CCC

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS OF THE CCC GROUP
for the 12 months from February 1st 2022
to January 31st 2023

Contents

[all amounts in PLN million unless stated otherwise]

Consolidated statement of comprehensive income

NOTE		February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
	CONTINUING OPERATIONS		
3.1	Revenue	9,123.2	7,541.7
3.2	Cost of sales	-4,857.8	-4,016.4
	Gross profit	**4,265.4**	**3,525.3**
3.2	Costs of points of purchase and distribution	-3,815.1	-3,204.9
3.2	Administrative expenses	-399.5	-379.5
3.3	Other income	62.5	118.5
3.3	Other expenses	-119.9	-60.4
3.3	(Recognition) / Reversal of loss allowances (trade and other receivables)	-44.7	5.1
	Operating profit (loss)	**-51.3**	**4.1**
3.3	Finance income	54.0	42.4
3.3	Finance costs	-401.9	-195.2
6.3	Share of profit (loss) of associates	0.3	0.4
	Profit (loss) before tax	**-398.9**	**-148.3**
3.4	Income tax	-2.6	-68.3
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**-401.5**	**–216.6**
	DISCONTINUED OPERATIONS		
6.4	**NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**-42.4**	**24.3**
	NET PROFIT (LOSS)	**-443.9**	**–192.3**
	Attributable to owners of the parent	-417.6	-223.4
	Attributable to non-controlling interests	-26.3	31.1
	Other comprehensive income from continuing operations	**8.4**	**8.8**
	Items that may be reclassified to profit or loss:		
	Exchange differences on translating foreign operations	8.3	7.6
	Items that may not be reclassified to profit or loss:		
	Actuarial gains (losses) on employee benefits	0.1	1.2
	Other comprehensive income from discontinued operations	**-3.3**	**-2.4**
	Items that may be reclassified to profit or loss:		
	Exchange differences on translating foreign operations	–	-5.0
	Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	-3.3	2.6
	Total other comprehensive income, net	**5.1**	**6.4**
	TOTAL COMPREHENSIVE INCOME	**-438.8**	**-185.9**
	Comprehensive income attributable to owners of the parent from:	-412.3	-215.5
	- continuing operations	-366.6	-237.4
	- discontinued operations	-45.7	21.9
	Non-controlling interests	-26.5	29.6

	Weighted average number of ordinary shares (million)	**54.9**	**54.9**
	Basic earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**-7.61**	**-4.07**
	Basic earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**-6.84**	**-4.52**
	Basic earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**-0.76**	**0.44**
	Diluted earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**-7.61**	**-4.07**
	Diluted earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**-6.84**	**-4.52**
	Diluted earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**-0.76**	**0.44**

[all amounts in PLN million unless stated otherwise]

Consolidated statement of financial position

NOTE		January 31st 2023	January 31st 2022
5.1 5.5	Intangible assets	376.8	317.9
5.2 5.5	Goodwill	203.9	197.9
5.3 5.5	Property, plant and equipment – leasehold improvements	656.7	573.6
5.3 5.5	Property, plant and equipment – distribution	692.0	623.6
5.3 5.5	Property, plant and equipment – other	93.2	91.5
5.4 5.5	Right-of-use assets	1,379.9	1,388.9
3.4	Deferred tax assets	184.1	175.5
5.7	Loans	–	–
6.1	Other financial assets	11.2	11.2
6.1	Derivative financial instruments	–	5.5
5.4	Lease receivables	–	0.2
6.3	Investments in associates	3.5	0.9
	Investment property	–	6.1
5.7	Long-term receivables	–	1.0
	Non-current assets	**3,601.3**	**3,393.8**
5.5	Inventories	2,691.1	2,625.8
5.7	Trade receivables	143.8	226.1
3.4	Income tax receivable	53.5	17.2
5.7	Loans	–	–
5.7	Other receivables	178.7	293.4
5.8	Cash and cash equivalents	395.4	941.1
6.1	Derivative financial instruments	–	3.1
5.4	Lease receivables	0.3	0.2
	Current assets	**3,462.8**	**4,106.9**
	TOTAL ASSETS	**7,064.1**	**7,500.7**
4.2	Bank borrowings and bonds	1,370.5	1,914.6
3.4	Deferred tax liabilities	33.8	38.9
5.9	Other non-current liabilities	4.5	23.4
5.10	Provisions	13.0	14.4
5.3	Grants received	15.2	15.7
5.4	Lease liabilities	1,266.8	1,303.9
6.1	Liabilities arising from obligation to purchase non-controlling interests	31.1	64.8
5.9 6.1	Other non-current financial liabilities	6.5	34.5
	Non-current liabilities	**2,741.4**	**3,410.2**
4.2	Bank borrowings and bonds	1,155.7	545.0
5.9	Trade and other payables	1,389.5	1,480.1
5.9	Other liabilities	470.4	375.9

Consolidated financial statements for the 12 months from February 1st 2022 to January 31st 2023 [all amounts in PLN million unless stated otherwise]

3.4	Income tax liabilities	3.5	28.2
5.10	Provisions	14.5	17.4
5.3	Grants received	0.5	0.6
5.4	Lease liabilities	512.9	491.6
6.1	Liabilities arising from obligation to purchase non-controlling interests	173.3	0.1
6.1	Short-term derivative financial instruments	3.9	–
6.1	Other current financial liabilities	15.8	–
	Current liabilities	**3,740.0**	**2,938.9**
	TOTAL LIABILITIES	**6,481.4**	**6,349.1**
	NET ASSETS	**582.7**	**1,151.6**
	Equity		
4.1	Share capital	5.5	5.5
	Share premium	1,148.0	1,148.0
	Translation reserve	22.1	16.9
	Actuarial valuation of employee benefits	0.4	0.5
	Valuation of incentive scheme	–	0.6
	Retained earnings	-759.7	-186.3
	Equity attributable to owners of the parent	**416.3**	**985.2**
	Non-controlling interests	166.4	166.4
	TOTAL EQUITY	**582.7**	**1,151.6**
	TOTAL EQUITY AND LIABILITIES	**7,064.1**	**7,500.7**

[all amounts in PLN million unless stated otherwise]

Consolidated statement of cash flows

NOTE		February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
	Profit (loss) before tax	**-437.1**	**-125.2**
	Profit (loss) before tax from continuing operations	**-398.9**	**-148.3**
	Profit (loss) before tax from discontinued operations	**-38.2**	**23.1**
3.2	Depreciation/amortisation	584.5	577.3
5.1; 5.2; 5.3; 5.4	Impairment losses on property, plant and equipment, right-of-use assets, intangible assets and remeasurement to fair value of disposal group	48.6	2.1
	(Gain) loss on investing activities	-15.6	-21.2
	Share of profit (loss) of associates	-0.3	-0.4
4.2	Borrowing costs	336.9	146.7
4.4	Other adjustments to profit before tax	31.0	-94.2
3.4	Income tax paid	−81.5	−95.7
	Cash flow before changes in working capital	**466.5**	**389.4**
	Changes in working capital		
4.4	Change in inventories and inventory write-downs	-93.6	-433.3
4.4	Change in receivables and impairment losses on receivables	185.4	-100.7
4.4	Change in current liabilities, net of borrowings and bonds	-17.6	194.9
	Net cash flows from operating activities	**540.7**	**50.3**
	Proceeds from sale of property, plant and equipment	11.0	1.9
	Proceeds from settlement of leasehold improvements with landlords	39.8	34.8
5.1; 5.3	Purchase of intangible assets and property, plant and equipment	-455.1	−312.9
6.2	Effect of sale of NG2 s.a.r.l. and Karl Voegele AG	–	58.0
	Acquisition of financial assets	–	-1.0
6.2	Other investing expenditure	-4.8	–
	Net cash flows from investing activities	**-409.1**	**−219.2**
4.2	Proceeds from borrowings	55.1	939.3
4.2	Bond issue	–	860.0
4.1	Dividends and other distributions to non-controlling interests	–	-10.5
4.2	Repayment of borrowings	-144.9	-978.8
	Payments of commission fees on credit facilities	-2.8	–
	Lease payments	−410.6	-346.0
4.2	Interest paid	-198.1	-92.7
6.1	Acquisition of eobuwie.pl shares from MKK3	–	-720.0
6.1	Sale of shares to A&R and Polsat	–	1,000.0
	Other cash provided by financing activities	24.0	–
	Net cash flows from financing activities	**-677.3**	**651.3**
	TOTAL CASH FLOWS	**-545.7**	**482.4**
	Net increase/decrease in cash and cash equivalents	-545.7	482.4
	Cash and cash equivalents at beginning of period	**941.1**	**458.7**
	Cash and cash equivalents at end of period	**395.4**	**941.1**

[all amounts in PLN million unless stated otherwise]

Consolidated statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	VALUATION OF INCENTIVE SCHEME	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT							
As at February 1st 2022	**5.5**	**1,148.0**	**-186.3**	**16.9**	**0.5**	**0.6**	**166.4**	**1151.6**
Net profit (loss) for period attributable to owners of the parent	–	–	-417.6	–	–	–	–	-417.6
Net profit (loss) allocated to non-controlling interests	–	–	–	–	–	–	-26.3	-26.3
Actuarial valuation of employee benefits	–	–	–	–	0.1	–	–	0.1
Exchange differences on translation	–	–	–	8.5	–	–	-0.2	8.3
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	–	–	–	-3.3	–	–	–	-3.3
Total comprehensive income	**-**	**–**	**-417.6**	**5.2**	**0.1**	**–**	**-26.5**	**-438.8**
Measurement of employee option plan	–	–	-0.3	–	−0.5	-0.6	18.8	17.4
Acquisition of shares in subsidiary MODIVO S.A. in the performance of an investment commitment undertaken with Damian Zapłata, CEO of MODIVO S.A.	–	–	16.2	–	–	–	7.7	23.9
Other changes	–	–	-0.1	–	0.3	–	–	0.2
Recognition of option to purchase Modivo S.A. shares (5.01%) from MKK3 – recognition of liability under option to purchase shares in subsidiaries	–	–	-171.6	–	–	–	–	-171.6
Total transactions with owners	**-**	**–**	**-155.8**	**-**	**-0.2**	**-0.6**	**26.5**	**-130.1**
As at January 31st 2023	**5.5**	**1,148.0**	**-759.7**	**22.1**	**0.4**	**–**	**166.4**	**582.7**

[all amounts in PLN million unless stated otherwise]

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	EXCHANGE DIFFERENCES ON TRANSLATION	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	VALUATION OF INCENTIVE SCHEME	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT							
As at February 1st 2021	**5.5**	**1,148.0**	**-969.1**	**10.1**	**-12.8**	**–**	**128.1**	**309.8**
Net profit (loss) for period attributable to owners of the parent	–	–	-223.4	–	–	–	–	-223.4
Profit (loss) attributable to non-controlling interests	–	–	–	–	–	–	31.1	31.1
Actuarial valuation of employee benefits	–	–	0.5	–	0.6	–	0.1	1.2
Exchange differences on translation	–	–	–	4.2	–	–	-1.6	2.6
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	–	–	–	2.6	–	–	–	2.6
Total comprehensive income	**-**	**–**	**-222.9**	**6.8**	**0.6**	**–**	**29.6**	**-185.9**
Dividend approved	–	–	–	–	–	–	-10.5	-10.5
Measurement of employee option plan	–	–	–	–	–	0.6	0.2	0.8
Transfer of actuarial gains (losses) relating to a subsidiary over which control has been lost to retained earnings	–	–	-12.7	–	12.7	–	–	–
Purchase of non-controlling interests [1]	–	–	-19.0	–	–	–	19.0	–
Extinguishment of liability under option to purchase Modivo S.A. shares (obligation to purchase minority interests in Modivo S.A.)	–	–	749.0	–	–	–	–	749.0
Recognition of option to purchase Modivo S.A. shares (20.0%) from MKK3 – recognition of liability under option to purchase shares in subsidiaries	–	–	-711.6	–	–	–	–	-711.6
Transactions involving 20% of Modivo S.A. shares	–	–	1,000.0	–	–	–	–	1,000.0
Total transactions with owners	–	–	1005.7	–	12.7	0.6	8.7	1,027.7
As at January 31st 2022	**5.5**	**1,148.0**	**-186.3**	**16.9**	**0.5**	**0.6**	**166.4**	**1151.6**

Purchase of non-controlling interests relates to purchase of shares in CCC Russia OOO

[all amounts in PLN million unless stated otherwise]

NOTES

1. GENERAL INFORMATION

Company name:	**CCC Spółka Akcyjna**
Registered office:	**ul. Strefowa 6, 59-101 Polkowice, Poland**
Registry court:	**District Court for Wrocław-Fabryczna in Wrocław, 9th Commercial Division of the National Court Register**
Entry in the National Court Register (KRS) No:	**211692**
Principal business:	**The Company's principal business activity according to the European Classification of Business Activities is wholesale and retail trade in clothing and footwear (EKD 5142).**

Management Board:	**President:**	**Marcin Czyczerski**
	Vice President:	**Karol Półtorak**
	Vice President:	**Adam Holewa**
	Vice President:	**Igor Matus**

CCC S.A. (the "Company", the "parent"), the parent of the CCC Group, has been listed on the Warsaw Stock Exchange since 2004.
As at January 31st 2023, the CCC Group (the "CCC Group", the "Group") comprised the parent CCC S.A. of Poland, registered at ul. Strefowa 6 in Polkowice, and its subsidiaries.

From the end of the previous reporting period, there were no changes in the name or other identification data of the reporting entity.

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 the date of authorisation of these financial statements, the Management Board was composed of the persons specified above.

These consolidated financial statements of the CCC Group cover the 12 months ended January 31st 2023 and contain comparative data for the 12 months ended January 31st 2022.

These consolidated financial statements of the CCC Group for the 12 months ended January 31st 2023 were authorised for issue by the Management Board on April 16th 2023.

[all amounts in PLN million unless stated otherwise]

STRUCTURE OF THE CCC GROUP

The CCC Group consists of CCC S.A. (the parent) and its subsidiaries. In the 12 months 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 is presented below.

SUBSIDIARIES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT JANUARY 31ST 2023	EQUITY INTEREST AS AT JANUARY 31ST 2022
CCC Factory Sp. z o.o.	Polkowice, Poland	logistics	100%	100%
CCC Czech s.r.o.	Prague, Czech Republic	trade	100%	100%
CCC Slovakia s.r.o.	Bratislava, Slovakia	trade	100%	100%
CCC Hungary Shoes Kft.	Budapest, Hungary	trade	100%	100%
CCC Austria Ges.m.b.H [1]	Graz, Austria	trade	100%	100%
CCC Obutev d.o.o.	Maribor, Slovenia	trade	100%	100%
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	100%	100%
CCC Shoes Ayakkabycylyk Limited Sirketi [2]	Istanbul, Turkey	trade	0%	100%
C-AirOP Ltd. [3]	Douglas, Isle of Man	services	50%	50%
CCC.eu Sp. z o.o. [4]	Polkowice, Poland	procurement and sale	100%	100%
CCC Shoes & Bags Sp. z o.o.	Polkowice, Poland	investments	100%	100%
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	trade	100%	100%
Modivo S.A. [5]	Zielona Góra, Poland	trade	75%	75%
Modivo S.R.L. [6]	Alme, Italy	services	75%	n/a
eobuwie.pl Logistics Sp. z o.o.	Zielona Góra, Poland	logistics	75%	75%
eschuhe.de GmbH	Frankfurt am Oder, Germany	trade	75%	75%
Branded Shoes and Bags sp. z o.o.	Zielona Góra, Poland	services	75%	75%
eschuhe.CH GmbH	Zug, Switzerland	trade	75%	75%
Modivo.cz s.r.o. (formerly eobuv.cz s.r.o.) [7]	Prague, Czech Republic	trade	75%	75%
epantofi modivo s.r.l.	Bucharest, Romania	logistics	75%	75%
Modivo.lv SIA [8]	Riga, Latvia	logistics	75%	n/a
CCC Shoes & Bags d.o.o. Beograde	Belgrade, Serbia	trade	100%	100%
OBUV OOO (formerly CCC Russia OOO) [9]	Moscow, Russia	trade	0%	100%
Shoe Express S.A. [10]	Bucharest, Romania	trade	100%	100%
DeeZee Sp. z o.o. [11]	Kraków, Poland	trade	75%	75%
Gino Rossi S.A. [12]	Słupsk, Poland	trade	0%	100%
HalfPrice Sp. z o.o. [13]	Polkowice, Poland	trade	100%	100%
OFP Austria GmbH [14]	Graz, Austria	trade	100%	100%
OU CCC Estonia [15]	Tallinn, Estonia	trade	100%	0%
UAB CCC Lithuania [16]	Vilnius, Lithuania	trade	100%	0%
SIA CCC Shoes Latvia [17]	Riga, Latvia	trade	100%	0%
CCC Ukraina Sp. z o.o. [18]	Lviv, Ukraine	trade	0%	0%

ASSOCIATES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT JANUARY 31ST 2023	EQUITY INTEREST AS AT JANUARY 31ST 2022
HR Group Holding s.a.r.l. [19]	Luxembourg	trade	31%	31%
Pronos Sp. z o.o. [20]	Wrocław, Poland	services	25%	10%

[1] As at the reporting date, CCC Austria Ges.m.b.H was in liquidation.
[2] On January 27th 2023, CCC S.A. sold all the shares in CCC Shoes Ayakkabycylyk Limited Sirketi for USD 100.00. Gain on the disposal was PLN 0.3m.
[3] 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.
[4] 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%).
[5] 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.
[6] On February 1st 2022, the Modivo Group registered a new subsidiary Modivo S.R.L.
[7] On October 27th 2022, Eobuv.cz s.r.o. changed its name to Modivo.cz s.r.o.
[8] On December 1st 2022, the Modivo Group registered a new subsidiary Modivo.lv SIA.
[9] The shares in OBUV OOO (formerly CCC Russia OOO) were held by CCC Shoes & Bags Sp. z o.o. (75%) and CCC.eu Sp. z o.o. (25%). The change of the company's name from CCC Russia OOO to OBUV OOO was registered on April 27th 2022. On May 17th 2022, following the fulfilment of conditions precedent, the shares in that company were sold outside the CCC Group. The transaction is described in more detail in these financial statements in Note *Discontinued Operations*.
[10] 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%).
[11] DeeZee Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (75%).
[12] On July 21st 2022, Gino Rossi S.A. repurchased from the Company 182,192,764 shares, representing 99% of Gino Rossi S.A.'s share capital, with a view to their voluntary cancellation, for PLN 21.9m. The cancellation was registered after the reporting date, on March 22nd 2023. On January 8th 2023, the remaining 1% of the shares in Gino Rossi S.A. were sold outside the CCC Group for a price of PLN 1. Gain on the disposal was PLN 0.3m.
[13] 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.
[14] OFP Austria GmbH is a subsidiary of HalfPrice Sp. z o.o. (100%).
[15] 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.
[16] 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.
[17] 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.
[18] After the reporting date, 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 settled in 2023. For details of the acquisition, see '*Events after the reporting date*'.
[19] On April 12th 2023, the Management Board of HR Group filed for bankruptcy with the District Court of Osnabrück.
[20] On September 26th 2022, CCC Shoes & Bags Sp. z o.o. acquired 15.0% of shares in the associate Pronos Sp. z o.o. (for PLN 375,000.00); on November 3rd 2022, CCC Shoes & Bags Sp. z o.o. sold 0.1% of shares in the associate (for PLN 2,500.00). 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.

