers for the last four quarters to revenue, multiplied by the number of days in the period.

The **average payment period** in days is calculated as the ratio of the average amount of trade and other payables for the last four quarters to cost of sales, multiplied by the number of days in the period.

| Operating efficiency ratios | January 31st 2023 | January 31st 2022 | change [% yoy] | change [% qoq] |
|---|---|---|---|---|
| Equity to non-current assets ratio | 16.2% | 33.9% | -17.7% | -14.9% |
| Debt ratio | 35.8% | 32.8% | 3.0% | 1.0% |
| Short-term debt ratio | 16.4% | 7.3% | 9.1% | 8.8% |
| Long-term debt ratio | 19.4% | 25.5% | -6.1% | -7.9% |

**Equity to non-current assets ratio** is calculated by dividing equity by non-current assets.
**Debt ratio** is calculated by dividing debt under long-term and short-term borrowings and bonds by total assets.
**Short-term debt ratio** is calculated by dividing short-term debt under borrowings and bonds by total assets.
**Long-term debt ratio** is calculated by dividing long-term debt under borrowings and bonds by total assets.

### PROFIT GUIDANCE

No profit guidance has been published.

## MANAGEMENT OF FINANCIAL RESOURCES AND LIQUIDITY

### DEBT AND LIQUIDITY OF THE CCC GROUP

The CCC Group finances its operations using equity and external capital, including bank and non-bank borrowings as well as bonds.

### BANK BORROWINGS AND BONDS

As at the reporting date, the Group had financing liabilities of PLN 2,526.2m, consisting of bank borrowings, bonds and financial assistance.

The short-term portion of financing liabilities as at the reporting date comprised debt under bank borrowings and bonds of PLN 1,155.7m.

| BANK | COMPANY | INSTRUMENT | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | *UTILISATION [MILLION] | CURRENCY |
|---|---|---|---|---|---|---|---|
| Credit facility agreements | | | | | | | |
| PKO BP | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 87.2 | 87.2 | PLN |
| | | including current portion | | | 16.5 | 16.5 | PLN |
| Bank Millennium | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 26.8 | 26.8 | PLN |
| | | including current portion | | | 5.1 | 5.1 | PLN |
| BNP Paribas | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 28.2 | 28.2 | PLN |
| | | including current portion | | | 5.3 | 5.3 | PLN |
| Santander Bank | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 67.7 | 67.7 | PLN |
| | | including current portion | | | 12.8 | 12.8 | PLN |
| Citibank | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 50.0 | 50.0 | PLN |
| | | including current portion | | | 9.5 | 9.5 | PLN |
| mBank | CCC.eu Sp. z o.o. | Long-term credit facility | | June 30th 2025 | 36.6 | 36.6 | PLN |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | including current portion | June 2nd 2021 | | 6.9 | 6.9 | PLN |
| Pekao S.A. | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2025 | 54.2 | 54.2 | PLN |
| | | including current portion | | | 10.3 | 10.3 | PLN |
| PKO BP | CCC.eu Sp. z o.o. | Long-term credit facility | November 21st 2019 | June 30th 2024 | 112.1 | 43.1 | PLN |
| Pekao S.A. | CCC.eu Sp. z o.o. | Long-term credit facility | October 14th 2014 | April 30th 2024 | 65.2 | 39.3 | PLN |
| mBank | CCC.eu Sp. z o.o. | Long-term credit facility | December 17th 2018 | June 30th 2024 | 23.3 | 21.7 | PLN |
| Citibank | CCC.eu Sp. z o.o. | Long-term credit facility | March 3rd 2009 | June 30th 2024 | 36.6 | 33.0 | PLN |
| Citibank | CCC.eu Sp. z o.o. | Long-term credit facility | March 3rd 2009 | June 30th 2024 | 36.6 | 12.0 | PLN |
| Santander Bank | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2024 | 37.3 | 37.3 | PLN |
| BNP Paribas | CCC.eu Sp. z o.o. | Long-term credit facility | June 2nd 2021 | June 30th 2024 | 19.3 | 19.3 | PLN |
| Pekao S.A. | CCC.eu Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 20th 2024 | 42.6 | 42.6 | PLN |
| Citibank | CCC.eu Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 20th 2024 | 38.9 | 38.9 | PLN |
| mBank | CCC.eu Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 20th 2024 | 20.5 | 20.5 | PLN |
| Santander Bank | CCC.eu Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 20th 2024 | 15.0 | 15.0 | PLN |
| BNP Paribas | CCC.eu Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 20th 2024 | 9.4 | 9.4 | PLN |
| mBank | CCC.eu Sp. z o.o. | Long-term credit facility | June 14th 2021 | December 12th 2024 | 24.2 | 24.2 | PLN |
| Pekao S.A. | CCC.eu Sp. z o.o. | Long-term credit facility | March 31st 2021 | December 20th 2024 | 48.4 | 48.4 | PLN |
| Citibank | CCC.eu Sp. z o.o. | Long-term credit facility | June 17th 2021 | December 20th 2024 | 40.9 | 40.9 | PLN |
| mBank | CCC Factory Sp. z o.o. | Long-term credit facility | June 14th 2021 | December 12th 2024 | 1.0 | 1.0 | PLN |
| BNP Paribas | CCC Factory Sp. z o.o. | Long-term credit facility | March 31st 2021 | December 20th 2024 | 11.8 | 11.9 | PLN |
| Pekao S.A. | CCC Factory Sp. z o.o. | Long-term credit facility | March 31st 2021 | December 20th 2024 | 2.1 | 2.0 | PLN |
| Santander Bank | CCC Factory Sp. z o.o. | Long-term credit facility | December 20th 2022 | December 12th 2023 | 4.3 | 1.1 | PLN |
| Pekao S.A. | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 41.0 | 41.0 | PLN |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| PKO BP | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 60.0 | 60.0 | PLN |
| Citibank | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 31.0 | 31.0 | PLN |
| BNP Paribas | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 13.0 | 13.0 | PLN |
| Santander | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 50.0 | 50.0 | PLN |
| Millennium | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 16.0 | 16.0 | PLN |
| mBank | CCC S.A. | Long-term credit facility | November 5th 2020 | October 27th 2024 | 39.0 | 39.0 | PLN |
| Pekao S.A. | MODIVO S.A. | Short-term credit facility | October 26th 2017 | April 29th 2023 | 118.7 | 79.4 | PLN |
| PKO BP | MODIVO S.A. | Short-term credit facility | June 2nd 2021 | November 21st 2023 | 159.9 | 150.7 | PLN |
| Ceska sporitelna | CCC Czech | Short-term credit facility | April 18th 2013 | July 31st 2023 | 22.5 | 0.0 | CZK |
| Ceska sporitelna | CCC Slovakia | Short-term credit facility | April 18th 2013 | July 31st 2023 | 16.0 | 12.1 | CZK |
| **Total short-term credit facility agreements, PLN** | | | | | **345.0** | **296.5** | **PLN** |
| **Total long-term credit facility agreements, PLN** | | | | | **1,123.8** | **995.0** | **PLN** |
| **Total short-term credit facility agreements, CZK** | | | | | **38.5** | **12.1** | **CZK** |

* The data presented in the table relates to amounts utilised in cash, not consistent with the carrying amount of the liability as a result of its measurement at amortised cost and the recognition of embedded derivative financial instruments.

| BANK | COMPANY | INSTRUMENT | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | UTILISATION [MILLION]* | CURRENCY |
|---|---|---|---|---|---|---|---|
| Bonds | | | | | | | |
| CCC0626 | CCC S.A. | Bonds | June 29th 2018 | June 29th 2026 | 210.0 | 210.0 | PLN |
| Softbank | MODIVO S.A. | Bonds | September 1st 2021 | August 23rd 2024 | 651.2 | 651.2 | PLN |
| PFR FI FIZAN | CCC Shoes & Bags Sp. z o.o. | Bonds | September 22nd 2021 | September 22nd 2028 | 394.2 | 394.2 | PLN |
| **Total Bonds** | | | | | **1,255.4** | **1,255.4** | **PLN** |

* The data presented in the table relates to amounts utilised in cash, not consistent with the carrying amount of the liability as a result of its measurement at amortised cost and the recognition of embedded derivative financial instruments.

| BANK | COMPANY | INSTRUMENT | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | UTILISATION [MILLION]* | CURRENCY |
|---|---|---|---|---|---|---|---|
| Guarantee facility | | | | | | | |
| PKO BP | CCC S.A. | Bank guarantee facility | November 21st 2019 | June 30th 2024 | 29.0 | 27.1 | PLN |
| mBank | CCC S.A. | Bank guarantee facility | November 4th 2012 | June 30th 2024 | 21.0 | 11.0 | PLN |
| Santander | CCC S.A. | Bank guarantee facility | March 31st 2009 | June 30th 2024 | 41.0 | 35.4 | PLN |
| BNP Paribas Bank Polska S.A. | CCC S.A. | Bank guarantee facility | May 4th 2011 | June 30th 2024 | 17.0 | 16.1 | PLN |
| Pekao S.A. | MODIVO S.A. | Bank guarantee facility | October 26th 2017 | April 29th 2023 | 141.3 | 141.3 | PLN |
| PKO BP | MODIVO S.A. | Bank guarantee facility | June 2nd 2021 | November 21st 2023 | 20.1 | 20.1 | PLN |
| Ceska sporitelna | CCC Czech | Bank guarantee facility | April 18th 2013 | July 31st 2023 | 78.0 | 77.5 | CZK |
| Ceska sporitelna | CCC Slovakia | Bank guarantee facility | April 18th 2013 | July 31st 2023 | 44.0 | 38.6 | CZK |
| Raiffeisen | CCC Hungary | Bank guarantee facility | June 25th 2014 | December 31st 2022 | 3.0 | 165.0 | EUR |
| **Total guarantee facility, PLN** | | | | | **269.4** | **251.0** | **PLN** |
| **Total guarantee facility, CZK** | | | | | **122.0** | **116.1** | **CZK** |
| **Total guarantee facility, EUR** | | | | | **3.0** | **165.0** | **EUR** |

* The data presented in the table relates to amounts utilised in cash, not consistent with the carrying amount of the liability as a result of its measurement at amortised cost and the recognition of embedded derivative financial instruments.

## Information on CCC S.A. bonds

In June 2014, the Company carried out the first issue of CCC S.A. Series 1/2014 Bonds, under the Bond Issuance Programme up to PLN 500m. The bonds denominated in the Polish złoty were issued as coupon bearer securities in book-entry form. mBank S.A. was appointed as the issue agent.

In June 2018, the Company carried out the second issue of CCC S.A. Series 1/2018 Bonds, combined with early redemption of Series 1/2014 Bonds. Both series were issued with the following terms:

1. Nominal value: PLN 1,000.0 per bond;
2. Issue price: equal to the nominal value;
3. Number of Bonds: 210,000 in Series 1/2014 and 210,000 in Series 1/2018;
4. Total nominal value of the bonds – PLN 210m in Series 1/2014 and PLN 210m in Series 1/2018;
5. Redemption: one-off, at nominal value on June 10th 2019 for Series 1/2014 and on June 29th 2021 for Series 1/2018;
6. Interest rate of coupon bonds: variable, 6M WIBOR plus fixed margin, payable on a six-monthly basis;
7. Listing in the alternative trading system on Catalyst – Series 1/2014 bonds as of October 16th 2014.
8. Series 1/2014 bonds were registered with the Central Securities Depository of Poland on July 20th 2018.

Following the issue of 210,000 Series 1/2018 Bonds and the redemption of 210,000 Series 1/2014 Bonds, 210,000 Series 1/2018 Bonds are outstanding.

Under Resolution No. 4 of May 17th 2021 passed by the Bondholders' Meeting of the holders of Series 1/2018 Bonds, issued on June 29th 2018 pursuant to the Terms and Conditions of the Bonds of June 21st 2018, the terms and conditions of the Bonds were amended, in particular the Bonds redemption date was changed from June 29th 2021 to June 29th 2026.

## Information on CCC Shoes & Bags Sp. z o.o. bonds

On September 9th 2021, CCC Shoes & Bags Sp. z o.o. ("CCC S&B") entered into an issue agreement with PFR Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (formerly: PFR Inwestycje Fundusz Inwestycyjny Zamknięty) (the "Fund") for the issue of up to 360 ordinary registered Series A bonds with a total nominal value of PLN 360,000,000.00 (three hundred and sixty million złoty), to be subscribed for by the Fund.

On September 22nd 2021, CCC S&B carried out the issue of 360 Series A bonds with a nominal value of PLN 1,000,000.00 per bond and a total nominal value of PLN 360,000,000.00. All the bonds were subscribed for by the Fund at an issue price equal to their nominal value. The bonds bear interest at a variable rate comprising: (i) semi-annual interest accruing at a fixed rate, to be increased on the terms specified in the bond issue documents;

(ii) deferred interest accruing at a rate equal to the sum of the reference rate of 3M WIBOR plus a margin.

Notwithstanding the foregoing, on redemption of the bonds by CCC S&B, the Fund will be entitled to an additional payment based on appreciation of MODIVO shares.

The investor's claims under the bonds and bond issue documents are secured by:

(i) a surety provided by CCC S.A.,

(ii) ordinary and registered pledges over a total of 1,440,000 Modivo shares,

(iii) ordinary pledges and a registered pledge over receivables under an agreement for the operation of CCC S&B's bank account into which MODIVO S.A. is to pay a portion of dividends attributable to the shares pledged as security for claims under the bonds and other bonds issue documents (to be mandatorily applied towards payment or prepayment of interest on the bonds),

(iv) subordination of selected components of CCC S&B's financial debt towards CCC.eu sp. z o.o. (including debt under an unsecured loan granted to CCC S&B by that entity); and

(v) declarations on voluntary submission to enforcement provided by CCC S&B (as the bond issuer) and CCC S.A. (as the surety provider).

The Fund will have the right to demand early redemption of the bonds in situations described in the terms and conditions of the bonds. CCC S&B will have the right to redeem the bonds early subject to payment of the relevant fee specified in the terms and conditions of the bonds. If no early redemption occurs, the bonds will be redeemed on September 22nd 2028. The bonds were issued pursuant to Art. 33.2 of the Bonds Act of January 15th 2015. The bonds will not be introduced to trading on a regulated market.

## Information on MODIVO S.A. bonds

On October 5th 2021, the company issued unsecured bonds convertible into shares with a total value of PLN 500,000,000.00. The bonds were issued to SVF II Motion Subco (DE) LLC, an affiliate of SoftBank Vision Fund 2. Unless first converted into shares or redeemed earlier, the bonds will be redeemed on August 23rd 2024. Interest will accrue on a quarterly basis, at a fixed interest rate equal to 6.99% per annum, payable on the redemption or conversion date. Under the terms and conditions of the bonds, the bonds will be automatically converted into MODIVO S.A. shares in the event of MODIVO S.A.'s initial public offering or any similar transaction specified in the terms and conditions of the bonds (mandatory conversion) at the market price subject to a specific discount as per the terms and conditions of the bonds.

An embedded derivative instrument was identified in the bond instrument. At any time during the term of the issue agreement, the voluntary conversion option gives the bondholder the right to convert the value of the bonds acquired, together with interest accrued until the conversion date, generally at a price of PLN 600. If, in the event of an initial public offering, the bondholder chooses to exercise the voluntary conversion option, that option will replace the mandatory conversion. For this reason, the conversion factor varies (i.e. takes one value in the event of an IPO and another in the other situations), and the voluntary conversion option is an embedded derivative instrument, which is initially measured at fair value and separated (bifurcated) from the host contract, and then subsequently measured at fair value through profit or loss on the basis of gains/losses as at each subsequent reporting date. In the case of conversion of liabilities under the bonds into shares, derecognition of liabilities under the bonds will be a non-cash item, as Modivo S.A. shares will be delivered. Thus, the interest expense related to the separation and settlement of embedded financial instruments will also be a non-cash item. Liability under the bonds measured as at January 31st 2023 amounted to PLN 629.8m and was disclosed in the statement of financial position as part of current liabilities under bonds (as at January 31st 2022, liability under the bonds amounted to PLN 513.0m and was disclosed as part of non-current liabilities under bonds). The value of the derivative instrument measured as at January 31st 2023 amounted to PLN 15.8m and was disclosed in the statement of financial position under other current liabilities (as at January 31st 2022, the value of the derivative instrument amounted to PLN 14.6m and was disclosed under other non-current liabilities).

## COVENANTS/FINANCIAL RATIOS

**The CCC Group**

Financing in the CCC Group is provided at the level of two business units, which are separately responsible for their liabilities:

- The **CCC Business Unit** (the CCC Group excluding the MODIVO Business Unit) and, separately,
- the **MODIVO Business Unit** (MODIVO S.A. and all its subsidiaries).

In line with the rules set forth in the Credit Facility Agreement dated June 2nd 2021 and the Terms and Conditions of 1/2018 Bonds, the financial ratios of the CCC Business Unit are measured based on the Financial Information prepared following deconsolidation of the MODIVO Business Unit from the Group's results. Financial ratios for the MODIVO Business Unit are subject to separate regulations, in accordance with the definitions set forth in the credit facility agreements made with individual banks.

In order to prepare the CCC Business Unit's results, the Group's consolidated data undergoes agreed procedures designed to separate the financial results of the CCC Business Unit from those of the MODIVO Business Unit (deconsolidation of the MODIVO Business Unit from the Group's results). The results of the MODIVO Business Unit are deconsolidated taking into account the following adjustments or eliminations:

(a) recognition of MODIVO S.A. shares at historical amount (PLN 2,699,640,000.00 with respect to the equity interest held by CCC)

(b) recognition of balances and turnovers of the CCC Business Unit entities vis-à-vis the MODIVO Business Unit entities.

The explanation of financial ratio calculations presented below is a simplified overview of the provisions of the credit facility agreements and the terms and conditions of the bonds (the Terms and Conditions). The purpose of the explanation is to present information on the methodology applied in the financing agreements to calculate the Group's financial ratios.

| | | The CCC Group | | |
|---|---|---|---|---|
| | | **MODIVO Business Unit** | SEPARATE FINANCING | **CCC Business Unit** |
| Financial debt (PLNm),<br><br>as at January 31st 2023<br><br>(based on the Business Unit's balance sheet) | Debt | **PLN 859.9m, including:**<br>• PLN 629.8m convertible bonds for Softbank<br>• PLN 230.1m bank loans | | **PLN 1,666.3m, including:**<br>• PLN 1,085.3m bank loans<br>• PLN 212.3m 1/2018 bonds<br>• PLN 376.4m PFR bonds (including deferred interest)<br>• PLN -7.7m adjusted purchase price |
| | Cash | **PLN 158.1m** | | **PLN 243.1m** |
| | Net debt | **PLN 707.8m** | | **PLN 1,423.2m** |
| Debt ratio according to financing agreements (PLNm),<br><br>as at January 31st 2023 | Gross Financial Debt** | **PLN 1,018.5m, including:**<br>• PLN 629.8m convertible bonds for Softbank<br>• PLN 130.5m bank loans<br>• PLN 158.7m reverse factoring | | **PLN 1,301.5m, including:**<br>• PLN 1,085.3m bank loans<br>• PLN 212.3m 1/2018 bonds<br>• PLN 3.9m marking of derivative transactions to market |
| | Net Financial Debt** | **PLN 864.6m** includes Softbank bonds | | **PLN 1,058.4m** |
| | Net exposure** | • **Not applicable** | | **PLN 1,270.0m, including:**<br>• PLN 1,058.4m Net Financial Debt<br>• PLN 119.5m bank guarantee facilities<br>• PLN 92.1m reverse factoring*** |
| Financial ratios (banks and bondholders) | Ratios | **Ratio review at the MODIVO Business Unit level:**<br><br>**As at January 31st 2023 (ratio testing suspended):**<br><br>$\frac{Gross\ financial\ debt - Cash}{\text{EBITDA (excluding IFRS 16)}}<3.5x$ | | **Ratio review at the CCC Business Unit level:**<br><br>**As at January 31st 2023**<br>$EBITDA\ (excluding\ IFRS\ 16) > 100$PLNm<br><br>$a)\ \frac{Net\ Exposure}{\text{EBITDA (excluding IFRS 16)}}<12.7x$<br><br>b) *DSCR* >1.0x *or DSCR with cash* >of 1.5x<br><br>c) $Capital\ expenditure$ <PLN 240.2m |
| | Definitions according to financing agreements **(there may be differences in definitions relative to the ratios reported in the Financial Statements)** | **Financial Debt** – interest-bearing debt (including reverse factoring)<br><br>**Net Financial Debt** – Financial Debt less cash<br><br>**EBITDA** of the MODIVO Business Unit, i.e., operating profit plus depreciation and amortisation (excluding amounts resulting from the implementation of IFRS 16) plus costs related to the incentive scheme | | **Financial Debt** – interest-bearing debt (excluding reverse factoring) – see more in the 'Financial Ratios' section<br><br>**Net Financial Debt** – Financial Debt less cash<br><br>**Net Exposure** – Net Financial Debt plus reverse factoring and guarantees<br><br>**EBITDA** of the CCC Business Unit, i.e., operating profit from continuing operations plus depreciation and amortisation; including numerous non-cash adjustments (excluding amounts resulting from the implementation of IFRS 16) |

* The amount does not include an embedded derivative presented in the balance sheet as other financial liabilities (PLN 6.5m).

** Definitions according to the financing agreements, as described in the last part of this table.

*** Presented in the statement of financial position as a trade payable.

**** In accordance with the information presented in section *Financial ratios reviewed at the CCC Group after the reporting date*, the ratio has been changed.

The ratios as at the reporting date are to be reviewed on the dates agreed in the financing agreements, after the issue of these financial statements.

**CCC Business Unit's ratios reviewed as at the reporting date**

In the Management Board's opinion as at January 31st 2023, none of the financial ratios were breached during the reporting period and until the date of authorisation of this Report for issue.

Under the refinancing agreements of June 2nd 2021 and the ordinary bonds issue agreement (ISIN:PLCCC0000081) of May 17th 2021, as amended, the CCC Business Unit is obliged, among others, to test the ratios listed below at January 31st 2023:

a) **EBITDA of the CCC Business Unit** not lower than PLN 100.0m:

b) **Capital expenditure of the CCC Business Unit EBITDA** not higher than 240.2m

c) **Net Exposure/EBITDA calculated for the CCC Business Unit** not higher than 12.7x.

d) **DSCR of the CCC Business Unit** not lower than 1.0x or **DSCR with Cash of the CCC Business Unit** not lower than 1.5x

**MODIVO Business Unit's ratios reviewed as at the reporting date**

The MODIVO Business Unit includes MODIVO S.A. along with all of its subsidiaries. In the Management Board's opinion as at January 31st 2023, none of the financial ratios were breached during the reporting period and until the date of authorisation of this Report for issue.

In accordance with the credit facility and factoring agreements in force, the MODIVO Business Unit is obliged to test, among others:

**Net Financial Debt/EBITDA** for the MODIVO Business Unit not higher than 3.5x (calculated every six months, next testing day: January 31st 2024). The subsidiary MODIVO S.A. obtained the banks' approval for suspension of the Net Financial Debt/EBITDA ratio testing as at January 31st 2023.

**Financial ratios reviewed at the CCC Group after the reporting date**

**Applicable financial ratios**

In accordance with the financing agreements, formal confirmation of the fulfilment of the financing terms is to be made within specified time limits after the date of issue of the Group's consolidated financial statements.

**a) EBITDA of the CCC Business Unit**

EBITDA calculated for the CCC Business Unit (i.e., the CCC Group excluding the MODIVO Business Unit) cumulatively for a period of 12 months, not less than:

| Calculation Period | EBITDA for the CCC Business Unit |
|---|---|
| January 31st 2023 | PLN 100m |
| April 30th 2023 | PLN 125m |
| July 31st 2023 | PLN 150m |
| October 31st 2023 | PLN 200m |

**EBITDA** (cumulative for 12 months) excluding IFRS 16, i.e., operating profit from continuing operations plus depreciation and amortisation; taking into account numerous adjustments, such as the result of measurement of assets and liabilities other than derivative instruments (including the effects of asset impairment recognition and reversal); decreased by the gain or increased by the loss on the sale of fixed assets; decreased (excluding) by amounts arising from lease contracts (for, e.g., premises) that would have been operating leases prior to the implementation of IFRS 16; increased by dividends received (from non-consolidated entities); decreased by gain from a bargain purchase of a business unit; increased by operating profit or decreased by operating loss on discontinued operations.

**(b) Capital expenditure of the CCC Business Unit**

Capital expenditure calculated for the CCC Business Unit for the first time as at January 31st 2022 not higher than PLN 240.2m. As at January 31st 2022, capital expenditure of the CCC Business Unit amounted to PLN 185.8m (unused amount of PLN 69.2m available for use in the following year).

Capital expenditure calculated for the CCC Business Unit as at January 31st 2023 not higher than PLN 240.2m, that is PLN 171.0m plus PLN 69.2 not used in the previous year.

**Capital Expenditure** calculated as the sum of (i) expenditure to acquire property, plant and equipment, intangible assets and other non-current assets, (ii) expenditure to acquire equity or debt instruments of another entity and interests in joint ventures, (iii) the value of assets acquired under finance leases (iv) less fit-out costs (maximum fit-out costs as of January 31st 2023: PLN 31m) (v) less investment subsidies received in the form of non-repayable public grants or subsidies for the purchase of assets (vi) less the amount paid under the packages defined in the bank agreement as Permitted Purchase

**(c) Net Exposure/EBITDA of the CCC Business Unit**

Net Exposure/EBITDA calculated for the CCC Business Unit for the first time as at January 31st 2023 not higher than 12.7x. In subsequent periods, the ratio should not exceed the following levels for a given calculation period:

| Calculation Period | Net Exposure/EBITDA |
|---|---|
| January 31st 2023 | 12.7x |
| April 30th 2023 | 8.5x |
| July 31st 2023 | 7.3x |
| October 31st 2023 | 3.9x |
| January 31st 2024 | 3.5x |
| April 30th 2024 | 3.8x |
| July 31st 2024 | 3.5x |
| October 31st 2024 | 3.0x |
| next Quarter End Date | as above |

**Gross Financial Debt** means the total amount of liabilities of the CCC Business Unit entities (the Group excluding the MODIVO Business Unit) under the following: loans, credit facilities, bond is issue, promissory notes, finance leases (excluding leases recognised in accordance with IFRS 16, which would have been classified as operating leases under IAS 17), factoring (excluding reverse factoring/confirming), marking of derivative transactions to market, other debt recognised in the accounts as financial debt under IAS. Gross Financial Debt does not include PFR bond financing.

**Net Financial Debt** means Gross Financial Debt less cash and cash equivalents.

**Net Financial Exposure** means net Financial Debt under reverse factoring and confirming, as well as letters of credit and guarantees.

**(d) DSCR of the CCC Business Unit**

DSCR calculated for the CCC Business Unit as of January 31st 2023 and July 31st 2023 not lower than 1.0x and in subsequent six-month periods ending on January 31st and July 31st – not less than 1.2x.

**DSCR with Cash** calculated for the CCC Business Unit as at January 31st 2023 and July 31st 2023 not lower than 1.5x. In these two periods, i.e., January 31st 2023 and July 31st 2023, a default occurs only when the required levels of both DSCR and DSCR with Cash are not achieved.

**DSCR** – the ratio of Cash Flows Available for Debt Service (EBITDA adjusted for numerous items, including decreased by income tax, increased by write-offs of accounts receivable and inventory, decreased by Capital Expenditure (excluding the portion financed by Permitted Financial Debt explicitly allocated for this purpose) to Debt Service

**DSCR with Cash** calculated in the same manner as DSCR, but with Cash Flows Available for Debt Service increased by cash at the beginning of the period.

**e) Other liabilities after the reporting date (CCC Business Unit)**

In December 2022, the CCC Business Unit reduced its debt (under credit facilities and reverse factoring) by PLN 50m in the implementation of phase one of the deleveraging plan whereby the CCC Group's financial debt is to be reduced by a total amount of no less than PLN 320m by the end of 2023. In accordance with the amended Terms and Conditions of the Bonds, Bondholders will have the right to submit their Series 1/2018 Bonds for early redemption, in proportion to the reduction of debt under credit facilities (Pari Passu Redemption).

As part of arrangements made with the lenders, the Company agreed on a deleveraging path (the growth financing plan) and, starting from April 30th 2023, it will seek to progressively reduce the Net Financial Exposure/EBITDA ratio on a quarterly basis, so that it reaches 3.5x by the end of 2023. If the agreed exposure levels are exceeded, the CCC Business Unit will be required to prepare an action plan providing for additional measures to reduce the ratio to 3.0x. According to estimates presented in the updated banking model, the CCC Business Unit should achieve the deleveraging target in 2023.

**(f) Net Financial Debt/EBITDA (MODIVO Business Unit)**

Net Financial Debt/EBITDA for the MODIVO Business Unit not higher than 3.5x (calculated every six months, next testing day: January 31st 2024). The subsidiary MODIVO S.A. obtained the financing institutions' approval for suspension of the Net Financial Debt/EBITDA ratio testing as at January 31st 2023, and then after the reporting date – as at July 31st 2023.