BASIS OF ACCOUNTING

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as approved by the European Union (IFRS). Some of the subsidiaries keep their accounts in accordance with the accounting policies defined in the Polish Accounting Act of September 29th 1994, as amended (the "Act"), and secondary legislation issued thereunder (the "Polish Accounting Standards"), or local accounting policies. These consolidated financial statements contain adjustments which are not disclosed in the subsidiaries' accounting books and which have been made to ensure compliance of the entities' financial statements with the IFRS.

The financial statements have been prepared on a historical cost basis except for investment property and derivative financial instruments, which are measured at fair value.

The data contained in these consolidated financial statements is presented in millions of Polish złoty, unless more accurate information is provided in specific cases. The functional and reporting currency of the parent is the Polish złoty (PLN). The functional currency of each subsidiary is determined separately, and used to measure that subsidiary's assets and liabilities.

BASIS OF CONSOLIDATION

These consolidated financial statements contain the financial statements of CCC S.A. and the subsidiaries. The subsidiaries are consolidated from the date the CCC Group acquires control until the date the Group ceases to control a given subsidiary. In the reporting period the Group controlled all of its subsidiaries. All transactions, balances, income and expenses between the consolidated related entities are eliminated on consolidation.

GOING CONCERN

These financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future, that is for at least 12 months from the reporting date. Below in this note are presented important issues, including uncertainties concerning circumstances that may pose risks to the Group continuing as a going concern.

These circumstances relate in particular to financial burdens associated with the existing credit facility agreements and debt instruments of the CCC Business Unit. To address these burdens, in 2023 the Company is implementing a plan to reduce and substantially or fully refinance the CCC Business Unit's debt.

As at January 31st 2023, the Group's current liabilities exceeded its current assets by PLN 277.2m, but this is not affecting the Group's ability to settle its liabilities as they fall due, as discussed in more detail below. As presented in Notes 5.1 and 5.2 to these financial statements, the Group's operations are financed through financial instruments, including mainly credit facilities and bonds. The debt outstanding under those instruments as at the reporting date was approximately PLN 2,526.2m. The Group companies also use reverse factoring in settlements with suppliers, with the debt outstanding as at the reporting date of PLN 250.8m.

As a result of the outbreak of the COVID-19 pandemic and the imposition of temporary restrictions on retail trade in the countries where the CCC Group operates, a priority task faced by the Company's Management Board was to enter into an agreement with the banks financing the Group's operations to ensure a stable level of financing for the duration of the pandemic and beyond.
Following discussions with the Group's financing institutions, long-term financing was provided to fund the Group's operations under the New Financing Agreement (Credit Facility Agreement of June 2nd 2021), as described in more detail in the CCC Group's consolidated financial statements for 2021.

On June 30th 2022, CCC.eu Sp. z o.o., a CCC Group company, signed an annex to the multi-purpose credit facility agreement of October 15th 2014 with Bank Pekao S.A. Under the annex, Bank Pekao S.A. extended the availability of the PLN 157.3m facility limit until March 9th 2023 and of the PLN 65.2m facility limit until June 30th 2023.
On November 7th 2022, Modivo S.A., a CCC Group company, signed an annex to the multi-purpose credit facility agreement of June 2nd 2021 with PKO BP S.A. Until the annex was signed, the available facility limit was PLN 123.2m (subject to timely repayments). Following the execution of the annex, the total facility limit was raised to PLN 180.0m (available fully as an overdraft facility). The annex also extended the limit availability period until November 21st 2023.

On October 27th 2022, an agreement was signed on extension of the financing available to the Group under the Common Terms Agreement of November 5th 2020 in the part including the liquidity guarantee of up to PLN 250m granted by Bank Gospodarstwa Krajowego (BGK), originally due to expire on October 30th 2022, but extended for a two-year period with a guarantee under the BGK Crisis Guarantee Fund. As regards the Common Terms Agreement and the remaining financing amount for the CCC Business Unit (the CCC Group excluding the Modivo Group), further terms were agreed with respect to the level of the financial ratios (financial covenants) set out in the financing agreements starting from October 31st 2022. The covenants were reduced as at October 31st 2022 and the following reporting dates.
Changes in financial ratios were also confirmed by the bondholders of CCC S.A. with respect to the Series 1/2018 bond issue agreement, containing the same ratios, as confirmed on October 24th 2022 by the Bondholders Meeting convened to obtain the Bondholders Meeting's consent to change selected financial ratios and to amend the Terms and Conditions of the Bonds.

In addition, on December 20th 2022, an annex was signed to the New Financing Agreement to partly refinance the CCC Group's outstanding debt to the Financial Institutions. The refinanced part of the debt was due for repayment 24 months after the annex date.

The refinanced amount was PLN 535.7m, secured by guarantees issued under the portfolio guarantee scheme of the BGK Liquidity Guarantee Fund, reduced by PLN 50m. Under the New Financing Agreement, Facility C was granted, in the form of a PLN 219.4m credit and reverse factoring facility, available until December 20th 2024 to refinance and repay the existing financing, with the available Facility B limit reduced by PLN 4.5m. At the same time, the Group was granted a PLN 270.9m credit and reverse factoring facility available until December 20th 2024, secured by guarantees issued under the BGK portfolio guarantee scheme.
It was also agreed that, by the end of 2023, the CCC Business Unit's debt would be reduced by no less than PLN 320m. Out of that total amount, its debt as at the reporting date was already reduced by PLN 50m.

The financing agreements of the CCC Group, including the CCC Business Unit and the Modivo Business Unit, are described in more detail in the 'Management of financial resources and liquidity' section of the Directors' Report.

The execution of annexes to the New Financing Agreement and the Common Terms Agreement, as well as the extension of financing with BGF guarantees and additional financing documents between CCC S.A., its subsidiaries, Modivo S.A. and financial institutions, were part of the CCC Group's financing renewal efforts aimed at ensuring a stable long-term financing level for the Group.

In response to material developments in the Group's external environment in 2020 and 2021, the Management Board decided to update and, in November 2021, published the updated GO.25 Everything Fashion Omnichannel strategy. For detailed information on the main goals and objectives of the strategy, to be achieved by 2025, see the '*CCC Group strategy. Execution and growth plans*' section of the full-year Directors' Report on the Group's operations Execution and growth plans.'

An element of the strategy for 2023 is an Annual Budget approved by the Supervisory Board. It was prepared taking into account certain macroeconomic estimates, including the inflation rate of 9.2% based on the available market analyses and close to the state budget assumption for 2023.
The key foreign exchange rates included in the budget were the EUR/PLN and USD/PLN exchange rates, assumed at 4.7 and 4.5, respectively. The average level of the key reference rate (1M WIBOR), determining the CCC Group's borrowing cost, was estimated based on internal analyses at 6.34%.

Implementation and delivery of all the measures, objectives, plans and financial projections are subject to numerous future risks and uncertainties, related for instance to Russia's invasion of Ukraine launched in February 2022.

The war in Ukraine had an impact on the overall macroeconomic landscape in Poland and abroad, weakening the purchasing power of consumers, which led to a slowdown of sales in 2022 below the level assumed in the Annual Budget for that year. On May 17th 2022, the shares in the Russian subsidiary were sold outside the CCC Group. The transaction is described in more detail in the '*Discontinued operations*' section. Nevertheless, after the reporting date, following the fulfilment of conditions precedent, the CCC Group acquired control of CCC Ukraina, operating the CCC franchise network in the Ukrainian market.

The Management Board of CCC S.A has identified the following as factors which may bear on the implementation of the Group's Annual Budget for 2023, including in view of the volatile conditions in the financial markets and as a result of changes in consumer behaviour:

- Further developments in Ukraine and Russia, which could have a significant, yet still difficult to predict, impact on many aspects of the business and its external environment described below;
- Macroeconomic risks, including general price growth in the economy affecting the prices of merchandise, services, salaries and wages, capital expenditure amounts, as well as a rise in operating expenses, especially in transport and logistics;
- Decline in consumer demand for products offered by the Group as a result of changing macroeconomic conditions (rising inflation, interest rates affecting borrowing costs and unemployment levels, falling real wages, etc.), as well as the Group's potential decisions to raise the prices of merchandise;
- Exchange rate movements affecting the performance of foreign operations and the cost of goods purchase, as well as rental costs;
- Fiercer competition in the market environment, especially in terms of product prices having an effect on the results generated in the course of day-to-day operations;
- Occurrence of unplanned and/or unforeseen changes in fashion trends and weather conditions;
- Changes in consumer behaviour due to the migration processes or postponement of purchasing decisions;
- Materialisation of operational risks, which may disrupt business continuity;
- Volatility on the financial markets, which may prevent the initial public offering of Modivo S.A. shares to be carried out as planned.

The risks and extraordinary circumstances identified above are a source of significant uncertainty regarding the delivery of the financial plans for 2023, including compliance with the financial covenants under the agreements financing the Group's operations, and thus also the Group's ability to continue as a going concern.

Under the financing agreements concluded by the Group, the Group is required to comply with certain financial covenants, separately for the CCC Business Unit and for the Modivo Business Unit, which were complied with in the financial year ended January 31st 2022 and as at that date, and also as at July 31st 2022, and – in the Management Board's opinion – as at January 31st 2023, subject to the issues described in this note. Based on the Annual Budget for 2023 prepared by the Management Board and to the best of its knowledge and belief, and also subject to the possible implementation of measures described below, the Group is in compliance with the covenants set out in the agreements (including, in particular, the reported EBITDA for individual interim periods and the net debt and net exposure/EBITDA, DSCR or DSCR with cash ratios, capital expenditure and year-end EBITDA) and is duly performing its obligations. For more details concerning the covenants, see '*Covenants/financial ratios'* in the 'Management of financial resources and liquidity' section of the Directors' Report.

The key element of the analysis of compliance with the financial covenants, including financial ratios, were parameters that could cause underperformance relative to the objectives set out in the Annual Budget for 2023 and failure to achieve the financial ratios that the Group, including separately for the CCC Business Unit and for the Modivo Business Unit, is required to comply with under its financing agreements. For that purpose, the Management Board has prepared a detailed analysis of the Annual Budget's sensitivity over the next 12 months, as well as scenarios of alternative measures, calculated the expected values of the financial ratios and compared them with the expectations of the banks and other institutions financing the Group's operations, taking into account the risks, events and actions described below.

The Management Board believes it has taken appropriate measures in order to implement the plans set out in the Annual Budget and in agreements with the institutions financing the Group's operations, including the CCC Business Unit and the Modivo Business Unit, and to ensure the Group and its business units (CCC and Modivo) retain liquidity even if their sales and/or margins and cash flows come in below the target levels.

In the Management Board's opinion, a number of measures are also available to offset the potential adverse effect of the risks listed above on the Group's financial performance, including separately for the CCC Business Unit and for the Modivo Business Unit. Such measures include cost savings in relation to the Annual Budget as well as further working capital optimisation, or a proposed capital increase which is to deleverage the business, as described below.

With respect to the CCC Business Unit, the Management Board's detailed analysis of the Annual Budget's sensitivity over the next 12 months indicated that if any the following key parameters changes over the year relative to the assumptions made in the Annual Budget as follows (ceteris paribus):

- average annual inflation increases by 5pp;
- average annual PLN exchange rate weakens by PLN 0.20 relative to the main currencies (EUR and USD);
- margin falls by 3.5pp (on a 12% decline in sales, taking into account the effect of a decrease in variable costs and available reductions in other costs);
- average annual 1M WIBOR changes by up to 2pp;

the financial covenants as at the successive testing dates will be achieved as required by the financing agreements.

Moreover, on November 17th 2022, an Extraordinary General Meeting convened at the request of the Company's main shareholder Ultro S.a.r.l. (a subsidiary of Dariusz Miłek) was held and voted on increasing the Company's share capital. Resolutions were passed to increase the Company's share capital by no less than PLN 0.2 and no more than PLN 1.4m through the issue of no fewer than 2 and no more than 14,000,000 ordinary shares with a par value of PLN 0.1 by way of a private placement. The Company intends to use the share issue proceeds to optimise its financing structure in view of high interest rates and the aim of reducing the Group's debt levels. The issue price was set at PLN 36.11 per share. After the reporting date, on April 14th 2023, the Group received a letter from Ultro s.a.r.l. where it committed to subscribe for the shares, as discussed in Note 'Events after the reporting date'**.**

As regards the Modivo Business Unit, most of the debt financing are bonds convertible into Modivo shares issued to SVF II Motion Subco (DE) LLC, a Softbank Group company, redeemable on the third anniversary of the issue date, unless previously converted into shares provided that Modivo S.A. carries out an initial public offering of its shares, or repaid. The bonds are presented under current liabilities because of the planned IPO and, if the IPO is carried out, their mandatory conversion into shares.
With respect to the bank financing of the Modivo Business Unit maturing in 2023, the Management Board of the Modivo Business Unit took steps to extend its availability and, on April 13th 2023, Modivo S.A. received a binding offer from Bank Polska Kasa Opieki S.A. to extend the availability period of the multi-purpose credit facility up to a total amount of PLN 260m contracted on October 26th 2017, its other terms and conditions unchanged, for another 12-month period, i.e. until April 29th 2024. The extension of the availability period will take effect after the relevant credit documentation has been signed, by April 29th 2023.

Later in the year, the Management Board of the Modivo Business Unit additionally intends to renew the PLN 180m financing from PKO BP maturing on November 21st 2023. During the financial year, the reverse factoring agreements will also be extended: reverse factoring facility of PLN 180m (renewal in 2023 for PLN 150m, including PLN 50m in products secured by BGK guarantees) from PEKAO S.A. and reverse factoring facility of PLN 140m from PKO BP, including a PLN 60m limit secured by a guarantee under the BGK Liquidity Guarantee Fund.

With respect to the financial covenants as at January 31st 2023, a one-off suspension of covenant testing was agreed with the institutions financing the Modivo Business Unit's operations, as described in Current Report No. 3/2023 of January 31st 2023. It was arranged with the banks in view of a material deterioration of the macroeconomic environment and slowdown in consumer demand seen in 2022 (following the outbreak of the war in Ukraine and growing inflation), affecting the performance of the multibrand e-commerce sector. As described in the 'Management of financial resources and liquidity' section of the Directors' Report, additional arrangements were made with the institutions financing the Modivo Business Unit after the reporting date. The first testing date for the Modivo Business Unit's financial covenants is July 31st 2023.

In addition, as part of the deleveraging plan, the Management Board of CCC S.A. took steps to raise capital by way of a leaseback of selected items of property, plant and equipment owned by the CCC Group companies (as described in detail in Note 6.8 'Events after the reporting date'), raise new financing (debt or equity) for selected entities or business lines of the Group (e.g., HalfPrice), as announced by the Group in a current report. The Management Board also upholds its plan to carry out an initial public offering of Modivo shares.

In conclusion, despite the risks and exceptional circumstances mentioned above, based on the Annual Plan for 2023, including the analyses and scenarios of alternative measures described above, and considering the execution of the agreements changing the financial ratios and extending the availability of the Group's financing, the Company's Management Board believes that adequate preventive measures have been taken or provided for to ensure that these risks are mitigated and the Group's plans are carried out, and has therefore drawn up the accompanying consolidated financial statements on a going concern basis.

SIGNIFICANT EVENTS AND TRANSACTIONS THAT OCCURRED AFTER THE END OF THE LAST ANNUAL REPORTING PERIOD

1. Russia's military aggression against Ukraine and the consequent sale of the subsidiary OBUV OOO – for more information, see Note 6.3.
2. For more information on the acquisition of assets in the Baltic States from franchisees of the Group, see Note 6.2.
3. Execution of agreements with institutions providing financing to the CCC Group, including to CCC S.A., described in the 'Going concern' section and in Note 6.4.
4. After the reporting date, 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 settled in 2023. For details of the acquisition, see '*Events after the reporting date*'.
5. 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.

EFFECT OF THE OUTBREAK OF WAR ON UKRAINE ON THE GROUP'S OPERATIONS

In the wake of Russia's unjustified and unprovoked attack on Ukraine, the Management Board decided to discontinue supplies to the Russian market and to suspend further development of the CCC Group's business in Russia by abandoning its expansion plans and consistent downscaling of the planned operations. The Group had 39 stores in Russia, which were operated by a subsidiary. The subsidiary was sold outside the Group on May 17th 2022. For more information, see Note 6.3.
In Ukraine, the Group operated via a franchise model, hence the Group's assets allocated to that market as at the reporting date were only trade receivables. After the reporting date, the Group acquired 75.1% of shares in CCC Ukraina Sp. z o.o., a franchisee. As a result, the Group commenced operations in the Ukrainian market via its own sales network. For details on the acquisition, see 'Events after the reporting date'.

EFFECT OF CHANGES IN THE ECONOMIC SITUATION ON THE VALUATION OF ASSETS AND LIABILITIES OF THE CCC GROUP

Inventory write-downs
For more information, see Note 5.5.

Expected credit losses (ECL)
The Group assesses expected credit losses ("ECL") associated with financial instruments measured at amortised cost, regardless of whether there is any indication of impairment.
With respect to short-term trade receivables without a significant financing component, lease receivables and other receivables, the Group applies the simplified approach provided for in IFRS 9 and measures impairment losses in the amount of credit losses expected over the entire lifetime of a receivable since its initial recognition.
In the case of receivables for which a case-by-case approach is justified, the Group measures the probability of default based on market data published by Moody's.

The Group's business involves mainly retail, digital and wholesale activities. Trade receivables relate mainly to the wholesale business and cooperation with franchisees (trade receivables in the retail and digital segments are not material). Allowances were recognised for receivables from entities in the case of which, in the Group's opinion, there was a risk of default.
With respect to those assets, the Group estimated an allowance for expected credit losses and recognised a PLN 44.7m impairment loss on receivables from customers in the reporting period (of which PLN 9.4m related to receivables from the franchisee operating in the Ukrainian market). As a result, the impairment loss on receivables from customers as at January 31st 2023 was PLN 100.8m.
The Group did not observe any material deterioration in collection rates or an increase in the number of bankruptcies or reorganisations among its other customers, except for two entities, for which appropriate impairment losses on receivables were recognised. Accordingly, the Group expects that the collectability of the remaining trade receivables disclosed in the statement of financial position as at January 31st 2023, maturing in the coming months, will remain substantially unchanged.

Another group of assets exposed to credit losses are loans. As at each reporting date, the Company assesses whether there has been no significant increase in credit risk of the financial asset in the form of loans and whether there exists no objective evidence of impairment. For the purposes of this assessment, the Management Board analyses the risk of repayment of loans, taking into account the Company's current financial condition. The Company measures the allowance for expected credit losses in an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance in an amount equal to lifetime expected credit losses.
Following an assessment of the borrower's credit risk, a loss allowance for receivables under loans advanced to an associate was recognised, covering 100% of the exposure in 2020.

For further information on the recognised loss allowances, see Notes 3.3 and 6.1.

Impairment of property, plant and equipment, intangible assets, goodwill and rights-of-use assets
As at January 31st 2023, following an assessment of indications of impairment, the need to test for impairment certain cash-generating units (stores) was identified and annual impairment tests were conducted for goodwill and intangible assets with indefinite useful lives (trademarks) – for more information, see Note 5.5. in the section entitled 'Impairment of assets'.

Other accounting matters and issues
As at the date of these financial statements, the Group did not identify any material risks related to potential breach of the terms of its existing trade and supply contracts.
As a result of the execution of financing agreements with banks, bondholders and other institutions, the Group is required to meet a number of covenants, which will be calculated and tested in subsequent reporting periods, as described in detail in the Directors' Report on the Group's operations in the section entitled 'Management of financial resources and liquidity'.
As at January 31st 2023, in the Management Board's opinion (subject to the issues described in Note 'Going concern'), none of the covenants was breached during the reporting period and until the date of authorisation of these financial statements for issue.

Based on its financial projections for subsequent reporting periods, the Group believes that the recognised deferred tax asset is recoverable.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items of the financial statements of individual Group entities are measured in the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated financial statements are presented in the Polish złoty (PLN), which is the functional currency of the parent and the presentation currency of the Group.

STATEMENT OF ACCOUNTING POLICIES

The accounting policies applied by the CCC Group companies did not change relative to those applied in the full-year financial statements for the financial year February 1st 2021 – January 31st 2022, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after February 1st 2022.

The Group changed the presentation of costs of points of purchase and other distribution costs in the consolidated statement of comprehensive income. As at February 1st 2022, these costs were presented as a single cost item headed Costs of points of purchase and distribution. Also, the Group changed the presentation of costs by nature of expense by aggregating costs of other services and other costs by nature of expense into a single item and by identifying a separate cost item headed Advertising. In the Group's opinion, these changes reflect the substance of cost aggregation and classification and the method used by management to analyse the items concerned. To ensure data comparability, the comparative data was restated accordingly.

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The parent and other Group companies were established for an indefinite period.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Preparation of financial statements in accordance with IFRSs requires using certain significant accounting estimates. It also requires the Management Board to exercise its own judgement in the application of the accounting policies adopted by the Group. Significant estimates made by the Management Board are presented in the individual notes.
The applied accounting policies and significant estimates and judgements for particular items of the statement of comprehensive income and the statement of financial position are presented below.

NOTE	TITLE	ACCOUNTING POLICY (Y/N)	SIGNIFICANT ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
1	Consolidation	Y	Y	11
3.1	Revenue	Y	Y	29
3.2	Cost of sales	Y	N	31
3.2	Costs of points of purchase and distribution	Y	Y	31
3.2	Administrative expenses	Y	Y	31
3.3	Other income and expenses, finance income and costs	Y	Y	34
3.4	Income tax	Y	Y	37
3.4	Deferred tax assets	Y	Y	37
3.4	Income tax liabilities	Y	N	37
4.1	Equity	Y	N	42
4.2	Bank borrowings and bonds	Y	Y	45
5.1	Intangible assets	Y	Y	52
5.3	Property, plant and equipment	Y	Y	56
5.3	Grants received	Y	N	56
5.4	Right-of-use assets and lease liabilities and receivables	Y	Y	59

[all amounts in PLN million unless stated otherwise]

5.6	Inventories	Y	Y	67
5.7	Loans	Y	Y	70
5.7	Trade receivables	Y	N	70
5.7	Other receivables	Y	N	70
5.8	Cash and cash equivalents	Y	N	72
5.9	Trade and other payables	Y	Y	73
5.9	Other liabilities	Y	N	73
5.10	Provisions	Y	Y	76
6.1	Financial instruments	Y	Y	79
6.2	Acquisition of subsidiaries and associates	Y	Y	90
6.3	Associates	Y	Y	92
6.4	Discontinued operations	Y	Y	94

New and amended accounting standards

The amended standards and interpretations which apply for the first time in 2022 do not have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 3: Amendments to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRSs 2018-2020 Cycle (issued on May 14th 2020).

The Company did not elect to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective in accordance with the European Union regulations.

Issued standards and interpretations which are not yet effective and have not been adopted by the Group early

The Group did not elect to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective in accordance with the European Union regulations.
The following are the standards and interpretations that have been issued by the International Accounting Standards Board but are not yet effective. As at the date of authorisation of these financial statements for issue, the Management Board had not completed its assessment of the effect of the standards and interpretations listed below on the accounting policies applied by the Group with respect to its business or financial result.

- IFRS 14 Regulatory Deferral Accounts (issued on January 30th 2014) − pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the issue of its final version (not endorsed by the EU by the date of authorisation of these financial statements for issue) ; effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11th 2014) − work leading to the approval of the amendments has been deferred by the EU for an indefinite period; effective date has been deferred by the IASB for an indefinite period;
- IFRS 17 Insurance Contracts (issued on May 18th 2017), including Amendments to IFRS 17 (issued on June 25th 2020) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of the Effective Date and Non-current Liabilities with Covenants

(issued on January 23rd 2020, July 15th 2020 and October 31st 2022, respectively); not endorsed by the EU as at the date of authorisation of these financial statements for issue; effective for annual periods beginning on or after January 1st 2024;

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22nd 2022) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after January 1st 2024.

The effective dates are those specified in the text of the standards issued by the International Accounting Standards Board. The effective dates of the standards in the European Union may differ from those specified in the text of the standards and are announced on approval of a standard by the European Union.

2. SEGMENTS AND REVENUE

Operating segments and revenue are presented in a manner consistent with internal reporting provided to the chief operating decision maker, on the basis of which the decision maker assesses the performance of the operating segments and decides on the allocation of resources. The Management Board of the parent is the chief operating decision maker.

The Management Board analyses the Group's business in terms of business lines and distinguishes:

- CCC,
- eobuwie,
- Modivo
- HalfPrice, and
- DeeZee.

Financial data prepared for the management reporting purposes is based on the same accounting principles as the principles applied in the preparation of consolidated financial statements. For detailed information on seasonality and periodic changes in sales, see Section 18 of the Directors' Report.

The operating and reportable segments identified by the Group are presented below.

Reportable segment	Overview of the reportable segment's activities and performance metrics
CCC omnichannel sales – sales via the CCC websites and offline stores operating in the CCC chain, as well as distribution.	The Group sells footwear, clothing, handbags, shoe care accessories, and small clothing accessories via retail stores and websites, and on a wholesale basis to Polish and foreign franchisees and other wholesale customers. The distribution activities are conducted by CCC.eu, which distributes merchandise to and outside the Group. The performance measures are gross profit on external sales and the segment's operating result (segment profit / (loss)), which is calculated as revenue less cost of goods sold, direct and indirect distribution costs of the retail chain, distribution network and websites, as well as costs of sales support units (costs of points of purchase and distribution), relevant administrative expenses and other income and expenses, adjusted for depreciation and amortisation.

Eobuwie omnichannel sales – sales via the eobuwie websites and through the offline stores operating in the eobuwie.pl chain.	The activities are carried out by the Modivo Group, which distributes goods through online channels and offline stores. The Group sells footwear, clothing, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. The performance measures are gross profit on external sales and the segment's operating result (segment profit / (loss)), which is calculated as revenue less cost of goods sold and direct and indirect costs of operating the omnichannel platform (including logistics costs), relevant administrative expenses and other income and expenses, adjusted for depreciation and amortisation.
Modivo omnichannel sales – sales via the Modivo websites and retail stores operating in the Modivo chain.	The activities are carried out by the Modivo Group, which distributes goods through the Modivo platform and offline stores. The Group sells clothing, footwear, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. The performance measures are gross profit on external sales and the segment's operating result (segment profit / (loss)), which is calculated as revenue less cost of goods sold and direct and indirect costs of operating the omnichannel platform (including logistics costs), relevant administrative expenses and other income and expenses, adjusted for depreciation and amortisation. The Modivo Group also manufactures clothing (the Rage Age, Simple, Sprandi, Amerianos, Togoshi, Gino Rossi brands).
HalfPrice omnichannel sales – sales via the HalfPrice websites and through offline retail stores operating within the HalfPrice chain.	The activities are conducted as the HalfPrice business line – sales at offline stores and via the website. The business comprises sales of clothing, footwear, accessories, cosmetics, toys, and homewares of known brands at attractive prices. The performance measures are gross profit on external sales and the segment's operating result (segment profit / (loss)), which is calculated as revenue less cost of goods sold and direct and indirect costs of operating the omnichannel platform (including rental costs, salaries and wages, logistics costs), relevant administrative expenses and other income and expenses, adjusted for depreciation and amortisation.
DeeZee sales – sales through the DeeZee online store and distribution.	The activities are carried out by DeeZee sp. z o.o., which distributes merchandise via Internet channels and conducts wholesale distribution of merchandise to and outside the Group. The company sells footwear, clothing, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. The performance measures are gross profit on external sales and the segment's operating result (segment profit / (loss)), which is calculated as revenue less cost of goods sold and direct and indirect costs of operating the omnichannel platform (including logistics costs), relevant administrative expenses and other income and expenses, adjusted for depreciation and amortisation.

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Reconciliation of the segment data for the consolidated financial statements is presented below.

February 1st 2022–January 31st 2023	CCC	eobuwie	MODIVO	HalfPrice	DeeZee	Total for operating segments
Revenue from sales to external customers	**4,175.2**	**3,081.3**	**895.0**	**843.1**	**115.8**	**9,110.4**
Gross profit	**2,178.6**	**1,274.7**	**366.9**	**390.7**	**54.5**	**4,265.4**
Gross margin (gross profit on sales/revenue from sales to external customers)	*52%*	*41%*	*41%*	*46%*	*47%*	*47%*
SEGMENT PROFIT 1 [1]	**280.8**	**108.7**	**34.8**	**16.8**	**9.2**	**450.3**
Administrative expenses, other expenses and income, and (recognition) / reversal of loss allowances	-366.3	-90.1	-25.3	-15.9	-3.9	-501.6
Depreciation/amortisation	-425.1	-64.0	-7.8	-84.2	-1.1	-582.2
SEGMENT PROFIT 2 (EBITDA) [1]	**339.6**	**82.6**	**17.3**	**85.1**	**6.4**	**530.9**
Segment assets:			**January 31st 2023**			
Inventories	1,044.8	962.2	335.7	328.3	20.1	2,691.1
in stores	617.7	98.6	4.5	162.6	–	883.4
in the central warehouse	427.1	863.6	331.2	165.7	20.1	1,807.7

[1] In these consolidated financial statements, the Group additionally presents, besides the previously reported Segment Profit (Segment Profit 1, defined as gross profit less costs of points of purchase and distribution) relative to the interim condensed consolidated financial statements issued in 2022, also Segment Profit 2 (EBITDA), which represents Segment Profit 1 less administrative expenses and other expenses, plus other income, and (recognition) / reversal of loss allowances, adjusted for depreciation and amortisation. The change 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.
EBITDA is not a measure defined in IFRS and so its calculation method may vary between entities.
Assets of the reportable segments, regularly presented to the chief operating decision maker, comprise only inventories. Other assets and liabilities are monitored at the Group level and are not allocated to operating segments.

February 1st 2021–January 31st 2022	CCC	eobuwie	MODIVO	HalfPrice	DeeZee	Total for operating segments
Revenue from sales to external customers	**3,697.1**	**2,853.3**	**540.0**	**236.9**	**108.0**	**7,435.3**
Gross profit	**1,910.3**	**1,233.9**	**216.9**	**107.8**	**56.4**	**3,525.3**
Gross margin (gross profit on sales/revenue from sales to external customers)	*52%*	*43%*	*40%*	*46%*	*52%*	*47%*
SEGMENT PROFIT 1 [1]	**80.4**	**230.8**	**46.3**	**-37.8**	**2.1**	**321.8**
Administrative expenses, other expenses and income, and (recognition) / reversal of loss allowances	-235.8	-49.5	-7.4	-19.3	-4.3	-316.3
Depreciation/amortisation	-464.9	-54.5	-5.0	-35.7	-1.2	-561.3
SEGMENT PROFIT 2 (EBITDA) [1]	**309.5**	**235.8**	**43.9**	**-21.4**	**-1.0**	**566.8**

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Segment assets:	**January 31st 2022**					
Inventories	1,450.6	750.0	211.9	142.9	27.1	2,582.5
in stores	669.1	74.7	–	52.4	–	792.1
in the central warehouse	781.5	675.3	211.9	90.5	27.1	1,786.3

[1] In these consolidated financial statements, the Group additionally presents, besides the previously reported Segment Profit (Segment Profit 1, defined as gross profit less costs of points of purchase and distribution) relative to the interim condensed consolidated financial statements issued in 2022, also Segment Profit 2 (EBITDA), which represents Segment Profit 1 less administrative expenses and other expenses, plus other income, and (recognition) / reversal of loss allowances, adjusted for depreciation and amortisation. The change 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.
EBITDA is not a measure defined in IFRS and so its calculation method may vary between entities.
Assets of the reportable segments, regularly presented to the chief operating decision maker, comprise only inventories. Other assets and liabilities are monitored at the Group level and are not allocated to operating segments.

	February 1st 2022–January 31st 2023			February 1st 2021–January 31st 2022		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS
Revenue	**9,110.4**	**12.8**	**9,123.2**	**7,435.3**	**106.4**	**7,541.7**
SEGMENT PROFIT (LOSS) 1	**450.3**	**–**	**450.3**	**321.8**	**-1.4**	**320.4**
Administrative expenses, other income and expenses, and (recognition) / reversal of loss allowances	-501.6	–	-501.6	-316.3	–	-316.3
Depreciation/amortisation	-582.2	–	-582.2	-561.3	–	-561.3
SEGMENT PROFIT 2 (EBITDA)	**530.9**	**–**	**530.9**	**566.8**	**-1.4**	**565.4**
Finance income	54.0	–	54.0	42.4	–	42.4
Other finance costs	-401.9	–	-401.9	-195.2	–	-195.2
Share of profit (loss) of associates	0.3	–	0.3	0.4	–	0.4
Profit (loss) before tax	**-398.9**	**–**	**-398.9**	**-146.9**	**-1.4**	**-148.3**
	January 31st 2023			**January 31st 2022**		
Segment assets:						
Inventories	2,691.1	–	2,691.1	2,582.5	43.3	2,625.8
Material income (expenses):						
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	–	–	–	−2.2	–	−2.2

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Geographical information

Revenue from sales to external customers:

February 1st 2022–January 31st 2023		Revenue					
Markets / Segments		CCC	eobuwie	MODIVO	HalfPrice	DeeZee	Total
Poland	**Poland**	**2,653.1**	**1,104.3**	**285.8**	**659.9**	**115.8**	**4,818.9**
Central and Eastern Europe	Czech Republic	372.3	264.5	71.7	34.1	–	742.6
	Slovakia	210.0	114.4	37.4	16.2	–	378.0
	Hungary	300.6	188.5	40.0	36.4	–	565.5
	Romania	320.0	324.7	140.1	2.0	–	786.8
	Bulgaria	71.4	181.2	73.4	–	–	326.0
	Slovenia	62.0	24.5	4.1	18.7	–	109.3
	Croatia	102.4	71.8	14.2	11.7	–	200.1
	Lithuania	5.6	87.6	26.2	–	–	119.4
	Latvia	13.5	19.7	2.6	–	–	35.8
	Estonia	11.8	1.1	–	–	–	12.9
	Russia	–	–	–	–	–	–
	Serbia	47.7	–	–	–	–	47.7
	Ukraine	–	8.9	29.7	–	–	38.6
	Total	**1,517.3**	**1,286.9**	**439.4**	**119.1**	**–**	**3,362.7**
Western Europe	Austria	3.0	7.9	1.5	64.1	–	76.5
	Switzerland	–	51.0	–	–	–	51.0
	Germany	–	182.5	39.1	–	–	221.6
	France	–	49.6	11.7	–	–	61.3
	Spain	–	16.5	–	–	–	16.5
	Italy	–	144.3	28.9	–	–	173.2
	Sweden	–	7.2	–	–	–	7.2
	Greece	1.8	231.1	88.6	–	–	321.5
	Total	**4.8**	**690.1**	**169.8**	**64.1**	**–**	**928.8**
CCC Group	**Total**	**4,175.2**	**3,081.3**	**895.0**	**843.1**	**115.8**	**9,110.4**

[all amounts in PLN million unless stated otherwise]

February 1st 2021–January 31st 2022		**Revenue**					
Markets / Segments		CCC	eobuwie	MODIVO	HalfPrice	DeeZee	Total
Poland	**Poland**	**2,413.5**	**989.3**	**186.0**	**198.4**	**108.0**	**3,895.2**
Central and Eastern Europe	Czech Republic	259.8	229.0	40.0	8.2	–	537.0
	Slovakia	171.9	132.0	32.0	–	–	335.9
	Hungary	264.5	195.0	27.0	10.0	–	496.5
	Romania	269.7	289.0	68.0	–	–	626.7
	Bulgaria	47.2	148.0	36.0	–	–	231.2
	Slovenia	56.2	13.0	–	–	–	69.2
	Croatia	85.7	54.0	7.0	2.4	–	149.1
	Lithuania	–	102.0	20.0	–	–	122.0
	Russia	–	–	–	–	–	–
	Serbia	40.2	–	–	–	–	40.2
	Ukraine	–	48.0	19.0	–	–	67.0
	Total	**1,195.2**	**1,210.0**	**249.0**	**20.6**	**–**	**2,674.8**
Western Europe	Austria	87.5	–	–	17.9	–	105.4
	Switzerland	–	41.0	–	–	–	41.0
	Germany	–	187.0	23.0	–	–	210.0
	France	–	52.0	8.0	–	–	60.0
	Spain	–	17.0	–	–	–	17.0
	Italy	–	124.0	14.0	–	–	138.0
	Sweden	–	7.0	–	–	–	7.0
	Greece	0.9	226.0	60.0	–	–	286.9
	Total	88.4	654.0	105.0	17.9	–	865.3
CCC Group	**Total**	**3697.1**	**2,853.3**	**540.0**	**236.9**	**108.0**	**7,435.3**

The above information on revenue is based on data on the store location in the case of offline sales or based on the country to which purchased goods are shipped in the case of digital sales (e-commerce).