In the case of bonds issued to Softbank Vision Fund II Motion Subco (DE) LLC, the ratio was set at a level not higher than 5.0x, to be tested every six months, as at two consecutive testing dates. In the Management Board's opinion, as at the first testing date (January 31st 2023) the ratio will exceed the prescribed limit. In connection with the banks' approval, MODIVO S.A. also obtained conditional consent from the bondholder Softbank that the ratio may exceed the prescribed limit and waiver of the right to demand early redemption if the limit is exceeded as at the second testing date, i.e. July 31st 2023, effective upon execution of the credit documentation extending the availability period of the PLN 260m credit facility, in accordance with the binding offer received from Bank Polska Kasa Opieki S.A. on April 13th 2023. In light of Softbank's consent, the ratio higher than the prescribed limit as at January 31st 2023 or July 31st 2023 would not constitute an event of default under that or any other financing agreement of the MODIVO Business Unit and other business units.

**g) Net Financial Debt (MODIVO Business Unit)**

Net Financial Debt not higher than PLN 548m on a one-off basis, for the period ended July 31st 2023, where Net Financial Debt is defined as: the sum of interest-bearing debt under bank and non-bank borrowings, debt securities (excluding bonds issued to Softbank Vision

Fund II Motion Subco (DE) LLC) and debt under reverse factoring / eFinancing and leasing (excluding amounts resulting from the implementation of IFRS 16), less cash.

## Financial instruments

As at the reporting date, the Company used forward instruments to hedge against currency risk arising from an open exposure denominated in USD, as well as derivative financial instruments embedded in bonds issued to PFR – Equity Kicker and in bonds convertible into MODIVO shares (voluntary conversion option). For a detailed description of the financial instruments used, see Note 6.1 to the consolidated financial statements.

## Issue of securities and use of proceeds

In 2022, an issue of MODIVO S.A. securities was carried out:

On March 31st 2022, the Management Board of CCC S.A., representing the majority shareholder of MODIVO S.A., announced that CCC S.A. executed an amendment to the agreement with the President of the Management Board of MODIVO S.A., Mr Damian Zapłata, under which CCC S.A. agreed to enable Mr Zapłata to invest PLN 100m in MODIVO shares, with the value of 100% of MODIVO shares equal to PLN 6bn. The investment was to consist in the acquisition of existing shares or subscription for new shares, at the discretion of CCC S.A. and subject to obtaining relevant approvals, including corporate approvals and approvals from the General Meeting of MODIVO S.A. and the entities financing CCC S.A. At the same time, Damian Zapłata agreed to acquire the shares on the terms and conditions set out above. The amendment to the agreement was executed following CCC's failure to obtain, until the annex date, the necessary approvals from financial institutions to enable Mr Zapłata to invest in new MODIVO S.A. shares with the value and based on the valuation initially specified in the agreement. The failure to obtain the necessary approvals from the financial institutions could pose a risk of a breach of financing agreements and related collateral agreements binding on the CCC Group. Accordingly, the investment date specified in the agreement, i.e. March 30th 2022, was changed to May 30th 2022. On May 23rd 2022, the Company and the partnership limited by shares whose sole general partner is Damian Zapłata executed an agreement to acquire 38,000 Series I shares with a par value of PLN 0.20 per share, at an issue price of PLN 600 per share, in exchange for a cash contribution of PLN 22.8m. Given the absence of an agreement between the institutions financing CCC S.A., the amount of the share capital increase was limited to achieve a level of dilution that did not require approval from the financial institutions. The cash contribution under the agreement of PLN 22.8m was credited to the Company's bank account on June 13th 2022.

## Feasibility of investment plans

The Group intends to finance investment projects with its own funds and with external capital. Subject to the limitations set out in the refinancing agreement, the Management Board believes that there are currently no major threats which could adversely affect delivery of the investment plans in the future.

## Agreements executed by companies of the CCC Group

**Loans**

| LENDER | BORROWER | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | CURRENCY | INTEREST RATE |
|---|---|---|---|---|---|---|
| CCC S.A. | CCC Shoes Bulgaria EOOD | December 4th 2014 | January 31st 2024 | 4.0 | BGN | 3M EURIBOR + 3.0% |
| CCC S.A. | CCC.eu Sp. z o.o. | December 17th 2014 | June 1st 2026 | 9.3 | USD | 2.00% |
| | | June 22nd 2021 | June 1st 2026 | 1,000.0 | PLN | 4.00% |
| CCC S.A. | CCC Estonia OÜ | May 9th 2022 | May 10th 2023 | 0.3 | EUR | 3.00% |
| CCC S.A. | CCC Shoes Latvia | May 19th 2022 | May 19th 2023 | 0.5 | EUR | 3.00% |
| CCC S.A. | CCC Lithuania UAB | May 10th 2022 | May 10th 2023 | 0.2 | EUR | 2.00% |
| CCC S.A. | CCC Shoes & Bags d.o.o. Beograde | September 22nd 2016 | January 31st 2024 | 0.1 | EUR | 3M EURIBOR + 3.00% |
| | | November 18th 2016 | January 31st 2024 | 0.1 | EUR | 3M EURIBOR + 3.00% |
| | | December 9th 2016 | January 31st 2024 | 0.1 | EUR | 3M EURIBOR + 3.00% |
| CCC S.A. | HR Group Holding s.a.r.l. | January 31st 2019 | December 31st 2029 | 41.5 | EUR | 8.00% |
| CCC S.A. | CCC Obutev d.o.o | February 18th 2019 | February 28th 2023 | 0.8 | EUR | 3M EURIBOR + 3% |
| | | April 21st 2020 | April 30th 2023 | 0.3 | EUR | 3M EURIBOR + 3% |
| CCC S.A. | HR Group GmbH & Co. KG | February 17th 2020 | March 31st 2023 | 6.2 | EUR | 3.00% |
| CCC S.A. | HalfPrice Sp. z o.o. | June 22nd 2021 | June 1st 2026 | 200.0 | PLN | 4.00% |
| CCC S.A. | DeeZee Sp. z o.o. | August 17th 2021 | July 26th 2026 | 11.0 | PLN | 4.00% |

| LENDER | BORROWER | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | CURRENCY | INTEREST RATE |
|---|---|---|---|---|---|---|
| CCC Shoes & Bags Sp. z o.o. | Shoe Express S.A. | April 25th 2018 | April 25th 2023 | 30.0 | EUR | 3.00% |
| CCC Shoes & Bags Sp. z o.o. | CCC S.A. | September 17th 2021 | September 30th 2022 | 360.0 | PLN | 3M WIBOR + 7.00% |
| CCC Shoes & Bags Sp. z o.o. | CCC.eu Sp. z o.o. | February 22nd 2022 | February 28th 2023 | 10.0 | PLN | 3M WIBOR + 4.00% |
| CCC Shoes & Bags Sp. z o.o. | CCC.eu Sp. z o.o. | October 26th 2022 | October 31st 2023 | 17.0 | EUR | 3M EURIBOR + 2.00% |

| LENDER | BORROWER | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | CURRENCY | INTEREST RATE |
|---|---|---|---|---|---|---|
| CCC.eu Sp. z o.o. | CCC GERMANY GmbH (agreement) | April 11th 2018 | April 30th 2023 | 18.5 | EUR | 2.00% |
| CCC.eu Sp. z o.o. | CCC Shoes & Bags Sp. z o.o. | April 24th 2018 | January 31st 2029 | 20.0 | EUR | 2.00% |
| CCC.eu Sp. z o.o. | CCC S.A. | June 22nd 2021 | June 1st 2026 | 47.2 | PLN | 4.00% |

| LENDER | BORROWER | AGREEMENT DATE | MATURITY DATE | AMOUNT [MILLION] | CURRENCY | INTEREST RATE |
|---|---|---|---|---|---|---|
| MODIVO S.A. | eobuwie.pl Logistics Sp. z o.o. | October 15th 2015 | September 30th 2026 | 50.0 | PLN | 3M WIBOR +0.55% |
| | | October 24th 2022 | December 31st 2027 | 60.0 | PLN | 3M WIBOR +0.55% |
| MODIVO S.A. | Branded Shoes and Bags sp. z o.o. | September 11th 2019 | December 31st 2029 | 2.0 | PLN | 3M WIBOR +0.55% |
| MODIVO S.A. | LFT BEEHER B.V. | July 23rd 2020 | July 23rd 2023 | 0.0 | EUR | 3.00% |
| MODIVO S.A. | eobuv.cz s.r.o. | April 12th 2021 | December 31st 2031 | 4.5 | PLN | 3M PRIBOR +0.55% |
| MODIVO S.A. | epantofi.modivo s.r.l. | September 3rd 2021 | December 31st 2031 | 15.0 | PLN | 3M ROBOR +0.55% |
| MODIVO S.A. | Modivo SRL | April 4th 2022 | December 31st 2027 | 0.2 | EUR | 3M EURIBOR +0.55% |
| MODIVO S.A. | Modivo.sk s.r.o. | September 20th 2022 | December 31st 2032 | 1.5 | EUR | 3M EURIBOR +0.55% |
| CCC Austria GmbH | CCC S.A. | April 26th 2022 | April 28th 2023 | 2.5 | EUR | 3.00% |
| Gino Rossi S.A. | CCC S.A. | August 3rd 2021 | January 31st 2024 | 20.0 | PLN | 1M WIBOR + 4.00% |
| CCC Factory Sp. z o.o. | CCC.eu Sp. z o.o. | December 17th 2021 | June 1st 2026 | 100.0 | PLN | 4.00% |

## Guarantees provided as support of commercial space lease contract

**Bank guarantees under CCC S.A.'s guarantee facilities**

| COMPANY | NUMBER OF GUARANTEES | DEBTOR | AMOUNT OF GUARANTEE [MILLION] | CURRENCY |
|---|---|---|---|---|
| CCC S.A. | 10 | CCC Hrvatska d.o.o. | 0.3 | EUR |
| CCC S.A. | 15 | CCC Obutev d.o.o. | 0.5 | EUR |
| CCC S.A. | 6 | CCC Shoes Latvia | 0.1 | EUR |
| CCC S.A. | 60 | Shoe Express S.A. | 1.9 | EUR |
| CCC S.A. | 1 | Shoe Express S.A. | 0.1 | RON |
| CCC S.A. | 5 | CCC Shoes Bulgaria EOOD | 0.3 | EUR |
| CCC S.A. | 5 | CCC Ukraina Sp. z o.o. (franchise) | - | EUR |
| CCC S.A. | 28 | DeeZee Sp. z o.o. | 0.1 | PLN |
| CCC S.A. | 3 | DeeZee Sp. z o.o. | - | EUR |
| CCC S.A. | 2 | MODIVO S.A. | 1.0 | EUR |
| CCC S.A. | 11 | MODIVO S.A. | 0.2 | PLN |
| CCC S.A. | 1 | OFP Austria GmbH | 0.8 | EUR |
| CCC S.A. | 1 | HalfPrice Sp. z o.o. | 1.5 | EUR |
| CCC S.A. | 15 | HalfPrice Sp. z o.o. | 0.2 | PLN |
| CCC S.A. | 3 | CCC.eu Sp. z o.o. | 2.9 | EUR |
| CCC S.A. | 4 | CCC.eu Sp. z o.o. | 1.9 | PLN |
| CCC S.A. | 15 | CCC.eu Sp. z o.o. | 0.7 | PLN |

**Bank guarantees under guarantee facilities of other companies**

| COMPANY | NUMBER OF GUARANTEES | DEBTOR | AMOUNT OF GUARANTEE [MILLION] | CURRENCY |
|---|---|---|---|---|
| CCC Czech s.r.o. | 33 | CCC Czech s.r.o. | 41.6 | CZK |
| CCC Czech s.r.o. | 19 | CCC Czech s.r.o. | 1.3 | EUR |
| CCC Slovakia s.r.o. | 38 | CCC Slovakia s.r.o. | 1.8 | EUR |
| CCC Hungary Shoes Kft. | 12 | CCC Hungary Shoes Kft. | 1.5 | EUR |
| MODIVO S.A. | 28 | MODIVO S.A. | 18.8 | EUR |
| MODIVO S.A. | 7 | MODIVO S.A. | 15.0 | PLN |
| MODIVO S.A. | 0 | MODIVO S.A. | - | USD |

**Surety for the lease of stores provided by the parent**

| COMPANY | NUMBER OF SURETIES | DEBTOR | AMOUNT OF SURETY [MILLION] | CURRENCY |
|---|---|---|---|---|
| CCC S.A. | 26 | CCC Czech s.r.o. | 26.0 | CZK |
| CCC S.A. | 18 | CCC Czech s.r.o. | 1.1 | EUR |
| CCC S.A. | 5 | CCC Germany GmbH | 0.3 | EUR |
| CCC S.A. | 15 | CCC Hrvatska d.o.o. | 0.6 | EUR |
| CCC S.A. | 54 | CCC Hungary Shoes Kft. | 2.4 | EUR |
| CCC S.A. | 14 | CCC Hungary Shoes Kft. | 155.0 | HUF |
| CCC S.A. | 13 | CCC Obutev d.o.o. | 0.5 | EUR |
| CCC S.A. | 24 | CCC Slovakia s.r.o. | 1.2 | EUR |
| CCC S.A. | 11 | HalfPrice Sp. z o.o. | 1.3 | EUR |
| CCC S.A. | 21 | HalfPrice Sp. z o.o. | 14.0 | PLN |
| CCC S.A. | 35 | Shoe Express S.A. | 0.8 | EUR |
| CCC S.A. | 1 | Shoe Express S.A. | 0.1 | RON |
| CCC S.A. | 3 | CCC Estonia OU | 0.1 | EUR |
| CCC S.A. | 3 | CCC Shoes Latvia SIA | 0.1 | EUR |
| CCC S.A. | 2 | UAB CCC Lithuania | 0.1 | EUR |

## Other sureties and guarantees

**Intragroup provided to Polish subsidiaries:**

| COMPANY | BANK | DEBTOR | TYPE OF SECURITY | PERIOD OF VALIDITY | | AMOUNT OF SURETY OR GUARANTEE [MILLION] | CURRENCY |
|---|---|---|---|---|---|---|---|
| | | | | START DATE | END DATE | | |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Millennium | CCC.eu Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | March 9th 2021 | - | - | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Millennium | CCC.eu Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | March 9th 2021 | February 27th 2026 | 61.0 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Millennium | CCC.eu Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | December 20th 2022 | - | none | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Millennium | CCC.eu Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | December 20th 2022 | December 22nd 2027 | 61.0 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Pekao S.A. | CCC.eu Sp. z o.o. | Surety for multi-purpose credit facility agreement | December 20th 2022 | - | 58.1 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.) | Bank Handlowy | CCC.eu Sp. z o.o. | Aval for card agreement | December 8th 2016 | 3 years from debt due date | 0.6 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o. and CCC Factory Sp. z o.o.) | Bank Handlowy | CCC.eu Sp. z o.o. | Surety for revolving credit facility agreement secured by BGK | December 20th 2022 | December 20th 2027 | 81.9 | PLN |
| CCC S.A. (provided jointly with CCC Factory Sp. z o.o. and Gino Rossi S.A.) | Santander Factoring | CCC.eu Sp. z o.o. | Surety for reverse factoring agreement secured by BGK | March 9th 2021 | - | 258.2 | PLN |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CCC S.A. (provided jointly with CCC Factory Sp. z o.o.) | Santander Factoring | CCC.eu Sp. z o.o. | Surety for reverse factoring agreement secured by BGK | December 20th 2022 | - | 147.5 | PLN |
| CCC S.A. | mBank | CCC.eu Sp. z o.o. | Surety for revolving credit facility agreement secured by BGK | July 1st 2021 | December 30th 2027 | 46.0 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o.) | Millennium | CCC Factory Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | December 20th 2022 | - | - | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o.) | Millennium | CCC Factory Sp. z o.o. | Aval for reverse factoring agreement secured by BGK | December 20th 2022 | December 22nd 2027 | 2.6 | PLN |
| CCC S.A. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC.eu Sp. z o.o.) | Pekao S.A. | CCC Factory Sp. z o.o. | Surety for overdraft facility agreement secured by BGK | December 20th 2022 | - | 2.5 | PLN |
| CCC S.A. | BNP PARIBAS | CCC Factory Sp. z o.o. | Surety for overdraft facility agreement secured by BGK | July 1st 2021 | December 20th 2027 | 17.8 | PLN |
| CCC S.A. | mBank | CCC Factory Sp. z o.o. | Surety for revolving credit facility agreement secured by BGK | July 1st 2021 | December 30th 2027 | 3.5 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o.) | Santander Bank | CCC Factory Sp. z o.o. | Surety for credit facility agreement secured by BGK | December 20th 2022 | December 20th 2027 | 6.4 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | Bank Handlowy | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 245.7 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | Bank Millennium | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 78.4 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech | Pekao S.A. | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 245.8 | PLN |

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|---|---|---|---|---|---|---|---|
| s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | | CCC Factory Sp. z o.o. | | | | | |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | PKO BP S.A. | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 347.0 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | BNP PARIBAS | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 112.2 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | mBank | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 154.0 | PLN |
| CCC S.A. (provided jointly with CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | Santander Bank/ Santander Factoring | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for syndicated agreement | June 18th 2021 | December 31st 2028 | 355.7 | PLN |
| CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o. | agent/Security Agent | CCC.eu Sp. z o.o., CCC S.A., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o. | Surety for Commission Agreement | June 24th 2021 | December 31st 2028 | 2.6 | PLN |
| CCC S.A. | PFR FI FIZAN | CCC Shoes & Bags Sp. z o.o. | Surety for bonds | September 16th 2021 | September 30th 2031 | 720.0 | PLN |

**Received by CCC S.A.**

| COMPANY | BANK | DEBTOR | TYPE OF SECURITY | PERIOD OF VALIDITY | | AMOUNT OF SURETY OR GUARANTEE [MILLION] | CURRENCY |
|---|---|---|---|---|---|---|---|
| | | | | START DATE | END DATE | | |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o.) | Bondholders | CCC S.A. | Surety for bonds | June 21st 2018 | June 29th 2026 | 750.0 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | Bondholders | CCC S.A. | Surety for bonds | June 1st 2021 | June 29th 2027 | 315.0 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Bank PKO BP | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 90.0 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Bank Pekao S.A. | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 61.5 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | mBank | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 58.5 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Santander Bank | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 75.0 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Bank Millennium | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 24.0 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | BNP PARIBAS | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 19.5 | PLN |
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o.) | Bank Handlowy | CCC S.A. | Surety for Common Terms Agreement (CTA) | November 5th 2020 | December 31st 2027 | 46.5 | PLN |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CCC.eu Sp z o.o. (provided jointly with CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o., CCC Slovakia s.r.o., CCC Czech s.r.o., CCC Obutev d.o.o., CCC Hrvatska d.o.o., CCC Hungary Shoes Kft., Shoe Express S.A.) | Bank syndicate | CCC S.A. (jointly with CCC.eu Sp. z o.o., CCC Factory Sp. z o.o., CCC Shoes & Bags Sp. z o.o., HalfPrice Sp. z o.o.) | Surety for syndicated credit facility agreement | June 18th 2021 | December 31st 2028 | 1,538.7 | PLN |

**Provided by CCC S.A. to foreign subsidiaries:**

| COMPANY | BANK | DEBTOR | TYPE OF SECURITY | PERIOD OF VALIDITY | | AMOUNT OF SURETY OR GUARANTEE [MILLION] | CURRENCY |
|---|---|---|---|---|---|---|---|
| | | | | START DATE | END DATE | | |
| CCC S.A. | Raiffeisen Bank Zrt | CCC Hungary Shoes Kft. | Surety for bank guarantee agreement | June 25th 2014 | December 31st 2023 | 3.0 | EUR |

## Material related-party transactions

To the best of the Group's knowledge, no material related-party transactions were concluded on non-arm's length terms during the financial year. For information on related-party transactions, see section 'Related-party transactions' in the consolidated financial statements.

## Description of significant agreements

Credit facility agreements, reverse factoring agreements, and guarantee facility agreements:

1. Annex 6 of March 1st 2022 to the multi-purpose credit facility agreement of November 21st 2019 between CCC S.A., CCC.EU and Powszechna Kasa Oszczędności Bank Polski S.A.
2. Annex 7 of December 20th 2022 to the multi-purpose credit facility agreement of November 21st 2019 between CCC S.A., CCC.EU and Powszechna Kasa Oszczędności Bank Polski S.A.
3. Annex 15 of March 3rd 2022 to the debt limit agreement of May 4th 2011 between CCC S.A. and BNP Paribas Bank Polska S.A.
4. Annex 154 of March 3rd 2022 to the guarantee limit agreement of March 31st 2009 between CCC S.A. and Santander Bank Polska S.A.
5. Annex 155 of June 24th 2022 to the guarantee limit agreement of March 31st 2009 between CCC S.A. and Santander Bank Polska S.A.
6. Annex 19 of March 4th 2022 to the framework agreement of November 14th 2012 between CCC S.A. and mBank S.A.
7. Annex 14 of April 29th 2022 to the revolving facility agreement of March 3rd 2009 between CCC.EU and Bank Handlowy w Warszawie S.A.
8. Annex 5 of April 29th 2022 to the framework agreement concerning payment of receivables under commercial contracts of August 2nd 2018 between CCC.eu and Bank Handlowy w Warszawie S.A.
9. Annex 24 of June 30th 2022 to the multi-purpose credit facility agreement of October 15th 2014 between CCC.eu and Bank Polska Kasa Opieki Spółka Akcyjna
10. Annex 25 of December 20th 2022 to the multi-purpose credit facility agreement of October 15th 2014 between CCC.eu and Bank Polska Kasa Opieki Spółka Akcyjna
11. Annex 1 of October 27th 2022 to the reverse factoring agreement of March 8th 2021 between CCC.eu and Bank Millennium S.A.
12. Annex 2 of December 20th 2022 to the reverse factoring agreement of March 8th 2021 between CCC.eu and Bank Millennium S.A.
13. Annex 2 of October 27th 2022 to the Common Terms Agreement of November 5th 2020 between CCC S.A. and BNP Paribas Bank Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Polska Kasa Opieki S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A.
14. Annex 1 of October 27th 2022 to the credit facility agreement of June 2nd 2021 between CCC S.A. with selected subsidiaries and BNP Paribas Bank Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Polska Kasa Opieki S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A.
15. Annex 2 of December 20th 2022 to the credit facility agreement of June 2nd 2021 between CCC S.A. with selected subsidiaries and BNP Paribas Bank Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Polska Kasa Opieki S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A.
16. Annex 2 of December 20th 2022 to the overdraft facility agreement of March 31st 2021 between CCC Factory and BNP Paribas Bank Polska S.A.
17. Annex of December 20th 2022 to the revolving facility agreement of June 17th 2021 between CCC.eu and Bank Handlowy w Warszawie S.A.
18. Annex of December 20th 2022 to the overdraft facility agreement of June 17th 2021 between CCC Factory and Bank Handlowy w Warszawie S.A.
19. Revolving facility agreement of December 20th 2022 between CCC.eu and Bank Handlowy w Warszawie S.A.
20. Annex of December 20th 2022 to the flexible revolving credit facility agreement of June 14th 2021 between CCC Factoring and mBank S.A.

21. Annex of December 20th 2022 to the flexible revolving credit facility agreement of June 14th 2021 between CCC.eu and mBank S.A.
22. Annex 1 of December 20th 2022 to the reverse factoring agreement of March 8th 2021 between CCC Factory and Bank Millennium S.A.
23. Reverse factoring agreement of December 20th 2022 between CCC.eu and Bank Millennium (syndicated agreement)
24. Reverse factoring agreement of December 20th 2022 between CCC.eu and Bank Millennium (agreement secured by BGK guarantees)
25. Reverse factoring agreement of December 20th 2022 between CCC Factory and Bank Millennium
26. Annex 2 of December 20th 2022 to the overdraft facility agreement of March 31st 2021 between CCC and Bank Polska Kasa Opieki Spółka Akcyjna
27. Annex 1 of December 20th 2022 to the confirming agreement of March 9th 2021 between CCC Factory and Santander Factoring Sp. z o.o.
28. Annex of December 20th 2022 to the confirming agreement of March 9th 2021 between CCC.eu and Santander Factoring Sp. z o.o.
29. Confirming agreement of December 20th 2022 between CCC.eu and Santander Factoring Sp. z o.o. (syndicated agreement) Confirming agreement of December 20th 2022 between CCC.eu and Santander Factoring Sp. z o.o. (agreement secured by BGK guarantees)
30. Overdraft facility agreement of December 20th 2022 between CCC Factory and Santander Bank Polska S.A.

## TRADING UPDATE

The CCC Group began the financial year 2023 with an 11% revenue increase (in the period from February 1st to April 15th 2023), achieved amid a challenging macroeconomic background (decrease in real wages) and despite a high base effect (demand for Ukrainian refugees in 2022).

The increase was recorded on contributions from most reportable segments, including those which posted the highest sales growth: Modivo (+43%) and HalfPrice (+113%). The strong revenue growth was also driven by online sales of the CCC business line (+38%) and sales through hybrid eobuwie stores (+31%).

The share of e-commerce in the Group's revenue reached 52% (-1.3pp year on year), with a year-on-year growth rate of +9%.

Thanks to efficiency and effectiveness gains achieved in recent years across all its major business functions, the Group is able to flexibly respond to any changes occurring in its business environment. In response to prevailing weather conditions, high availability of the winter collection was maintained through February, maximising resale (30% year-on-year decrease in inventories of the CCC business line) and revenue growth (+35% year on year in the CCC business line). The higher year-on-year share of the winter collection in total sales depressed quarterly gross margin, but also led to very good resale rates and inventory structure. The cold beginning of spring on the key markets, which continued until the first week of April, triggered the launch of additional promotional mechanisms for Customers, reducing first-price margins. The Group's margin came in at 46.3%, down 3.0pp year on year, and 2.0pp year on year in the CCC business line alone. However, the CCC segment's margin erosion was largely offset by continued efforts to improve cost efficiency, which – despite strong inflationary pressures – brought down the cost to revenue ratio in the first quarter of FY 2023 by 1.5pp year on year.

The CCC Group has noted positive trends in sales and gross margin development over the quarter (month on month).

## 2023 OUTLOOK

The CCC Group expects that situation in the CEE region's fashion industry throughout 2023 will remain under the influence of macroeconomic volatility. The persistently elevated inflation and high interest rates may have an impact on the level of consumers' disposable incomes, affecting their shopping decisions. At the same time, the Group expects that the competitive environment will stabilise on inventory balancing within the industry and, as a result, weakening price competition. Since mid-2022, the terms on which new collections can be purchased have been steadily improving, with foreign exchange rates returning to normal levels and supply chains stabilising, bringing down freight costs. Cost base pressures have been easing with a decline in raw material prices.

As a result, the CCC Group has adopted the following assumptions for 2023:

| | CCC Group | CCC** | HalfPrice | MODIVO Group |
|---|---|---|---|---|
| Revenue [PLNbn] | **10.2-11.0** | 4.4-4.8 | 1.2-1.5 | 4.5-4.7 |
| Gross margin [%] | **47-50** | 54-56 | 45-46 | 40-42 |
| Cost ratio* [%] | **43-44** | 47-48 | 39-40 | 39-40 |
| EBITDA margin [%] | **10-12** | 14-16 | 10-12 | 4-6 |
| Capex [PLNm] | **~320** | ~160 | ~160 | ~160 |

* SG&A expenses / revenue
** Includes CCC, Wholesale, Other

Whether these assumptions are realised will depend on external factors, in particular the macroeconomic conditions and geopolitical situation in the region.

# ANALYSIS OF SELECTED FINANCIAL AND OPERATING DATA OF CCC S.A.

## SELECTED FINANCIAL AND OPERATING DATA OF CCC S.A.

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the statement of profit or loss and other comprehensive income | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 |
| **Revenue** | **2,721.9** | **2,408.3** | **579.4** | **525.5** |
| Gross profit (loss) | 793.7 | 803.7 | 169.0 | 175.4 |
| Operating profit (loss) | 64.5 | 60.2 | 13.7 | 13.1 |
| Profit (loss) before tax | -21.6 | 454.4 | -4.6 | 99.2 |
| **NET PROFIT/(LOSS)** | **-22.9** | **442.2** | **-4.9** | **96.5** |

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the statement of financial position | January 31st 2023 | January 31st 2022 | January 31st 2023 | January 31st 2022 |
| **Non-current assets** | **2,584.1** | **2,487.0** | **548.8** | **540.9** |
| **Current assets, including:** | **609.7** | **905.1** | **129.5** | **196.8** |
| Inventories | 381.7 | 404.9 | 81.1 | 88.1 |
| Cash | 38.0 | 126.1 | 8.1 | 27.4 |
| **Total assets** | **3,193.8** | **3,392.1** | **678.3** | **737.7** |
| **Non-current liabilities, including:** | **1,346.1** | **1,155.5** | **285.9** | **251.3** |
| Bank borrowings and bonds | 807.2 | 574.7 | 171.4 | 125.0 |
| Lease liabilities | 509.9 | 552.7 | 108.3 | 120.2 |
| **Current liabilities, including:** | **622.6** | **988.6** | **132.2** | **215.0** |
| Bank borrowings and bonds | 55.0 | 271.5 | 11.7 | 59.0 |
| Trade and other payables | 171.1 | 340.4 | 36.3 | 74.0 |
| **Total liabilities** | **1,968.7** | **2,144.1** | **418.1** | **466.3** |
| **Equity** | **1,225.1** | **1,248.0** | **260.2** | **271.4** |

| | PLNm | | EURm | |
|---|---|---|---|---|
| Selected financial data from the separate statement of cash flows | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 |
| Net cash flows from operating activities | 342.0 | 525.5 | 72.8 | 114.7 |
| Net cash flows from investing activities | -212.1 | -802.6 | -45.2 | -175.1 |
| Net cash flows from financing activities | -218.1 | 203.7 | -46.4 | 44.5 |
| **Total cash flows** | **-88.2** | **-73.4** | **-18.8** | **-16.0** |
| Capital expenditure | -107.2 | -113.8 | -22.8 | -24.8 |

| Operating data | January 31st 2023 | January 31st 2022 |
|---|---|---|
| Number of stores | 444 | 432 |
| Retail space (thousand m$^2$) | 281.9 | 278.8 |

## SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### How we define the individual components of the result

**Revenue** includes revenue from sale of merchandise and sublease services generated in the ordinary course of business, and revenue from the provision of logistics services to CCC.eu Sp. z o.o.

As **costs of sales** the Group recognizes: costs of goods sold, cost of packaging sold, cost of provisions for complaints; cost of sublease, logistics and accounting services; inventory write-downs.

**Gross profit** on sales is calculated as the difference between revenue and cost of sales, and gross profit margin as the ratio of gross profit to revenue.

We also use the following measures in the analysis: revenue per square metre of retail space, and sales of like-for-like store (definitions of these measures are given in the respective tables).

### Revenue

| REVENUE [1] | | | |
|---|---|---|---|
| | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | CHANGE (%) |
| CCC omnichannel | 2,548.6 | 2,271.2 | 12.2% |
| Services | 173.3 | 137.1 | 26.4% |
| **Total** | **2,721.9** | **2,408.3** | **13.0%** |

### Breakdown of revenue into like-for-like sales and sales by newly opened or closed outlets.

| | | LIKE-FOR-LIKE STORES | | | *CHANGE (%) | OTHER STORES | | *CHANGE (%) |
|---|---|---|---|---|---|---|---|---|
| SEGMENT | BUSINESS LINE | NUMBER | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | |
| Poland | CCC | 355.0 | 1,349.4 | 1,309.0 | 3.1% | 532.6 | 523.3 | 1.8% |
| **Total** | | **355.0** | **1,349.4** | **1,309.0** | **3.1%** | **532.6** | **523.3** | **1.8%** |

The change compared with the previous year was attributable to an increase in sales at like-for-like stores of PLN 40.4m (+3.1%) and sales at other stores of PLN +9.3m (+1.8%) year on year.

As at the end of the reporting period (January 31st 2023), retail space at CCC S.A. was 281,900 m$^2$, up 3,100 m$^2$ year on year (relative to January 31st 2022).

### Gross profit

As a result of higher revenue, cost of sales also went up. Compared with the same period of the previous year, cost of sales increased by PLN 323.6m (+20.2%), to PLN 1,928.2m as at the end of the reporting period. Gross profit amounted to PLN 793.7m.

## Costs of points of purchase and distribution

| Costs of points of purchase and distribution | | | |
|---|---|---|---|
| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | *CHANGE (%) |
| Salaries, wages and employee benefits | -268.1 | -245.2 | 9.3% |
| Other rental costs – utilities and other variable costs | -133.0 | -117.2 | 13.5% |
| Depreciation/amortisation | -164.0 | -192.8 | -14.9% |
| Taxes and charges | -18.8 | -19.6 | -4.1% |
| Raw material and consumables used | -20.8 | -17.6 | 18.2% |
| Transport services | -42.9 | -28.7 | 49.5% |
| Other services | -2.0 | -9.7 | -79.4% |
| Other costs by nature of expense | -49.8 | -33.8 | 47.3% |
| **Total** | **-699.4** | **-664.6** | **5.2%** |

Costs of points of purchase and distribution increased by 5.2% year on year, driven mainly by:

- PLN 22.9m increase in salaries, wages and employee benefits expense, attributable to expansion of the sales channels;
- PLN 15.8m increase in other rental costs (sales-based rents and variable costs: utilities, electricity, etc.) attributable to renegotiation of lease contracts and expansion of the sales channels;
- PLN 28.8m decrease in depreciation expense on right-of-use assets due to renegotiation of lease contracts;
- PLN 14.2m increase in transport costs driven by higher sales in the digital channel;
- PLN 16.0m increase in other costs by nature of expense.

## Administrative expenses

| Administrative expenses | | | |
|---|---|---|---|
| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | *CHANGE (%) |
| Salaries, wages and employee benefits | -23.0 | -42.5 | -45.9% |
| Other rental costs – utilities and other variable costs | -2.5 | -2.1 | 19.0% |
| Depreciation/amortisation | -10.8 | -5.5 | 96.4% |
| Taxes and charges | -1.6 | -1.5 | 6.7% |
| Raw material and consumables used | -7.8 | -5.3 | 47.2% |
| Transport services | -0.2 | -0.1 | 100.0% |
| Other services | -1.1 | -0.7 | 57.1% |
| Other costs by nature of expense | -25.1 | -56.3 | -55.4% |
| **Total** | **-72.1** | **-114.0** | **-36.8%** |

The year-on-year decrease in administrative expenses was led by a lower amount of salaries, wages and employee benefits (down PLN 19.5m), due mainly to bonuses for the Management Board paid in 2021, and a reduction in other costs (down PLN 31.2m) on lower costs of outsourcing and advisory services.

## Effect of other income and expenses

**How we define the individual components of the result**

Other income and expenses include income and expenses from non-core activities, such as gains or losses on disposal of property, plant and equipment, penalties and fines, donations, etc.

**Finance income and costs** of the Company include interest expense, commission fees, and foreign exchange gains and losses.

**Income tax** includes accrued tax and deferred tax.

### Other income and expenses

Net other income and expenses came in positive at PLN 46.9m, relative to PLN 35.1m net other income in the previous year. The largest contributor to net other expenses and other income was late payment interest (PLN 31.0m) and the gain on settlement of lease contracts (PLN 21.8m). Also in the reporting period, a PLN 4.6m loss allowance was recognised on receivables.

### Finance income and costs

In the reporting period, finance income stood at PLN 77.1m, a decrease of PLN 434.5m year on year, attributable to the recognition in the previous period of the gain on sale of MODIVO S.A. shares. (PLN 280.0m) and dividends received (PLN 200.0m) from CCC Factory Sp. z o.o. The main items of finance income in the reporting period included interest income (PLN 37.2m) and proceeds from the sale of shares to Gino Rossi (PLN 21.9m).

Finance costs amounted to PLN 118.7m, an increase of PLN 44.3m year on year. Interest expense on leases, borrowings and bonds (PLN 98.8m) was the main item of finance costs in the reporting period.

Other separately recorded items under finance costs included allowances for expected credit losses (PLN 44.5m on a net basis).

### Income tax

In the reporting period, income tax totalled PLN 1.3m, including current tax of PLN 4.4m and deferred tax assets of PLN 3.1m.

### Net profit

After finance income, finance costs and income tax, net loss amounted to PLN 22.9m, a deterioration of the net result by PLN 465.1m year on year.

## STATEMENT OF FINANCIAL POSITION (REVIEW OF THE MAIN ITEMS)

| | January 31st 2023 | January 31st 2022 | *CHANGE (%) |
|---|---|---|---|
| **Non-current assets, including:** | **2,584.1** | **2,487.0** | **3.9%** |
| Property, plant and equipment | 548.9 | 541.9 | 1.3% |
| Right-of-use assets | 419.0 | 494.5 | -15.3% |
| Deferred tax assets | 39.9 | 36.8 | 8.4% |
| Loans | 980.1 | 853.7 | 14.8% |
| Long-term investments | 434.6 | 434.7 | 0.0% |
| **Current assets, including:** | **609.7** | **905.1** | **-32.6%** |
| Inventories | 381.7 | 404.9 | -5.7% |
| Cash and cash equivalents | 38.0 | 126.1 | -69.9% |
| **TOTAL ASSETS** | **3,193.8** | **3,392.1** | **-5.8%** |
| **Non-current liabilities, including:** | **1,346.1** | **1,155.5** | **16.5%** |
| Financing liabilities | 807.2 | 574.7 | 40.5% |
| Lease liabilities | 509.9 | 552.7 | -7.7% |
| **Current liabilities, including:** | **622.6** | **988.6** | **-37.0%** |
| Financing liabilities | 55.0 | 271.5 | -79.7% |
| Trade and other payables | 171.1 | 340.4 | -49.7% |
| **TOTAL LIABILITIES** | **1,968.7** | **2,144.1** | **-8.2%** |
| **EQUITY** | **1,225.1** | **1,248.0** | **-1.8%** |

## Non-current assets

**How we define the individual components of the non-current assets**

Property, plant and equipment include leasehold improvements (i.e. expenditure on leased premises used in the retail business) and property, plant and equipment used in the distribution and other activities.

**Right-of-use assets** are measured at cost as at the contract inception date. The cost of a right-of-use asset includes the amount of the initial measurement of the lease liability, any lease payments paid on or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee, an estimate of the costs to be incurred by the lessee to dismantle and remove the underlying asset, refurbish the site on which it is located, or bring the underlying asset to the condition required by the lease terms, unless those costs are incurred to produce inventories.

**Deferred tax assets and liabilities** are recognised as a result of differences between the carrying amounts of assets and liabilities and their corresponding tax bases and on unused tax losses.

As at the reporting date, non-current assets comprised property, plant and equipment (PLN 548.9m), intangible assets (PLN 5.1m), goodwill (PLN 48.8m), right-of-use assets (PLN 419.0m), loans (PLN 980.1m), long-term investments (PLN 434.6m), lease receivables (PLN 107.7m) and deferred tax assets (PLN 39.9m). The value of non-current assets rose 3.9% year on year, to PLN 2,584.1m, mainly on a PLN 126.4m increase in long-term loans advanced.

## Current assets

**How we define the individual components of the current assets**

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less variable costs necessary to make the sale.

**Cash and cash equivalents** include cash in hand and bank deposits payable on demand.

As at the reporting date, current assets were PLN 609.7m and comprised inventories (PLN 381.7m), cash and cash equivalents (PLN 38.0m), receivables from customers (PLN 72.1m), other receivables (PLN 45.3m), loans (PLN 26.8m), lease receivables (PLN 30.4m) and income tax receivable (PLN 15.4m).

**Inventories**

The Company's objective is to minimise inventories, while maintaining an adequate volume of merchandise to maximise sales. As at the reporting date, inventories were reduced by 5.7% year on year, to PLN 381.7m.

**Cash and cash equivalents**

As at the reporting date, cash and cash equivalents amounted to PLN 38.0m, down by PLN 88.1m (-69.9%) from the comparative period. As at the reporting date, 99% of cash was held in hand or in bank accounts.

## Equity and financing liabilities

**How we define the individual components of equity and financing liabilities**

Equity is recognized with a breakdown into specific components, in accordance with legal regulations and the relevant provisions of the Articles of Association. Components of equity:

- share capital is recognized at the amount specified in the Articles of Association and disclosed in the court register,
- share premium,
- retained earnings created from distribution of profit or loss, retained earnings, and net profit (loss) for the reporting period, and based on the existing employee stock option plan.

Dividend payments to owners are recognised as a liability in the Company's financial statements in the period in which they were approved by shareholders of the Company.

**Trade payables** are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, and are classified as current liabilities if they mature within one year. Otherwise, liabilities are disclosed as non-current. Trade liabilities are measured at amounts due.

As at the reporting date, equity amounted to PLN 1,225.1m, having decreased by PLN 22.9m (-1.8%).

As at the reporting date, non-current liabilities amounted to PLN 1,346.1m, and comprised mainly bank borrowings and bonds (PLN 807.2m) and lease liabilities (PLN 509.9m). Non-current liabilities were PLN 190.6m (+16.5%) higher than as at the end of the comparative period, mainly on account of a PLN 232.5m increase in financing liabilities.

As at the reporting date, current liabilities amounted to PLN 622.6m, and consisted of liabilities under bank borrowings and bonds (PLN 55.0m), payables towards suppliers (PLN 171.1m), lease liabilities (PLN 210.7m), provisions (PLN 63.6m), and other liabilities (PLN 121.7m). Current liabilities fell by PLN 366.0m (-37.0%) relative to the previous reporting period, reflecting mainly a decrease in financing liabilities (PLN -216.5m) and trade payables (PLN -169.3m). For information on financing liabilities, see 'Debt and liquidity of CCC S.A.'.

## STATEMENT OF CASH FLOWS (REVIEW OF THE MAIN ITEMS)

| | February 1st 2022– January 31st 2023 | February 1st 2021– January 31st 2022 | *CHANGE (%) |
|---|---|---|---|
| **Profit before tax** | **-21.6** | **454.4** | **<-100%** |
| Adjustments | 309.4 | -96.5 | <-100% |
| Income tax paid | -8.1 | -40.6 | -80.0% |
| **Cash flow before changes in working capital** | **279.7** | **317.3** | **-11.8%** |
| Changes in working capital | 62.3 | 208.2 | -70.1% |
| **Cash flows from operating activities** | **342.0** | **525.5** | **-34.9%** |
| **Cash flows from investing activities** | **-212.1** | **-802.6** | **-73.6%** |
| **Cash flows from financing activities, including:** | **-218.1** | **203.7** | **<-100%** |
| Proceeds from borrowings | 14.0 | 424.2 | -96.7% |
| Repayment of borrowings | 0.0 | -47.2 | <-100% |
| Lease payments | -153.4 | -136.6 | 12.3% |
| **Total cash flows** | **-88.2** | **-73.4** | **20.2%** |
| **Cash and cash equivalents at end of period** | **38.0** | **126.1** | **-69.9%** |

## PROFIT GUIDANCE

No profit guidance has been published.

# MANAGEMENT OF FINANCIAL RESOURCES AND LIQUIDITY

## DEBT AND LIQUIDITY OF CCC S.A.

CCC S.A. finances its operations using equity and external capital, including bank and non-bank borrowings as well as bonds.

### BANK AND NON-BANK BORROWINGS, AND BONDS

As at the reporting date, the Company had non-current financing liabilities of PLN 807.2m, including liabilities under bonds of PLN 189.4m.

The current portion of financing liabilities as at the reporting date comprised short-term bank borrowings of PLN 33.1m and interest on bonds of PLN 21.9m.

For detailed information on the credit facility agreements and guarantee limits in effect in the reporting period, see the section entitled 'Management of financial resources and liquidity' in the CCC Group's consolidated data.

#### Bonds

For information on the bonds, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

## Covenants

For information on the covenants, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

Financial instruments

For information on the financial instruments, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

## Issue of securities and use of proceeds

For information on the issue of securities, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

Feasibility of investment plans

For assessment of the feasibility of investment plans, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

Agreements executed by CCC S.A.

**Loans**

For the CCC Group's loan agreements involving loans advanced by CCC S.A. which were in effect in the reporting period, see consolidated data in the section entitled 'Management of financial resources and liquidity' of the CCC Group.

**Sureties, guarantees and other contingent liabilities**

For the sureties and guarantees provided and received by CCC S.A. which were in effect in the reporting period, see consolidated data in the section entitled 'Management of financial resources and liquidity' of the CCC Group.

Material related-party transactions

For information on material related-party transactions, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

Description of significant agreements

For a description of significant agreements, see the section entitled 'Management of financial resources and liquidity' of the CCC Group.

CCC

# CCC GROUP'S STRATEGY – EXECUTION AND GROWTH PLANS

## OUR MISSION, VISION AND VALUES

At the end of 2021, a new 'GO.25 Everything Fashion: Omnichannel Platform' strategy was formulated, setting out general development directions for the Group and defining its mission and vision. Despite some major changes in macroeconomic variables in 2022, the year also confirmed the trends identified in the GO.25 strategy, and our ambitions to grow the omnichannel platform, diversify the product mix and focus on the off-price channel.

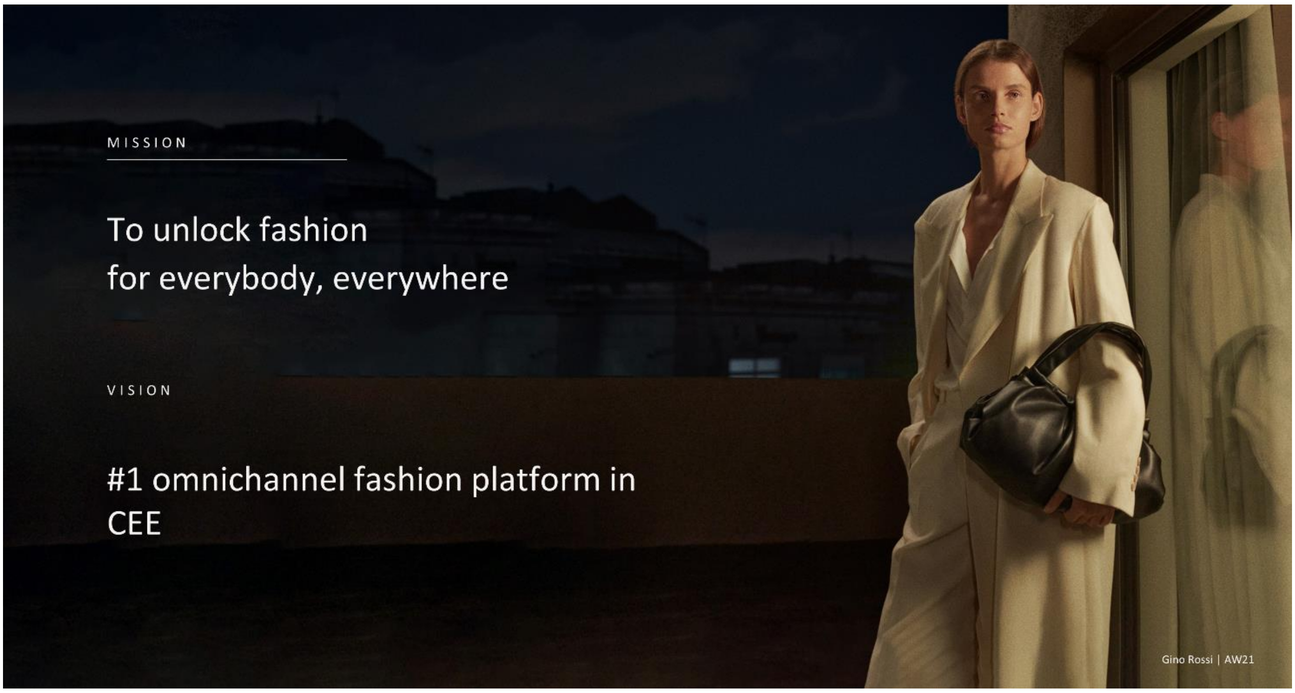
Key objectives of the GO.25 strategy remain valid and unchanged. Currently, work on the strategy operationalisation includes ongoing adjustments to address newly emerged challenges in the changing environment, continuous monitoring of the progress in its delivery and review of decisions made against results.

### MISSION

**To unlock fashion for everybody, everywhere**

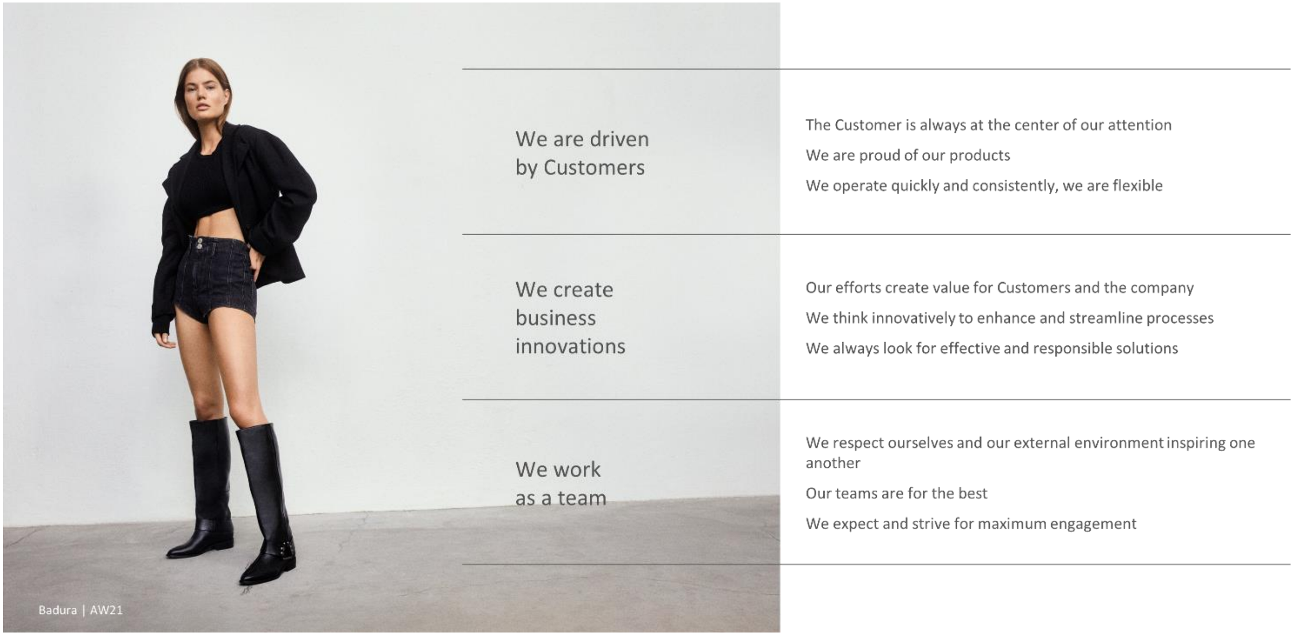
### VISION

**#1 omnichannel fashion platform in CEE**



<u>In addition, the Group upholds the following core values as the cornerstone of its operations:</u>

1) **We are powered by customers**
2) **We create business innovations**
3) **We work as a team**




## BUSINESS MODEL

<u>The Group's strategy announced in 2021 will be implemented through the omnichannel platform, which includes:</u>

1. **Business lines**

   Five strong complementary business lines – CCC, eobuwie, MODIVO, HalfPrice and DeeZee – which complement one another in terms of sales channels and product mix

2. **Channels**

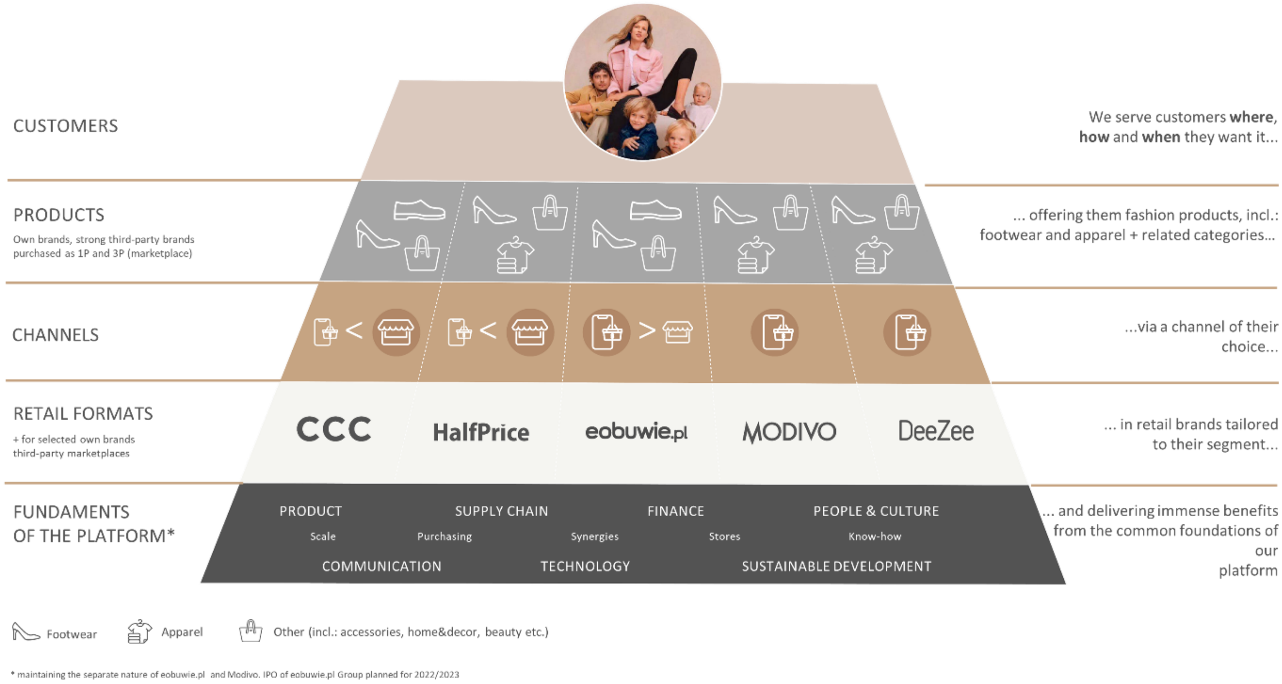
   Overlapping offline and online channels to help the customer choose the best way to make a purchase

3. **Products**

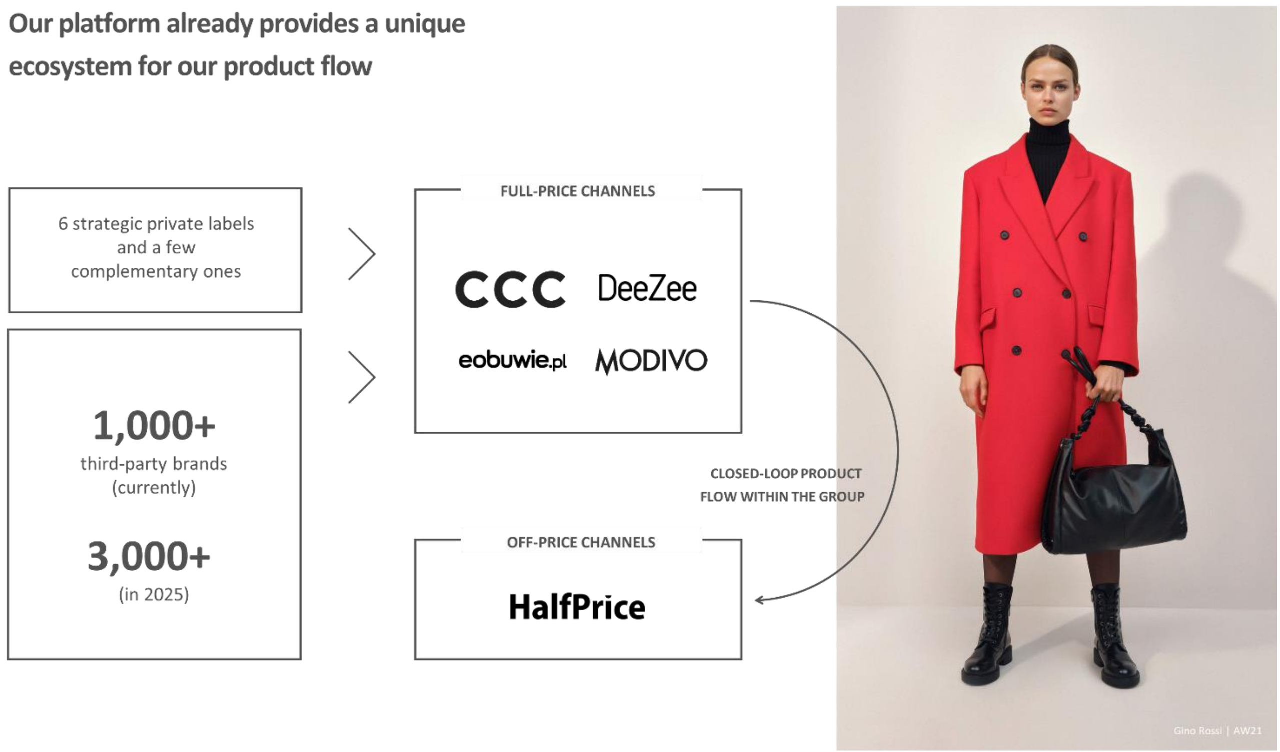
   Diverse product mix, offering customers a wide range of footwear, clothing, accessories and other categories (homeware, health and beauty, and other products)

4. **Platform foundations**

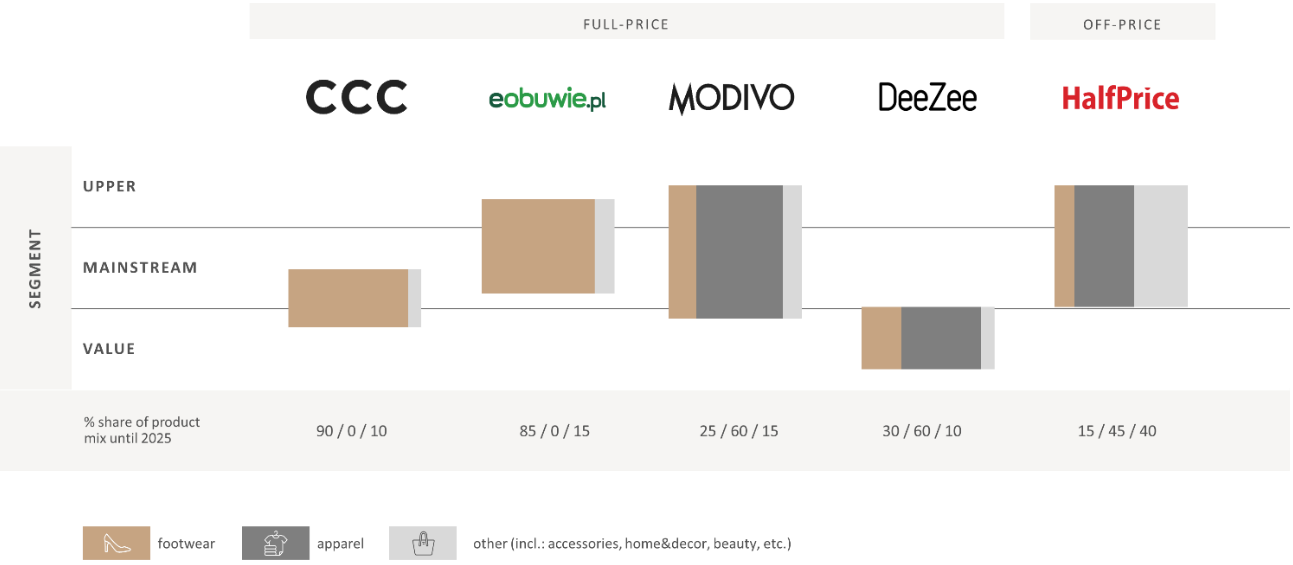
   Mainly the products, communication, supply chain, technology, finance, sustainable development, culture and people




The CCC Group's omnichannel platform is a unique ecosystem for products representing various brands (both private label and third-party brands, which are consistently developed by the Group), enabling the flow of products from full-price (CCC, eobuwie, MODIVO, DeeZee) to off-price (HalfPrice) channels.