[all amounts in PLN million unless stated otherwise]

Non-current assets:

NON-CURRENT ASSETS (NET OF OTHER FINANCIAL ASSETS AND DEFERRED TAX)	January 31st 2023	January 31st 2022
Poland	2,052.3	1,860.1
Czech Republic	247.1	252.3
Hungary	218.1	222.9
Romania	270.5	250.5
Other	618.0	553.5
Total non-current assets (excluding other financial assets and deferred tax)	**3,406.0**	**3,139.30**

3. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1. REVENUE

ACCOUNTING POLICY

Revenue
IFRS 15 establishes a five-step model for recognition of revenue under contracts with customers.
In accordance with the standard, revenue is recognised at the amount of consideration to which the entity is entitled in exchange for the transfer of promised goods or services to the customer.
The Group recognises revenue at the moment of handing over the goods to the customer in the value reflecting the price expected by the entity in return for the handover of those goods and services.
Revenue includes revenue from sales of merchandise and products generated in the ordinary course of business. Revenue is recognised at the fair value of the consideration received or due from sale of merchandise, finished goods and services in the ordinary course of the Group's business. Revenue is presented net of value added tax, refunds, rebates and discounts, as well as after elimination of intra-Group sales.
Revenue from the sale of gift cards is recognised at the time when goods paid for with such card are delivered to the customer. Until that time, gift cards paid but not realised are recognised in the statement of financial position as liabilities under contracts with customers.

Revenue – wholesale
The Group sells footwear, handbags, shoe care accessories and small clothing accessories on the domestic and foreign wholesale markets. Revenue is recognised when control of goods is transferred to the counterparty.

Revenue – retail
The Group sells footwear, clothing, handbags, shoe care accessories, cosmetics and homewares through its own chain of stores in Poland and abroad. Revenue is recognised when the goods are released to the customer in the store. Retail sales are usually made for cash or using payment cards. The Group operates a customer return policy of 14 days from the purchase date at CCC and 100 days at eobuwie and Modivo for offline sales. For members of the CCC Club, the return policy is as follows:

- CCC Standard – 30 days,
- CCC Silver – 60 days,
- CCC Gold – 120 days.

Revenue from sales of merchandise – digital
The Group sells footwear, handbags, shoe care accessories, clothing and accessories as well as homewares through online stores operating in the Polish and foreign markets. Revenue from sales is recognised at the time of release of goods to the courier and adjusted accordingly as at the reporting date taking into account the date of receipt of the delivery by the customer. In the case of sales where the method of payment is cash on delivery, the Group recognises receivables from the courier service under trade receivables. If goods have not been delivered but the online payment has been credited to the Group's account, the Group recognises a contract liability under other liabilities at the time of receipt of the payment. The Group operates a customer return policy of 14 days from the purchase date at CCC or a longer period for CCC Club members (as described above), and 100 days at eobuwie and Modivo in the case of digital sales. As at the reporting date, the amount of potential returns resulting from the consumer's right of withdrawal in distance and off-premises contracts was also estimated.
The Group estimates the value of customer returns based on historical data and returns made after the reporting date in the case of retail and digital sales.

Loyalty Programme
The Group operates the 'CCC Club' Loyalty Programme aimed at promoting and advertising the CCC Group and the CCC Group companies by making them more widely known and encouraging customers to buy their products and use their services. In accordance with the Programme rules, after joining the CCC Club the Group's customers are entitled to dedicated benefits during a one-year period, with the value of the benefits depending on how much they have spent on their purchases. The one-year period is counted from the date of making a purchase or exceeding a fixed value threshold for a particular group of benefits ('Standard' for purchases of up to PLN 399, 'Silver' for

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purchases worth between PLN 400 and PLN 799, and 'Gold' for purchases of more than PLN 799). The Group's customers participating in the Programme are offered discounts for their next purchases. Detailed rules of the Programme are available on the Group's website. Additional benefits, such as discounts from the Programme partners, are not liabilities of the Group and are therefore their disclosure in the Group's financial statements is not subject to IFRS 15. The 'priority to buy dedicated collections' is not a 'substantial right' of a Programme participant, as the Programme rules do not guarantee the right to purchase dedicated collections at preferential prices.

Revenue from contracts with customers by category is presented below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Revenue		
Footwear	6,613.8	5,787.2
Bags	580.2	448.9
Clothing	1,166.7	619.9
Other [1]	634.5	386.2
Total omnichannel sales	**8,995.2**	**7,242.1**
Wholesale	**128.0**	**299.6**
Total	**9,123.2**	**7,541.7**

[1] 'Other' includes primarily (by value): shoe care products, insoles, belts, wallets, socks, jewellery and accessories, homeware and beauty products.

As data for the current reporting period includes discontinued operations, the comparative data was restated.

The Group conducts retail and digital sales to retail customers, and sales to none of the customers exceeded 10% of total revenue.
Revenue was increased following a change in the liability recognised under contracts with customers by PLN 0.6m (in the corresponding period of the previous year, revenue was reduced following the recognition of the liability by PLN 14.5m). As at the reporting date, the liability under contracts with customers amounted to PLN 13.9m, compared with PLN 14.5m as at January 31st 2022.
In the financial year 2022, the Group's omnichannel revenue rose 24.21% year on year. The growth was driven by development of the Group's omnichannel model and expansion of the range of products available.

3.2 COSTS BY NATURE OF EXPENSE

ACCOUNTING POLICY

Cost of sales
The Group recognises as cost of sales:
- cost of merchandise sold,
- cost of packaging used in sales,
- cost of goods sold,
- cost of provisions for warranty repairs (Note 5.9),
- inventory write-downs,
- impairment losses on property, plant and equipment and intangible assets used to manufacture goods or to provide services (depreciation of production machinery), salaries and wages of the production personnel, and other production costs.

Costs of points of purchase and distribution
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 includes mainly:
- salaries and wages of employees in stores and organisational units supporting sales,
- depreciation of property, plant and equipment,
- depreciation of right-of-use assets,
- advertising costs,
- variable lease payments (sales-based rents),
- low value and short-term leases,
- retail tax,
- other costs.

Administrative 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.

Grants
If a grant relates to a specific cost item, it is recognised as a reduction of the costs the grant is intended to compensate. Where a grant relates to an asset, its fair value is recognised as deferred income (presented in the line item 'Grants received' in equity and liabilities in the statement of financial position), and is then gradually released to profit or loss over the expected useful life of the asset in equal annual instalments as other income.

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February 1st 2022–January 31st 2023	COST OF SALES	COSTS OF POINTS OF PURCHASE	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-4,819.4	–	–	-4,819.4
Raw material and consumables used	–	-182.8	–31.6	-214.4
Inventory write-downs	-38.4	–	–	-38.4
Salaries, wages and employee benefits	–	-980.0	-186.9	-1,166.9
Transport services	–	-470.0	-0.5	-470.5
Other rental costs – utilities and other variable costs	–	-300.9	–27.3	-328.2
Advertising	–	-965.0	–2.2	-967.2
Depreciation/amortisation	–	-532.4	-49.8	-582.2
Taxes and charges	–	-45.8	–5.7	-51.5
Other costs	–	-338.2	–95.5	-433.7
Change in products and work in progress	–	–	–	–
Total	**-4,857.8**	**-3,815.1**	**-399.5**	**-9,072.4**

February 1st 2021–January 31st 2022	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-3,924.3	–	–	-3,924.3
Raw material and consumables used	-44.9	-162.5	-24.2	-231.6
Inventory write-downs	-8.0	–	–	-8.0
Salaries, wages and employee benefits	-26.8	-789.7	-136.6	-953.1
Transport services	–0.5	-405.6	-0.7	-406.8
Other rental costs – utilities and other variable costs	–	-225.2	-22.1	-247.3
Advertising	–	-783.9	-8.7	-792.6
Depreciation/amortisation	–0.5	–508.9	-51.9	-561.3
Taxes and charges	–	-34.8	-6.6	-41.4
Other costs	-2.1	-294.3	-128.7	-425.1
Change in products and work in progress	-9.3	–	–	-9.3
Total	**-4,016.4**	**-3,204.9**	**-379.5**	**-7,600.8**

Due to the presentation of discontinued operations in the current-period data and change of cost presentation (combination of costs of points of purchase and other distribution costs), data for the comparative period was restated.

Cost of sales related to continuing operations grew by 20.9% year on year, while revenue rose by 21.0%. The increase was due mainly to revival of sales in the retail channel, development of the digital channel and the omnichannel model, expansion of the product portfolio, and the launch of sales in the HalfPrice segment. To a significant extent, the increase in cost of merchandise sold was attributable to the appreciating foreign currencies. The growth in margins was a combined effect of higher initial-price sales and discount policy management, among other factors. The decrease in raw material and consumables used and in salaries, wages and employee benefits under cost of sales is attributable to discontinued production at two CCC Group companies: Gino Rossi S.A. and CCC Factory Sp. z o.o.

Costs of points of purchase and distribution under continuing operations increased by PLN 610.2m year on year, driven mainly by:

- PLN 190.3m increase in costs of salaries, wages and employee benefits, being a consequence of development of the sales channels, mainly e-commerce within omnichannel, store closures during lockdowns, and government subsidies received towards salaries, wages and employee benefits in 2021;

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- 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, and rising service charges and energy prices;
- PLN 23.5m increase in depreciation expense due to expansion of the sales channels with concurrent 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.

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.

Components of employee benefits are presented below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Wages and salaries	-944.4	-761.2
Social security contributions	-172.5	-135.6
Retirement benefit costs	–	–
Other post-employment benefits	-1.6	-5.8
Other employee benefit expenses	-30.1	-21.2
Costs of contributions to PPK	-3.1	-2.7
Costs of incentive scheme	-15.2	-26.6
Total:	**-1,166.9**	**-953.1**

As data for the current reporting period includes discontinued operations, the comparative data was restated.

[all amounts in PLN million unless stated otherwise]

3.3 OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

ACCOUNTING POLICY

Other income and expenses
Other income and expenses include income and expenses from non-core activities, such as gains or losses on disposal of property, plant and equipment, 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 and costs
Finance income and costs of the Group include interest expense, commission fees, and foreign exchange gains and losses on financing activities.

Grants

For information on the accounting policies applied to government grants, see Note 3.2.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Other expenses		
Loss on disposal of property, plant and equipment	-15.7	-11.7
Impairment losses on property, plant and equipment and on intangible assets	–	-2.1
Interest and penalties	-12.6	-0.8
Other	-30.9	-13.6
Foreign exchange losses on items other than debt	-60.7	-32.2
Total other expenses	**-119.9**	**-60.4**

As data for the current reporting period includes discontinued operations, the comparative data was restated.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
(Recognition) / Reversal of loss allowances (trade receivables)		
Impairment losses on trade receivables	-44.7	5.1
(Recognition) / Reversal of loss allowances (trade receivables), total	**-44.7**	**5.1**

The Group recognised loss allowances of PLN 44.7m for trade receivables which, in the Management Board's opinion, are uncollectible due to a deterioration of the financial condition or bankruptcy of the trading partner. For detailed information on the underlying assumptions for the recognition of impairment losses, see Note 6.1. *Financial instruments and risk management*

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	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Other income		
Compensation	4.3	2.5
Reversal of impairment losses on non-current assets	0.4	–
PFRON wage subsidies	3.6	3.6
Gain on settlement of leasehold improvements with landlords	5.1	15.7
Gain on settlement of lease contracts	22.4	25.2
Grants	0.9	1.7
Forgiven PFR loan	–	51.0
Gain (loss) on disposal of company	0.3	–
Other	25.5	18.8
Total other income	**62.5**	**118.5**

As data for the current reporting period includes discontinued operations, the comparative data was restated.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Finance costs		
Interest on borrowings and bonds	-293.4	-106.5
Interest on leases	-42.4	-44.4
Foreign exchange gains (losses)	-43.8	-0.9
Commission fees paid	-8.6	-16.6
Valuation of options to purchase non-controlling interests	-1.8	-17.7
Gain (loss) on modification of credit facility agreement	–	-5.6
Costs of bank guarantees	-6.1	-2.9
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	–	-0.6
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	-1.2	–
Other finance costs	-4.6	-0.0
Total finance costs	**-401.9**	**-195.2**

As data for the current reporting period includes discontinued operations, the comparative data was restated.

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	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Finance income		
Interest income on cash in current account and other interest income	6.3	-0.4
Foreign exchange gains (losses)	–	2.6
Measurement of derivative financial instruments (embedded derivatives)	–	0.8
Measurement of derivative financial instruments (forwards)	–	2.1
Accounting for sale of Gino Rossi	–	–
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	–	4.7
Other finance income	0.6	8.7
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	13.4	–
Valuation of options to purchase non-controlling interests	33.7	23.9
Total finance income	**54.0**	**42.4**

As data for the current reporting period includes discontinued operations, the comparative data was restated.

In the reporting period, finance income went up by PLN 54.0m year on year, to PLN 11.6m, and included mainly:

- PLN 33.7m valuation of a call option over non-controlling interests in the subsidiary DeeZee Sp. z o.o., an increase of PLN 9.8m year on year,
- PLN 13.4m valuation of a derivative financial instrument (Equity Kicker) embedded in bonds issued to PFR.

Items reported under finance income: derivative financial instruments embedded in bonds issued to PFR – Equity Kicker, derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option, and valuation of the option to purchase non-controlling interests, are described in more detail in Note 6.1.

Finance costs went up by PLN 401.9m year on year, to PLN 206.7m, and were driven mainly by:

- Interest expense on borrowings and bonds of PLN 293.4m, compared with PLN 106.5m in the previous year. The increase reflected higher debt service costs following a series of interest rate rises by the National Bank of Poland and measurement of debt under convertible bonds at amortised cost;
- Foreign exchange gains of PLN 43.8m (PLN 0.9m in the comparative period).

For detailed information on the loans and sureties, broken down by gross carrying amount, credit exposure, impairment losses and the level of fair value hierarchy, see Note 6.1.

Net of income tax of PLN 2.6m, the CCC Group's net loss on continuing operations for 2022 was PLN 401.5m, up by PLN 184.9m year on year.

3.4 TAXATION

Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent changes, with the effect being lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents which could be followed. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and diverse interpretations of tax regulations, both between various public authorities and between public authorities and businesses.
Tax settlements and other areas of activity (e.g. customs or foreign exchange control) may be subject to inspections by the authorities that are entitled to impose high fines and penalties, and any additional tax liabilities resulting from such inspections must be paid with high interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.
The amounts presented and disclosed in the financial statements may therefore change in the future as a result of a final decision by a tax inspection authority.
Whenever there is uncertainty as to whether and to what extent a tax authority would accept a tax settlement, the Company discloses such settlement taking into consideration the assessed uncertainty.
On January 7th 2021, the Management Board of CCC S.A. made a decision to establish the CCC Tax Group (the "CCC Tax Group"). The CCC PGK consists of the following companies:

- CCC Spółka Akcyjna, which will be the parent of the CCC Tax Group;
- CCC Shoes & Bags Spółka z ograniczoną odpowiedzialnością, which will be a subsidiary.

The agreement establishing the CCC Tax Group was concluded for a period of three fiscal years, i.e. for the tax years beginning on March 1st 2021, February 1st 2022 and February 1st 2023.

ACCOUNTING POLICY

Mandatory charge on profit comprises current income tax (CIT) and deferred income tax. Current tax expense is calculated on taxable profit for the reporting period in the countries where the company and its subsidiaries operate and generate taxable income, at the rates applicable in that country. Changes in estimates relating to previous years are recognised as an adjustment to the charge for the current year.

Uncertainty over recognition of income tax

If, in the opinion of the Group, it is probable that the Group's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Group determines the taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the approach to taxation planned or applied in its tax return. In assessing this probability, the Group assumes that the tax authorities with the power to audit and challenge the tax treatment will conduct such an audit and will have access to all information. If the Group determines that it is not probable that the tax authority will accept the Group's treatment of a tax issue or group of tax issues, the Group reflects the effect of the uncertainty in the accounting treatment of the tax in the period in which it determines it. The Group recognises an income tax liability using one of the following two methods, whichever better reflects the way in which the uncertainty is likely to materialise:

- The Group determines the most likely scenario – this is a single amount from among possible outcomes, or
- the Group recognises the expected amount – the sum of probability-weighted amounts from a range of possible outcomes.

Deferred tax assets and liabilities are recognised due to differences between the carrying amounts of assets and liabilities and their corresponding tax bases and on unused tax losses. Such differences arise where depreciation/amortisation is accounted for differently for accounting and tax purposes, and also due to the accounting treatment of assets (which for tax purposes will be realised as tax depreciation in future periods) or provisions (which for tax purposes will be recognised when the relevant costs are incurred). Differences (other than acquisitions) related to the initial recognition of an asset or liability that do not affect the taxable profit or loss at the time of recognition of the asset are excluded.
Temporary differences also arise in intra-Group acquisitions and reorganisations. In the case of acquisitions of third parties, temporary differences arise from the measurement of assets and liabilities to their fair value without affecting the tax base of those assets and liabilities – the deferred tax liability or assets arising from those differences adjust goodwill (gain from bargain purchase). In the case of intra-Group reorganisations, deferred tax assets or liabilities arise as a result of recognition of change in the carrying amount of assets or liabilities for tax purposes (e.g. trademark) without their simultaneous recognition in the statement of financial position due to the elimination of the result on intra-group transactions – the effects of recognising the related deferred tax assets and liabilities are taken to profit or loss for the period, unless the related transactions affected other comprehensive income or equity. Taxable temporary differences relating to goodwill are excluded, but if the tax base of goodwill arising in a transaction is higher than its carrying amount then deferred

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tax assets are recognised on initial recognition of goodwill if it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.
Deferred tax assets and liabilities are calculated using current (or practically effective) tax rates. Deferred tax assets and liabilities are offset at individual units that have the right to settle current tax on a net basis.
Deferred tax assets are recognised to the extent that it is highly probable that taxable profit will be available to realise deductible temporary differences and tax losses, or when taxable temporary differences are expected to be realised simultaneously. Only amounts in excess of this amount are disclosed.
The Group carefully evaluates the nature and extent of evidence supporting the conclusion that it is highly probable that sufficient future taxable profit will be available to allow the deduction of unused tax losses, unused tax credits or other deductible temporary differences.
When assessing whether it is highly probable that future taxable profit will be achieved (probability above 50%), the Group takes into account all available evidence, both that supporting the existence of probability and that supporting the absence of probability.