The Group's platform comprises the complementary business lines CCC, eobuwie, MODIVO, HalfPrice and DeeZee, complementing one another in terms of sales channels (online/offline), product mix (footwear, clothing, new categories), segments (full-price/off-price) and price points.




## Growth directions (by geography)

| | | PL | CEE (except PL) | Region CIS | Wester & Southern Europe | Main direction |
|---|---|---|---|---|---|---|
| CCC | online | ✓ | ✓ | ✓ | | Maintain leadership in CEE region |
| | offline | ✓ | ✓ | ✓ | | Key growth markets – Romania and Russia |
| eobuwie.pl | online | ✓ | ✓ | | ✓ | Consolidate online leadership position in CEE |
| | offline | ✓ | ✓ | | | Build position in selected Western European markets |
| MODIVO | online | ✓ | ✓ | | ✓ | Build strong position in CEE |
| | offline | ✓ | ✓ | | | Pursue business expansion in selected Western European markets |
| DeeZee | online | ✓ | ✓ | ✓ | ✓ | Drive growth through own channels in CEE<br>Partner with marketplace platforms in Europe |
| HalfPrice | online | ✓ | ✓ | | ✓ | Roll out the format in strategic CEE markets and in selected Western European countries |
| | offline | ✓ | ✓ | | ✓ | |

2025 targets

1. Top omnichannel fashion platform in CEE
2. Footwear sales leader with the widest selection in CEE9[1]:
   - ~22% market share (vs 16% estimated for 2021)
   - Already >25% market share in Poland
3. Growing position in the apparel market in CEE9
   - 4% market share (vs 1% estimated for 2021)

[1] – PL, CZ, HU, RO, SK, CR, SL, BG, SR

1) Poland, Czech Republic, Hungary, Romania, Slovakia, Croatia, Slovenia, Bulgaria, Serbia

# THE CCC GROUP'S STRATEGIC GOALS

**The current strategy reiterates the Company's commitment to the seven key strategic objectives:**

1) **3x business** – threefold expansion of the Group's business scale by leveraging the omnichannel platform model
2) **EBITDA margin > 12%**
3) **New categories accounting for more than one-third of total sales** – further development of new fashion categories, including clothing, homewares and beauty products
4) **60% share of online sales** – with the focus on a well-balanced share of pure online and digitalised offline channels
5) **NPS + 10p for all business lines and channels** – our strategic goal is to increase NPS across all business lines and channels while maintaining a focus on customers and continuously enhancing customer experience

**and Sustainable Development Goals – low-carbon circular economy, diversity and transparency, which underpin our strategic efforts:**

6) **MSCI ESG rating of A+**
7) **Employee engagement +10pp vs industry average**


1) Equivalent >10% pre-IFRS EBITDA margin

## Ambitions and strategic objectives for the Group's business lines

OUR ASPIRATION

CCC

**Leading omnichannel footwear player in CEE**

25-30% contribution to the Group's revenue

VALUE DRIVERS

- Optimization and digitalization of sales network
- Further strengthening of private labels and advanced analytics (incl. price&promo)
- Digital touchpoints – ccc.eu and mobile app

STRATEGIC KPIs (2025)

**10,000 PLN**
**omnichannel sales / m² / year**
(total sales in stores and at ccc.eu)

57-59%
gross margin

66%
online-only range
(at least 3x more products offered online vs offline)

SALES STRUCTURE: 75% stores, 25% online

PRODUCT MIX: 90% footwear, 10% other; 75% private labels, 25% third-party brands

OUR ASPIRATION

eobuwie.pl

**E-commerce footwear leader in CEE**

30%–35% contribution to the Group's revenue

VALUE DRIVERS

- International expansion
- Vertical marketplace
- Mobile app development
- Increase of next business day (NBD) delivery volumes with international logistics
- New platform (improved conversion rates)

STRATEGIC KPIs (2025)

80%
revenue generated outside PL

50%
contribution of mobile generated sales

40%
share of next business day deliveries (NBDs)

+50%
conversion

SALES STRUCTURE: 5% stores, 95% online

PRODUCT MIX: 85% footwear, 15% other; 10-20% private labels, 80-90% third-party brands

OUR ASPIRATION

## MODIVO

**The most inspiring online fashion platform in CEE**

15-20% contribution to the Group's revenue

VALUE DRIVERS

- Broadest multi-category product range – global and local brands
- Vertical marketplace focused on fashion and lifestyle
- Innovative services for customers (same day delivery, digital fitting rooms)
- Personalization and building customer loyalty

STRATEGIC KPIs (2025)

- 2,5m SKUs
  3k brands
  15k suppliers
- 30% GMV from marketplace
- 3x growth in annual customer spend

SALES STRUCTURE: <5% stores, >95% online

PRODUCT MIX: 25% / 60% / 15%

5% private labels, 95% third-party brands

OUR ASPIRATION

## HalfPrice

**Off-price market leader in CEE**

15-20% contribution to the Group's revenue

VALUE DRIVERS

- Further rollout on key markets
- Development of online platform
- Leveraging the Group's synergies in full-price segment

STRATEGIC KPIs (2025)

- >250 stores / ~400k m² and flexible rental conditions
- 50% revenue generated outside Poland
- 20% online sales (online to be launched in Q4 2021)
- >45% marży brutto ze sprzedaży
- 18-20% EBITDA margin (IFRS 16)
  13-15% EBITDA margin (pre-IFRS 16)

SALES STRUCTURE: <80% stores, >20% online

PRODUCT MIX: 15% / 45% / 40%

5%-10% private labels, 90-95% third-party brands

OUR ASPIRATION

# DeeZee

**Pan-European fashion brand, social media leader**

~5% contribution to the Group's revenue

VALUE DRIVERS

- Rollout of new categories (apparel, accessories, beauty, home)
- International expansion
- B2B / marketplace growth

STRATEGIC KPIs (2025)

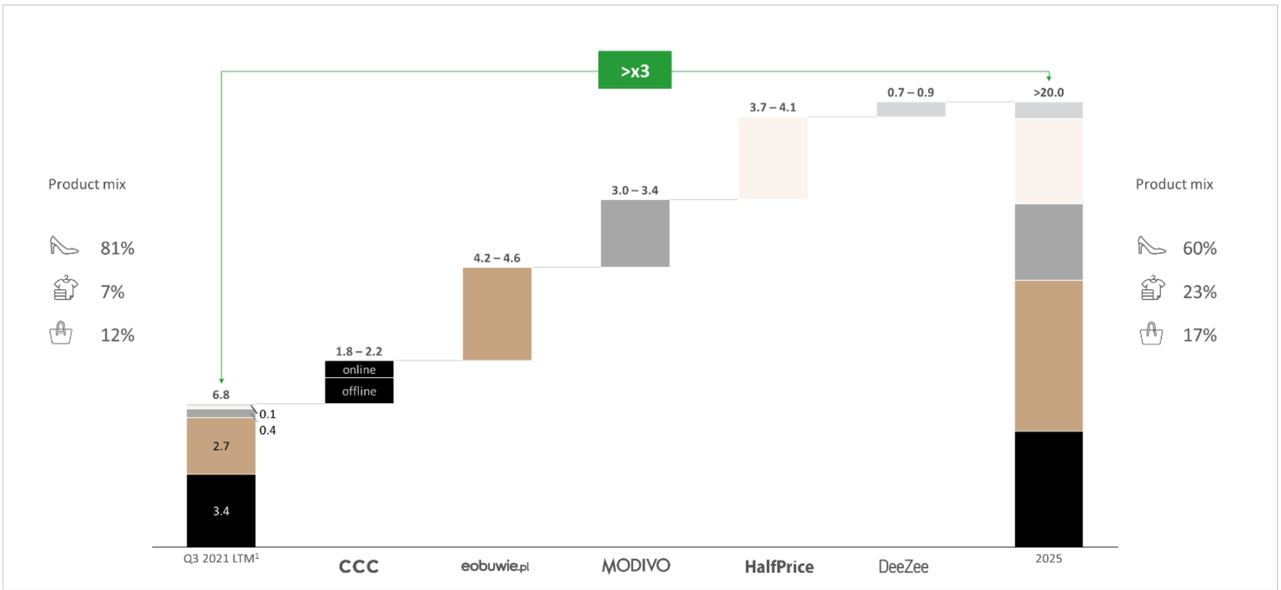
- 2025 revenue over 10x vs 2020
- 50% of apparel revenue in 2022 and steady growth
- 50%+ share of foreign sales in 2025

SALES STRUCTURE 100% online

PRODUCT MIX 30% 60% 10%

100% private label

## Financial ambitions




Revenue of the CCC Group, Q3 2021 LTM – 2025, PLN bn

1[1] Preliminary data for Q4 2021

Revenue of the CCC Group, Q3 2021 LTM1–2025, PLN bn Preliminary data for Q4 2021

# CORPORATE GOVERNANCE STATEMENT

This 2022 Corporate Governance Statement of CCC S.A. has been prepared pursuant to Par. 70.6.5 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018.

# CORPORATE GOVERNANCE RULES APPLICABLE TO THE COMPANY IN 2022

By Resolution No. 13/1834/2021 of March 29th 2021, the Warsaw Stock Exchange Supervisory Board adopted a new set of corporate governance principles for companies listed on the WSE Main Market – the Code of Best Practice for WSE Listed Companies 2021 ("Code of Best Practice 2021"). The Code of Best Practice 2021 entered into force on July 1st 2021 and has been applied by CCC S.A. since its effective date.

The Code of Best Practice is a set of corporate governance principles and rules of conduct underpinning the relations of listed companies with their market environment. The document was developed by experts comprising the WSE Corporate Governance Committee, representing interests of various groups of capital market participants. The corporate governance code in effect since July 2021 consists of general principles, indicating goals to be pursued by companies in a given area, as well as specific principles subject to disclosure obligations. The Company's Management Board has exercised due care to ensure compliance with the Code of Best Practice 2021. A statement of compliance by the Company with the Code of Best Practice 2021 has been published on the corporate website at https://corporate.ccc.eu/lad-korporacyjny.

The Code of Best Practice is published on the official website of the Warsaw Stock Exchange dedicated to corporate governance principles: https://www.gpw.pl/dobre-praktyki2021.

## 1. Disclosure policy, investor communications

**In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.**

CCC S.A. runs a corporate website, which is a reliable and useful source of information on the Company for capital market participants. It features an investor relations section designed specifically for the Company's shareholders, investors and stock market analysts (https://corporate.ccc.eu/relacje-inwestorskie). It provides transparent, reliable and complete content to enable investors and analysts to make informed decisions. The corporate website is available in Polish and English.

The CCC Group ensures equal access to information on the Company through strict compliance with disclosure obligations that arise from its presence on a regulated market, application of corporate governance rules and use of best market standards and practices to communicate with capital market participants.

The activities taken under the disclosure policy are addressed to particular capital market participants, including retail and institutional investors, shareholders, regulated market entities (the Financial Supervision Authority and the Warsaw Stock Exchange), and stock market analysts.

In order to properly discharge its disclosure obligations, CCC S.A. publishes:

1) information required under the laws applicable to companies listed on the WSE and under the Code of Best Practice for WSE Listed Companies 2021;
2) financial results and periodic reports within the time limits prescribed under applicable laws. The Company seeks to ensure that its financial results and periodic reports are published in the shortest possible time;
3) communications concerning major events affecting the price of Company shares immediately upon their occurrence, unless otherwise required by law;
4) communications concerning material related-party transactions, in accordance with applicable laws.

The tools used to communicate with capital market participants include, without limitation:

1) Electronic Information Transmission System (ESPI) – used to discharge disclosure obligations arising from the fact that Company shares are traded on a regulated market;
2) Electronic Information Base (EIB) – used for distribution of corporate governance reports;
3) Investor Relations section of the corporate website (http://firma.ccc.eu/pl/3,relacje-inwestorskie.html), containing all relevant information on the Company, including current reports, presentations, financial statements, information on the Company's governing bodies, current shareholding structure, contact details, etc.;
4) live broadcasts of earnings conferences for investors, analysts and the media held after the publication of financial results (video recordings of earnings conferences are available on the Investor Relations site);
5) conference calls for domestic and foreign investors and analysts;
6) meetings of representatives of the Management Board and the Investor Relations team with retail and institutional investors and analysts, including Open Days and Investors' Days held at the Company's registered office;
7) participation of representatives of the Management Board and the Investor Relations team in investor conferences in Poland and abroad;
8) ensuring the Investor Relations team is available to capital market participants by phone and electronic means of communication. The Company strives to answer all queries as soon as practicable but not later than within three (3) business days of their receipt. The processing time may be extended in well justified cases and in circumstances that are beyond the Company's control;
9) posting materials relating to General Meetings, including video recordings, on the Investor Relations site.
10) The Investor Relations website at https://corporate.ccc.eu/relacje-inwestorskie is periodically reviewed and updated so that the content best meets the information needs of capital market participants.

## Investor Relations

The Investor Relations Office of the CCC Group is responsible for the implementation of the Group Disclosure Policy (see 'Disclosure Policy of the CCC Group'), whose aim is mainly to ensure equal access to information and effective communication and to build confidence among capital market participants, particularly retail and institutional investors from Poland and abroad. The persons responsible for investor relations use best communication practices in line with expectations and best practices applied in international markets, as demonstrated by the '10 Out of 10 – Investor Friendly Company' certificate awarded by the Association of Retail Investors in an awards programme held under the honorary patronage of the 'Shareholder Democracy. Informed Investments' educational campaign.

In connection with the disclosure policy, the Company applies the following principles of the Code of Best Practice 2021:

**1.1.** Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

*The principle is applied by the Company.*

*In order to properly discharge its disclosure obligations, CCC S.A. publicly communicates all information required to be published under the laws applicable to companies listed on the WSE and pursuant to the Code of Best Practice for WSE Listed Companies, its financial results and periodic reports within the time limits set by applicable laws, and communications concerning major events affecting the price of Company shares immediately upon their occurrence, unless otherwise required by law.*

*Described below are the tools used to communicate with capital market participants.*

**1.2.** Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

*The principle is applied by the Company. The Company publishes periodic reports as soon as possible and presents preliminary financial data.*

**1.3.** Companies integrate ESG factors in their business strategy, including in particular:

**1.3.1** environmental factors, including measures and risks relating to climate change and sustainable development;

*The principle is applied by the Company.*

**1.3.2.** social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.

*The principle is applied by the Company.*

*The relevant strategy was published on the corporate website. It sets out the objectives for 2025 and the Company's ambitions until 2030 concerning products, the environment, its employees and society. https://corporate.ccc.eu/raporty-i-polityki.*

**1.4.** To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:

**1.4.1.** explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;

*The principle is applied by the Company.*

**1.4.2.** present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

*The principle is applied by the Company.*

*For more information, see the Non-Financial Report published on the Company's corporate website. https://corporate.ccc.eu/raporty-i-polityki.*

**1.5.** Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

*The principle is applied by the Company. For more information, see the Non-Financial Report published on the Company's corporate website. https://corporate.ccc.eu/raporty-i-polityki.*

**1.6.** Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

*The principle is applied by the Company. CCC S.A. holds meetings with investors and analysts after the release of periodic reports and ad hoc meetings in response to investors' and analysts' needs.*

**1.7.** If an investor requests any information about the Company, it replies immediately and in any case no later than within 14 days.

*The principle is applied by the Company. The Company strives to answer all queries as soon as practicable but not later than within seven days of their receipt. The processing time may be extended in well justified cases and in circumstances that are beyond the Company's control;*

## 2. Management Board and Supervisory Board

**To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.**

**Management board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.**

**Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.**

**The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular provides opinions on the company's strategy, evaluates the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.**

### Composition and operation of the Company's Management and Supervisory Boards and their committees

### MANAGEMENT BOARD

**As at February 1st 2022, the Management Board of the Company comprised the following members:**

| Full name of Management Board Member | Position held |
|---|---|
| Marcin Czyczerski | President and CEO |
| Karol Półtorak | Vice President |
| Adam Holewa | Vice President |
| Igor Matus | Vice President |
| Kryspin Derejczyk | Vice President |
| Adam Marciniak | Vice President |

On September 29th 2022, Adam Marciniak resigned as Vice President of the Company's Management Board, with effect from September 29th 2022.

On January 17th 2023, the Supervisory Board passed a resolution to remove Kryspin Derejczyk from his position as Vice President of the Management Board and from the Management Board of CCC S.A.

**As at January 31st 2023 and the issue date of this Report, the Management Board of the Company consisted of:**

| Full name of Management Board Member | Position held |
|---|---|
| Marcin Czyczerski | President and CEO |
| Karol Półtorak | Vice President |
| Adam Holewa | Vice President |
| Igor Matus | Vice President |

**Marcin Czyczerski** PRESIDENT OF THE MANAGEMENT BOARD

**Appointed President of the Management Board on March 8th 2019**

Marcin Czyczerski graduated from the Faculty of Computer Science and Management at the Wrocław University of Science and Technology (Finance Management) and from the Faculty of Social Sciences at the University of Wrocław (Political Marketing), and he completed doctoral studies at the Wrocław University of Economics and Business.

He has many years of management experience. He worked for the Volkswagen Group from 2004, including as Managing Director of Sitech Sp. z o.o. of Polkowice and its registered attorney from 2010 to 2016. At the Company, he was responsible for financial management, accounting, management control, HR, IT, and administration. His previous positions at the Company included Logistics Director and Financial Manager.

He has served on the Management Board of CCC S.A. since January 1st 2017, initially as Vice President and Chief Financial Officer in charge of Finance, HR and IT, and since March 8th 2019 – as President of the Management Board.

Marcin Czyczerski also serves on the management and supervisory boards of numerous CCC subsidiaries.

In 2006–2017, he was a lecturer at the Wrocław University of Economics and Business and the Jan Wyżykowski University in Polkowice.

**Karol Półtorak**
VICE PRESIDENT OF THE MANAGEMENT BOARD

**Appointed Vice President of the Management Board on December 1st 2016.**

In 2014–2016, he served as Vice President of the Warsaw Stock Exchange.

Previously, he worked for the Citibank Group as Vice President of the Management Board of Dom Maklerski Banku Handlowego (2011–2014), Director at UniCredit CAIB in Warsaw and London (2000–2011), and for PwC (1999–2000), Deutsche Bank Securities (1999) and Grant Thornton in London (1998).

Currently, he is also a member of the Supervisory Board of MODIVO S.A. (formerly eobuwie.pl S.A.).

Previously, he served on the Supervisory Boards of Krajowy Depozyt Papierów Wartościowych S.A. and Centrum Giełdowe S.A., among other companies.

He graduated from the Warsaw School of Economics and University of Derby and completed numerous executive education courses (1998).

**Adam Holewa**
VICE PRESIDENT OF THE MANAGEMENT BOARD

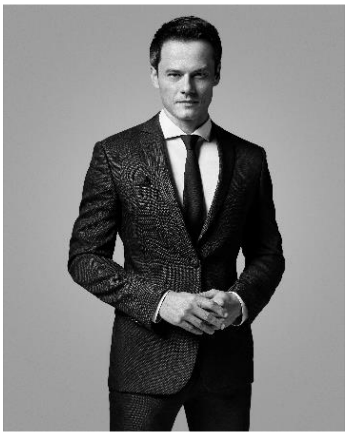
**Appointed Vice President of the Management Board on April 1st 2021.**

He graduated from the Faculty of Mechanical Engineering of the Silesian University of Technology (his field of study: Metallurgy and Materials Science). He has many years of management experience. He was involved with the automotive industry for over 20 years. He began his career at General Motors. From 2003, he worked for the Volkswagen Group, where he held senior management and executive positions, including Planning Manager, Central Planning Director and Plant Manager at SITECH Sitztechnik GmbH in Germany. In 2015–2021, he was Managing Technical Director /Plant Manager/Registered Attorney at SITECH Sp. z o.o. Volkswagen Group Components.

He established his position by leading numerous projects promoting international expansion (opening of new manufacturing facilities, development of sustainable development concepts, implementation of project management based on manufacturing systems and Lean methodology, process digitalisation, and production efficiency improvement programmes).

With conscious and sustainable growth in mind, he combines good business practice with corporate social responsibility. A manager who knows that people are the most valuable asset of any company. He helps and mentors his employees.

He devotes his free time to personal development, enhancing his skills through participation in courses and conferences. Thus, he deserves to be called an expert. He is passionate about new technology, digitalisation, and industry 4.0. He is fluent in English and German.



**Igor Matus** VICE PRESIDENT OF THE MANAGEMENT BOARD

**Appointed Vice President of the Management Board on June 7th 2021.**

Igor Matus graduated from the Faculty of Biotechnology of the Wrocław University of Environmental and Life Sciences (M.Sc. degree), and from the Faculty of Management of the Wrocław University of Economics (M.A. degree).

He is an experienced manager, having worked for Nestle (2004–2007), Mondelez (2007–2018) and Beiersdorf (2018–2021),

where he performed operational functions in the Supply Chain (as Operations Manager, Plant Manager, and Regional Poland–Russia Business Development Manager). From 2018 to 2021, he managed Beiersdorf Polska Sp. z o.o., serving as the company's President.

Igor Matus has experience in managing the Supply Chain area and strategic projects aimed at enhancing financial liquidity of companies.

## Non-competition and personal interests

A Management Board member may not engage in any business activities competing with the Company's business, be a partner in any competing civil-law or other type of partnership, or serve on a governing body of any corporation or other legal entity competing with the Company if he or she holds 10% or more of the Company's shares, without prior consent from the General Meeting.

In the event of a conflict of interests between the Company and a Management Board member, his or her spouse, persons related to him or her through blood or marriage in the first or second degree, or any persons to whom the Management Board member is personally related, the Management Board member should refrain from participating in the resolution of a given matter, and may request that this be recorded in the minutes of the Management Board meeting.

## Organisation of the Management Board's work

The Company's business is managed by the Management Board, which directs the Company's business, represents it in dealings with third parties, performs activities required under civil law, makes decisions concerning the Company's affairs in accordance with applicable laws, and assumes responsibility for such decisions, except for any matters reserved for the General Meeting or the Supervisory Board under the Commercial Companies Code and the Company's Articles of Association.

The Management Board has authority over all matters of CCC S.A. which are not reserved for other governing bodies of the Company under the Commercial Companies Code or the Articles of Association. All Management Board members are authorised and obliged to manage CCC S.A.'s affairs, direct all activities of the Company, represent it in dealings with third parties and manage its assets. The Management Board is required to exercise due care in managing the Company's assets and affairs and to comply with the law, the Articles of Association, the Rules of Procedure for the Management Board and the resolutions passed by the Supervisory Board and the General Meeting, which are binding on the Management Board pursuant to applicable laws or the Articles of Association.

The Management Board is headed by the President of the Management Board, who directs all aspects of the Company's business in compliance with applicable laws and resolutions of the Company's governing bodies, and supervises the performance of tasks assigned to individual members of the Management Board.

In the absence of the President of the Management Board, the chair will be taken by the Vice President of the Management Board or Director designated by the President.

The Management Board members perform their duties in person.

The powers and responsibilities of Management Board members in matters falling within the ordinary course of business have been divided into areas, each of them led by the individual Management Board members.

A relevant scope of responsibilities has been assigned to each Management Board member as part of their respective remits.

**As at February 1st 2022, the division of remits was as follows:**

SUPERVISORY BOARD

**DARIUSZ MIŁEK**
Chairman of the Supervisory Board

**EXECUTIVE SUPERVISION**
- Creation
- Purchases / Product

THE MANAGEMENT BOARD

**MARCIN CZYCZERSKI**
President of the Management Board

- Management Board work Supervision
- Investor Relations
- HR
- Management Board (audit, OSH)

**MARIUSZ GNYCH**
Vice-president of the Management Board
- Production
- Business restructuring
- Litigation (legal disputes)
- Investments (central groups)

**KAROL PÓŁTORAK**
Vice-president of the Management Board
- E-commerce
- CRM
- Legal Department
- Strategy
- Marketing

**ADAM HOLEWA**
Vice-president of the Management Board
- Subsidiary Supervion
- Investments
- Project Management
- B2B
- Expansion Supervision

**IGOR MATUS**
Vice-president of the Management Board
- Retail logistics
- Offprice logistics
- Ecom logistics
- Responsibility for the supply chain of the entire Group

**KRYSPIN DEREJCZYK**
Vice-president of the Management Board
- Controlling
- Finances
- CUW
- Accounting
- Taxes

**ADAM MARCINIAK**
Vice-president of the Management Board
- Development of technology and digitalization
- Development of eComm and Mobile applications
- Systems development for CRM and Analytics
- Cyber security
- IT projects

**As at January 31st 2023 and the issue date of this Report, the division of remits was as follows:**

SUPERVISORY BOARD

**DARIUSZ MIŁEK**
Chairman of the Supervisory Board

**EXECUTIVE SUPERVISION**
- Purchases and product management
- Creation
- Expansion
- Marketing strategy

ZARZĄD

**MARCIN CZYCZERSKI**
Prezes Zarządu

- Management Board work Supervision
- Finances & Accounting
- Sales
- HR
- Management Board (audit, OSH)
- Investor Relations
- Communication & PR

**KAROL PÓŁTORAK**
Vice-president of the Management Board
- Strategy
- e-commerce
- CRM
- Marketing
- Legal Department
- Digitization, technology, digitization and cyber security of the CG

**ADAM HOLEWA**
Vice-president of the Management Board
- Subsidiary Supervion
- Investments
- Project Management
- B2B
- Expansion Supervision

**IGOR MATUS**
Vice-president of the Management Board
- Retail logistics
- Offprice logistics
- Ecom logistics
- Responsibility for the supply chain of the entire Group

## Rules governing appointment and removal of the management staff

The Company's Management Board consists of one to seven members, including the President. The other members serve as Vice Presidents. Members of the Management Board are appointed for a joint three-year term of office. The Company's Management Board or its individual members are appointed and removed from office by the Supervisory Board.

In addition, members of the Management Board may at any time be removed or suspended from office by the Supervisory Board and by the General Meeting before the expiry of their term of office. The Supervisory Board may delegate Supervisory Board members to temporarily perform the duties of Management Board members.

In order to tender their resignation to the Company, a Management Board member must submit a letter or statement of resignation to one Management Board member or the Company's registered attorney. A Management Board member must also notify the Chair of the Supervisory Board of the resignation.

## Management Board meetings

The Management Board meets on an as needed basis. Other invited persons may attend Management Board meetings subject to consent of all Management Board members. Management Board meetings are called and chaired by the President of the Management Board or, in his or her absence, a Vice President of the Management Board.

Also, the President of the Management Board is required to call a meeting at a written request of another Management Board member. In such a case, the meeting should be held within seven (7) days of the date of request, unless the requesting party sets a different time limit.

## SUPERVISORY BOARD

**As at February 1st 2022, the Supervisory Board of the Company comprised the following members:**

| Full name of Supervisory Board Member | Position held |
|---|---|
| Dariusz Miłek | Chair of the Supervisory Board (elected on April 11th 2019 – first term of office) |
| Wiesław Oleś | Deputy Chair of the Supervisory Board (Chair of the Supervisory Board elected on June 24th 2015/Deputy Chair of the Supervisory Board elected on May 9th 2019 – third term of office) |
| Waldemar Jurkiewicz | Member of the Supervisory Board (elected on June 2nd 2016 for the third term of office), member of the Audit Committee |
| Filip Gorczyca | Member of the Supervisory Board (elected on April 11th 2019 – second term of office), Chair of the Audit Committee |
| Zofia Dzik | Member of the Supervisory Board (elected on June 18th 2019 – first term of office), member of the Audit Committee |

**As at January 31st 2023 and the issue date of this Report, the Supervisory Board of the Company consisted of:**

| Full name of Supervisory Board Member | Position held |
|---|---|
| Dariusz Miłek | Chair of the Supervisory Board (elected on April 11th 2019) |
| Wiesław Oleś | Deputy Chair of the Supervisory Board (Chair of the Supervisory Board elected on June 24th 2015/Deputy Chair of the Supervisory Board elected on May 9th 2019) |
| Filip Gorczyca | Member of the Supervisory Board (elected on April 11th 2019), Chair of the Audit Committee |
| Zofia Dzik | Member of the Supervisory Board (elected on June 18th 2019), member of the Audit Committee |
| Mariusz Gnych | Member of the Supervisory Board (elected on June 15th 2022), member of the Audit Committee |

**Appointed to the Supervisory Board on April 11th 2019.**

In 1993−2003, Dariusz Miłek conducted business activities under the name MIŁEK in Lubin and, from 1995, in Chróstnik. In 1999–2004, he worked at CCC Sp. z o.o. of Polkowice as its registered attorney and, from 2002, as President of the Management Board. From June 15th 2004 to April 11th 2019, he served as President of the Management Board of CCC S.A. Winner of coveted management awards. In 2007, he received the title of Entrepreneur of the Year 2007 and was given the opportunity to represent Poland in the World Entrepreneur of the Year in Monte Carlo. In 2014, he was awarded the Kisiel Award in the entrepreneur category. Winner of the Bulls and Bears award from Gazeta Parkiet as the CEO of the Year 2014. Awarded the title of Free Poland Sports Ambassador.