TAX ON TRANSACTIONS ON CIVIL LAW
On April 11th 2019, CCC.eu sp. z o.o. received a decision of tax authorities to initiate tax proceedings to determine the amount of tax liability arising from acquisition of an organised part of business. On August 23rd 2019, the Company received a decision from the tax office stating that the Company, in calculating and paying the tax on civil law transactions, understated its amount by PLN 21,160,496.00. The decision was upheld by a higher instance authority. The Company appealed against the decision. Although the proceedings were not closed, the Company recognised a tax liability in the 2019 accounts of PLN 21,160,496.00 plus interest of PLN 7,040,050.00. The Company filed a complaint against the decision of the Director of the Tax Administration Chamber with the Provincial Administrative Court in Wrocław. The Court overturned the decision of the Tax Administration Chamber. The parties filed cassation complaints.
On May 12th 2022, the Supreme Administrative Court dismissed the Company's cassation complaint and granted the cassation complaint filed by the Chamber. As a result of the dispute resolution, the Company is obliged to pay tax on transactions under civil law plus interest. The Company recognised an additional provision for interest expense of PLN 4.1m. On July 13th 2022, the Company received a decision permitting it to pay the liability on account of tax on transactions under civil law, in the amount of PLN 17.1m plus interest of PLN 10.1m, in seven instalments payable each month from August 1st 2022 to February 1st 2023.
As at the reporting date, the amount of the liability plus interest was PLN 4.0m (January 31st 2022: PLN 28.0m), presented under 'Other liabilities'. The Company has taken steps to seek further means of appeal in the above case.

AMOUNTS OF INCOME TAX RECOGNISED IN PROFIT OR LOSS AND THE STATEMENT OF CASH FLOWS

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Current income tax expense	-16.4	-82.5
Adjustments to current income tax for prior years	–	-7.2
Deferred tax	13.8	22.6
Income tax recognised in statement of comprehensive income	**-2.6**	**-67.1**
discontinued operations	–	1.2
Current tax recognised in profit or loss	16.4	89.7
Balance of CIT liabilities/(receivables) at beginning of period	11.0	17.0
Balance of CIT receivables/(liabilities) at end of period	50.0	-11.0
Other changes	4.1	–
Tax paid recognised in statement of cash flows	**81.5**	**95.7**

[all amounts in PLN million unless stated otherwise]

TAX RATES APPLIED AND RECONCILIATION OF INCOME TAX EXPENSE

The table below shows the countries in which the Group earns highest taxable income, with tax rates applicable in the jurisdictions.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Poland	19.00%	19.00%
Czech Republic	19.00%	19.00%
Hungary	10.00%	10.00%
Slovakia	22.00%	22.00%
Other countries	8.47% - 25%	8.47% - 25%
Weighted average rate of income tax	**19.00%**	**18.93%**

Income tax on profit before tax of the Group differs from the theoretical amount that would have been assessed using the weighted average tax rate applicable to consolidated profits of the companies.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Profit (loss) before tax	**-444.3**	**-145.9**
including profit (loss) from continuing operations	-398.9	–148.3
including losses from discontinued operations	-45.4	2.4
Weighted average tax rate	19%	19%
Tax calculated at weighted average tax rate	84.5	27.7
Tax effects of the following items:		
non-taxable income	6.6	1.9
other non-deductible expenses (permanent differences)	-24.6	-3.4
realisation of the temporary difference for which no deferred tax was recognised	3.8	53.9
tax relating to previous year	2.2	-7.2
transaction involving 20% of Modivo S.A. shares	–	-53.2
tax losses with respect to which no deferred tax assets were recognised	-64.1	-77.2
other adjustments	-15.3	-9.6
Income tax expense	**-6.9**	**-67.1**
including continuing operations	-2.6	-68.3
including discontinued operations	-4.3	1.2

[all amounts in PLN million unless stated otherwise]

BALANCES OF AND CHANGES IN DEFERRED TAX

Changes in deferred tax assets and liabilities during the year are presented below.

	January 31st 2023	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2022
Assets			
Trademarks	7.2	-6.2	13.4
Inventories – adjustment of margin on intra-group sales	8.6	-1.6	10.2
Impairment of assets: inventories and receivables	5.1	3.8	1.3
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	1.4	-0.6	2.0
Provisions for liabilities	23.1	-7.6	30.7
Special economic zone relief	50.2	-3.1	53.3
Other	43.7	21.1	22.6
Tax losses	–	-0.3	0.3
Measurement of lease contracts	53.3	6.3	47.0
Total before offset	**192.6**	**11.8**	**180.8**
Liabilities			
Accelerated tax depreciation of property, plant and equipment	–	-4.1	4.1
Accrued interest	–	0.1	-0.1
Other	10.6	7.6	3.0
Purchase of intangible assets disclosed on acquisition of subsidiaries	31.7	-5.4	37.1
Total before offset	**42.3**	**-1.8**	**44.1**
Offset	8.5	3.2	5.3
Deferred tax balances as disclosed in statement of financial position	**–**	**–**	**–**
Assets	184.1	8.6	175.5
Liabilities	33.8	-5.1	38.9

	January 31st 2022	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2021
Assets			
Trademarks	13.4	-4.1	17.5
Inventories – adjustment of margin on intra-group sales	10.2	-1.0	11.2
Impairment of assets: inventories and receivables	1.3	0.3	1.0
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	2.0	-0.7	2.7
Provisions for liabilities	30.7	14.3	16.4
Special economic zone relief	53.3	-4.9	58.2
Other	22.6	15.5	7.1
Tax losses	0.3	0.3	–
Measurement of lease contracts	47.0	-2.6	49.6
Total before offset	**180.8**	**17.1**	**163.7**

[all amounts in PLN million unless stated otherwise]

Liabilities			
Accelerated tax depreciation of property, plant and equipment	4.1	-1.4	5.5
Accrued interest	-0.1	-4.1	4.0
Other	3.0	0.5	2.5
Purchase of intangible assets disclosed on acquisition of subsidiaries	37.1	–0.5	37.6
Total before offset	**44.1**	**-5.5**	**49.6**
Offset	5.3	-6.3	11.6
Deferred tax balances as disclosed in statement of financial position	–	–	–
Assets	175.5	23.4	152.1
Liabilities	38.9	0.8	38.0

SIGNIFICANT ESTIMATES REGARDING RECOGNITION OF DEFERRED TAX ASSETS. UNRECOGNISED DEFERRED TAX ASSETS

Realisation and reversal of temporary differences requires the Management Board to make significant estimates in respect of the expected taxable results of each Group entity. Recognition of deferred tax assets in excess of the recognised deferred tax liabilities indicates that it is probable that the Group will be able to realise future economic benefits.
Periods when the recognised deferred tax assets and liabilities are expected to be realised are presented below.

PERIODS WHEN RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES ARE EXPECTED TO BE REALISED	January 31st 2023		January 31st 2022	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	112.5	4.1	63.2	8.1
1-2 years	14.0	2.0	22.0	4.2
2-3 years	10.4	2.0	20.4	2.0
3-5 years	20.5	4.1	33.7	4.0
over 5 years	26.7	21.6	36.2	20.6
Total	**184.1**	**33.8**	**175.5**	**38.9**
Unrecognised	206.6	–	198.6	–
Deferred tax assets related to tax losses	206.6	–	198.6	–

The Management Board of CCC S.A. estimated the recoverable amount of deferred tax assets in the current and previous years. The assessment primarily included an analysis of taxable profit based on from historical data and an analysis of the growth forecasts for the Group companies. Following an assessment of the potential use of tax losses at CCC.eu Sp. z o.o., Gino Rossi S.A. (in the comparative period), CCC Shoes & Bags d.o.o. Beograd and CCC Russia OOO (in the comparative period), the Management Board decided not to recognise deferred tax assets on tax losses incurred by the companies in the current year and in previous years. In the reporting period, the amount of unrecognised tax loss asset increased by PLN 77.1m. The amount of tax loss incurred in the current period by CCC.eu Sp. z o.o. was PLN 286.5m, and by CCC Shoes & Bags d.o.o. Beograd – PLN 3.4m.The total amount of unrecognised tax loss asset was PLN 206.6m (in the previous year: PLN 198.6m), relating mainly to CCC.eu Sp. z o.o. (PLN 203.5m). Under the applicable tax laws, the tax losses of these companies can be used over the period of five years.

4. DEBT; CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

The purpose of capital risk management is to protect the Group's ability to continue its operations so as to ensure a return on capital for the shareholders and benefits for other stakeholders, and to maintain a cost-optimised capital structure. In accordance with the Group's policy, the amount of dividend may not be lower than 33% or higher than 66% of the Group's consolidated net profit attributable to owners of the parent, provided that the ratio of net debt to EBITDA (understood as operating profit (loss) before depreciation and amortisation) as at the end of the financial year for which the dividend is to be distributed is less than 3.0. Under the New Financing Agreement, dividend may be paid on satisfaction of certain conditions, including: The Net Exposure / EBITDA ratio for the CCC Business Unit (i.e. the CCC Group excluding Modivo S.A. and its subsidiaries) lower than 2.5, with the proviso that the dividend may not be paid earlier than two years after the execution of the said agreement – details of the covenants are described in the Directors' Report on the Group's operations in the '*Management of financial resources and liquidity*' section.

For detailed information on the dividend policy, see '*Dividend policy*' in the full-year Directors' Report on the Group's operations. To maintain or adjust the capital structure, the Group may adjust the amount of dividends declared to be paid to shareholders, return capital to shareholders, issue new shares or sell assets in order to reduce debt.

Similarly to other entities in the industry, the Group monitors its capital using the debt ratio. The ratio is calculated as net debt to total equity. Net debt is calculated as total borrowings (comprising short- and long-term credit facilities and bonds issued as disclosed in the consolidated statement of financial position) less cash and cash equivalents. The total amount of capital is calculated as the sum of the equity disclosed in the consolidated statement of financial position and the net debt.

EQUITY

ACCOUNTING POLICY

Equity is recognised through disaggregated data, in accordance with legal regulations and the relevant provisions of the Articles of Association. Components of equity:

- share capital of the parent is recognised at the amount specified in the Articles of Association and disclosed in the court register,
- share premium,
- translation reserve,
- actuarial valuation of employee benefits,
- valuation of incentive scheme – for more information, see Note 6.6,
- retained earnings created from distribution of profit or loss, retained earnings, and net profit (loss) for the reporting period.

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

SHARE CAPITAL

As at January 31st 2023 and January 31st 2022, the parent's share capital comprised 54.9m shares with a par value of PLN 0.10, including 48.22m ordinary shares and 6.65m shares with voting preference. As at January 31st 2023 and January 31st 2022, the share capital was PLN 5.5m. As at the reporting date, the share capital was fully paid up and registered. Shareholders have the pre-emptive right to acquire registered preference shares intended for sale.

ULTRO s.a.r.l. of Luxembourg controls the parent, with a 31.12% equity interest and a 38.32% voting interest. This entity is dependent on Dariusz Miłek, Chairman of the Supervisory Board of CCC S.A. Other shareholder information is presented in the Directors' Report.

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SHARE PREMIUM

Capital reserves comprise mainly share premium and amounts from accounting for equity-settled share-based employee benefit plans. As at January 31st 2023, statutory reserve funds were PLN 1,148.0m (as at January 31st 2022: PLN 1,148.0m).

RETAINED EARNINGS

Retained earnings include: retained earnings (loss) from previous years (including amounts transferred to statutory reserve funds as required under the Code Commercial Companies) and net profit of the year. As at January 31st 2023, retained earnings were negative at PLN 759.7m. As at January 31st 2022, retained earnings were negative at PLN 186.3m.

EARNINGS (LOSS) PER SHARE

Earnings (loss) per share are calculated as the quotient of net profit (loss) for the reporting period attributable to holders of ordinary shares of the parent and the weighted average number of ordinary shares outstanding in the period. Diluted earnings (loss) per share are calculated as the quotient of net profit (loss) for the reporting period attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding in the period adjusted for the weighted average number of ordinary shares that would be issued upon conversion of all potentially dilutive equity instruments into ordinary shares.

For the 12 months ended January 31st 2023, basic and diluted loss per share was PLN 7.61. In the 12 months ended January 31st 2022, basic and diluted loss per share was PLN 4.07.

DIVIDEND

On June 15th 2022, the Annual General Meeting of CCC S.A. passed Resolution No. 5/ZWZA/2022 to allocate the net profit of PLN 442.2m for the financial year February 1st 2021 – January 31st 2022 to the Company's statutory reserve funds (in accordance with the Company's accounting policy, retained earnings (loss) from previous years (including amounts transferred to statutory reserve funds) are presented under retained earnings).
In the current year, the Company did not declare or pay any dividend.

SUBSIDIARIES WHERE NON-CONTROLLING INTERESTS ARE MATERIAL

Financial information on the subsidiaries holding non-controlling interests that are material to the Group is presented below.

Name	Place of business	January 31st 2023	January 31st 2022
Modivo Group	Poland	25%	25%
DeeZee Sp. z o.o.	Poland	25%	25%
C-AirOP Ltd.	Isle of Man	50%	50%

[all amounts in PLN million unless stated otherwise]

CONDENSED FINANCIAL INFORMATION OF SUBSIDIARIES WHOSE NON-CONTROLLING INTERESTS ARE MATERIAL:

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	February 1st 2022–January 31st 2023		
Revenue	4,038.3	122.4	29.7
Cost of sales	-2,411.0	-69.6	–
Gross profit (loss)	**1,627.3**	**52.8**	**29.7**
Costs of points of purchase and distribution	-1,496.2	-45.3	–
Administrative expenses	-102.0	-6.6	-29.1
Other income and expenses	-10.0	14.1	0.3
Operating profit (loss)	**19.1**	**15**	**0.9**
Finance income	0.9	0.6	–
Finance costs	-137.8	-0.2	–
Profit (loss) before tax	**-117.8**	**15.4**	**0.9**
Income tax	-1.5	-1.5	–
Net profit (loss)	-119.3	13.9	0.9
Total comprehensive income	**-118.5**	**13.9**	**0.3**
Attributable to non-controlling interests	-30.2	3.5	0.4
Dividends paid to non-controlling interests	–	–	–

Statement of comprehensive income	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	February 1st 2021–January 31st 2022		
Revenue	3,435.9	112.2	26.8
Cost of sales	-1,959.9	-56.7	–
Gross profit (loss)	**1,476.0**	**55.5**	**26.8**
Costs of points of purchase and distribution	-1,224.1	-54.1	–
Administrative expenses	-51.2	-4.5	-27.0
Other income and expenses	6.1	8.9	-0.8
Operating profit (loss)	**206.8**	**5.8**	**-1.0**
Finance income	4.8	–	–
Finance costs	-43.5	-0.2	-0.2
Profit (loss) before tax	**168.1**	**5.6**	**-1.2**
Income tax	-39.8	-2.3	–
Net profit (loss)	128.3	3.3	-1.2
Total comprehensive income	**129.2**	**3.2**	**0.2**
Attributable to non-controlling interests	32.3	0.8	0.1
Dividends paid to non-controlling interests	-10.5	–	–

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CONDENSED STATEMENT OF FINANCIAL POSITION

Statement of financial position	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	January 31st 2023		
Non-current assets	887.3	9.8	–
Current assets	1,617.1	53.0	21.3
Non-current liabilities	148.3	0.9	–
Current liabilities	1,832.3	19.2	3.8
Net assets	523.8	42.7	17.5
Valuation of incentive scheme	19.0	–	–
Total non-controlling interests	**147.0**	**10.7**	**8.7**

Statement of financial position	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	January 31st 2022		
Non-current assets	700.4	10.0	–
Current assets	1,658.8	45.6	20.9
Non-current liabilities	654.8	11.4	–
Current liabilities	1,102.4	15.4	3.7
Net assets	602.0	28.8	17.2
Total non-controlling interests	**150.6**	**7.2**	**8.6**

4.2 BANK BORROWINGS AND BONDS

ACCOUNTING POLICY

Financing liabilities consist mainly of bank and non-bank borrowings and bonds in issue. Financing liabilities are initially recognised at fair value less transaction costs incurred to obtain financing. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Finance costs are recognised in profit or loss except for costs of financing production/development of non-current assets (as per the policy described in Note 5.3).
Cash flows relating to financial liabilities may change as a result of a modification of contractual terms and conditions or expectations regarding estimated cash flows for the purposes of measurement of financial liabilities at amortised cost.

A) **Change in contract terms**

If the contractual terms of a financial liability have changed, the Group analyses whether the modification of cash flows was material or not. The Group applies both quantitative and qualitative criteria to identify a material modification leading to derecognition of an existing financial liability. The Group considers a material modification to be a change in the discounted present value of the cash flows resulting from the new terms, including any payments made less payments received and discounted using the original effective interest rate, of not less than 10% from the discounted present value of the remaining cash flows of the original financial liability. Notwithstanding the quantitative criterion, the modification may also be considered material based on a qualitative assessment in the following cases:

a) reclassification of a financial liability, unless specified in advance in the terms of the contract,
b) change of the lender,
c) significant extension of the financing period from the original financing period,
d) change in the interest rate, from variable to fixed or vice versa,
e) change in the legal form/type of the financial instrument.

A significant modification of a financial liability is recognised by the Group as expiry of the original financial liability and recognition of a new financial liability. If contractual terms of a financial liability are modified in a way that does not result in derecognition of the existing liability, any gain or loss is immediately recognised in profit or loss. Profit or loss is calculated as the difference between the present value of modified and original cash flows, discounted using the original effective interest rate of the liability.

[all amounts in PLN million unless stated otherwise]

B) **Change in expected cash flows**

For floating-rate financial liabilities, periodic re-estimation of cash flows to reflect the movements in the market interest rates alters the effective interest rate. Where the Group changes its estimates of payments under a financial liability (except changes relating to a modification of contractual cash flows), the carrying amount of the financial liability is adjusted to reflect the actual and modified estimated contractual cash flows. The Group determines the carrying amount of a financial liability at amortised cost as the present value of estimated future contractual cash flows that are discounted at the original effective interest rate of the financial instrument. The difference in valuation is recognised as income or expense in profit or loss.

BANK BORROWINGS AND BONDS

The following note presents data on borrowings and bonds in issue.

As at February 1st 2022	FINANCING OF THE CCC BUSINESS UNIT		FINANCING OF THE MODIVO BUSINESS UNIT		TOTAL
	BORROWINGS	BONDS	BANK BORROWINGS	BONDS	
	1,132.3	**560.9**	**253.4**	**513.0**	**2,459.6**
short-term	**288.3**	**3.3**	**253.4**	**–**	**545.0**
long-term	**844.0**	**557.6**	**–**	**513.0**	**1,914.6**
Proceeds from debt contracted					
- financing received	67.3	–	–	–	67.3
- transaction costs	-2.4	-1.1	0.6	–	-2.9
Interest accrued	101.5	63.7	11.1	116.8	293.1
Debt-related payments					
- principal payments	-41.7	–	-103.2	–	-144.9
- interest paid	-100.3	-42.0	-11.9	–	-154.2
Increase due to change in overdraft facility amount	–	–	80.1	–	80.1
Decrease due to change in overdraft facility amount	-92.3	–	–	–	-92.3
Other non-cash changes	20.4	–	–	–	20.4
As at January 31st 2023	**1,084.8**	**581.5**	**230.1**	**629.8**	**2,526.2**
short-term	**272.4**	**23.4**	**230.1**	**629.8**	**1,155.7**
Tranche A	*66.5*	–	–	–	*66.5*
Tranche B	*54.3*	–	–	–	*54.3*
Tranche C	*87.5*	–	–	–	*87.5*
Loan	*19.4*	–	–	–	*19.4*
Credit facilities with guarantees from BGK	*41.0*	–	–	–	*41.0*
Other (other credit facilities; credit cards)	*3.7*	–	*230.1*	–	*233.8*
Bonds issued to PFR	–	*1.5*	–	–	*1.5*
Bonds issued to Softbank	–	–	–	*629.8*	*629.8*
CCC0626 bonds	–	*21.9*	–	–	*21.9*

[all amounts in PLN million unless stated otherwise]

long-term	**812.4**	**558.1**	**–**	**–**	**1,370.5**
Tranche A	*285.1*	*–*	*–*	*–*	*285.1*
Tranche B	*151.3*	*–*	*–*	*–*	*151.3*
Tranche C	*38.7*	*–*	*–*	*–*	*38.7*
Credit facilities with guarantees from BGK	*337.3*	*–*	*–*	*–*	*337.3*
Bonds issued to PFR	*–*	*368.7*	*–*	*–*	*368.7*
CCC0626 bonds	*–*	*189.4*	*–*	*–*	*189.4*

For information on the available undrawn credit facility limits and their availability periods, see the 'Debt and liquidity of the CCC Group' section of the Directors' Report on the operations of the CCC Group.

In accordance with their terms and conditions, the bonds for Softbank mature on August 23rd 2024, subject to an early redemption option at the issuer's discretion. Interest on the bonds will accrue on a quarterly basis, at a fixed rate, payable on the redemption or conversion date. The bonds will be automatically converted into Modivo 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 adjusted for a premium.
Liability under the bonds for Softbank was measured on the assumption that the initial public offering (IPO) will take place during 2023.
In addition, an embedded derivative instrument (voluntary conversion option) was identified in the Softbank bond instrument, as discussed at length in Note 6.1.

As at January 31st 2023, the Group classifies the PLN 200.1m liability under overdraft/revolving credit facility as non-current – The Group's overdraft/revolving credit facility agreements have been concluded with a prepayment option. However, the Group is not exercising that option and – seeing that the scheduled repayment falls more than 12 months after the reporting date – the related liabilities are presented in the non-current portion.
In the third and fourth quarters of the financial year 2022, the CCC Group's financing agreements were amended. For more information, see '*Going concern*'.
For detailed information on covenants, see the '*Covenants/financial ratios*' section of the Directors' Report on the Group's operations.

As agreed with the institutions financing the CCC Group's operations, the Group committed to reduce debt in the CCC Business Unit (i.e. the CCC Group excluding the Modivo Group and its subsidiaries) by PLN 320m during 2023. Out of that total commitment, in 2022 the debt was already reduced by PLN 50m by reducing the available factoring limits. Repayment of the balance of PLN 270m was agreed in relation to the parts attributable to the respective banks participating in the financing syndicate, but as at the reporting date it was not determined under which financial instruments the reduction would be effected. It may be covered by available credit facilities, available bank guarantees, or a reduction of the available reverse factoring limit.
The Group presented debt classified into long-term and short-term portions with respect to the CCC Business Unit based on the expected debt reduction of PLN 270m as at the reporting date, including PLN 182.7m under bank borrowings. The balance of the reduction amount relates to undrawn limits under bank borrowings of PLN 42.2m and reduction of the supplier financing programme of PLN 45.1m disclosed under trade and other payables (including PLN 16.2m related to reduction of the undrawn limit as at the reporting date).

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As at February 1st 2021	FINANCING OF THE CCC BUSINESS UNIT		FINANCING OF THE MODIVO BUSINESS UNIT		TOTAL
	BANK BORROWINGS	BONDS	BANK BORROWINGS	BONDS	
	1,145.9	**210.4**	**313.3**	**–**	**1,669.6**
short-term	**262.6**	**–**	**210.1**	**–**	**472.7**
long-term	**883.3**	**210.4**	**103.2**	**–**	**1,196.9**
Proceeds from debt contracted					
- financing received	759.2	360.0	–	500.0	1,619.2
Interest accrued	44.7	20.9	4.9	32.3	102.8
Debt-related payments					
- principal payments	-902.0	–	-76.8	–	-978.8
- interest paid	-37.6	-6.7	-4.9	–	-49.2
Increase due to change in overdraft/revolving facility amount	163.8	–	16.3	–	180.1
Other non-cash changes	-41.7	-23.7	0.6	-19.3	-84.1
As at January 31st 2022	**1,132.3**	**560.9**	**253.4**	**513.0**	**2,459.6**
short-term	**288.3**	**3.3**	**253.4**	**–**	**545.0**
Tranche A	*36.5*	–	–	–	*36.5*
Credit facilities with guarantees from BGK	*251.2*	–	–	–	*251.2*
Other (other credit facilities; credit cards)	*0.6*	–	*253.4*	–	*254.0*
Bonds issued to PFR	–	*1.9*	–	–	*1.9*
CCC0626 bonds	–	*1.4*	–	–	*1.4*
long-term	**844.0**	**557.6**	**–**	**513.0**	**1,914.6**
Tranche A	*349.4*	–	–	–	*349.4*
Tranche B	*246.6*	–	–	–	*246.6*
Credit facilities with guarantees from BGK	*248.0*	–	–	–	*248.0*
Bonds issued to PFR	–	*347.6*	–	–	*347.6*
Bonds issued to Softbank	–	–	–	*513.0*	*513.0*
CCC0626 bonds	–	*210.0*	–	–	*210.0*

In connection with its existing debt, the Group is exposed to interest rate risk, currency risk, and liquidity risk. For a description of the financial risks, see Note 6.1.

Collateral and other security for the liabilities are presented below.

	January 31st 2023	January 31st 2022
AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL		
Sureties	3,712.4	3,604.5
Security mortgages on real estate	1,913.7	2,474.2
Registered pledge over movable property	3,006.8	3,440.0
Blank promissory notes	304.7	1,355.3

4.3 CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

Prudent liquidity management implies that sufficient cash resources and cash equivalents are maintained and that further funding is available through secured credit lines.

The CCC Group recognises revenue from its principal business consisting in omnichannel sale of merchandise. As a rule, cash revenue is received on the date of retail sale transactions; accordingly, the CCC Group companies do not bear any significant risk of receipt of payment from retail customers. In most cases, the CCC Group companies recognise cash revenue from retail transactions at the time of sale, except in the case of digital sales, where the most popular method of payment is cash on delivery, which is received on the delivery of goods to a retail customer.

Pursuant to the terms of the financing agreements, cash revenue from retail transactions is first applied towards timely payment of the financing liabilities of the CCC Group. Under the financing agreements, the CCC Group generally makes use of the possibility to zero out balances in current accounts and accounts in which funds are made available by the lenders to finance day-to-day operations (including the accounts used for working capital facilities). In accordance with historical financial data, the volumes of merchandise sold in the course of its retail business allowed the CCC Group to cover its financial liabilities on a timely basis. During the COVID-19 pandemic, agreements were executed with banks and financial institutions related to the New Financing Agreement – for more details, see the Directors' Report on the Group's operations in the section entitled 'Management of financial resources and liquidity'. Also, the planned future retail and wholesale revenue generally allows the Group to fully cover the expected future financing liabilities over the periods covered by the liquidity risk analyses prepared by the Group. The CCC Group recognised a material risk of default on its financial liabilities during the time of lockdown and administrative restrictions imposed on retail activities at shopping centres as a result of the COVID-19 outbreak. However, this was an exceptional and non-recurring situation which could not have been foreseen in regular business risk assessment.

Another systemic factor which mitigates the liquidity risk associated with servicing the financial liabilities is the use by the CCC Group of deferred payment terms in transactions with suppliers of merchandise for resale or goods for further processing and resale. Such arrangement allows the Group in each period to accumulate inventory of merchandise the sale of which primarily serves to service almost the entire amount of the financial liabilities contracted to finance the trading activities and sales of the CCC Group. The seasonality of purchases of merchandise which is material to the CCC Group's liquidity (i.e. liquid assets required to service its financial liabilities) may affect the Group's liquidity risk. Especially, changeable weather conditions which may affect consumer purchasing decisions. Save for extraordinary events or events that cannot be foreseen in the course of regular business risk assessment processes, with the liquidity reserve resulting from the use of the mechanism of deferred payments for purchased goods the CCC Group is able to maintain a safe revenue buffer in excess of the amount of current payments made to service the financial liabilities. Such events may include in particular geopolitical developments related to the armed conflict in Ukraine.

Liquidity management also implies that the CCC Group maintains sufficient cash and cash equivalents to cover all maturing current liabilities at their due dates and to take pre-emptive action to secure availability of further financing in the form of lines of credit and revolving lines of credit and to monitor the timing of their availability to CCC Group companies. During the pandemic and then in the wake of the war in Ukraine, the CCC Group declared debt repayments in the CCC Business Unit, which led to a reduction of available credit facilities. In addition, the current macroeconomic situation (mainly in terms of the rising prices of electricity, natural gas and transport) coupled with high inflation, as well as increased interest rates driving up debt service costs, are having a serious impact on both consumer sentiment and prospects for all retail operators, including the Group, and above all are fuelling considerable consumer and business uncertainty. It has become extremely difficult to raise finance, whether debt or equity. In the Management Board's opinion, these factors are having and will continue to have an adverse effect on the Group's standing in the short to medium term.

In response to these external challenges, the Management Board is conducting extensive work and analyses to address the market risks, mitigate their adverse impact on the Group's performance and growth, and unlock cash. Measures taken aim, among other things, to further reduce the Group's working capital requirement, cut down operating costs and optimise growth plans. Among the possibilities considered by the Management Board of the parent are options to raise capital by way of a leaseback of selected property, plant and equipment owned by the CCC Group companies (e.g., storage infrastructure), raise new financing (debt or equity) for selected entities or business lines of the Group (e.g., HalfPrice), or conduct an IPO for Modivo. However, it cannot be ruled out that the execution of projects specified above may take a longer time or may prove insufficient if the market situation deteriorates further and in the light of the Group's existing debt levels. Therefore, the prospects of additional capital contribution by the parent's largest shareholder and other investors eligible to participate in the offering of new shares should have a positive effect on the Group's liquidity position and further debt reduction.

In the opinion of the Management Board, the liquidity risk management disclosures contained in these consolidated financial statements provide key relevant information in this respect. However, the issue of liquidity risk management is constantly analysed by the Management Board of the parent, which is aware of the materiality of the information provided in these reports.

[all amounts in PLN million unless stated otherwise]

The table below presents undiscounted payments under the existing financing liabilities (including future interest, not accrued as at the reporting date) and the contractual maturities of the instruments used by the CCC Group.

January 31st 2023	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	262.2	309.9	884.8	–	–	1,456.9	1,314.9
Other borrowings	0.5	1.5	19.4	–	–	21.4	19.4
Bonds	12.9	53.1	627.9	255.6	376.0	1,325.5	1,211.3
Trade payables	1,051.2	87.4	–	–	–	1,138.6	1,138.7
Factoring liabilities	183.5	67.3	–	–	–	250.8	250.8
Returns liabilities	83.4	–	–	–	–	83.4	83.4
Liabilities arising from obligation to purchase non-controlling interests	–	180.0	36.2	–	–	216.2	204.4
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	–	–	6.5	6.5	6.5
Lease liabilities	165.8	379.9	868.3	434.2	235.5	2,083.7	1,779.7
Total financial liabilities	**1,759.5**	**1,079.1**	**2,436.6**	**689.8**	**618.0**	**6,583.0**	**6,009.1**

The amount of liability under the convertible bonds for SoftBank was presented in the period of 1–3 years, as the cash flow will only be realised upon repayment, which under the contractual terms is due on August 23rd 2024.

January 31st 2022	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	167.7	419.3	828.4	147.4	–	1,562.8	1,385.7
Bonds	–	38.5	717.8	261.0	498.8	1,516.1	1,073.9
Trade payables	966.6	69.2	2.2	0.2	–	1,038.2	1,038.2
Factoring liabilities	296.6	145.3	–	–	–	441.9	441.9
Returns liabilities	64.3	–	–	–	–	64.3	64.3
Liabilities arising from obligation to purchase non-controlling interests	–	0.1	–	73.0	–	73.1	64.8
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	–	–	19.9	19.9	19.9
Lease liabilities	152.0	341.0	714.5	476.4	221.9	1,905.8	1,795.5
Total financial liabilities	**1,647.2**	**1,013.4**	**2,262.9**	**958.0**	**740.6**	**6,622.1**	**5,884.2**

[all amounts in PLN million unless stated otherwise]

4.4 ADDITIONAL INFORMATION ON SELECTED ITEMS OF THE STATEMENT OF CASH FLOWS

	TRADE AND OTHER RECEIVABLES	TRADE AND OTHER PAYABLES AND OTHER LIABILITIES
As at February 1st 2022	519.5	1,856.0
As at January 31st 2023	322.5	1,859.9
Change in statement of financial position	**197.0**	**3.9**
Difference due to:		
Changes in investment liabilities/receivables	-9.7	-36.1
Adjustment for change in long-term receivables/liabilities	1.1	-46.9
Adjustment for change due to disposal of subsidiary	2.9	-26.2
Adjustment for items reclassified to discontinued operations	−5.7	52.9
Other	-0.3	34.8
Change recognised in statement of cash flows	**185.4**	**-17.6**

	TRADE AND OTHER RECEIVABLES	TRADE AND OTHER PAYABLES AND OTHER LIABILITIES
As at February 1st 2021	406.4	1,655.5
As at January 31st 2022	519.5	1,856.0
Change in statement of financial position	**-113.1**	**200.5**
Difference due to:		
Changes in investment liabilities/receivables	12.5	-6.2
Adjustment for change in long-term receivables/liabilities	1.2	–
Adjustment for change due to disposal of subsidiary	-1.4	–
Other	0.1	0.6
Change recognised in statement of cash flows	**-100.7**	**194.9**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Other adjustments to profit before tax:		
Accrued interest and exchange differences	18.5	1.4
Change in provisions	-4.4	−5.7
Measurement of employee option plan	17.4	–
Valuation of options to buy non-controlling interests in eObuwie, Karl Voegele and DeeZee	-31.9	-6.2
Measurement of derivative instruments	2.1	-2.8
Adjustment for change due to disposal of subsidiary	–	-51.0
Changes in right-of-use asset and lease liability	-6.8	-23.2
Other	36.1	-6.7
Total	**31.0**	**-94.2**

Consolidated financial statements for the 12 months from February 1st 2022 to January 31st 2023 [all amounts in PLN million unless stated otherwise]

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

The Group measures intangible assets at cost less amortisation and impairment losses.
Intangible assets are amortised on a straight-line basis by estimating their useful lives, which are:

- patents and licences – from 5 to 10 years
- trademarks - not amortised
- other intangible assets - from 5 to 10 years.

If events or changes have occurred that indicate that the carrying amount of intangible assets may not be recoverable, the assets are reviewed for impairment in accordance with the policy described in Note 5.5.
Intangible assets with indefinite useful lives and those that are not in use are tested for impairment annually, either individually or at the cash-generating unit level.

	PATENTS, LICENCES, SOFTWARE	TRADEMARKS	CUSTOMER RELATIONS	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2022	**175.7**	**193.1**	**11.2**	**3.5**	**383.5**
Accumulated amortisation as at February 1st 2022	**-54.4**	**–**	**-11.2**	**–**	**-65.6**
Net carrying amount as at February 1st 2022	**121.3**	**193.1**	**–**	**3.5**	**317.9**
Exchange differences on translation	–	–	–	–	–
Amortisation	-24.9	–	–	–	-24.9
Acquisition	32.2	–	–	55.5	87.7
Sale, retirement	-3.5	–	–	-0.9	-4.4
Accumulated amortisation (retirement and disposal)	2.2	–	–	–	2.2
Transfer between groups	13.7	–	–	-15.4	-1.7
Gross carrying amount as at January 31st 2023	**218.1**	**193.1**	**11.2**	**42.7**	**465.1**
Accumulated amortisation as at January 31st 2023	**-77.1**	**–**	**-11.2**	**–**	**-88.3**
Net carrying amount as at January 31st 2023	**141.0**	**193.1**	**–**	**42.7**	**376.8**

As at the reporting date, intangible assets amounted to PLN 376.8m and were PLN 58.9m higher compared with January 31st 2022. The change is attributable to expenditure of PLN 32.2m on patents, licences and software, mainly on software supporting the e-commerce sales channel, as well as expenditure of PLN 55.5m on intangible assets under development, made mainly in connection with the implementation of new technological solutions relating to the eobuwie and MODIVO applications. The increase was offset by accrued amortisation of PLN 24.9m.
As at January 31st 2023, intangible assets under development included expenditure incurred on projects continued from 2021 and 2022. The Group expects these projects to be completed in the next financial year.