**Dariusz Miłek**
CHAIR OF THE SUPERVISORY BOARD

**Appointed to the Supervisory Board on June 24th 2015.**

Wiesław Oleś founded the law firm Kancelaria Radców Prawnych Oleś, Rysz, Sarkowicz sp.k. and Forum TFI S.A. He holds a degree in Law from the Faculty of Law and Administration of the Jagiellonian University of Kraków. Following completion of legal training as a judge, he passed a judge examination in 1991, and he obtained a licence to practise as a legal counsel in 1993. After completing his studies, he was a member of the board of the Regional Audit Chamber in Kraków, a consultant of the United States Agency for International Development (USAID) programmes, collaborating with Harvard Institute for International Development, and a member of the Board of the Lesław Paga Foundation. He practises law with the law firm Kancelaria Radców Prawnych Oleś & Rodzynkiewicz, specialising in capital markets and investment funds. His previously held positions include serving as Chair of the Supervisory Board and President of the Management Board of Forum TFI S.A. At present, he also serves as Chair of the Supervisory Boards of Black Red White S.A. and Raport S.A. and as member of the Supervisory Board of CPD S.A.

**Wiesław Oleś**
DEPUTY CHAIR OF THE SUPERVISORY BOARD

**Filip Gorczyca**
MEMBER OF THE SUPERVISORY BOARD

**Appointed to the Supervisory Board on April 11th 2019.**

Member of the Board of the Association of Independent Supervisory Board Members. Member of the Supervisory Boards of: CCC, Ferro, Develia and Artifex Mundi. In 2020–2021 – Member of the Supervisory Board of Protektor, and in 2017–2019 – Chairman of the Supervisory Board and Member of the Audit Committee of Money Makers TFI. In 2017–2019, serving as Vice President of the Management Board and CFO of Alior Bank. Then in 2020–2021, Member of the Management Board of Luma Holding Ltd., a private equity fund. In 2016–2017, he served as Senior Investment Director of the Medicover Group, where he was responsible for an initial public offering of shares that was successfully completed on the Stockholm Stock Exchange, among other projects. In 2004–2016, he worked for PwC, the international advisory services firm, where he was Deputy Director in charge of capital market services in Central and Eastern Europe. He completed management programmes at Harvard Business School and Singularity University and holds a degree in Finance and Banking from the Warsaw School of Economics. He holds a licence to practise as a statutory auditor and an ACCA certificate (FCCA).

**Zofia Dzik**
MEMBER OF THE SUPERVISORY BOARD

**Appointed to the Supervisory Board on June 18th 2019.**

**Appointed to the Supervisory Board on June 18th 2019.**

An impact investor, innovator, experienced C-Level manage and pioneer of the direct fintech market in CEE. She has a long track record of serving on a number of supervisory boards of publicly listed companies (including PKO BP S.A., InPost S.A., AmRest CE, PKP CARGO S.A. and Arctic Paper S.A.). Member of the team of experts of the Supervisory Boards Forum at the Warsaw Stock Exchange, working to professionalise independent supervisory board members. She graduated from the Cracow University of Economics, University of Illinois in Chicago, SWPS University of Social Sciences and Humanities in Warsaw. She completed Executive Programmes in Stanford and INSEAD Business School. She holds an MBA degree from Manchester Business School. She is a mentor and certified member of the Association for Project Management (APMP), exploring the theme of leadership.

Founder of the Humanites Institute – Human and Technology, a think&do tank focused on the development of Cohesive Leadership™ and social capital, systemically linking the themes of Human and Technology; founder and co-founder of the international Centre for Ethics in Technology working for the development of responsible technological innovation, author of the 'Village' Model of Social Ecosystem Development™, the Cohesive Leadership™ Model and the 'Loop' Model, a Nonlinear Model of Long-Term Social Development. A lecturer, mentor, juror, founder of the Academy of Leadership for Leaders in Education – Poland's first leadership development programme, initiator of the 2h4family/2h4human Global Social Movement for changing the work/life culture and counteract the crisis of loneliness (joined by employers from 59 countries), and author of the annual 'Cohesive Leadership™. Man and Technology' conferences.

Member of the IDEAS NCRD International Scientific Council – a research and development centre working in the field of artificial intelligence and digital economy, Member of the Judging Panel of the Eagles of the Republic of Poland and the Wrocław University of Technology Social Council. Named among top 10 female sustainability leaders in Poland according to *Forbes Women*.

**Mariusz Gynch**
MEMBER OF THE SUPERVISORY BOARD

**Appointed to the Supervisory Board on June 15th 2022.**

He completed doctoral studies at the Wrocław University of Economics and Business. Earlier, he had graduated from the Faculty of Computer Science and Management of the Wrocław University of Technology (field of study: Organisation and Management), from the WSB University in Poznań (Tax Consultancy), and from the Faculty of Law and Administration of the University of Wrocław (Investment Law).

He has been involved with the CCC Group since 2000, including as President of the Management Board of CCC Factory Sp. z o.o. (appointed in 2004) and Member of the Management Board of CCC S.A. (appointed Vice President in 2007).

Previously, he was Deputy Mayor of the Polkowice Municipality, and he served on the Management Board of Polkowickie Budownictwo Mieszkaniowe Sp. z o.o. and Przedsiębiorstwo Gospodarki Miejskiej Sp. z o.o. Mariusz Gnych is licensed to serve on the supervisory boards of state-stock companies.

## Rules governing appointment and removal of the supervisory staff

Members of the Supervisory Board of CCC S.A. are appointed for a joint two-year term of office. Individual members of the Management Board and the entire Supervisory Board may be dismissed at any time before the end of the term of office. The General Meeting of CCC S.A. appoints the Chair of the Supervisory Board from among its members. The Supervisory Board of CCC S.A. is composed of five to seven members. Members of the Supervisory Board are appointed and removed from office by the General Meeting. The Annual General Meeting of CCC S.A. appointed Supervisory Board members for a new term on June 18th 2019 (Current Report No. 40/2019), adding a sixth member, appointed by the Annual General Meeting on June 24th 2020.

In accordance with the Articles of Association of CCC S.A. and the Code of Best Practice of the WSE Listed Companies, at least two members of the Supervisory Board should meet the independence criteria. Independent members of the Supervisory Board should meet the independence criteria specified in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 and set out in the Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC), also taking into account the Code of Best Practice for WSE Listed Companies 2021.

The Supervisory Board verified the representations submitted by Supervisory Board members on meeting the independence criteria:

- following appointment by the Annual General Meeting on June 18th 2019 of the five-member Supervisory Board of a new term, at its meeting on August 8th 2019 the Supervisory Board assessed the submitted representations on meeting the independence criteria and passed Resolution No. 02/08/2019/RN to determine the number of Supervisory Board members meeting the independence criteria, stating that three out of the five Supervisory Board members met the independence criteria;

- following appointment by the Annual General Meeting on June 15th 2022 of the five-member Supervisory Board of a new term, at its meeting on August 3rd 2022 the Supervisory Board assessed the submitted representations on meeting the independence criteria and passed Resolution No. 02/08/2022/RN to determine the number of Supervisory Board members meeting the independence criteria, stating that two out of the five Supervisory Board members met the independence criteria. During their service in 2022, members of the Supervisory Board of the Company reported no changes in their independence status or personal, factual and organisational links with CCC S.A.'s shareholders.

## Powers and responsibilities of the Supervisory Board

The Supervisory Board takes steps to ensure that the Management Board provides it with regular and exhaustive reports on all matters of importance and risks connected with CCC S.A.'s business, as well as on how the risks are managed. Detailed powers and rules of procedure for the Supervisory Board of CCC S.A. are set out in the following documents:

- Articles of Association of the Company, available on the Company's website (https://www.corporate.ccc.eu/lad-korporacyjny),
- Rules of Procedure for the Supervisory Board, available on the Company's website (https://www.corporate.ccc.eu/lad-korporacyjny),
- Resolutions of the General Meeting,

  (https://corporate.ccc.eu/walne-zgromadzenie-akcjonariuszy),
- Commercial Companies Code and other generally applicable laws.

## Operation and organisation of the Supervisory Board

The procedures to be followed by the Supervisory Board are defined in the Company's Articles of Association and Rules of Procedure for the Supervisory Board. The Supervisory Board performs its duties collectively. However, it may delegate certain supervisory duties to its individual members. The Supervisory Board meets on an as needed basis, at least three times in a financial year.

Meetings are called at least at a week's notice, by fax, registered mail or email. Supervisory Board meetings are called by the Chair of the Supervisory Board on his or her own initiative or at the request of other members of the Supervisory Board or Management Board. If such request is submitted to the Chair, a Supervisory Board meeting should be held within two weeks from the date of the request. A resolution of the Supervisory Board may be passed without a formal meeting provided that all Supervisory Board members agree thereto. Each Supervisory Board member may request that a particular matter be included in the agenda of the next Supervisory Board meeting, however the request must be submitted no later than three days prior to the date of the meeting.

The Supervisory Board may only adopt resolutions if at least half of its members are in attendance and all of its members have been invited. Any resolution adopted in contravention of these rules is invalid.

Supervisory Board members may vote on resolutions by written ballot or using means of remote communication. A resolution is valid if all Supervisory Board members have been provided with its draft.

## Diversity policy

CCC makes every effort to ensure that the skills, experience, knowledge and diversity of members of its corporate bodies are well balanced. The Company has a diversity policy in place with respect to its governing bodies and is currently working to revise the existing policy. The revised Diversity Policy will be adopted by the Supervisory Board and the General Meeting, respectively.

With respect to the Management Board and the Supervisory Board, the Company complies with the following principles of the Code of Best Practice 2021:

**2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

*The principle is applied by the Company.*

*The Company has a diversity policy in place applicable to its governing bodies, which sets out diversity goals and criteria. The adopted diversity policy aims to prevent discrimination at work, and to build a corporate culture open to staff diversity (applying also to members of the Management Board and Supervisory Board). The diversity policy is published on the corporate website (https://corporate.ccc.eu/raporty-i-polityki). The Company is also working to revise its existing policy by updating the objectives to be pursued by the Company in the coming years. The revised Diversity Policy will be adopted by the Supervisory Board and the General Meeting, respectively.*

**2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

*The principle is applied by the Company.*

*Persons taking decisions on the election of members of the Management Board or Supervisory Board make every effort to ensure that the skills, experience, knowledge and diversity of members of its corporate bodies are well balanced. Decisions concerning any changes in the composition of the Company's governing bodies are made based on the Company's current needs and objective criteria, covering primarily professional competence, education and work experience, taking into account the need to ensure comprehensive and diverse composition of the governing bodies. The Company has a diversity policy in place applicable to the Company's governing bodies. The Company is also working to revise its existing policy by updating the objectives to be pursued by the Company in the coming years.*

**2.3.** At least two members of the supervisory board meet the criteria of being independent referred to in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

*The principle is applied by the Company.*

*Candidates for Supervisory Board members are required to provide the Company with written representations to the effect that they meet the independence criteria prescribed in the Code of Best Practice for WSE Listed Companies and other applicable laws. After each election or change in its composition made by the General Meeting, the Supervisory Board adopts a resolution stating how many of its members meet the independence criteria and reasons for granting them the independence status.*

**2.4.** The supervisory board and the management board vote in an open ballot unless otherwise required by law.

*The principle is applied by the Company.*

**2.5**. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

*The principle is applied by the Company.*

**2.6.** Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

*The principle is applied by the Company.*

**2.7.** A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

*The principle is applied by the Company.*

**2.8.** Supervisory board members should be able to devote the time necessary to perform their duties.

*The principle is applied by the Company.*

**2.9.** The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

*The principle is applied by the Company.*

**2.10.** Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.

*The principle is applied by the Company.*

**2.11.** In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

**2.11.1** information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

*The principle is applied by the Company.*

**2.11.2**. summary of the activity of the supervisory board and its committees;

*The principle is applied by the Company.*

**2.11.3.** assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

*The principle is applied by the Company.*

**2.11.4.** assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

*The principle is applied by the Company.*

**2.11.5.** assessment of the rationality of expenses referred to in principle 1.5;

*The principle is applied by the Company.*

**2.11.6.** information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

*The principle is applied by the Company.*

*The Company has declared compliance with the principle as of the effective date of the Code of Best Practice 2021.*

## 3. Internal systems and functions

**Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.**

**The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.**

## Key features of the internal control and risk management systems in preparing financial statements and consolidated financial statements

In preparing its financial statements and consolidated financial statements, the Company applies the following internal control and risk management mechanisms:

1. Principles of supervision over the preparation of financial statements.

Financial statements and consolidated financial statements are prepared in accordance with:

- International Financial Reporting Standards as endorsed by the European Union;
- Accounting Act of September 29th 1994 (consolidated text: Dz. U. of 2021, item 217),
- Articles of Association of CCC S.A.;
- Accounting policies applied by CCC S.A. and rules applied by its subsidiaries,
- Internal accounting procedures.

CCC has in place an accounting policy prepared in accordance with the International Financial Reporting Standards (IFRSs) endorsed by the European Union.

The accounting policy is updated to incorporate any amendments to applicable laws or in the event of material events not previously described in the policy.

Prior to each reporting period, consolidated companies receive detailed guidance from CCC S.A. on the manner and timing of closing their accounting records, preparation and submission of reporting packages, and the up-to-date template of a reporting package for a given period.

The process of preparing financial statements is covered by the internal control and risk management systems, which contribute to ensuring the reliability and accuracy of financial reporting and compliance with internal laws and regulations.

The internal control system consists of:

1) control activities performed by employees of the CCC Group companies with respect to their tasks and responsibilities,
2) functional control provided through supervision of subordinate organisational units by all employees in management positions,
3) control provided by the internal audit function for independent and objective assessment of the risk management and internal control systems.

Risk management in the process of preparing financial statements consists in identifying and assessing relevant risks and then defining and implementing measures to reduce or eliminate them. The process of preparing the Company's financial statements is overseen by Chief Accountant of the CCC Group and by the chief financial executive, who is in charge of the financial and accounting departments.

2. Mechanisms for managing IT systems used for record-keeping and financial reporting, as well as mechanisms designed to ensure their security.

The Company and the Group have appropriate procedures in place to prepare their financial statements, ensuring that all business transactions in a period are completely and properly accounted for. The Company's accounting policy for financial reporting is applied in the process of budgeting, forecasting and periodic management reporting. The financial data underlying the financial statements and periodic reports is compiled by senior and middle management after the accounts for each calendar month have been closed. The Company maintains its accounting records in the SAP system, which supports a comprehensive analysis of all economic and financial aspects, made available to the reasonable extent at all the Company's organisational units. The SAP system has full technical documentation and access to its information resources is determined by relevant authorisations. In preparing consolidated financial statements, the CCC Group companies use the same consolidation system and apply the same presentation rules. The consolidation framework is reviewed whenever there is a change in the shareholding structure. The CCC Group has a system for collecting and processing data obtained from its subsidiaries. The unit responsible for the preparation of the Company's and the Group's financial statements is the Consolidation and Reporting Department. Expert oversight and organisational supervision over the preparation of financial statements are the responsibility of the Head of Accounting of the CCC Group. Financial statements are authorised by the Management Board, and then are audited by an independent auditor and assessed by the Supervisory Board.

3. Principles for the verification and assessment of reports.

The management personnel of individual Group companies are responsible for the preparation of reporting packages to be consolidated. The management are responsible for the preparation and approval of data. In addition, the reporting packages of significant subsidiaries are verified by the parent's reporting team and by an independent auditor. The reporting data of subsidiaries is also analysed by the parent for potential deviations from financial plans and comparative periods.

The CCC Group's Chief Accountant is responsible for the preparation of separate and consolidated financial statements. Independent reviews of the financial statements of the CCC Group and the consolidated companies for reliability and accuracy are performed by external auditors.

The policy for the selection of an audit firm to audit the separate financial statements and the consolidated financial statements of the CCC Group, as well as the procedure for the selection of an auditor to audit the separate financial statements of CCC S.A. and the consolidated financial statements of the CCC Group, ensure their independence from the Company and the Group.

Assessment of the CCC Group's separate and consolidated financial statements is performed by the Supervisory Board based the Audit Committee's recommendation. The financial statements are subject to approval by the General Meeting.

4. Internal audit, enterprise risk management and other elements of control.

The Company has an internal audit function in place to make an independent and objective assessment of the business processes at the CCC Group companies, so as to implement effective and adequate risk management, control and corporate governance systems. The internal audit function operates based on an annual action plan, performing both planned and ad hoc audit tasks ordered by the CCC Management Board at both the parent and the Group companies. The internal audit function supports the CCC Group in achieving its objectives by providing information on the effectiveness of risk management, control and corporate governance processes, and by issuing relevant recommendations. Audit findings and follow-up recommendations, together with their current status, are reported to the Company's Management Board and to the Audit Committee.

As part of control activities, periodic management reports are assessed for the validity of information contained therein, in particular based on an analysis of potential deviations from the financial plans. The risk management process begins at the lowest levels of the Group to ensure that pre-set objectives are met. The risk management process at the CCC Group is overseen by the Management Board and key management personnel. Also, financial and accounting processes are subject to independent internal audits. Proper preparation of financial statements is also verified by members of the Audit Committee. In order to confirm that the data contained in financial statements is correct and consistent with the Company's accounting records, the financial statements are audited by an independent auditor, who then issues an opinion thereon. All actions taken by the Company are designed to ensure compliance with all legal requirements and the facts and to identify and eliminate any potential risks early so that the reliability and accuracy of the presented financial data is not affected.

## Risk levels acceptable to the CCC Group

The CCC Group relies on basic criteria for identifying, assessing and determining risk relevance, developed on the basis of the concept of risk tolerance. An important task of the Group's management personnel is to define a strategy and acceptable level of risk that must factor in the amount of risk the Group is willing to accept in order to deliver on its objectives. This level of risk is updated on a regular basis and every time the CCC Group changes its operating strategy.

## Significant risk factors

The risks identified by CCC S.A., with relevant descriptions and measures taken to minimise their impact, are provided below.

| RISK | DEFINITION | ACTION |
|---|---|---|
| **Footfall at offline stores** | If there is a lasting and significant decline in foot traffic at offline stores due to the COVID-19 pandemic, the Group's offline segment may deliver financial results significantly below the target set forth in the Strategy. | ➢ ongoing monitoring of store performance and store chain management, including store closures and openings, space reductions and expansions, relocations, etc.<br>➢ consistent expansion of digital distribution channels – online and mobile sales platforms,<br>➢ monitoring the activities of other market operators. |
| **Aligning products with customer expectations** | The Group's ability to offer footwear and other products in line with current trends in fashion and customer expectations is crucial in driving customers' interest in purchasing them. | ➢ building on the long track-record in designing, manufacturing and sale of footwear,<br>➢ influencing fashion trends through promotional and marketing activities and collaboration with influencers,<br>➢ implementing improvements in the process of creating, ordering and delivering collections to shorten design-to-shelf lead times. |
| **Strength and recognition of brands under which the Group markets its products (notably CCC and eobuwie) and its private label brands of selected products (notably Lasocki, Gino Rossi, DeeZee, Sprandi, and Jenny Fairy)** | Declining brand recognition affects customer interest, leading to lower traffic in offline and digital stores, which may cause financial performance to be significantly below the target set in the Strategy. | ➢ promotional and marketing activities aimed at strengthening individual brands,<br>➢ building a footwear retail ecosystem integrating numerous touchpoints to increase customer loyalty,<br>➢ rollout of up-to-date offline store formats to boost brand image. |
| **Risk of manufacturing delays/supply chain disruption** | The Company's private label products are supplied by a fragmented group of Asian manufacturers, while third-party brands are sourced mainly from European suppliers. In the event of any delays in such supplies, there is a risk that the Company will not be able to deliver well-timed products (matched to the current season or BTS period) sought by its customers. Moreover, in extreme cases, supply chains may get disrupted, preventing the Group from sourcing merchandise. | ➢ ongoing monitoring of goods in transit helps manage the risk of delayed deliveries,<br>➢ relationships with many forwarders allow, in the event of a delay risk, to switch shipowners or modes of transport of goods from Asia to Poland. |
| **Freight price risk** | The Company's private label products are sourced from a fragmented group of Asian manufacturers. Such goods are supplied mostly by sea. Given that freight prices are variable and depend, among other factors, on the prevailing macroeconomic conditions, their sudden growth may adversely affect the Company's financial performance. Moreover, in extreme cases, supply chains may get disrupted, preventing the Group from sourcing merchandise. | ➢ in order to mitigate the risk of fluctuations in freight prices for supplies originating in Asia, cooperation with forwarders is based on quarterly price quotes and partially on contracts guaranteeing a fixed freight price in the long term regardless of current market rates,<br>➢ continuous monitoring of the freight market and relationships maintained with a number of forwarders help diversify the risk of supply chain disruption in the short term. |
| **Risk related to merchandise stocks/purchase orders** | The Company orders seasonal collections some time in advance. This entails a risk of insufficient or excessive order volumes, which in turn may necessitate future sales with lower margins.<br>This risk is mitigated by optimising purchase orders: reducing the number of colour options, focus on the fastest-moving categories, increased depth of replenishment orders, as well as phasing and sequencing of order deliveries to warehouses; | ➢ monthly budget revisions,<br>➢ increasing the volume of year-round products, reducing seasonal stocks,<br>➢ increasing the number of NOOS (Never Out Of Stock), products, splitting of orders into several lots. |
| **Risk of termination of contracts with key suppliers** | In the course of its business, the Group works with a number of suppliers of third-party brands (including: Adidas, Champion, etc.). If any of these supplier relationships are terminated, the attractiveness of the Group's commercial | ➢ the portfolio of suppliers of third-party brands allows the Group to make portfolio shifts and fill any potential gaps,<br>➢ development of private label brands – in terms of products and marketing (brand awareness), |

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| | offering could deteriorate, which in turn could result in an outflow of customers.<br>This risk is mitigated by maintaining long-standing relationships with suppliers and diversifying the supplier base. | ➢ long-term experience in building business partnerships, besides CCC, the Group includes MODIVO – a strategic partner to suppliers given the unique omnichannel concept. |
| **Liquidity risk** | The Group's business is partly financed with external capital, e.g. raised through credit facilities or bonds. Such instruments are subject to a number of requirements/covenants. Their potential breaches could accelerate repayment of such liabilities in whole or in part. If any such acceleration trigger materialises rendering those liabilities immediately due and payable, the structure of the Group's balance sheet and its liquidity position could materially deteriorate.<br>This risk is mitigated through a capital accumulation scheme (WC improvement, investor in HP etc., Profitability improvement to deleverage the business), maintaining good relations with banks, etc. | ➢ the risk is minimised in the budgeting and performance monitoring process by matching available capital to liquidity requirements,<br>➢ implementation of liquidity improvement projects (e.g. to improve working capital by reducing inventory turnover, extending the average payment period),<br>➢ in addition, the Company is able to raise additional liquidity through share issues or possible divestment processes, e.g. an investor in HalfPrice, or sale&leaseback of warehouse space,<br>➢ The Company seeks to deleverage the business mainly through improved operating profitability and cost reduction. |
| **Trade credit risk** | Some wholesale operations are conducted on a deferred payment basis, which exposes the CCC Group to the risk of financing its customers. In order to maintain the leading position on the footwear market, the CCC Group uses trade credit to additionally increase its attractiveness to wholesale trading partners. The source of this risk lies in uncertainty as to whether and when amounts due to the Company will be settled. | ➢ regular checks of customers' financial condition;<br>➢ regular checks of customers' credit history |
| **Currency risk** | The CCC Group companies generate revenue in PLN, EUR, CZK, HUF, HRK, BGN, RSD, CHF, and most of its costs are denominated in foreign currencies. This means the CZK, HUF, HRK, BGN, RSD, CHF, USD and EUR exchange rates (virtually all imports are denominated in USD and EUR, and a large percentage of rental costs is denominated in EUR) will affect the Group's income and expenses. The key supply market for the CCC Group is the Chinese market and, consequently, the exchange rate of CNY against major global currencies may also have a significant impact on the Group's expenses. A stronger CNY may lead to deterioration in import terms and increase costs for consumers. | ➢ hedging of foreign exchange risk, mainly for USD-denominated purchases,<br>➢ implementation of a natural hedging strategy for EUR, continuous monitoring of movements in currency exchange rates relevant to the Group, |
| **Interest rate risk** | The CCC Group is exposed to interest rate risk as a result of concluded credit facility agreements, which bear interest at floating rates based on WIBOR or BLR. An increase in interest rates will affect the amount of interest paid on bank borrowings. | ➢ diversification of capital sources,<br>➢ monitoring of key interest rates. |
| **Risk related to overall economic conditions** | The CCC Group operates primarily in the Polish, Czech, Hungarian, Slovak and Romanian markets, so the purchasing power of consumers in these markets and their propensity to consume are important factors to the Group. Any deterioration of the economic conditions may have an adverse effect on the Group's operating results and financial standing. The CCC Group also operates in several other | ➢ diversifying its operations in terms of countries in which it is present (reducing the correlation of economic situation between countries);<br>➢ monitoring the economic situation globally and in the countries relevant to the Group, and adjusting the Group's strategy accordingly,<br>➢ monitoring important economic indicators in selected countries (unemployment rate, GDP per capita, CPI). |

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|---|---|---|
| | foreign markets (including Croatia, Slovenia, Bulgaria, and Serbia). | |
| **Seasonality of sales and weather conditions** | Sales and the value of inventories depend on seasonal movements in demand (with peak demand in spring and autumn). Disruptive weather conditions can result in customers postponing purchasing decisions or in a shortened peak sales season. | ➢ The Group mitigates the risk of weather conditions impacting its sales chiefly by increasing the proportion of year-round products in its portfolio, including sports shoes marketed under its private label Sprandi and under recognisable third-party brands. |
| **Risk of lockdown (government-imposed restrictions on offline retail)** | The events of the first half of 2020 revealed the risk of government-imposed lockdowns on an unprecedented scale (in Poland, the EU and globally). The lockdown restrictions led to suspension of offline store operations, which translated into lower revenue. | ➢ The Group took steps to mitigate this risk by developing a comprehensive business stabilisation plan, covering the operational, financial and strategic domains. The key measures included steps taken to secure continuity of the Group's operating processes in an environment of widespread remote working, to strengthen e-commerce logistics processes, to accelerate the launch of e-commerce platforms in new markets, to enter into negotiations with landlords to adjust the lease terms to the circumstances and the expected decline in footfall once the stores are reopened, and to apply for and receive support from available public assistance programmes subsidising labour and other costs. In terms of financing, the Issuer entered into negotiations with bondholders, banks and financing institutions with a view to securing the stability of its long-term funding, and announced the issuance of new shares to raise additional capital to fund the Group's business and, in particular, for orders of collections for future seasons. |

## Scope of the risk management system

Key risk management objectives:

1) to ensure security of the Company's operations;
2) to ensure effective decision-making to maximise profits at acceptable risk levels.

The risk management policy of the CCC Group sets out the relevant assumptions, policies, risk factors and risk mitigation methods to maximise control of risks that could adversely affect the operations of the CCC Group. The policy is mandatory and applied by all CCC Group companies. The risk management policy is constantly refined and supplemented by detailed regulations covering the individual risk areas within the Group, including:

- remuneration policy for Members of the Management Board and Supervisory Board,
- code of ethics;
- supplier code of conduct;
- procurement policy;
- IT system security policy;
- OHS policy;
- environmental policy.
- human resources policy

## Bodies responsible for risk management at the CCC Group

**Bodies responsible for risk management at the CCC Group and their respective areas of responsibilities**

| | |
|---|---|
| **MANAGEMENT BOARD** | Approves the CCC Group Risk Management Policy, which forms the basis for implementation of the Risk Management System. |
| **AUDIT COMMITTEE** | Monitors the effectiveness of the risk management system with respect to risks materially affecting the Company's operations, including the effectiveness of any corrective actions taken. For more information on its scope of responsibilities, see the section devoted to the Audit Committee. |
| **SUPERVISORY BOARD** | Periodically verifies the correctness and effectiveness of the Risk Management Policy to ensure that all key risks have been identified and appropriate corrective actions have been implemented. |
| **INTERNAL AUDITOR** | Periodically reports on the effectiveness of the systems and their functions with regard to implementation and maintenance of effective internal control systems, risk management, legal compliance, and internal audit functions. |
| **FINANCIAL DEPARTMENT** | Implements the CCC Group Risk Management System; |
| | Exercises supervision of risk management personnel at the CCC Group; |
| | Constantly gathers knowledge and techniques to improve the effectiveness of risk management systems; |
| | Monitors the Risk Management System and ensures it is integrated with the CCC Group's processes. |
| **MANAGEMENT PERSONNEL** | Raise awareness of the importance of the Risk Management System; |
| | Manage the available resources to implement and maximise the effectiveness of the Risk Management System; |
| | Review plans and assumptions for expanding the Risk Management System. |

# COMMITTEES

The Supervisory Board of CCC S.A. may appoint standing or ad hoc committees to act as its collective advisory and opinion-forming bodies.

The Company has had an Audit Committee since 2016.

After the Supervisory Board's term expired in 2022 and the Annual General Meeting ("AGM") made appointments for a new term on June 15th 2022, the Supervisory Board, at the next meeting after the AGM on August 3rd 2022, appointed the Audit Committee of the fourth term from among its members in accordance with the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017.

In the Audit Committee, Fillip Gorczyca has the required knowledge and skills in accounting or auditing, while Mariusz Gnych has the knowledge and skills required in the industry in which the Company operates.

Under the Act on Statutory Auditors, Audit Firms, and Public Oversight and Annex II to Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as requirements stipulated in the Code of Best Practice for WSE Listed Companies 2021, Zofia Dzik and Filip Gorczyca were deemed to be independent members of the Audit Committee.

## Authorisation and role of the Audit Committee

The Audit Committee is a standing committee of the Supervisory Board of CCC S.A. The Audit Committee performs the tasks and exercises the powers provided for that body in the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2019 (the "Act on Statutory Auditors") and other regulations applicable to public companies, as well as those provided for in resolutions of the Supervisory

Board, the Rules of Procedure and other internal regulations in place at the Company. The Committee also follows the recommendations set out in the Code of Best Practice for WSE Listed Companies, which – with regard to the supervisory board committees – require the application of Annex I to Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

The Committee provides expert advice to the Supervisory Board and supports it in the correct and effective application by the Company of financial reporting standards, operation of internal controls and cooperation with the Company's auditor.

## Election and composition of the Audit Committee

The Audit Committee consists of at least three members, including the Chair of the Audit Committee appointed by the Supervisory Board for its term of office from among its members.

The Supervisory Board elects the Committee members, including the Chair, at the first meeting of the Supervisory Board of a new term.

A majority of the Committee members, including the Chair, should have the status of independent members, in accordance with generally applicable laws.

At least one of its members should be qualified and experienced in accounting or financial auditing.

At least one member must have the knowledge and skills relevant to the industry in which the Company operates, or individual members must have the knowledge and skills relevant to different aspects of the industry.

The independence of Audit Committee members is verified based on the criteria stipulated in Art. 129.3.1-10 of the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 (Dz.U. of 2017, item 1089) and Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

Should the number of Committee members decrease, the Supervisory Board will forthwith elect a new member to fill the vacancy by calling a Supervisory Board meeting to be held as soon as practicable.

## Powers and responsibilities of the Audit Committee

The Audit Committee supports the Supervisory Board in the performance of its statutory control and supervisory duties with respect to:

1) monitoring of the financial reporting process at CCC S.A. and its Group,
2) monitoring of the effectiveness of the internal control and risk management systems at the CCC Group,
3) monitoring of the effectiveness of the internal audit function at the CCC Group, including the financial reporting function,
4) monitoring of the proper operation of the risk identification and management systems,
5) monitoring of the independence of internal and external auditors,
6) monitoring of the financial audit process.

The Supervisory Board may require the Audit Committee to assist it in performing other supervisory functions.

In the exercise of oversight over financial reporting, the Audit Committee in particular:

1) monitors the financial reporting process, including by issuing opinions on the accounting policies and rules of preparation of financial statements adopted by the Company,
2) analyses the full-year, half-year and quarterly financial statements together with the Company's governing bodies,
3) monitors the performance of auditing tasks, including, without limitation, audits performed by an auditing firm, taking into account any conclusions and findings made by the Polish Audit Oversight Commission based on inspections carried out at the auditing firm; this includes discussion of the results of audits of full-year separate and consolidated financial statements,

4) notifies the Supervisory Board of the audit findings, and explains how the audit contributed to the reliability of CCC S.A's financial reporting and what role the Audit Committee played in the audit,
5) provides recommendations to ensure reliability of CCC S.A.'s financial reporting process,
6) issues opinions on the Directors' Reports and the Management Board's proposals concerning allocation of profit or coverage of loss, and provides recommendations to the Supervisory Board regarding their assessment,
7) issues opinions on material financial information published by the Company.

In the exercise of oversight over internal control, the Audit Committee in particular:

- examines the adequacy of the Management Board's systems for identifying, monitoring and mitigating threats to the Company's operations,
- monitors the effectiveness of the Company's internal control system, including the effectiveness of corrective measures taken,
- supervises the operation of internal audit, including by monitoring its work plans and work results, and by evaluating resources,
- monitors compliance of the Company's operations with applicable laws and other regulations.

In the exercise of oversight over risk management, the Audit Committee in particular:

- monitors the effectiveness of the system for managing risks materially affecting the Company's operations,
- provides opinions on draft rules for sound and prudent management and acceptable levels of risk in each area of the Company's operations,
- provides opinions on the Company's material draft compliance regulations and changes in compliance regulations, including non-compliance risk policies,
- evaluates application by relevant units of the Company of the procedure for reporting irregularities identified at the Company.

In order to ensure the independence of external auditors, the Committee in particular:

- provides recommendations to the Supervisory Board concerning selection of an auditor for the Company, change of the auditor and the auditor's fees,
- checks and monitors the independence of the auditor and the auditing firm, particularly where the auditing firm provides non-audit services to CCC S.A.,
- expresses opinions on the engagement of an external auditor to perform non-audit services, and presents its position on the Company's policy in this respect,
- assesses the independence of the auditor and approves the provision of permitted non-audit services by the auditor at CCC S.A. and entities controlled by CCC S.A.,
- develops a policy for selecting an audit firm to perform audits,
- develops a policy for the provision of permitted non-audit services by the auditing firm, its affiliates and members of its network,
- establishes procedures for selecting an auditing firm by CCC S.A.,
- reviews the effectiveness of the external audit process and the Management Board's response to the external auditor's recommendations.

At the beginning of each year, the Audit Committee approves an annual plan of its activities that meets its statutory obligations, and agrees with the Supervisory Board on a planned meeting schedule.

In order to perform the activities specified in Section 3, the Audit Committee may:

- request such information, explanations and documents as may be required by the Audit Committee to discharge its responsibilities,
- demand that the lead auditor discuss with the Audit Committee, the Management Board, or the Supervisory Board of CCC S.A. the key audit-related issues raised in the additional report referred to in Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC,

- receive information from the Company's governing bodies and employees, who must provide the Committee members with such information or with access to such information,
- participate in the meetings of Company employees,
- invite external advisers to attend Committee meetings and seek information and opinions from such advisers – the costs of any such advisory services, first approved by the Supervisory Board, will be borne by the Company.

## Responsibilities of the Audit Committee

The Audit Committee submits the following to the Supervisory Board:

- conclusions, positions and recommendations made in connection with the performance of its functions early enough to allow the Supervisory Board to promptly take appropriate action,
- report on its activities at least once every six months, at the time of authorisation of the Company's full-year and half-year financial statements,
- report on its activities in a given financial year early enough to enable the Supervisory Board to include the contents of the report in the annual assessment of the Company's position.

In the reports referred to in Sections 7.1.2 and 7.1.3 the Committee must include information concerning the tasks assigned, its composition, number of meetings held and attendance, and its main activities, particularly those relating to the assessment of independence of the auditing firm. This information is required to be published in the corporate governance report.

The Audit Committee should perform its duties in accordance with its remit and should ensure that the Supervisory Board is regularly informed of its activities and work results.

Pursuant to Par. 70.1.8 and Par. 71.1.8 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018, the Supervisory Board of CCC S.A. represented that:

- the laws and regulations governing the appointment, composition and operation of the Audit Committee at CCC S.A. and the CCC Group, including the requirements for its members to meet the independence criteria and have knowledge and skills relevant for the industry in which CCC S.A. operates and knowledge and skills in accounting or auditing, are complied with,
- the Audit Committee performed the tasks of an audit committee laid down in applicable laws.

## Audit Committee Meetings in 2022

In 2022, the Audit Committee met six times. At its meetings, the Audit Committee analysed the financial statements for the period from February 1st 2021 to January 31st 2022: i.e. the Company's separate financial statements, the consolidated financial statements of the CCC Group and the Directors' Report on the operations of the CCC Group. The Audit Committee also held regular meetings with representatives of the audit firm Ernst & Young Audyt Polska Sp. z o.o. sp.k. The Committee analysed the Company's separate financial statements for the first half of 2022 and the consolidated financial statements of the CCC Group for the same period. In 2022, the Audit Committee approved the annual work plan for the Audit Committee and the internal audit plan for the financial year from February 1st 2021 to January 31st 2022.

In 2022, the Audit Committee also considered:

- risk management system along with a list of key identified risks and their assessment;
- schedule of the audit of financial statements for 2022;
- changes in financial reporting and their materiality, timeliness of reporting;
- compliance system, reviewing the key issues and controversies; business partners checking;
- anti-corruption compliance management system and the whistleblower protection system;
- results of internal and external audits, including the status of implementation of recommendations issued;
- information on the budget, resources and remuneration in the internal audit unit;
- assessment of the effectiveness of the internal control, risk management and compliance systems;

- IT information security;
- liquidity position of the CCC Group and the CCC Group refinancing project;
- HR strategy and action plan;
- anti-corruption compliance management system and the whistleblower protection system;
- tax risk management;
- organisational structure vs division of responsibilities among Management Board members;
- ESG reporting by the Company;
- trends in customer complaint numbers;
- information on ICT security at the CCC Group;
- communication with shareholders, IR strategy of the CCC Group;
- exploring potentially lost sales due to fraud and/or misconduct by staff/customers;
- review of tax functions and tax risk management, review of the tax strategy; and information on the implemented tax strategy.

In 2017, in view of the need to define detailed tasks and rules of operation of the Audit Committee, the Rules of Procedure for the CCC Audit Committee were adopted following entry into force of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 (the "Statutory Auditors Act"), which introduced new requirements with respect to the role and responsibilities of audit committees. The Audit Committee of the Supervisory Board of CCC S.A. also adopted:

- Policy on the selection of an audit firm to audit the separate and consolidated financial statements of the CCC Group;
- Procedure for the selection of an auditor to audit the separate financial statements of CCC S.A. and the consolidated financial statements of the CCC Group;
- Policy for the provision of non-audit services by the auditor or audit firm to the CCC Group.

In accordance with the Policy for the provision of permitted non-audit services by the audit firm auditing the financial statements, the audit firm's affiliates or members of its network, the audit firm auditing the financial statements of CCC S.A. or any member of the audit firm's network may not provide any prohibited non-audit services, directly or indirectly, to CCC S.A. and CCC Group companies.

In 2022, the Audit Committee, acting pursuant to the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 (Dz.U. of 2017, item 1089) (the "Statutory Auditors Act") and the Policy for the provision of non-audit services by the auditor or audit firm to the CCC Group, having carried out an assessment of the threats to and safeguards of independence referred to in Art. 69-73 of the Statutory Auditors Act, approved the provision of non-audit services to CCC S.A. by its auditor Ernst Young & Audyt Polska Sp. z o.o. sp.k., comprising:

- review of the report on remuneration of the Management Board and the Supervisory Board of CCC S.A. for 2021;
- assurance service with regard to corporate governance, risk management and corporate social responsibility reporting covering the non-financial report (Sustainability Report) for 2021;

As required by the Policy and Procedure for the selection of an auditor, the process of appointing an audit firm to audit the financial statements of the Company and the consolidated financial statements of the CCC Group must be compliant with the Policy and Procedure and with mandatory provisions of law, including, without limitation, the Statutory Auditors Act and the Accounting Act.

The audit firm is appointed by the Supervisory Board. The first audit engagement agreement with the audit firm is concluded for no less than two years, with an option to extend its term for subsequent periods of two years or more.

The maximum continuous duration of a statutory audit engagement of the same audit firm may not exceed ten (10) years, with the proviso that the lead auditor may not conduct statutory audits for more than five (5) years and that the lead auditor may again audit the financial statements only after at least three years have elapsed since the end of the last audit of the financial statements.

On May 24th 2021, the Supervisory Board passed a resolution to extend the engagement of Ernst & Young Audyt Polska Sp. z o.o. Sp. k. of Warsaw, entered in the list of statutory auditors of financial statements maintained by the National Council of Statutory Auditors under Reg. No. 130, to review the half-year financial statements of CCC S.A. and the half-year consolidated financial statements of the CCC Group for the periods from February 1st to July 31st 2022 and from February 1st to July 31st 2023 and to audit the full-year separate financial statements of CCC S.A. and the full-year consolidated financial statements of the CCC Group for the years ending January 31st 2023 and January 31st 2024.

**As at February 1st 2022, the Audit Committee comprised the following members:**

| Full name of Supervisory Board Member | Position on the Audit Committee |
|---|---|
| Filip Gorczyca | Chair |
| Zofia Dzik | Member |
| Waldemar Jurkiewicz | Member |

**As at January 31st 2023 and the issue date of this Report, the Audit Committee had the following composition:**

| Full name of Supervisory Board Member | Position on the Audit Committee |
|---|---|
| Filip Gorczyca | Chair |
| Zofia Dzik | Member |
| Mariusz Gnych | Member |

In connection with its internal systems and functions in place, the Company applies the following principles of the Code of Best Practice 2021:

**3.1.** Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

*The principle is applied by the Company.*

**3.2.** Companies' organisation includes units responsible for the tasks of individual systems or functions unless it is not reasonable due to the size of the company or the type of its activity.

*The principle is applied by the Company.*

**3.3.** Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

*The principle is applied by the Company.*

**3.4.** The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

*The principle is applied by the Company.*

**3.5.** Persons responsible for risk and compliance management report directly to the president or other member of the management board.

*The principle is applied by the Company.*

**3.6.** The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

*The principle is applied by the Company.*

**3.7.** Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

*The principle is applied by the Company.*

**3.8.** The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

*The principle is applied by the Company.*

**3.9.** The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

*The principle is applied by the Company.*

**3.10.** Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

*The principle is applied by the Company.*

## 4. General Meeting, shareholder relations

**The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.**

**The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.**

**Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct.**

**Participants of a general meeting should come prepared to the general meeting.**

## Operation and key powers of the General Meeting; shareholder rights and how they are exercised

The General Meeting operates on the basis of information published by the Company, including on the CCC S.A. website, The Articles of Association of the Company and the Rules of Procedure, and to the extent not provided for in these documents – on the basis of the Commercial Companies Code.

## Convening and cancelling the General Meeting:

(i) The General Meeting may be convened as an ordinary (annual) or extraordinary meeting of shareholders.
(ii) The General Meeting may be held at the Company's registered office, in Warsaw or in Wrocław, at the venue and on the date specified in the notice of the General Meeting.
(iii) The Annual General Meeting is held annually, within six months of the end of the financial year.
(iv) The Management Board gives notice of a General Meeting, specifying the venue and time, in the form of a current report and on the Company's website.

## Powers of the General Meeting

The powers and responsibilities of the General Meeting include, in addition to any matters related to the Company's operations and matters specified in applicable laws, except for the acquisition and disposal of real property, perpetual usufruct right to real property or interest in real property:

- Appointment and removal of Supervisory Board members
- Approval of the Rules of Procedure for the Supervisory Board
- Determination of the rules of remuneration for Supervisory and Management Board members;
- Determination of remuneration for Supervisory Board members.

## The powers of the General Meeting are defined in the following documents:

1) Articles of Association of the Company, available on the Company's website;
2) Rules of Procedure for the General Meeting of CCC S.A., available on the Company's website;
3) Commercial Companies Code;
4) Code of Best Practice for WSE Listed Companies.

## Participation in General Meetings of the Company

Members of the Management and Supervisory Boards may participate in a General Meeting. The auditor should be present if financial matters of the Company are to be considered during the Meeting.

The Management Board may also invite other experts and advisers to participate in a General Meeting in order to present their opinions to participants of the Meeting on matters included on the agenda. To the extent permitted by law and acting in the best interests of the Company, CCC S.A. may also allow members of the media to attend a General Meeting.

The Management and Supervisory Board members and the Company's auditor, within their respective remits and to the extent necessary to resolve matters discussed at the General Meeting, provide General Meeting participants with relevant explanations and information concerning the Company. Answers to questions raised by General Meeting participants are provided in keeping with the laws governing the operation of the capital market, and all information must be provided in a manner prescribed therein.

Shareholders may attend General Meetings of CCC S.A. and exercise voting rights in person or by proxy. Powers of proxy to vote should be granted in writing or in electronic form. A power of proxy granted in electronic form will not require a secure electronic signature verifiable with a valid qualified certificate.

Shareholders are required to notify the Company that a power of proxy has been granted in electronic form and send the power of proxy to wza@ccc.eu. If further powers of proxy have been granted, a complete sequence of powers of proxy must be presented along with documents confirming the authority to act on behalf of preceding proxies.

Since 2016, shareholders may participate in a General Meeting by electronic means of communication if the notice of the General Meeting provides for such option. Participation via electronic means includes in particular:

1) real-time broadcast of the General Meeting;
2) real-time two-way communication where shareholders may speak during the General Meeting from a location other than the venue of the General Meeting;
3) exercise of voting rights at the General Meeting by the shareholder in person or through a proxy.

## Voting at the General Meeting of the Company

Presented below are the rules of voting at the Company's General Meeting, which are consistent with the Rules of Procedure for the General Meeting, the Company's Articles of Association, and the Commercial Companies Code:

- Voting is by open ballot. A secret ballot is ordered with regard to an election, removal from office of members of the Company's governing bodies or bringing them to account, and personnel matters. A secret ballot will also be ordered at the request of at least one shareholder or his representative.
- The General Meeting may appoint a Ballot Counting Committee, whose responsibilities will be to ensure that each vote is properly conducted, to oversee the provision of computer services (in the case of electronic voting) and to count the votes and deliver the voting results to the Chair of the General Meeting.
- One share carries the right to one vote at the General Meeting. In the case of Series A1 preference shares (registered preference shares), one share confers the right to two votes.
- The Chair of the General Meeting declares the voting results, which are then recorded in the minutes of the meeting.

## Two General Meetings were held in 2022.

On **June 15th 2022 the Annual General Meeting was held,** at which shareholders approved the Directors' Reports on the Company's and the CCC Group's operations and the financial statements for the period from February 1st 2021 to January 31st 2022. The Annual General Meeting passed a resolution to allocate the entire net profit for 2021 of PLN 442,382,615.92 to statutory reserve funds. In addition, the Annual General Meeting passed resolutions to give a positive opinion on the Report on remuneration of members of the Management Board and Supervisory Board of the Company for 2021, as ratified by the Supervisory Board in Resolution No. 14/04/2022/RN of April 28th 2022, to approve amendments to the Remuneration Policy for members of the Management Board and members of the Supervisory Board of CCC S.A., as ratified by the Supervisory Board in Resolution No. 01/05/2022/RN of May 19th 2022, appoint members of the Supervisory Board for a new term and amend the rules for remunerating members of the Supervisory Board of CCC S.A.

On **November 17th 2022 an Extraordinary General Meeting was held** to increase the Company's share capital through the issue of Series L and Series M ordinary shares, waive existing shareholders' pre-emptive rights to all Series L and Series M shares, seek admission and introduction of Series L and Series M shares, and allotment certificates on Series M shares to trading on a regulated market operated by the Warsaw Stock Exchange, convert Series L shares, Series M shares and allotment certificates on Series M shares into book-entry form, grant authorisation to enter into an agreement for registration of Series L shares, Series M shares and allotment certificates on Series M shares in the depository for securities and amend the Articles of Association of the Company.

## Dividend policy

In view of the Company's financial results and its intention to share profits with the shareholders, on April 28th 2015 the Management Board of CCC S.A. adopted a dividend policy (the dividend policy was later updated by a resolution of the Management Board on March 17th 2017).

- The Management Board of the CCC Group intends to recommend to the General Meeting that dividend be paid of 33% and 66% of the consolidated net profit of the CCC Group (attributable to owners of the parent), assuming that the net debt to EBITDA ratio at the end of the relevant financial year is below 3.0.
- In recommending the amount of profit distribution, the Management Board will take into account the financial condition and liquidity position of the CCC Group, its existing and future liabilities (including potential restrictions under credit facility agreements and debt instruments in issue), as well as the assessment of the CCC Group's prospects in specific market and macroeconomic conditions.
- The new dividend policy applies as of distribution of the Group's consolidated net profit for the financial year ended December 31st 2016.

None of the CCC Group shares carry any dividend preference.

**Dividend history**

| FINANCIAL YEAR | PAYOUT RATIO (% OF CONSOLIDATED NET PROFIT) | TOTAL DIVIDEND (PLN MILLION) | DIVIDEND PER SHARE |
|---|---|---|---|
| 2021 | 0% | - | - |
| 2020 | 0% | - | - |
| 2019 | 0% | - | - |
| 2018 | 35% | 19.8 | 0.5 |
| 2017 | 33% | 94.7 | 2.3 |
| 2016 | 33% | 101.4 | 2.6 |
| 2015 | 33% | 86.0 | 2.2 |
| 2014 | *27% | 115.2 | 3.0 |
| 2013 | 49% | 61.4 | 1.6 |
| 2012 | 58% | 61.4 | 1.6 |
| 2011 | 50% | 61.4 | 1.6 |
| 2010 | 49% | 57.6 | 1.5 |
| 2009 | 46% | 38.4 | 1.0 |
| 2008 | 37% | 38.4 | 1.0 |
| 2007 | 0% | - | - |
| 2006 | 72% | 38.4 | 1.0 |
| 2005 | 88% | 38.4 | 1.0 |

* As a result of adjusting net profit for the effect of non-recurring factors, the payout ratio was 50%.

The Company complies with the following principles of the Code of Best Practice 2021 regarding general meetings and shareholder relations:

**4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

*The principle is applied by the Company.*

**4.2.** Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

*The principle is applied by the Company.*

**4.3.** Companies provide a public real-time broadcast of the general meeting.

*The principle is applied by the Company.*

**4.4.** Presence of representatives of the media is allowed at general meetings.

*The principle is applied by the Company.*

**4.5.** If the management board becomes aware of a general meeting being convened pursuant to Art. 399.2–4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Art. 400.3 of the Commercial Companies Code.

*The principle is applied by the Company.*

**4.6.** To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

*The principle is applied by the Company.*

**4.7.** The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

*The principle is applied by the Company.*

**4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

*The principle is applied by the Company.*

**4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

**4.9.1.** candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

*The principle is applied by the Company.*

**4.9.2.** candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017 and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

*The principle is applied by the Company.*

**4.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

*The principle is applied by the Company.*

**4.11.** Members of the management board and the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

*The principle is applied by the Company.*

**4.12.** Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

*The principle is applied by the Company.*

**4.13.** Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the acquisition of another company, or the shares are to be taken up under an incentive scheme established by the company;

b) the persons granted the pre-emptive right are to be selected according to objective general criteria;

c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

*The principle is applied by the Company.*

**4.14.** Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;

b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;

c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;

d) the company generates insufficient cash flows to pay out dividends;

e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bonds issue;

f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

*The principle is applied by the Company.*

## 5. Conflict of interest, related-party transactions

**For the purposes of this section, 'related party' is a related party within the meaning of international accounting standards as adopted under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19th 2002 on the application of international accounting standards**

**A company and its group should have transparent procedures in place for managing conflicts of interest and executing related-party transactions where a conflict of interest may occur.**

**The procedures should provide for ways to identify, disclose and manage such cases.**

**Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the company, and where a conflict of interest arises - promptly disclose it.**

With respect to conflicts of interest and related-party transactions, the Company applies the following principles of the Code of Best Practice 2021:

**5.1.** Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should not participate in discussions concerning an issue which may give rise to such a conflict of interest on their part.

*The principle is applied by the Company.*

**5.2.** Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that his or her opinion on the issue be recorded separately in the minutes of the meeting of the management board or the supervisory board, as applicable.

*The principle is applied by the Company.*

**5.3.** No shareholder should be privileged over any other shareholder in related-party transactions. The foregoing also applies to transactions executed by a company's shareholders with other companies within the same group.

*The principle is applied by the Company.*

**5.4.** Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

*The principle is applied by the Company.*

**5.5.** If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

*The principle is applied by the Company.*

**5.6.** If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

*The principle is applied by the Company.*

**5.7.** If a decision concerning a company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

*The principle is applied by the Company.*

## 6. Wages and salaries

**A company and its group protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.**

**A company's remuneration policy applicable to members of the company's governing bodies and key management staff should define, in particular, the remuneration form, structure, and the method of determination and payment.**

# REMUNERATION OF CCC S.A.'S GOVERNING BODIES

## Rules of remuneration for management and supervisory staff

The remuneration rules for members of the Management and Supervisory Boards are defined in the Remuneration Policy for Members of the Management Board and Supervisory Board of CCC S.A., adopted by the Annual General Meeting on June 24th 2020 and updated by the next Annual General Meetings on June 22nd 2021 and June 15th 2022. The remuneration policy was introduced in view of the key role of the Management Board and Supervisory Board members at the Company. It aims to support delivery of the Company's business strategy and promote its long-term interests and stability, including by motivating Management and Supervisory Board members to work effectively for the Company, encouraging them to stay with the Company over the long term and linking the interests of the Management Board members to those of the Company. The amount of remuneration for the Management Board and Supervisory Board members is determined taking into account the amount of work necessary to properly perform the functions of individual members of the above bodies and the scope of duties, responsibilities and competencies connected with the performance of those functions. The remuneration amount corresponds to the size of the Company's business and is reasonable in relation to its financial performance.

## Bonus rules

In order to improve the quality and efficiency of the work of Management Board members, their remuneration is determined taking into account its incentivising role and smooth and effective management of the Company. Therefore, the remuneration consists of a fixed component, which is a monthly pay determined by the Supervisory Board in a resolution, and variable components, which are cash bonuses awarded at the discretion of the Supervisory Board after the first and second half of a year, depending on whether the financial and non-financial criteria for awarding the variable remuneration have been satisfied. The amount of variable pay depends on the level of achievement of financial targets, including the Company's profitability and financial performance. The non-financial performance criteria include fulfilment of tasks assigned individually or collectively to each Management Board member by the Supervisory Board under a business strategy adopted by the Company and not directly linked to financial criteria, in particular strategic tasks set taking into account the Company's current situation; taking into account corporate social responsibility.

Members of the Management Board are awarded variable remuneration in the form of:

1) An individual short-term bonus contingent on the achievement of individual short-term targets, granted for the first and the second half of the year, determined on the basis of four-times monthly remuneration of a Management Board member, payable by March 31st for the second half of the year, and by September 30th for the first half of the year.
2) A short-term collective bonus contingent on the achievement of short-term targets set for the Management Board as a whole, granted for annual periods, determined on the basis of four-times monthly remuneration of a Management Board member.
3) A long-term bonus contingent on an increase in CCC S.A.'s value (understood as an increase in the share price), payable to each Management Board member for:
   - Period one from January 1st 2020 to July 31st 2021, calculated as 100,000 x the difference between the average price of Company shares in the second quarter of CCC S.A.'s financial year 2021 (from May 1st 2021 to July 31st 2021) and the issue price of Series I and Series J shares (the base price for period one);
   - Period two from August 1st 2021 to July 31st 2024, calculated as 100,000 x the difference between the average price of Company shares in the second quarter of CCC S.A.'s financial year 2024 (from May 1st to July 31st 2024) and the average price of Company shares in the second quarter of CCC S.A.'s financial year 2021 (the base price for period two).

The decision to award cash bonuses to members of the Management Board lies within the remit of the Supervisory Board.

## Remuneration of CCC S.A. Management Board and bonuses

| February 1st 2022–January 31st 2023 | | Fixed components of remuneration: | | Variable components of remuneration: | | Total |
|---|---|---|---|---|---|---|
| Gross remuneration of Management Board members | Position | Remuneration under service contract | Additional monetary and non-monetary benefits | Short-term bonus | Long-term bonus (January 1st 2020–July 31st 2021) * | |
| Marcin Czyczerski | President and CEO | 1,200,000.0 | 19,877.0 | 350,000.0 | 0.0 | **1,569,877.0** |
| Karol Półtorak | Vice President | 840,000.0 | 16,709.0 | 245,000.0 | 0.0 | **1,101,709.0** |
| Adam Holewa | Vice President | 840,000.0 | 21,086.0 | 245,000.0 | 0.0 | **1,106,086.0** |
| Igor Matus | Vice President | 840,000.0 | 15,456.0 | 245,000.0 | 0.0 | **1,100,456.0** |
| Kryspin Derejczyk | Vice President | 840,000.0 | 23,681.0 | 245,000.0 | 0.0 | **1,108,681.0** |
| Adam Marciniak | Vice President | 630,000.0 | 17,761.0 | 245,000.0 | 0.0 | **892,761.0** |
| **Total** | | **5,190,000.0** | **114,570.0** | **1,575,000.0** | **-** | **6,879,570.0** |

| February 1st 2021–January 31st 2022 | | Fixed components of remuneration: | | Variable components of remuneration: | | Total |
|---|---|---|---|---|---|---|
| Gross remuneration of Management Board members | | Remuneration under service contract | Additional monetary and non-monetary benefits | Short-term bonus | Long-term bonus (January 1st 2020–July 31st 2021) * | |
| Marcin Czyczerski | President and CEO | 1,200,000.0 | 8,320.0 | 600,000.0 | 8,148,000.0 | **9,956,320.0** |
| Mariusz Gnych | Vice President | 840,000.0 | 9,100.0 | 420,000.0 | 8,148,000.0 | **9,417,100.0** |
| Karol Półtorak | Vice President | 840,000.0 | 5,200.0 | 420,000.0 | 8,148,000.0 | **9,413,200.0** |
| Adam Holewa | Vice President | 630,000.0 | - | 140,000.0 | - | **770,000.0** |
| Igor Matus | Vice President | 526,200.0 | - | - | - | **526,200.0** |
| Kryspin Derejczyk | Vice President | 420,000.0 | - | - | - | **420,000.0** |
| Adam Marciniak | Vice President | 245,000.0 | - | - | - | **245,000.0** |
| **Total** | | **4,701,200.0** | **22,620.0** | **1,580,000.0** | **24,444,000.0** | **30,747,820.0** |

*for 2021 – long-term bonuses for the first period from January 1st 2020 to July 31st 2021.