[all amounts in PLN million unless stated otherwise]

	PATENTS, LICENCES, SOFTWARE	TRADEMARKS	CUSTOMER RELATIONS	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2021	**125.3**	**188.7**	**11.2**	**14.3**	**339.5**
Accumulated amortisation	**-20.1**	**–**	**-11.1**	**–**	**-31.2**
Net carrying amount as at February 1st 2021	**105.2**	**188.7**	**0.1**	**14.3**	**308.3**
Exchange differences on translation – gross carrying amount	0.1	–	–	–	0.1
Amortisation	-34.5	–	-0.1	–	-34.6
Acquisition	22.0	3.5	–	20.1	45.6
Sale, retirement	-1.0	–	–	–	-1.0
Accumulated amortisation (retirement and disposal)	0.2	–	–	–	0.2
Impairment losses	–	–	–	–	–
Transfer between groups	29.3	0.9	–	-30.9	-0.7
Gross carrying amount as at January 31st 2022	**175.7**	**193.1**	**11.2**	**3.5**	**383.5**
Accumulated amortisation	**-54.4**	**–**	**-11.2**	**–**	**-65.6**
Net carrying amount as at January 31st 2022	**121.3**	**193.1**	**–**	**3.5**	**317.9**

The Group recognises trademarks with indefinite useful lives under intangible assets. The Group considers that its trademarks are recognisable on the market and intends to use them for an indefinite period.
Therefore, the Group assumes that trademarks have an indefinite useful life and are not amortised. All trademarks are tested for impairment annually.

	eobuwie	DeeZee	Gino Rossi	Other	TOTAL
Useful life/amortisation method	**Indefinite**	**Indefinite**	**Indefinite**	**Indefinite**	
Gross carrying amount as at February 1st 2022	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Accumulated amortisation as at February 1st 2022	**–**	**–**	**0**	**–**	**–**
Net carrying amount as at February 1st 2022	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Acquisition	–	–	–	–	–
Transfer between groups	–	–	–	–	–
Gross carrying amount as at January 31st 2023	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Accumulated amortisation as at January 31st 2023	**–**	**–**	**0**	**–**	**–**
Net carrying amount as at January 31st 2023	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**

[all amounts in PLN million unless stated otherwise]

As at January 31st 2023, net carrying amount of other trademarks comprised mainly the AMERICANOS trademark worth PLN 0.9m that was acquired in 2020, the BADURA trademark worth PLN 1.7m acquired in the previous year, and the Simple trademark worth PLN 1.8m.

	eobuwie	DeeZee	Gino Rossi	Other	TOTAL
Useful life/amortisation method	**Indefinite**	**Indefinite**	**Indefinite**	**Indefinite**	
Gross carrying amount as at February 1st 2021	**161.2**	**4.7**	**22.8**	**–**	**188.7**
Accumulated amortisation	**–**	**–**	**0**	**–**	**–**
Net carrying amount as at February 1st 2021	**161.2**	**4.7**	**22.8**	**–**	**188.7**
Acquisition	–	–	–	3.5	3.5
Transfer between groups	–	–	–	0.9	0.9
Gross carrying amount as at January 31st 2022	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Accumulated amortisation	**–**	**–**	**0**	**–**	**–**
Net carrying amount as at January 31st 2022	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**

For details of asset impairment tests, see Note 5.5 below.

5.2 GOODWILL

ACCOUNTING POLICY

Goodwill arising on acquisition is initially recognised at cost, equal to the excess of:
- the consideration paid,
- the amount of any non-controlling interest in the acquiree, and
- in the case of a step acquisition – the fair value at the acquisition date of the share in the equity of the acquiree previously held by the acquirer over the net amount determined at the acquisition date of the amount of identifiable assets acquired and liabilities assumed.

Following initial recognition, goodwill is carried at cost less cumulative impairment losses. Goodwill is tested for impairment annually, or more frequently if there is any indication of impairment. Goodwill is not amortised.
As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies of the business combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which goodwill is monitored for internal management purposes and is not larger than one operating segment defined in accordance with IFRS 8 Operating Segments.

An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated. Where the recoverable amount of a cash-generating unit is less than its carrying amount, an impairment loss is recognised. If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. In such a case the goodwill disposed of is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained: see Note 5.5.

[all amounts in PLN million unless stated otherwise]

Company	Acquisition date	As at February 1st 2022	Positive adjustments – final accounting	Negative adjustments – final accounting	Acquisition	Exchange differences on translation	As at January 31st 2023
Modivo Group	January 2016	106.2	–	–	–	–	106.2
Shoe Express S.A.	April 2018	42.3	–	–	–	1.2	43.5
Adler International Sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8
DeeZee Sp. z o.o.	October 2018	0.6	–	–	–	–	0.6
OU CCC Estonia	May 2022	–	–	–	1.6	0.2	1.8
UAB CCC Lithuania	May 2022	–	–	–	0.8	–	0.8
SIA CCC Shoes Latvia	May 2022	–	–	–	2.2	–	2.2
Goodwill		**197.9**	**–**	**–**	**4.6**	**1.4**	**203.9**

Company	Acquisition date	As at February 1st 2021	Impairment	Negative adjustments – final accounting	Acquisition	Exchange differences on translation	As at January 31st 2022
Modivo Group	January 2016	106.2	–	–	–	–	106.2
Shoe Express S.A.	April 2018	42.3	–	–	–	–	42.3
Adler International Sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8
DeeZee Sp. z o.o.	October 2018	0.6	–	–	–	–	0.6
Gino Rossi S.A.	February 2019	–	–	–	–	–	–
Goodwill		**197.9**	**–**	**–**	**–**	**–**	**197.9**

Goodwill as at the reporting date rose by PLN 6.0m, to PLN 203.9m, mainly as a result of the acquisition of organised parts of business 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) by newly established companies of the CCC Group. For details, see Note 6 to these financial statements.

For details of asset impairment tests, see Note 5.5 below.

[all amounts in PLN million unless stated otherwise]

5.3 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

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 distribution and other activities.
Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Land and property, plant and equipment under construction are not depreciated.

Subsequent expenditure increases the carrying amount of an item of property, plant and equipment or is recognised as a separate item of property, plant and equipment (where appropriate) only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. If an item of property, plant and equipment is replaced, its carrying amount is derecognised from the statement of financial position.
Any other expenditure on repairs and maintenance is charged to profit or loss in the period in which it is incurred.

Borrowing costs are capitalised and disclosed as an increase in the carrying amount of an item of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis by estimating their useful lives, which are as follows:

ASSET GROUP	DEPRECIATION PERIOD	REMAINING USEFUL LIFE
Leasehold improvements	The depreciation period depends on two factors and takes the lesser of two values: * useful life of a leasehold improvement (typically up to 10 years) * duration of the lease contract for the store in which the leasehold improvement was made (usually up to 10 years)	
Distribution	* buildings	* from 10 to 40 years
	* machinery and equipment	* from 10 to 40 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* from 5 to 20 years
Other	* machinery and equipment	* from 3 to 15 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* from 5 to 20 years

The depreciation method and the useful lives are reviewed as at the end of each reporting period.

For information on impairment of non-financial non-current assets, see Note 5.5.

Grants received
Grants for the purchase or construction of property, plant and equipment are recognised by the Group when they are received or likely to be received in the future (e.g. the Group obtains an endorsement letter), if there is reasonable assurance that the Group will satisfy the conditions necessary to obtain the grant. Grants are recognised as deferred income and are presented in the line item 'Grants received' in equity and liabilities in the statement of financial position. Amounts of grants carried as deferred income are gradually released to other income, in line with depreciation of property, plant and equipment financed with such grants.

Certain assets relating to individual outlets may be permanently attached to the leased premises (leasehold improvements), which makes it impossible to use them for other purposes or to sell them. Their useful lives are not always linked to the lease term as lease contracts may contain a lease extension option. The adopted useful lives are described above.
Accordingly, the amount of depreciation expense may not correspond with the estimated term of the store lease contract. Changes in lease duration may affect the amount of impairment losses.

[all amounts in PLN million unless stated otherwise]

For information on property, plant and equipment pledged as security for borrowings, see Note 4.2.

On December 23rd 2009, CCC S.A. and Polska Agencja Rozwoju Przedsiębiorczości signed an agreement for the co-financing of investments in property, plant and equipment. The Company applied for a subsidy from the Innovative Economy Operational Programme for the investment in the construction of a high-bay warehouse in Polkowice. The final amount of the subsidy was PLN 38.5m. As at the reporting date, the unsettled subsidy amount was PLN 15.7m (January 31st 2022: PLN 16.3m). In accordance with the Group's accounting policy, this grant is presented in the line item 'Grants received' in the statement of financial position.

The table below presents the value of property, plant and equipment as at January 31st 2023:

		DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				
	LEASEHOLD IMPROVEMENTS	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	**TOTAL**
Gross carrying amount as at February 1st 2022	**1,094.8**	**496.5**	**432.3**	**25.2**	**954.0**	**58.5**	**73.7**	**37.7**	**169.9**	**2,218.7**
Accumulated depreciation as at February 1st 2022	**-512.6**	**-73.8**	**-254.6**	**-2.0**	**-330.4**	**-11.6**	**-51.8**	**-14.9**	**-78.3**	**-921.3**
Impairment losses as at February 1st 2022	**-8.6**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-8.7**
Net carrying amount as at February 1st 2022	**573.6**	**422.7**	**177.7**	**23.2**	**623.6**	**46.9**	**21.9**	**22.7**	**91.5**	**1,288.7**
Gross carrying amount as at February 1st 2022	1,094.8	496.5	432.3	25.2	954.0	58.5	73.7	37.7	169.9	2,218.7
Exchange differences on translation	12.3	–	-0.1	–	-0.1	–	2.4	-1.6	0.8	13.0
Acquisition	241.4	0.3	22.4	115.2	137.9	3.6	13.9	6.3	23.8	403.1
Increase due to acquisition of subsidiaries	2.2	–	–	–	–	–	–	–	–	2.2
Decrease due to disposal of subsidiaries (gross carrying amount)	–	–	-6.8	–	-6.8	–	–	–	–	-6.8
Retirement and disposal	-49.3	0.2	-14.0	–	-13.8	-4.0	-3.4	-5.1	-12.5	-75.6
Other (gross carrying amount)	-1.4	14.4	66.5	-43.8	37.1	1.7	-3.1	2.1	0.7	36.4
Reclassification to assets held for sale (gross carrying amount)*	-47.7	–	–	–	–	–	–	-2.0	-2.0	-49.7
Gross carrying amount as at January 31st 2023	**1,252.3**	**511.4**	**500.3**	**96.6**	**1,108.3**	**59.8**	**83.5**	**37.4**	**180.7**	**2,541.3**
Accumulated depreciation as at February 1st 2022	-512.6	-73.8	-254.6	-2.0	-330.4	-11.6	-51.8	-14.9	-78.3	-921.3
Exchange differences on translation	-4.5	–	–	–	–	–	-1.8	0.8	-1.0	-5.5
Depreciation	-132.7	-13.9	-49.0	–	-62.9	-2.6	-9.3	-4.9	-16.8	-212.4

[all amounts in PLN million unless stated otherwise]

Decrease due to disposal of subsidiaries (accumulated depreciation)	–	–	5.1	–	5.1	–	–	–	–	5.1
Retirement and disposal (accumulated depreciation)	36.2	-0.2	7.3	–	7.1	–	3.3	4.5	7.8	51.1
Other (accumulated depreciation)	0.8	0.2	-35.4	–	-35.2	–	–	-0.4	-0.4	−34.8
Reclassification to assets held for sale (accumulated depreciation)*	22.5	–	–	–	–	–	–	1.3	1.3	23.8
Accumulated depreciation as at January 31st 2023	**-590.3**	**-87.7**	**-326.6**	**-2.0**	**-416.3**	**-14.2**	**-59.6**	**-13.6**	**-87.4**	**-1,094.0**
Impairment losses as at February 1st 2022	-8.6	–	–	–	–	–	–	-0.1	-0.1	−8.7
Exchange differences on translation	-0.4	–	–	–	–	–	–	–	–	-0.4
Reversal of impairment losses	0.1	–	–	–	–	–	–	–	–	0.1
Use of impairment losses	0.7	–	–	–	–	–	–	–	–	0.7
Reclassification to assets held for sale (impairment losses)*	2.9	–	–	–	–	–	–	–	–	2.9
Impairment losses as at January 31st 2023	**-5.3**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-5.4**
Net carrying amount as at January 31st 2023	**656.7**	**423.7**	**173.7**	**94.6**	**692.0**	**45.6**	**23.9**	**23.7**	**93.2**	**1,441.9**

* The item relates to assets of a subsidiary (Russian company) sold in the current period.

The table below presents the value of property, plant and equipment as at January 31st 2022:

	LEASEHOLD IMPROVEMENTS	**DISTRIBUTION**				**OTHER PROPERTY, PLANT AND EQUIPMENT**				**TOTAL**
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at February 1st 2021	**1,027.7**	**457.1**	**384.5**	**37.7**	**879.2**	**59.4**	**68.1**	**36.8**	**164.2**	**2,071.0**
Accumulated depreciation as at February 1st 2021	**-443.8**	**-58.9**	**-215.3**	**-2.0**	**-276.2**	**-9.4**	**-45.1**	**-16.7**	**-71.1**	**-791.0**
Impairment losses as at February 1st 2021	**-42.1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-42.1**
Net carrying amount as at February 1st 2021	**541.8**	**398.2**	**169.2**	**35.7**	**603.0**	**50.0**	**23.0**	**20.1**	**93.1**	**1,237.9**
Gross carrying amount as at February 1st 2021	1,027.7	457.1	384.5	37.7	879.2	59.4	68.1	36.8	164.2	2,071.0
Exchange differences on translation	4.4	–	0.1	-0.1	–	–	0.7	0.3	1.0	5.4
Acquisition	162.7	1.0	32.2	61.2	94.4	0.5	7.8	7.2	15.5	272.6
Retirement and disposal	-105.3	–	-14.5	–	-14.5	-1.3	-3.0	-7.1	-11.4	-131.2
Transfer between groups (gross carrying amount)	5.3	38.4	30.0	-73.5	-5.1	-0.1	0.1	0.5	0.5	0.7
Gross carrying amount as at January 31st 2022	**1,094.8**	**496.5**	**432.3**	**25.2**	**954.0**	**58.5**	**73.7**	**37.7**	**169.9**	**2,218.7**
Accumulated depreciation as at February 1st 2021	-443.8	-58.9	-215.3	-2.0	-276.2	-9.4	-45.1	-16.7	-71.1	-791.0
Retirement and disposal (accumulated depreciation)	56.2	3.0	6.9	–	9.9	0.4	2.4	7.3	10.1	76.2

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Depreciation	-125.0	-17.9	-46.2	–	-64.1	-2.6	-9.1	-5.5	-17.2	-206.3
Accumulated depreciation as at January 31st 2022	**-512.6**	**-73.8**	**-254.6**	**-2.0**	**-330.4**	**-11.6**	**-51.8**	**-14.9**	**-78.3**	**-921.3**
Impairment losses as at February 1st 2021	-42.1	–	–	–	–	–	–	–	–	-42.1
Impairment losses	-2.6	–	–	–	–	–	–	-0.1	-0.1	-2.7
Reversal of impairment losses	2.9	–	–	–	–	–	–	–	–	2.9
Use of impairment losses	33.2	–	–	–	–	–	–	–	–	33.2
Impairment losses as at January 31st 2022	**-8.6**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-8.7**
Net carrying amount as at January 31st 2022	**573.6**	**422.7**	**177.7**	**23.2**	**623.6**	**46.9**	**21.9**	**22.7**	**91.5**	**1,288.7**

For details of asset impairment tests, see Note 5.5 below.

5.4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES AND RECEIVABLES

ACCOUNTING POLICY

At the lease commencement date, the CCC Group measures the right-of-use asset at cost. The cost of the right-of-use asset should comprise:

- the initial amount of the lease liability;
- any lease payments made on or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Some of the lease contracts contain an option to extend or terminate the lease. The Group uses the current contract end date, which is updated when the Group becomes aware of the renewal / termination of the contract. The assumed contract duration is based on business rationality. If the Group decides to extend the contract, the term of the contract used in the measurement is extended by the period of the extension option.

The Group also enters into lease contracts for an indefinite period. The Management Board makes judgement to determine the period for which it is reasonably possible to assume that such contracts will continue.

The Group also has lease contracts with lease terms of 12 months or less, lease contracts for computer hardware (printers), and low-value contracts for lease of payment terminals. The Group applies a practical expedient to short-term leases and leases of low-value assets.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments outstanding at that date (discounted future payments over the lease term). The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments as described in paragraph B42 of the Standard), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option (assessed considering the factors described in paragraphs B37-B40 of the Standard); and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates. For each type of contract, the Group estimated the discount rate which will affect the final measurement of the contracts. Account was taken of the nature of the contract, the duration of the contract, the currency of the contract and the potential margin the Group would have to pay to external financial institutions if it wanted to enter into such a transaction on the financial market.

The measurement of the lease liability is periodically offset against the lease payments.
Costs of the use of leased assets are disclosed in the line item 'Depreciation' and in finance costs as interest expense.
Right-of-use assets are depreciated on a straight-line basis, while lease liabilities are accounted for using the effective interest rate.
The Group measures lease contracts that meet the criteria defined in IFRS 16. The Group recognises the following items as current expenses:
• Depreciation of right-of-use assets
• Interest expense
• Foreign exchange gains (losses).
The Group accounts for a lease modification as a separate lease if both:
a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
For a lease modification that is not accounted for as a separate lease, at the effective date of the modification (i.e. the date of signing an annex/agreement by the last party concerned) the Group:
a) allocates the consideration in the modified contract,
b) determines the lease term of the modified lease, and
c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.
For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:
a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. As a result, the Group recognises any profit or loss related to the partial or total termination of the lease,
b) adjusting the right-of-use asset for all other lease modifications.

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The table below presents the carrying amount of right-of-use assets measured as at the reporting date.