## Remuneration of the Supervisory Board of CCC S.A.

| February 1st 2022–January 31st 2023 | | Fixed components of remuneration: | | Total |
|---|---|---|---|---|
| Gross remuneration of Supervisory Board members | Position | Remuneration under service contract | Additional monetary and non-monetary benefits | |
| Dariusz Miłek | Chair of the Supervisory Board | 0.0 | 8,712.0 | **8,712.0** |
| Wiesław Oleś | Deputy Chair of the Supervisory Board | 240,000.0 | 0.0 | **240,000.0** |
| Waldemar Jurkiewicz | Member of the Supervisory Board | 85,714.0 | 0.0 | **85,714.0** |
| Filip Gorczyca | Member of the Supervisory Board | 216,000.0 | 0.0 | **216,000.0** |
| Zofia Dzik | Member of the Supervisory Board | 192,000.0 | 0.0 | **192,000.0** |
| Mariusz Gnych | Member of the Supervisory Board | 104,381.0 | 2,310.0 | **106,691.0** |
| **Total** | | **838,095.0** | **11,022.0** | **849,117.0** |

| February 1st 2021–January 31st 2022 | | Fixed components of remuneration: | | Total |
|---|---|---|---|---|
| Gross remuneration of Supervisory Board members | Position | Remuneration under service contract | Additional monetary and non-monetary benefits | |
| Dariusz Miłek | Chair of the Supervisory Board | - | 8,190 | **8,190** |
| Wiesław Oleś | Deputy Chair of the Supervisory Board | 183,333.0 | - | **183,333.0** |
| Waldemar Jurkiewicz | Member of the Supervisory Board | 146,667.0 | - | **146,667.0** |
| Filip Gorczyca | Member of the Supervisory Board | 165,000.0 | - | **165,000.0** |
| Zofia Dzik | Member of the Supervisory Board | 146,667.0 | - | **146,667.0** |
| Henry McGovern | Member of the Supervisory Board* | 74,000.0 | - | **74,000.0** |
| **Total** | | **715,667.0** | **8,190** | **723,857.0** |

Members of the Management Board receive within the CCC Group other income in addition to that disclosed at CCC S.A. (such other income not being related to their service as Management Board Members).

A report on remuneration of the Management and Supervisory Boards, covering the reporting periods which are consistent with the actual financial years of the CCC Group (the years from February 1st 2022 to January 31st 2023 and from February 1st 2021 to January 31st 2022), will be published following the issue of the Group's annual report.

Agreements between the Company and its management personnel providing for compensation in the event of resignation or removal from office without a good reason or following acquisition by another company

1) If a member of the Company's Management Board is removed from office, he or she will be entitled to receive a severance pay equal to six/twelve months' base pay (with its amount to be determined individually for each member of the Management Board). The severance pay must be paid within 30 days of the date of removal from office.

2) The severance pay referred to in item 3 will not be paid if:

- the Management Board member has committed an offence to the detriment of the Company during his or her service;
- the Management Board member has disclosed, divulged or used a Company's secret without the required consent.

**6.1.** The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company.

The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.

*The principle is applied by the Company.*

**6.2.** Incentive schemes should be designed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

*The principle is applied by the Company.*

**6.3.** If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

*The principle is applied by the Company.*

**6.4.** As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

*The principle is applied by the Company.*

**6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.

*The principle is applied by the Company.*

## SHARE CAPITAL AND SHAREHOLDERS

| SERIES/ISSUE | TYPE OF SHARES | TYPE OF PREFERENCE | NUMBER OF SHARES | PAR VALUE OF THE SERIES/ISSUE (PLN) | FORM OF PAYMENT FOR SHARES |
|---|---|---|---|---|---|
| "A1" | registered voting preference | registered voting preference | 6,650,000 | 665,000.00 | cash |
| "A2" | ordinary bearer shares | ordinary bearer shares | 13,600,000 | 1,360,000.00 | cash |
| B | ordinary bearer shares | ordinary bearer shares | 9,750,000 | 975,000.00 | cash |
| C | ordinary bearer shares | ordinary bearer shares | 2,000,000 | 200,000.00 | cash |
| D | ordinary bearer shares | ordinary bearer shares | 6,400,000 | 640,000.00 | cash |
| E | ordinary bearer shares | ordinary bearer shares | 768,000 | 76,800.00 | cash |
| H | ordinary bearer shares | ordinary bearer shares | 2,000,000 | 200,000.00 | cash |
| I | ordinary bearer shares | ordinary bearer shares | 6,850,000 | 685,000.00 | cash |
| J | ordinary bearer shares | ordinary bearer shares | 6,850,000 | 685,000.00 | cash |
| **Total** | | | **54,868,000** | **5,486,800.00** | |

In 2022, there were no changes in the share capital of CCC S.A. As at January 31st 2023 and the date of this Report, it amounted to PLN 5,486,800.0 and was divided into 54,868,800 shares with a par value of PLN 0.10 per share.

## Agreements concerning potential changes in the shareholding structure.

The Management Board of the CCC Group is not aware of any agreements (including agreements executed after the reporting period) which may result in changes in the proportions of shares held by the current shareholders and bondholders.

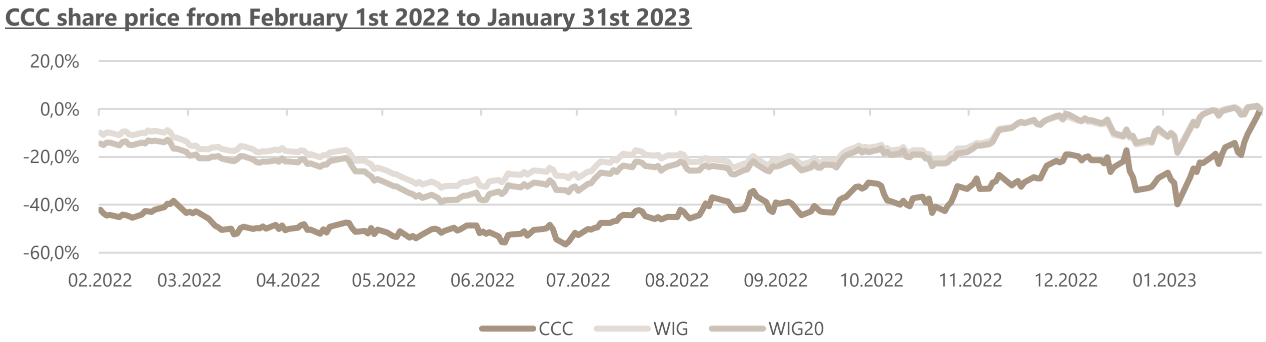
## CCC shares on the Warsaw Stock Exchange

### CCC stock price

CCC shares have been listed in the continuous trading system on the main market of the Warsaw Stock Exchange since December 2nd 2004, and they are currently included in the key indices WIG, WIG20, WIG30, WIG-Poland, WIG-Div, WIG-Odzież, and WIG ESG.

On March 2nd 2023, GPW Benchmark S.A. issued a communication that after the trading session held on March 17th 2023 the WIG20, WIG20TR, mWIG40, mWIG40TR, sWIG80, sWIG80TR, WIG30 and WIG30TR index portfolios will be subject to an annual review. Following the review, CCC was removed from the WIG20 and WIG20TR indices and transferred to the WIG40 and mWIG40TR indices.

As at January 31st 2023, the price of one CCC share was PLN 44.00, which translated into the CCC Group's market capitalisation in excess of PLN 2.5bn. The highest price in the year (closing price) was PLN 76.00, while the lowest price was PLN 33.03. The maximum transaction price in 2022 was PLN 79.32, while the minimum price was PLN 32.72.




The Annual General Meeting held on June 15th 2022 approved the Directors' Reports on the operations of the Company and the CCC Group, and the financial statements for 2021. The Meeting passed a resolution to allocate the entire net profit earned in the financial year that began on February 1st 2021 and ended on January 31st 2022, amounting to PLN 442,382,615.92, to the Company's statutory reserve funds.

**Selected information on the price of CCC shares in 2021–2022:**

| DATA | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 | *CHANGE (%) |
|---|---|---|---|
| Consolidated net profit (loss) attributable to owners [PLNm] | -417.6 | -223.4 | 86.93% |
| Separate net profit attributable to owners [PLNm] | -22.9 | 442.2 | <-100% |
| Consolidated earnings per share [PLN] | -6.8 | -4.5 | 51.27% |
| Separate earnings per share [PLN] | -0.4 | 8.1 | <-100% |
| High [PLN] | 79.3 | 128.6 | -38.32% |
| Low [PLN] | 32.7 | 74.7 | -56.19% |
| Share price at end of period [PLN] | 44.0 | 76.8 | -42.71% |
| Average share price in the period [PLN] | 45.5 | 109.9 | -58.62% |
| Average P/E ratio | -6.6 | -24.3 | -72.64% |
| P/E ratio at end of period | -6.4 | -17.0 | -62.13% |
| Weighted average number of free float shares at end of period | 54,868,000.0 | 54,868,000.0 | 0.00% |
| Free float at end of period | 0.5 | 0.5 | 0.00% |
| Capitalisation at end of period [PLNm] | 2,414,192,000.0 | 4,537,583,600.0 | -46.80% |
| Dividend paid per share [PLN] | 0.0 | 0.0 | - |

**Research coverage of CCC stock**

The performance and strategy of CCC S.A. are monitored by research analysts representing different financial institutions, brokers and banks. The list of institutions providing regular research coverage of CCC stock and analysts issuing recommendations for CCC stock is set out below.

| INSTITUTION | ANALYST | CONTACT PERSONS |
|---|---|---|
| Bank of America Merrill Lynch | Ilya Ogorodnikov | ILYA.OGORODNIKOV@BAML.COM |
| Citi | Rafał Wiatr | RAFAL.WIATR@CITI.COM |
| DM BOŚ S.A. | Sylwia Jaśkiewicz | S.JASKIEWICZ@BOSSA.PL |
| Santander | Tomasz Sokołowski | TOMASZ.SOKOLOWSKI@SANTANDER.PL |
| Dom Maklerski BDM S.A. | Anna Madziar | ANNA.MADZIAR@BDM.PL |
| MBANK | Jakub Pięta | JAKUB.PIETA@MBANK.PL |
| Erste Group | Krzysztof Kawa | KRZYSZTOF.KAWA@ERSTEGROUP.COM |
| HSBC | Bulent Yurdagul | BULENTYURDAGUL@HSBC.COM.TR |
| Ipopema | Marek Szymański | MAREK.SZYMANSKI@IPOPEMA.PL |
| JP Morgan | Elena Jouronova | ELENA.JOURONOVA@JPMORGAN.COM |
| PKO BP | Adrian Skłodowski | ADRIAN.SKLODOWSKI@PKOBP.PL |
| Raiffeisen Centrobank AG | Jakub Krawczyk | JAKUB.KRAWCZYK@RCB.AT |
| Trigon | Grzegorz Polański | GRZEGORZ.KUJAWSKI@TRIGON.PL |
| UBS | Michał Potyra | MICHAL.POTYRA@UBS.COM |
| Wood&Company | Łukasz Wachełko | LUKASZ.WACHELKO@WOOD.COM |
| VTB Capital | Alexander Gnusarev | ALEXANDER.GNUSAREV@VTBCAPITAL.COM |

As of March 1st 2023, the issuer's market maker services for CCC S.A. shares were provided by Jump Trading Europe BV of Amsterdam, Claude Debussylaan 17, 1082 MC Amsterdam, the Netherlands.

## Shareholders with major holdings

According to the information available to the Company, shareholders holding 5% or more of total voting rights in CCC S.A. as at January 31st 2023 were:

1) ULTRO S.a.r.l. (a subsidiary of Dariusz Miłek), which held 17,077,465 Company shares, representing 31.12% of the share capital and 38.32% of total voting rights;

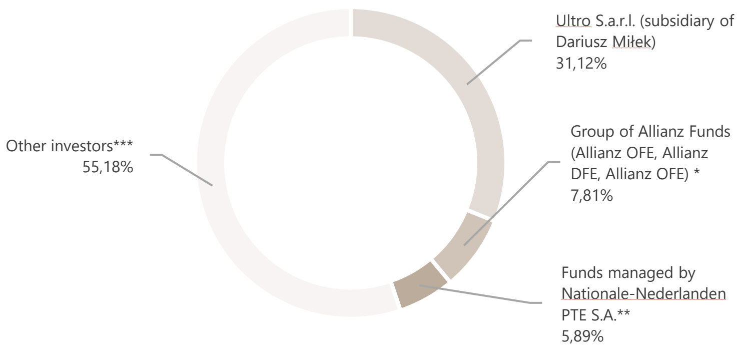
2) Group of Allianz Funds, which held 4,286,506 Company shares, representing 7.81% of the share capital and 6.97% of total voting rights in the Company.

3) Funds managed by Nationale-Nederlanden PTE SA, which held 3,229,000 Company shares, representing 5.89% of the share capital and 5.25% of total voting rights,

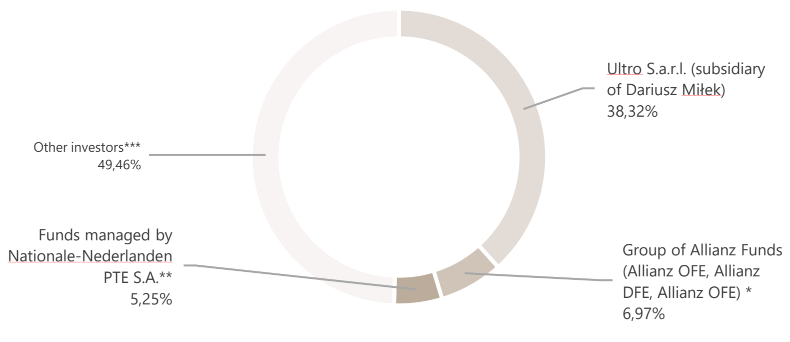
| SHAREHOLDER | NUMBER OF SHARES HELD | % OWNERSHIP INTEREST | NUMBER OF VOTING RIGHTS | % VOTING INTEREST |
|---|---|---|---|---|
| Ultro S.a.r.l. (subsidiary of Dariusz Miłek) | 17,077,465 | 31.12% | 23,577,465 | 38.32% |
| Group of Allianz Funds (Allianz OFE, Allianz DFE, Allianz OFE) * | 4,286,506 | 7.81% | 4,286,506 | 6.97% |
| Funds managed by Nationale-Nederlanden PTE S.A.** | 3,229,000 | 5.89% | 3,229,000 | 5.25% |
| Other investors*** | 30,275,029 | 55.18% | 30,425,029 | 49.46% |
| **Total** | **54,868,000** | **100.00%** | **61,518,000** | **100.00%** |

* As per Current Report No. 1/2023 of January 10th 2023.
** As per the list of shareholders entitled to participate in the Extraordinary General Meeting on November 17th 2022.
*** Other investors holding less than 5% of voting rights.

Ownership interest




% voting interest



**Shares in the parent and in related entities held by managing and supervising persons**

| SHAREHOLDER | NUMBER OF SHARES AS AT THE DATE OF ISSUE OF THIS REPORT | PAR VALUE OF SHARES AS AT THE DATE OF ISSUE OF THIS REPORT (PLN) |
|---|---|---|
| Supervisory Board | | |
| Ultro S.a.r.l. (subsidiary of Dariusz Miłek) | 17,077,465 | 1,707,746.00 |
| Mariusz Gnych, Member of the Supervisory Board | 207,112 | 20,711.00 |
| Management Board | | |
| Marcin Czyczerski, CEO and President | 5,100 | 510.00 |
| Karol Półtorak, Vice President | 5,500 | 550.00 |
| Igor Matus, Vice President | 527 | 527.00 |

The other members of the Management Board and the Supervisory Board did not hold any shares in CCC S.A. Members of the Management Board and the Supervisory Board did not hold any shares in entities related to CCC S.A.

## Company shareholders holding special control rights

According to the Articles of Association of the Company, CCC S.A. shares are divided into two classes:

- ordinary bearer shares, each conferring one voting right in the Company,
- registered shares with voting preference, each conferring two voting rights in the Company,

| SHAREHOLDER | NUMBER OF SHARES HELD | % OWNERSHIP INTEREST | NUMBER OF VOTING RIGHTS | % VOTING INTEREST |
|---|---|---|---|---|
| Ultro S.a.r.l. (subsidiary of Dariusz Miłek) | 6,500,000 | 11.85% | 13,000,000 | 21.13% |
| Lech Chudy | 50,000 | 0.09% | 100,000 | 0.16% |
| Renata Miłek | 50,000 | 0.09% | 100,000 | 0.16% |
| Mariusz Gnych | 50,000 | 0.09% | 100,000 | 0.16% |
| **Total** | **6,650,000** | **12.12%** | **13,300,000** | **21.62%** |

## Restrictions on voting rights attached to existing shares

There are no restrictions on the exercise of voting rights.

## Restrictions on transfer of ownership rights to securities

Shareholders have the pre-emptive right to acquire registered preference shares intended for sale. If the right is not exercised with respect to all or any of the shares, the transfer of ownership of the shares requires approval by the Company's Management Board.

## Rules governing the appointment and removal of management personnel and their powers, including decision-making powers to issue or buy back shares

Members of the Company's Management Board are appointed and removed by the Supervisory Board. The Company's Management Board consists of one to seven members, including the President. The other members serve as Vice Presidents. Members of the Management Board are appointed for a joint three-year term of office.

The powers and rules of procedure for the Management Board of CCC S.A. are set out in the following regulations:

1) Commercial Companies Code;
2) Articles of Association of the Company, available on the Company's website (https://corporate.ccc.eu/lad-korporacyjny);
3) Rules of Procedure for the Management Board, available on the Company's website (https://corporate.ccc.eu/lad-korporacyjny);
4) Chart showing the division of responsibility for particular areas of the Company's operations among the Management Board members (https://corporate.ccc.eu/wladze-ccc).

## The powers and responsibilities of the Management Board:

1) establishing internal rules and regulations of the Company;
2) submitting proposals on allocation of profit and coverage of loss to the Supervisory Board;
3) entering into employment contracts with the Company's employees other than Management Board members;
4) granting commercial powers of attorney;
5) passing resolutions to establish and close Company branches;
6) submitting proposals on any other matters to the Supervisory Board and the General Meeting;
7) calling General Meetings.

The Management Board is required to perform all its duties and obligations prescribed by applicable laws and the Company's Articles of Association. The President of the Management Board directs the work of the Management Board, particularly by coordinating, supervising and organising the work of individual Management Board members.

A Management Board member may raise any matter falling within the scope of powers of the Management Board for consideration at a Management Board meeting and may request that a Management Board meeting be called for that purpose.

New shares may be issued subject to a resolution of the Company's General Meeting, and a new share issue results in an increase in the Company's share capital. The rules applicable to new share issues and share buybacks are laid down in the Commercial Companies Code and the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

## Rules governing amendments to the Company's Articles of Association

Any amendments to the Articles of Association are governed by the applicable provisions of the Commercial Companies Code.

Amendments to the Articles of Association require a resolution of the General Meeting adopted by a majority of ¾ of the votes and an entry to the National Court Register. When authorised to do so by the General Meeting, the Supervisory Board of the Company may determine the consolidated text of the amended Articles of Association or make other editorial changes specified in the respective resolution of the General Meeting.

A resolution to amend the Articles of Association takes effect from the date of entry in the Business Register.

## INFORMATION ON NON-COMPLIANCE WITH CORPORATE GOVERNANCE RULES

CCC S.A. has complied with the recommendations and principles set out in the Code of Best Practice 2021, as stated in the report on compliance with the Code of Best Practice 2021, published on July 30th 2021, pursuant to Section 29.3 of the Rules of the Warsaw Stock Exchange.

For information on the Company's compliance with the principles set out in the Code of Best Practice for WSE Listed Companies 2021, see the corporate website, corporate governance section: https://corporate.ccc.eu/lad-korporacyjny.

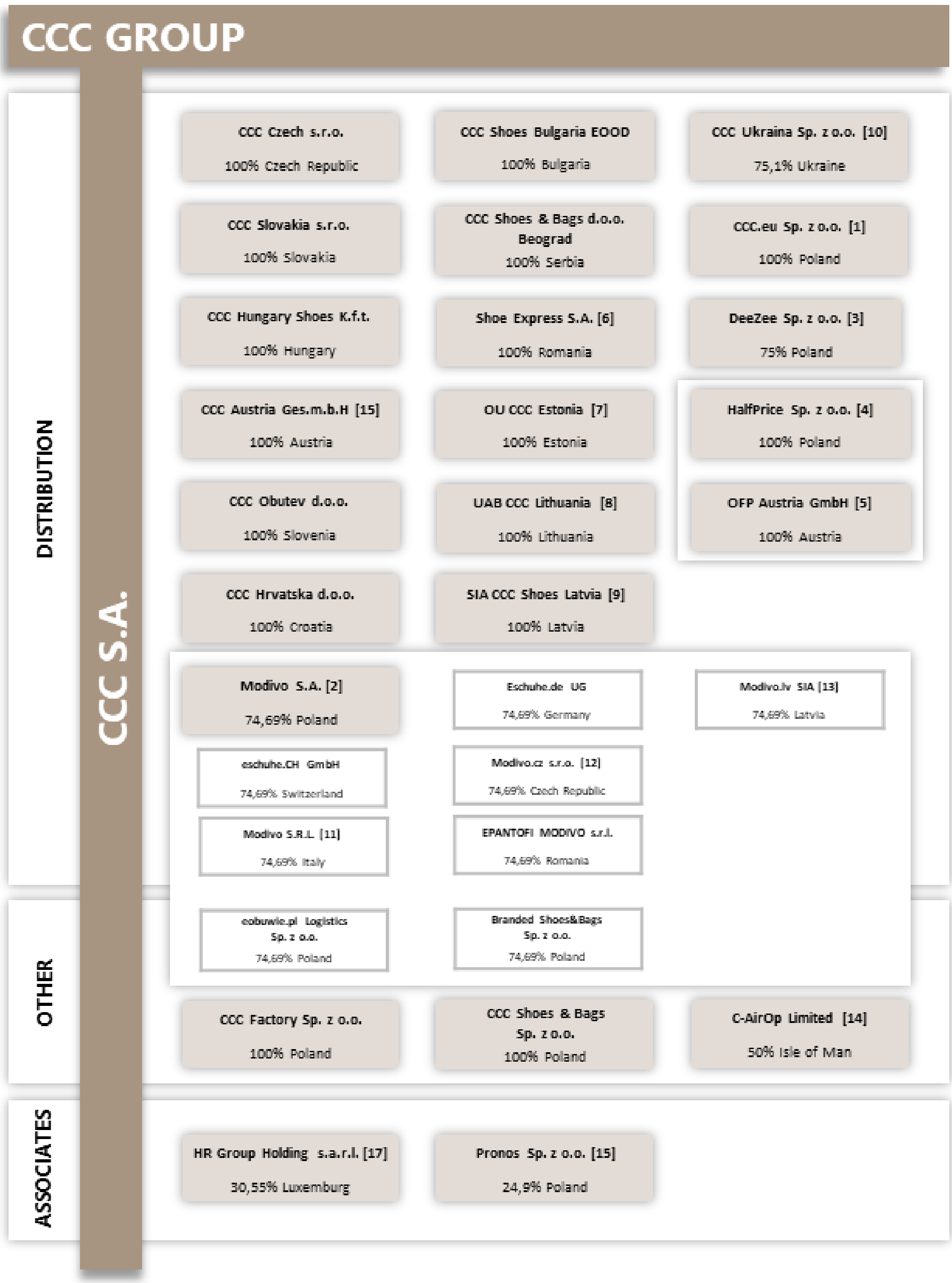
## Non-financial statement

A separate non-financial report of the CCC Group for 2021, prepared in accordance with Art. 49b.9 of the Accounting Act, was published together with the Directors' Report on the CCC Group’s operations and posted on the Company's website at https://corporate.ccc.eu/raporty-i-polityki.

CCC

## STRUCTURE OF THE CCC GROUP AND ORGANISATIONAL LINKS

The CCC Group consists of CCC S.A. (the parent) and its subsidiaries. In the reporting period ended January 31st 2023, there were changes in the composition of the Group relative to January 31st 2022, as discussed in more detail below. The structure of the CCC Group as at the reporting date is presented below.



**[1]** CCC.eu sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (99.75%) and CCC S.A. (0.25%).
**[2]** Modivo S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.69%). The current reporting period saw the fulfilment of an investment commitment as a result of which MODIVO S.A. and the partnership limited by shares whose sole general partner is Damian Zapłata, President of the MODIVO S.A. Management Board, executed an agreement to subscribe for 38,000 new Series I shares with a par value of PLN 0.20 per share, at an issue price of PLN 600 per Series I share, that is in exchange for a cash contribution of PLN 22.8m. At the same time, the other non-controlling shareholders of MODIVO S.A. subscribed for 2,005 Series I shares in exchange for a cash contribution of PLN 1.2m. As a result of the transactions, the non-controlling interest in MODIVO S.A. increased from 25.01% to 25.31%. The transaction was recognised as an equity transaction, and the difference between the amount by which the non-controlling interests were adjusted, i.e., PLN 7.8m, and the amount paid was charged directly to equity (retained earnings) and allocated to owners of the parent.
**[3]** DeeZee Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (75%).
**[4]** On March 2nd 2022, the Extraordinary General Meeting of OFP Sp. z o.o. passed a resolution to change the company's name to HalfPrice Sp. z o.o.
**[5]** OFP Austria GmbH is a subsidiary of HalfPrice Sp. z o.o. (100%).
**[6]** Shares in Shoe Express S.A. are held by CCC Shoes & Bags Sp. z o.o. (95%) and CCC.eu Sp. z o.o. (5%).
**[7]** On April 18th 2022, the CCC Group registered a new subsidiary OÜ CCC Estonia in Estonia. The company is a wholly-owned subsidiary of CCC S.A.
**[8]** On April 19th 2022, the CCC Group registered a new subsidiary UAB CCC Lithuania in Lithuania. The company is a wholly-owned subsidiary of CCC S.A.
**[9]** On May 5th 2022, the CCC Group registered a new subsidiary SIA CCC Shoes Latvia in Latvia. The company is a wholly-owned subsidiary of CCC S.A.
**[10]** On February 8th 2023, CCC S.A. acquired 75.1% of shares in CCC Ukraina Sp. z o.o. of Lviv.
**[11]** On February 1st 2022, the Modivo Group registered a new subsidiary Modivo S.R.L.
**[12]** On October 27th 2022, Eobuv.cz s.r.o. changed its name to MODIVO.cz s.r.o.
**[13]** On December 1st 2022, the Modivo Group registered a new subsidiary Modivo.lv SIA.
**[14]** C-AirOp Ltd. is a subsidiary of CCC S.A. (50%). Having analysed the functions performed by the company's shareholders, the Management Board is of the opinion that the Group continues to control the operations and management of the company.
**[15]** On September 26th 2022, CCC Shoes & Bags Sp. z o.o. acquired 15.0% of shares in the associate Pronos Sp. z o.o. After the reporting date, on November 3rd 2022, CCC Shoes & Bags Sp. z o.o. sold 0.1% of shares in the associate. As a result of these transactions, CCC Shoes and Bags Sp. z o.o. increased its equity interest in Pronos Sp. z o.o. to 24.9%. Pronos Sp. z o.o. remains an associate of the Group.
**[16]** As at the reporting date, CCC Austria Ges.m.b.H was in liquidation.
**[17]** On April 12th 2023, the Management Board of HR Group filed for bankruptcy with the District Court of Osnabrück.

## CHANGES IN THE ORGANISATION OF THE CCC GROUP IN THE PERIOD FROM FEBRUARY 1ST 2022 TO JANUARY 31ST 2023

The parent registered new subsidiaries in Lithuania, Latvia and Estonia, each of them wholly owned by the parent. On March 29th 2022, a document was signed setting out general terms of the acquisition of assets from the Group's existing franchisees (Sabiedrība ar ierobežotu atbildību CCC Baltija of Latvia, OÜ CCC Baltija of Estonia, and UAB CCC Baltija of Lithuania). Their assets were acquired by the newly established local subsidiaries so as to enable the new CCC entities to continue to operate the existing stores at the same locations on a continuous basis. The transaction involved a total of 12 stores and the business model of the new subsidiaries will be similar to that of the other trade companies of the CCC Group. The purpose of the transaction was to simplify the structure of the CCC Group's business in Lithuania, Latvia and Estonia. Assets acquired included primarily inventories, retail space lease contracts, contracts with employees and other assets necessary to conduct the business. The Group estimates the total net outflow on the transaction at approximately EUR 650 thousand (i.e. the acquisition price adjusted for set-offs, including repayment of each franchisee's debt towards the Group).

A conditional agreement to sell 100% of shares in the Russian company to an entity outside the CCC Group for a price of RUB 0.5m was signed on April 6th 2022. In addition, the agreement conditionally relieved the Russian company from a portion of its debt to the CCC Group (USD 3.6m). The debt may be recovered by CCC if the EBITDA level defined in the agreement is achieved in 2023 and 2024. Since the probability of the recovering the debt is low, the Group did not recognise any assets in relation to this payment.

On May 17th 2022, following the fulfilment of conditions precedent, the shares were sold outside the CCC Group.

With respect to the Group's structure: Gino Rossi S.A. and CCC Turkey were sold outside the CCC Group, whereas CCC Austria, which discontinued operations, is in the process of liquidation.

Execution of a conditional agreement to acquire 75.1% of shares in CCC Ukraina Sp. z o.o.

## CHANGES IN THE ORGANISATION OF THE CCC GROUP AFTER THE REPORTING DATE

After the reporting date, on February 9th 2023, following fulfilment of the conditions precedent under a preliminary share purchase agreement, the Group acquired control of CCC Ukraina Sp. z o.o. of Lviv. Following the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina for a price of PLN 23.8m, offset against claims between a CCC Group entity and the existing shareholder of CCC Ukraina. The transaction will be settled in 2023.

## CHANGES IN MANAGEMENT APPROACH / MANAGEMENT STRUCTURES IN THE PERIOD FROM FEBRUARY 1ST 2022 TO JANUARY 31ST 2023

On September 29th 2022, Adam Marciniak resigned as Vice President of the Company's Management Board, with effect from September 29th 2022.

On January 17th 2023, the Supervisory Board passed a resolution to remove Crispin Derejczyk from his position as Vice President of the Management Board and from the Management Board of CCC S.A.

## CHANGES IN MANAGEMENT APPROACH / MANAGEMENT STRUCTURES OF THE CCC GROUP AFTER THE REPORTING DATE

No such changes occurred after the reporting date.

# EMPLOYEES OF THE CCC GROUP

The CCC Group's employees are a vital asset of the organisation – every day they work towards the achievement of the objectives set out in the Group's strategy, enhancing its growth potential. Employee commitment and efficiency translates into our Customers' and Shareholders' satisfaction.

## WORKFORCE STRUCTURE

As at the reporting date, the CCC Group's headcount was 15,418, having remained stable year on year. Store personnel continue to be the largest employee category (accounting for about 62% of total workforce), with administrative staff accounting for just under 27% and logistics and production personnel representing the smallest share of total workforce.

| | January 31st 2023 | | January 31st 2022 | | January 31st 2021 | | January 31st 2020 | |
|---|---|---|---|---|---|---|---|---|
| | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN |
| **All employees** | | | | | | | | |
| Store employees | 8,823 | 763 | 9,937 | 834 | 7,499 | 428 | 8,186 | 467 |
| Production personnel | 0 | 2 | 7 | 3 | 555 | 94 | 764 | 153 |
| Logistics employees | 1,160 | 535 | 859 | 318 | 774 | 436 | 822 | 579 |
| Administrative staff | 2,894 | 1,241 | 2,226 | 1,021 | 1,566 | 541 | 1,444 | 569 |
| **All employees** | **12,877** | **2,541** | **13,029** | **2,176** | **10,394** | **1,499** | **11,216** | **1,768** |

## EMPLOYMENT OF PEOPLE WITH DISABILITIES

The working conditions enable employment of people with disabilities. As at January 31st 2023, the Group employed 515 people with disabilities, accounting for nearly 3% of total workforce.

# CCC S.A. EMPLOYEES

## WORKFORCE STRUCTURE

As at January 31st 2023, CCC S.A. employed 5,439 staff, a decrease of 713 year on year.

CCC S.A.'s workforce includes mainly store employees, who accounted for 85% of all employees in the last financial year. Logistics employees represent 10% of the total workforce, while administrative staff – only 5%. Year on year, the number of employees fell by 12%. Details are provided in the table below.

| | January 31st 2023 | | January 31st 2022 | | January 31st 2021 | | January 31st 2020 | |
|---|---|---|---|---|---|---|---|---|
| | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN | WOMEN | MEN |
| **All employees** | | | | | | | | |
| Store employees | 4,439 | 199 | 4,944 | 161 | 3,834 | 109 | 4,428 | 157 |
| Logistics employees | 424 | 142 | 532 | 230 | 524 | 230 | 552 | 296 |
| Administrative staff | 147 | 88 | 170 | 115 | 149 | 64 | 227 | 71 |
| **All employees** | **5,010** | **429** | **5,646** | **506** | **4,507** | **403** | **5,207** | **524** |

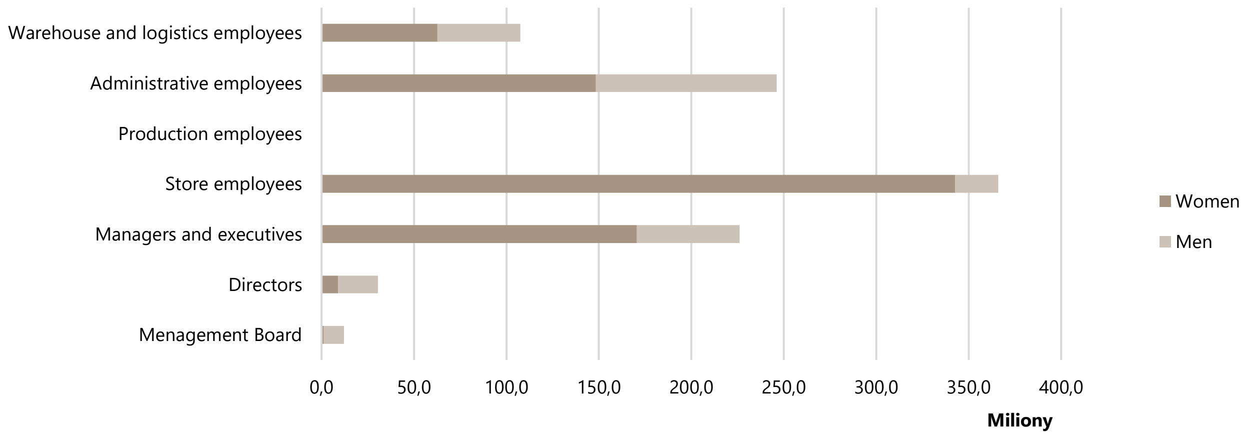
## EMPLOYMENT OF PEOPLE WITH DISABILITIES

The working conditions at CCC S.A. enable employment of people with disabilities. As at January 31st 2023, the Company employed 305 people with disabilities, representing approximately 6% of its total workforce.

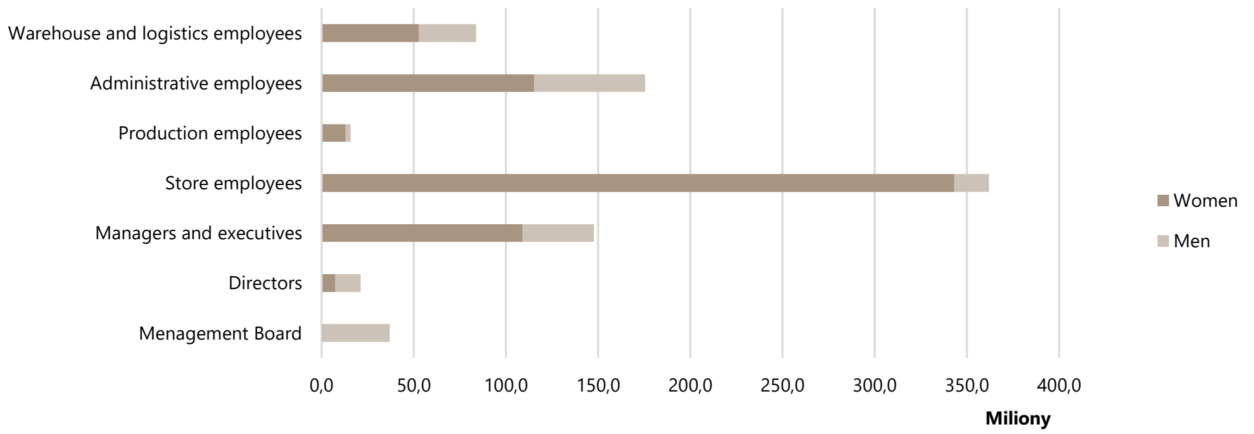
# REMUNERATION POLICY FOR ALL CCC GROUP EMPLOYEES

The Group's remuneration policy is based on the principle of equality, which means the amount of remuneration depends on an employee's skills, competencies, and dedication.

**In 2022, the relative shares of remuneration in the CCC Group were as follows:**




**In 2021, the relative shares of remuneration in the CCC Group were as follows:**




## DEVELOPMENT PROGRAMMES FOR EMPLOYEES

As the CCC Group, we strongly believe business success largely depends on the knowledge, competence, experience and commitment of our employees, therefore our approach to human resources management and employee relationships are vital to us. We make every effort to ensure that our Human Resources Policy is underpinned by ethical values, mutual respect, equal opportunities for employment, development and promotion, and team diversity. We believe that team diversity is a source of competitive advantage and that confrontation of different views, opinions, work styles, skills and experiences produces new quality and creates conditions leading to stronger business performance.

In the financial year 2022, we implemented the following initiatives to deliver on our goals relating to our responsibility towards people set out in the Sustainable Development Strategy:

| | |
|---|---|
| Year of CCC Values | Our recruitment, onboarding and development processes were based on the Group's values, communicated using practical examples with relevant training for managers. |
| Talent Hunt Programme | An employee referral programme implemented to promote employee engagement and attract top talent. |
| Recruitment process | - Implementation of recruitment satisfaction surveys for managers, candidates and internally recruited employees. |
| | - Quarterly recruitment planning introduced to enable informed personnel cost management. |
| Onboarding process | - Monthly online sessions held with experts in key business areas. |
| | - T-Shirt Day – office staff support store operations during a peak season in a project that has been added as a permanent fixture to the onboarding programme for office employees, who visit a store of their choice during their first week of work. |
| Training | - An e-learning course with certification launched on values-based recruitment and meaningful feedback for managers and directors. |
| | - A series of CCCode training sessions held for all employees to develop the following skills: |
| | - cooperation and team building |
| | - innovation and entrepreneurship |
| | - team's strength in diversity |
| | - communication with internal and external customers |
| | - planning of store work schedules. |
| Employee development programmes | - First Time Manager, continuation of a series of training courses under the leadership development programme for new and future leaders. |
| | - Top Leader's School, cyclical training programme with certification for store managers. |
| | |
| - High Performing Team | Workshops on how to build high performing teams. Workshop participants worked to enhance team performance and to increase team commitment and cooperation. |

**Training and education**

The overriding goal of the development policy is to upgrade employee skills, foster the knowledge sharing processes, ensure that training answers specific business needs, and develop competences that are in high demand. A number of employee training and education programmes and activities targeting specific employee groups were carried out in 2022. The key training themes in 2022 included:

| Retail | Administration |
|---|---|
| - Team management | - Own brand building |
| - Situational leadership | - Leadership skills enhancement |
| - Self-presentation | - Team communication |
| - Delegating tasks | - Collaboration and team building, communication with internal and external customers, innovation and entrepreneurship, diversity (CCCode) |
| - Advanced sales techniques | - SAP skills development |
| - Assertive behaviour | - GDPR knowledge enhancement |
| - Effective communication | - Excel |
| - Workday planning | - Negotiation skills development |
| - Business analytics | - AgilePM methodology training |
| - Training to improve product knowledge and customer service standards | - Cyber security |
| - Onboarding | |
| - Sales techniques | |

The CCC Group also holds periodic development conversations to raise employees' awareness of their strengths, weaknesses and competences in order to increase their effectiveness and improve the quality of their actions undertaken towards achieving goals and implementing personal development plans. Development conversations are held in a way that links their individual performance and their development potential. The evaluation conclusions are used in further career planning and implementation of business goals.

Development conversations are held regularly:

- every 6 months – conversations about goals supporting the implementation of strategies and competencies needed to deliver business tasks by employees
- every 12 months – conversations about skills/competencies.

In 2022, we also provided training focused on development conversations for all employees and consultations for managers regarding goal quality. Training provided during working hours is complemented by external education of employees in the form of training courses, conferences, symposia, seminars, workshops and studies financed or co-financed by the employer.

Employee upskilling programmes cover the Group companies and are tailored to their business profile and headcount.

So far, the CCC Group has not provided any training or assistance to upgrade employee skills during a transition period or manage career endings resulting from retirement or termination of employment.

**CCC International L&D Briefing**

In 2022, international cooperation in employee training and development was continued. Regular meetings to address employee training and upskilling needs in foreign markets.

**CCC Gift Card**

In early 2022, a new CCC gift card was launched on the Polish market, with relevant training provided to employees. During the year, additional materials supporting gift card sales were released during major sales campaigns.

**OMS Omnichannel Supply – foreign markets:**

As part of the project to deploy and support Order Management Systems (OMS) in foreign markets, offline workshops were carried out. Thanks to those systems, all stores can serve as warehouses for customers, which has significantly increased product availability.

Training sessions related to the project were delivered to acquaint our employees with the service.

Webinars and instructional videos were some of the training techniques used for this purpose.

**BACK TO SCHOOL, HALLOWEEN AND BLACK FRIDAY**

These are sales and marketing campaigns that include training activities to support sales teams in strengthening their business awareness. Training materials were developed in collaboration with foreign markets.

## ATTRACTING AND RECRUITING TALENT

As the CCC Group invests in employees to retain them for the long term, it values their experience and commitment, promoting internal recruitment and succession. Outside employees are only recruited if no members of the Group's own staff meet the requirements of a job.

The aim of the recruitment process is to hire the best candidates holding the required skills and qualifications who will perform the assigned tasks efficiently, take initiative and achieve pre-set goals. The recruitment process ensures equal opportunities and objective assessment of candidates with the use of appropriate selection tools. The organisational aspects of the process are provided for in the Recruitment Procedure.

The CCC Group implements various initiatives extending beyond standard recruitment announcements to reach potential candidates for a job. It establishes collaborative partnerships with universities across Poland, runs recruitment campaigns on social media, searches for and contacts potential candidates directly, collaborates with Job Centres, local websites and the press.

Candidates are encouraged to visit kariera.ccc.eu in order to learn more about CCC and the development opportunities it offers. In order to maintain smooth communication with candidates during the recruitment process, the Applicant Tracking System (ATS), is used allowing the Group to efficiently manage the recruitment process, from the creation of a job ad to the selection of the best candidate. The CCC Group is committed to employee development, therefore every recruitment process is initiated internally and communicated to the sales, warehouse, office and administrative personnel.

The CCC Group also focuses on the development of young talent – in 2022 it organised FashionTech Summer Camp, paid summer work placements for the best students and graduates in the areas of e-commerce, IT, CRM, marketing, product, finance and strategy. 76% of all student trainees decided to stay with us for longer. In 2022, we also launched our original Design Hub project, under which we engaged with local secondary schools, offering openings for apprentices in the product, creation, VM and marketing areas.

In the pursuit of our strategy to attract the best talent and leaders, we have implemented the 'Talen Hunt' programme of employee referrals to promote employee engagement and attract top talent. The programme was rolled out at CCC and HalfPrice.

We launched e-learning courses on values in the recruitment process, and an online training series for managers and directors. The purpose is to educate hiring managers on how to recruit based on values and competencies and how to provide meaningful feedback.

Seeking to continually improve our recruitment process, in December we implemented a survey to assess satisfaction with the process among both managers and employees. To optimise staff costs, we have put in place a quarterly recruitment planning process, based on which we can manage such costs in an informed manner and make relevant business decisions.

## COMMUNICATION

At the CCC Group, one of the strategic areas of the sustainable development strategy is a commitment to staff well-being. In 2022, based on earlier surveys, we developed our Human Resources Strategy for 2022–2025 with the vision of the 'Most admired Omnichannel FashionTech company in CEE by 2025' and 'We build a culture to attract, develop and engage top talent and leaders (for a long-term success)'.

The two key strategic pillars 'Culture and People' and 'Talent and Development' have been narrowed down to key projects in the strategic scorecards within the three key areas:

1) 'Attracting Top Talent' – focused on recruitment, workforce sourcing and employer branding activities;
2) 'Developing Talent' – based on development plans, leadership model and year-round performance reviews;
3) 'Creating an engaging work environment' – activities designed to build a consistent and attractive employee value proposition and a consistent and friendly work culture at CCC.

Key objectives of the HR strategy have been incorporated into the GO.25 business strategy.

2022 was the CCC Group's Values Year. During the Values Week, each core value was communicated based on practical examples translating into the daily activities of employees in all areas of the organisation. Values underlie our key recruitment, on boarding and development processes. A graphic representation of our values appears in key communication materials and on promotional items we distribute to employees and candidates. There is also an Ambassadors programme in place fostering the CCC Group's value-driven culture, in which employees have a chance to engage in image building projects.

As the CCC Group operates in keeping with strong ethical standards, in 2022 an Ethics Officer was appointed to oversee compliance with the Code of Ethics within the organisation. The function was established to implement processes and procedures preventing misconduct and take action if a breach of law, internal rules or ethical standards is reported.

For more information on employee matters, see the 'Employee' section of the Non-Financial Report.

# CCC GROUP COMMITMENT

## NON-FINANCIAL INFORMATION

In accordance with the Accounting Act and the principles of sustainable development incorporated in its strategy, the CCC Group has prepared a report containing key non-financial information about the Group. The CCC Group's Non-Financial Report, which forms an integral part of the annual Directors' Report, contains information about the Group's business model, key non-financial performance indicators related to the Group's operations, policies followed by the Group with respect to social, employee, and environmental matters, respect for human rights, anti-corruption and bribery, along with information on the outcomes of the implementation of those policies, as well as due diligence procedures. The Report also presents risks relating to the Group's business and the method of their management. In addition, the Report includes disclosures related to the EU Taxonomy, as described below.

The EU Taxonomy, introduced by Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 on the establishment of a framework to facilitate sustainable investment, applies to all companies reporting their non-financial information.

It provides a systematic framework allowing companies to show what proportion (%) of their business, analysed by turnover, capital expenditures (CapEx) and operating expenditures (OpEx), is environmentally sustainable.

According to the EU Taxonomy, an environmentally sustainable activity is one that simultaneously:

- Makes a substantial contribution to at least one environmental objective;
- Does no significant harm to any other environmental objectives;
- Is conducted in accordance with minimum safeguards;
- Meets the technical screening criteria set out in Annex I or II to Commission Delegated Regulation (EU) 2021/2138, as extended by Commission Delegated Regulation (EU) 2022/1214.

The EU Taxonomy is structured around six environmental objectives:

1) Climate change mitigation;
2) Climate change adaptation;
3) Sustainable use and protection of water and marine resources;
4) Transition to a circular economy;
5) Pollution prevention and control;
6) Protection and restoration of biodiversity and ecosystems.

The Non-financial Report has been drawn up in accordance with Core Global Reporting Initiative (GRI) Standards. It may serve the Group's key stakeholders as a source of reliable information on the non-financial aspects of the CCC Group's operations. For more information, see http://firma.ccc.eu/

# REPRESENTATIONS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

## Representation of the Management Board on accuracy of the financial statements

To the best of the knowledge of the Management Board of CCC S.A., the full-year consolidated financial statements and the comparative data have been prepared in compliance with the applicable accounting standards and give a true, clear and fair view of the CCC Group's assets, financial standing and financial results. The Directors' Report on the operations of the CCC Group gives a fair view of the Group's development, achievements and standing, and includes a description of key risks and threats.

## Representation of the Supervisory Board

## and information on the auditor

Pursuant to Par. 70.1.7 and Par. 71.1.7 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018, the Supervisory Board of CCC S.A. represents that:

- on May 24th 2021, the Supervisory Board passed a resolution to extend the engagement of Ernst & Young Audit Polska Sp. z o.o. Sp. k. of Warsaw, entered in the list of statutory auditors of financial statements maintained by the National Council of Statutory Auditors under Reg. No. 130, to review the half-year financial statements of CCC S.A. and the half-year consolidated financial statements of the CCC Group for the periods from February 1st to July 31st 2022 and from February 1st to July 31st 2023 and to audit the full-year separate financial statements of CCC S.A. and the full-year consolidated financial statements of the CCC Group for the years ending January 31st 2023 and January 31st 2024.
- the statutory auditor auditing the Company's full-year separate and consolidated financial statements was appointed in accordance with applicable laws,
- the audit firm and the auditors performing the audit on its behalf met the conditions required to prepare an impartial and independent audit report on the full-year separate and consolidated financial statements, in accordance with the applicable laws, professional standards and principles of professional ethics; the laws governing rotation of audit firms and lead auditors and mandatory cooling-off periods are observed at CCC S.A. and the CCC Group.
- CCC S.A. has in place a policy governing the selection of an audit firm and a policy governing the provision to the Company by the audit firm, its affiliate or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition on provision of certain non-audit services by the audit firm.

Pursuant to Par. 70.1.14 and Par. 71.1.12 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018, and pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of CCC S.A. represented that it assessed the following documents submitted by the Management Board:

- Directors' Report on the operations of the CCC Group in the period from February 1st 2022 to January 31st 2023,
- separate financial statements of CCC S.A. for the period from February 1st 2022 to January 31st 2023,
- consolidated financial statements of the CCC Group for the period from February 1st 2022 to January 31st 2023.

Following the assessment, the Supervisory Board determined that the Directors' Report on the operations of the CCC Group meets, in all material respects, the requirements set out in Art. 49 and Art. 55.2a of the Accounting Act and in the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018, and the information contained therein is consistent with the information presented in the audited separate financial statements of the Company and the consolidated financial statements of the CCC Group for the period from February 1st 2022 to January 31st 2023.

Furthermore, the Supervisory Board ascertained that the separate financial statements, the consolidated financial statements and the Directors' Report on the operations of the CCC Group for the period from February 1st 2022 to January 31st 2023, submitted by the Company’s Management Board, presented fairly and clearly all information which is necessary and relevant to the assessment of the Company’s and the Group’s assets and financial position, and were consistent with the underlying accounting records, documents and facts.

The Supervisory Board gave a positive assessment of the separate financial statements, the consolidated financial statements and the Directors' Report on the operations of the CCC Group for the period from February 1st 2022 to January 31st 2023, based on:

- the contents of the financial statements and report submitted by the Management Board;
- the reports prepared by the independent auditor, i.e. Ernst & Young Audyt Polska Sp. z o.o. sp. k. of Warsaw, on the audit of the Company's separate financial statements and the CCC Group’s consolidated financial statements, as well as the additional report for the Audit Committee, prepared pursuant to Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and in accordance with the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017;
- meetings with representatives of the audit firm, including with the lead auditor;
- information provided by the Audit Committee on the course, results and relevance of the audit for the reliability of the Company's financial reporting, as well as the Audit Committee's role in the audit of the financial statements;
- findings of other inspections performed in the selected financial and operating areas.

| AUDITOR'S FEES | February 1st 2022–January 31st 2023 | February 1st 2021–January 31st 2022 |
|---|---|---|
| CCC Group and CCC S.A. | | |
| Audit and reviews of financial statements | 0.9 | 0.5 |
| SUBSIDIARIES | | |
| Audit and reviews of financial statements | 0.6 | 0.3 |
| Other services | 0.8 | 0.0 |
| **TOTAL** | **2.3** | **0.8** |

# OTHER INFORMATION

## Parent’s branches (establishments)

As at the reporting date, the Parent had no branches (establishments).

## Major R&D achievements

Not applicable.

## Key capital and equity investments within the Group in the financial year.

The subsidiaries did not make any significant capital or equity investments in the reporting period. Any cash surplus is used to repay debt under overdraft facilities.

CCC

## Basis of preparation of the Directors' Report

This Directors' Report on the operations of the CCC Group and CCC S.A. covers the reporting period from February 1st 2022 to January 31st 2023, and the comparative period from February 1st 2021 to January 31st 2022. The Directors' Report was prepared in compliance with the separate financial statements as well as current and periodic reports. The Directors' Report is consistent with Par. 71.3 and Par. 71.4 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018, and contains elements required under Par. 68.5-6 applicable to issuers of securities in the manufacturing, construction, trade, and services sectors. Art. 55.2.5 in conjunction with Art. 49.2, Art. 49.3 and Art. 63d. of the Accounting Act of September 29th 1994 also apply. In the case of the Rules of the Warsaw Stock Exchange, Sections 29.1, 29.2, 29.3 and 29.5 apply.

## Contracts/agreements between the Company and the management staff

Not applicable.

## Pending litigation, arbitration or administrative proceedings

CCC S.A. is not party to any court proceedings where value of the dispute would exceed 10% of the Company's equity.

## Share buy-back

In the reporting period, CCC S.A. did not perform any buy-back of its own shares.

## Restrictions on voting rights at the Company

In the reporting period, there were no restrictions on the exercise of voting rights at the Company.

## Significant events subsequent to the reporting date that may have a material effect on the Company's future financial performance

#### Acquisition of CCC Ukraina

On February 8th 2023, following fulfilment of the conditions precedent under a preliminary share purchase agreement, the Group acquired control of CCC Ukraina Sp. z o.o. of Lviv. Following the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina for a price of PLN 23.8m, offset against claims between a CCC Group entity and the existing shareholder of CCC Ukraina. The transaction will be accounted for after the reporting date in 2023.
Under the share purchase agreement, the CCC Group has the right to purchase, and the existing shareholder has the right to sell, the remaining shareholding in CCC Ukraina, i.e. 23.9% of its shares, following approval of the financial statements of CCC Ukraina for the financial year ended January 31st 2028, at a price equal to six times EBITDA for the year ended January 31st 2028 multiplied by the 23.9% interest.

#### Bond redemption

On March 7th 2023, following a debt reduction trigger, a voluntary early redemption offer was announced with respect to Series 1/2018 Bonds with a nominal value of up to PLN 0.34m. The maximum number of Bonds that may be redeemed is 337. Redemption of the Bonds will take place on April 17th 2023.

#### Leaseback

The Management Board is engaged in continued analyses and work on a process whereby it expects to raise capital from sale and leaseback of the Group's selected property assets (the "Potential Transaction"), as announced by the Management Board in its opinion to the draft resolutions of the Extraordinary General Meeting held on November 17th 2022, and in the CCC Group's interim consolidated report for the nine months ended October 31st 2022.

As part of ongoing work on the Potential Transaction, the Management Board has obtained preliminary, non-binding offers to enter into the Potential Transaction involving sale and leaseback of warehouse properties located in Polkowice (six warehouse buildings with a total area of approximately 137,000 $m^2$) (the "Properties"), with lease terms between 15 and 20 years.

The Management Board is taking further steps to prepare and complete the Potential Transaction. Pursuant to a letter of intent signed on April 13th 2023 with one of potential investors (specialising in leaseback of logistics assets), providing for a transaction sum of approximately EUR 83m and yield rate of 7.95% in EUR, the Management Board plans to commence the due diligence phase, the result of which will constitute one of the conditions for proceeding to the next stage, including negotiations of detailed terms of the Potential Transaction. The entry into negotiations to work out detailed terms of the Potential Transaction in the next stage of the preparatory work would be announced separately in the fulfilment of the Company's disclosure obligations.

The Management Board also expects that the Potential Transaction will be conditional on a number of typical events, such as obtaining the necessary approvals from entities financing the CCC Group with respect to the Properties pledged as collateral in favour of the banks, obtaining appropriate tax rulings, and the Special Economic Zone's waiver of its right of first refusal to purchase the Properties. Furthermore, in the Management Board's opinion, obtaining the approvals from the entities financing the CCC Group and, as a result, completion of the Potential Transaction, may require refinancing of the existing debt, including debt under the Syndicated Agreement and other financing agreements (the Common Terms Agreements, or bilateral agreements with BGK guarantees), as well as refinancing (redemption) of bonds issued by entities of the CCC Business Unit. Accordingly, completion of the Potential Transaction as at the date of this Report remains uncertain and it cannot be ruled out that the Potential Transaction will not be concluded at all.

**Share issue**

On April 14th 2023, the Group received a letter from ULTRO S.à r.l. in which the Shareholder confirmed its intention and committed to subscribe and pay for new shares in CCC S.A. (the "Offered Shares"), to be issued on the basis of and on the terms and conditions specified in Resolution No. 3/NWZA/2022 of the Company's Extraordinary General Meeting of November 17th 2022, at the issue price specified in the said resolution, comprising at least 5,365,657 Offered Shares (for a total consideration of no less than PLN 193.75m). The stated number of shares (assuming that all the Offered Shares are subscribed for) is equal to the number of shares to which the Shareholder would be entitled in the exercise of its Pre-Emptive Right (as defined in the resolution).

| These consolidated financial statements were authorised for issue by the Management Board on April 16th 2023 | |
|---|---|
| Signatures of all Management Board members: | |
| Marcin Czyczerski | President and CEO |
| Karol Półtorak | Vice President |
| Adam Holewa | Vice President |
| Igor Matus | Vice President |