	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS					
	Stores	Warehouse	Vehicles	Offices	Other	Total
Gross carrying amount as at February 1st 2022	**2,545.0**	**8.2**	**17.6**	**89.4**	**57.5**	**2,717.7**
Accumulated depreciation as at February 1st 2022	**-1,260.8**	**-4.2**	**-9.5**	**-23.2**	**-9.3**	**-1,307.0**
Impairment losses as at February 1st 2022	**-21.8**	**–**	**–**	**–**	**–**	**-21.8**
Net carrying amount as at February 1st 2022	**1,262.4**	**4.0**	**8.1**	**66.2**	**48.2**	**1,388.9**
Gross carrying amount as at February 1st 2022	2,545.0	8.2	17.6	89.4	57.5	2,717.7
Exchange differences on translation – gross carrying amount	11.0	0.1	–	1.2	0.4	12.7
New lease contracts	209.5	1.6	5.0	36.0	3.6	255.7
Changes resulting from contract modifications	191.9	2.0	2.0	-0.6	-30.7	164.6
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-140.1	-1.3	-5.6	-0.9	-5.0	-152.9
Other	–	21.2	–	-21.2	–	–
Reclassification to assets held for sale	-72.8	-0.6	-0.1	–	–	-73.5
Gross carrying amount as at January 31st 2023	**2,744.5**	**31.2**	**18.9**	**103.9**	**25.8**	**2,924.3**
Accumulated depreciation as at February 1st 2022	-1,260.8	-4.2	-9.5	-23.2	-9.3	-1,307.0
Exchange differences on translation – accumulated depreciation	-7.5	–	–	-0.2	–	-7.7
Depreciation in period	-329.1	-3.5	-5.3	-11.8	-3.6	-353.3
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	100.7	0.8	4.1	0.9	5.0	111.5
Other	–	–0.5	–	0.5	–	–
Reclassification to assets held for sale	31.6	0.2	0.1	–	–	31.9
Accumulated depreciation as at January 31st 2023	**-1,465.1**	**-7.2**	**-10.6**	**-33.8**	**-7.9**	**-1,524.6**
Impairment losses as at February 1st 2022	-21.8	–	–	–	–	-21.8
Exchange differences on translation	-0.2	–	–	–	–	-0.2
Recognition of impairment losses during period	–	–	–	–	–	–
Use of impairment losses in period	0.8	–	–	–	–	0.8
Reversal of impairment loss in period	0.3	–	–	–	–	0.3
Reclassification to assets held for sale	1.1	–	–	–	–	1.1
Impairment losses as at January 31st 2023	**-19.8**	**–**	**–**	**–**	**–**	**-19.8**
Net carrying amount as at January 31st 2023	**1,259.6**	**24.0**	**8.3**	**70.1**	**17.9**	**1,379.9**

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	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS					
	Stores	Warehouse	Vehicles	Offices	Other	Total
Gross carrying amount as at February 1st 2021	**2,529.1**	**76.2**	**13.7**	**44.0**	**12.4**	**2,675.4**
Accumulated depreciation as at February 1st 2021	**-1,093.2**	**-54.3**	**-8.2**	**-30.6**	**-4.0**	**-1,190.3**
Impairment losses as at February 1st 2021	**-29.7**	**–**	**–**	**–**	**–**	**-29.7**
Net carrying amount as at February 1st 2021	**1,406.2**	**21.9**	**5.5**	**13.4**	**8.4**	**1,455.4**
Gross carrying amount as at February 1st 2021	2,529.1	76.2	13.7	44.0	12.4	2,675.4
Exchange differences on translation – gross carrying amount	39.9	0.1	–	0.4	–	40.4
New lease contracts	223.3	0.3	5.7	33.2	49.6	312.1
Changes resulting from contract modifications	43.5	-0.1	0.3	4.9	0.5	49.1
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-213.8	-1.7	-1.4	-0.2	-3.8	-220.9
Other	-77.0	-66.6	-0.7	7.1	-1.2	-138.4
Gross carrying amount as at January 31st 2022	2,545.0	8.2	17.6	89.4	57.5	2,717.7
Accumulated depreciation as at January 1st 2021	**-1,093.2**	**-54.3**	**-8.2**	**-30.6**	**-4.0**	**-1,190.3**
Exchange differences on translation – accumulated depreciation	-17.0	-0.1	–	-0.2	–	-17.3
Depreciation in period	-329.2	-1.3	-4.3	-7.8	-7.3	-349.9
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	108.7	1.0	1.3	0.1	0.7	111.8
Other	69.9	50.5	1.7	15.3	1.3	138.7
Accumulated depreciation as at January 31st 2022	**-1,260.8**	**-4.2**	**-9.5**	**-23.2**	**-9.3**	**-1,307.0**
Impairment losses as at February 1st 2021	-29.7	–	–	–	–	-29.7
Exchange differences on translation	−0.5	–	–	–	–	−0.5
Recognition of impairment losses during period	-4.6	–	–	–	–	-4.6
Use of impairment losses in period	10.8	–	–	–	–	10.8
Reversal of impairment loss in period	2.2	–	–	–	–	2.2
Impairment losses as at January 31st 2022	**-21.8**	**–**	**–**	**–**	**–**	**-21.8**
Net carrying amount as at January 31st 2022	**1,262.4**	**4.0**	**8.1**	**66.2**	**48.2**	**1,388.9**

Lease liabilities as at the reporting date are presented in the table below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
At beginning of period	1,795.5	1865.9
Accrued interest	41.9	48.5
Lease payments	-456.1	-397.2
Exchange differences	36.7	29.6
New lease contracts	323.1	311.3
Modification of contract terms	133.9	58.8
Indexation	–	–
Renewal	0.4	–
Change of scope	-42.8	-121.4
Reclassification to discontinued operations	-52.9	–
At end of period	**1,779.7**	**1,795.5**

For details of asset impairment tests, see Note 5.5 below.

5.5 IMPAIRMENT OF NON-CURRENT ASSETS

ACCOUNTING POLICY

The Group assesses as at each reporting date whether any objective evidence exists that a non-current asset may be impaired.
For the purpose of impairment analysis, assets are grouped at the lowest level for which there are identifiable separate cash inflows (cash-generating units).
An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the asset has been allocated. Where the recoverable amount of a cash-generating unit is less than its carrying amount, an impairment loss is recognised.
Depreciable assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount is the higher of the fair value of the asset less costs to sell or value in use.

Non-financial assets for which impairment has been previously identified are assessed as at each reporting date for indications of reversal of the impairment loss.
The Group tests for impairment intangible assets with indefinite useful lives, intangible assets which are not yet available for use and goodwill on an annual basis, regardless of whether there is any indication of impairment.
If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. In such a case the goodwill disposed of is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

In the retail business, each store is a separate cash-generating unit.
Given that the carrying amount of corporate assets cannot, in the Group's opinion, be allocated on a reasonable and consistent basis to any cash-generating units (stores), the Group tests non-current assets for impairment in the following steps:

- first it compares the recoverable amount of a cash-generating unit with the carrying amount of its net assets (excluding corporate assets) and recognises impairment losses, if any; and
- then it identifies the next smallest group of cash-generating units (aggregated) which includes the analysed CGU and to which corporate assets can be allocated on a reasonable and consistent basis, and then compares the recoverable amount of that group of cash-generating units with the carrying amount of their net assets (including the part of the carrying amount of corporate assets which have been allocated to that group).

In accordance with the principles described above, as at each reporting date the Group analyses the assets for impairment. Operating profit (loss) reported by each retail unit (store) is assessed. For an impairment loss on non-financial non-current assets to be recognised by the Company, the following conditions must be met:

- A store must be in operation for at least 30 months, or
- The store has generated a gross loss in each of the last two years of operation, or
- An analysis of the present value of future cash flows indicates that it is not possible to cover the amount of capital expenditure incurred (for example, stores that are in operation for less than 30 months are tested if their results are coming in significantly below expectations and no positive trend reversal is expected, with additional market acquisition considerations taken into account in the case of stores operating in new markets).

An impairment loss on a cash-generating unit (the smallest group of cash-generating units to which goodwill or corporate assets have been allocated) is recognised in the financial statements if and only if the recoverable amount of the cash-generating unit (group of cash-generating units) is lower than its (their) carrying amount. The estimation of cash flows for the purpose of determining the value in use of stores did not take into account administrative expenses, other expenses and certain costs of points of purchase and distribution (not allocated directly to CGUs) less other income. The Group analysed the possibility of allocating such expenses and costs to a single cash-generating unit, but due to the lack of homogeneity between individual CGUs it was not possible to directly allocate them on a reasonable and consistent basis. Such expenses were thus allocated to operating segments (business lines). In estimating cash flows, the Group does not take into account lease payments, which are reflected in the measurement of lease liabilities.

ANALYSIS OF INDICATIONS OF IMPAIRMENT AND ITEMS TO BE TESTED

As at January 31st 2023, based on the adopted accounting policies, the Group carried out impairment tests for intangible assets with indefinite useful lives and for goodwill, and identified indications of impairment with respect to certain cash-generating units, i.e. stores. In view of the indications of impairment, the Group also carried out impairment tests at an aggregated level, taking into account the corporate assets allocated to business lines (operating segments). The table below presents cash-generating units /groups of cash-generating units for which impairment tests were carried out:

	Operating segment (business line)	Group of cash-generating units (below operating segment level)	Cash-generating unit (store)
CCC segment	X		
DeeZee segment (including goodwill and trademark)	X		
Eobuwie segment (including goodwill and trademark)	X		
MODIVO segment	X		
HalfPrice segment	X		
Gino Rossi trademark		X	
Goodwill of Shoe Express		X	
Goodwill of ADLER International		X	
Stores (cash-generating units) for which indications of impairment were identified			X

KEY UNDERLYING ASSUMPTIONS FOR IMPAIRMENT TESTS

The recoverable amount calculated for individual cash-generating units or groups of cash-generating units to which assets had been allocated was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2023 approved by the Supervisory Board, and for subsequent years – from growth forecasts resulting from the strategic directions outlined in the Group's GO.25 Strategy. The assumptions used in drawing up the Annual Budget for 2023 are described in more detail in the 'Going concern' note, and include, in addition to the elements discussed below: the inflation rate, and foreign exchange rates for the key currencies (EUR and USD).

The main assumptions used to determine the value in use were:

- average EBITDA margin,
- expected EBITDA CAGR during the forecast period (five years),
- residual growth rate,
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk.

Details of these assumptions are presented below in the sections dedicated to impairment testing at the different levels.

IMPAIRMENT TESTS AT THE LEVEL OF CASH-GENERATING UNITS (STORE ASSET TESTS)

As at January 31st 2023, the Group identified indications of impairment of store assets and right-of-use assets for those stores that were loss making (at the EBIT level) in 2021 and 2022. Each store is a separate cash-generating unit and was tested for impairment separately. A total of 59 stores were tested for impairment.
A projection period corresponding to the duration of the respective lease contract was adopted for each store. The following parameters were used to calculate the value in use:

- revenue per square metre of the store space and distribution costs,
- impact of changes in revenue on direct costs,
- target gross margin relative to revenue;
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash-generating unit.

The revenue growth rate in 2023 was derived from the budgets approved by the Supervisory Board for each market, consistent with the Annual Budget for 2023. As for revenue in the subsequent years, i.e. 2024–2026, it was determined on the basis of expected changes in the key parameters relative to the base year 2023, assuming that the Group will implement its growth plans resulting from the strategic directions set out in the GO.25 Strategy.
Changes in individual cost items were estimated based on the budget for 2023 and, with respect to the subsequent years, based on the projected inflation rates for a given country included in the Strategy. The changes in cost items were then adjusted for the expected benefits to be derived from the store profitability improvement programmes.
An analysis of the indications of impairment necessitated impairment tests for 59 stores, but the tests did not reveal the need to recognise impairment losses on those assets. The impairment tests were carried out as at January 31st 2023, revealing no need to recognise impairment losses.
With regard to the value in use estimation, the management believes that no reasonably possible change to any of the key assumptions referred to above will result in the carrying amount of a cash-generating unit exceeding significantly its recoverable amount.
As at January 31st 2022, impairment losses on stores (mainly leasehold improvements and right-of-use assets) amounted to PLN 30.9m; as a result of the disposal of the Russian operations and use of impairment losses, as at January 31st 2023 they stood at PLN 25.1m.

IMPAIRMENT TESTS AT THE LEVEL OF GROUPS OF CASH-GENERATING UNITS

In connection with the obligation to test trademarks and goodwill for impairment, the following assets were identified to be tested at the level of groups of cash-generating units (the lowest level to which such assets can be allocated):

- Gino Rossi trademark,
- Goodwill of Shoe Express,
- Goodwill of ADLER International.

The Gino Rossi trademark comprises assets in the form of a trademark with an indefinite useful life. The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products under the Gino Rossi brand through the CCC and eObuwie business lines.

The goodwill of Shoe Express arose from the acquisition of Shoe Express S.A. (Romania) The recoverable amount was determined based on the value in use calculated using a five-year cash flow projection related to the CCC business generated on the Romanian market.

The goodwill of Adler International arose from the acquisition of an organised part of the enterprise (OPE) of Adler International Sp. z o.o. sp.k. The recoverable amount was determined based on the value in use calculated using a five-year cash flow projection related to the operations of the stores acquired as part of the OPE.

Factors affecting the recoverable amount are described above in 'Key underlying assumptions for impairment tests', and were consistent for all the tests performed.

[all amounts in PLN million unless stated otherwise]

Key parameters based on the adopted assumptions were as follows:

January 31st 2023	Gino Rossi trademark	Goodwill of Shoe Express	Goodwill of Adler International
Discount rate	12.9%	16.1%	12.9%
Average EBITDA margin	5.0%	25.5%	34.1%
Expected EBITDA CAGR during the forecast period (five years)	11.7%	31.3%	13.5%
Residual growth rate	2.0%	2.0%	2.0%

The impairment tests were carried out as at January 31st 2023, revealing no need to recognise impairment losses.
With regard to the value in use estimation, the management believes that no reasonably possible change to any of the key assumptions referred to above will result in the carrying amount of a group of cash-generating units exceeding significantly its recoverable amount.
The third step of impairment testing was performed at the highest level of aggregation, which is a business line (operating segment).

IMPAIRMENT TESTS AT THE LEVEL OF OPERATING SEGMENTS (BUSINESS LINES)

As it was impossible to allocate corporate assets on a reasonable and consistent basis to any cash-generating units, and due to the occurrence of indications of impairment described below, and also because of the goodwill allocation (the DeeZee segment and eobuwie segment), impairment tests were carried out at the level of business lines (operating segments), covering the corporate assets allocated to the business lines. For detailed information on the reportable segments, see Note 2.

As at the reporting date, the following segments were tested:

- CCC segment
- HalfPrice segment
- DeeZee segment
- MODIVO segment
- eObuwie segment

The impairment test for the CCC business line was carried out due to its failure to meet the budget as a consequence of macroeconomic factors, and covered non-current assets (excluding deferred tax assets and long-term investments) allocated to the CCC operating segment together with net working capital allocated to that segment. The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products and other operations conducted through the CCC business line (operating segment) based on its existing assets. The cash flow projection covered the years 2023 and 2024–2027.
The impairment test for the HalfPrice business line was carried out in connection with the allocation to that business line of certain corporate assets, and covered non-current assets (excluding deferred tax assets and long-term investments) allocated to the HalfPrice operating segment, together with net working capital allocated to that segment. The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products through the HalfPrice business line (operating segment) based on its existing assets. The cash flow projection covered the years 2023 and 2024–2027.
The impairment test for the DeeZee business line was carried out in connection with the obligation to test for impairment the trademark and goodwill. The test covered non-current assets (excluding deferred tax assets and long-term investments) allocated to the DeeZee operating segment. The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products through the DeeZee business line (operating segment). The cash flow projection covered the years 2023 and 2024–2027.
The impairment test for the MODIVO business line was carried out due to its failure to meet the budget as a consequence of macroeconomic factors, and covered non-current assets allocated to the MODIVO operating segment. The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products through the MODIVO business line (operating segment). The cash flow projection covered the years 2023 and 2024–2027.
The impairment test for the eobuwie business line was carried out in connection with the obligation to test for impairment the trademark and goodwill, and covered all non-current assets allocated to the eobuwie operating segment (including the trademark and goodwill). The recoverable amount was determined based on the value in use calculated using a cash flow projection related to sales of products through the eobuwie business line (operating segment). The cash flow projection covered the years 2023 and 2024–2027.
Factors affecting the recoverable amount are described above in 'Key underlying assumptions for impairment tests', and were consistent for all the tests performed.

[all amounts in PLN million unless stated otherwise]

Key parameters based on the adopted assumptions were as follows:

January 31st 2023	CCC	HalfPrice	DeeZee	MODIVO	eobuwie
Discount rate	12.9%	12.9%	12.9%	12.9%	12.9%
Average EBITDA margin	17.5%	13.9%	12.8%	9.7%	9.3%
Expected EBITDA CAGR during the forecast period (five years)	27.4%	25.4%	41.1%	113.3%	68.0%
Residual growth rate	2.0%	2.5%	2.0%	2.0%	2.0%

The impairment tests were carried out as at January 31st 2023, revealing no need to recognise impairment losses.

In addition, a sensitivity analysis was carried out for the individual impairment tests, which showed their sensitivity to changes in key parameters.
The amount by which a key assumption would have to change (taking into account the effect of such change on the other variables) in order for the recoverable amount to equal the carrying amount is presented in the table below:

January 31st 2023	CCC	HalfPrice	DeeZee	MODIVO	eobuwie
Increase in discount rate resulting in impairment loss	14.7pp	4.1pp	86.1pp	12.3pp	22.6pp
Decrease in average EBITDA margin resulting in impairment loss	9.3pp	5.1pp	10.2pp	3.1pp	8.8pp
Decrease in expected EBITDA CAGR during the forecast period (5 years) resulting in impairment loss	18.7pp	10.2pp	17.7pp	11.9pp	41.2pp

Management believes that no reasonably possible change to the residual growth rate specified above will result in the carrying amount significantly exceeding the recoverable amount.

5.6INVENTORY

ACCOUNTING POLICY

Inventories are stated at the lower of cost or net realisable value. Cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and related manufacturing overheads (based on normal operating capacity), excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less variable costs necessary to make the sale.
The CCC Group analysed, in the light of the IFRIC's decision *Costs Necessary to Sell Inventories*, which additional costs incurred in the sale process would be eligible under IAS 2 for inclusion in the calculation of the write-down to net realisable value (NRV). In order to determine costs necessary to make the sale, the Group took into account the type of inventories held and its sales channels, and analysed the cost structure. The incurred costs necessary to make the sale vary by sales channel, which means that the Group has different cost levels for the digital channel and for offline stores. In determining costs necessary to make the sale through the digital channel, the Group included the costs of courier service, packaging materials and payment intermediaries. In the case of sales through offline stores, logistics costs of transporting and repackaging goods at the central warehouse as well as employee overheads were included. The allocation of marketing costs was also added to costs necessary to make the sale in both channels.
The IFRIC's decision did not materially affect the manner in which the Company determines the net realisable value in accordance with IAS 2.
Merchandise is stated in terms of quantity and value and is measured:
– in the case of imported goods – at costs of purchase, including purchase price, transport costs on the foreign leg and on the domestic leg to the first place of unloading in the country, insurance and import duties; any amounts in foreign currencies are translated at the rate stated in the customs documents,
– in the case of goods purchased in Poland – at purchase prices; other costs of purchase, due to their immaterial amount, are expensed to profit or loss when incurred.

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. If the circumstances cease to exist, the write-down is reversed by reducing the cost of sales.

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In order to determine the amount of inventory write-downs, the Group applies a calculation model based on inventory aging, taking into account forecast sales of particular products. These forecasts are the result of analysis of historical data as well as the current situation of the Company and its micro- and macroeconomic environment, which may affect the level of uncertainty in determining these forecasts.
Significant estimates and judgments primarily involve analysis of the achievable sales margin, projected future selling prices, inventory turnover, additional selling expenses required to complete the sale of inventories and the effectiveness of marketing activities conducted. As part of its day-to-day management of inventories, the Company monitors current stocks by age and proactively supports sales through appropriate sales campaigns.
In analysing the level and value of inventories, the Group distinguishes the main category of merchandise, i.e. footwear, and the category of other products (mainly handbags and accessories). For the main category of products, the Group verifies the factors affecting its value, such as the expected level of sales, expected margins, planned discounts, product life span, compatibility with fashion trends and customers' needs, and the level of additional costs required to adapt the goods to sales in subsequent seasons. For the other products, the Group analyses primarily the product life cycle and planned discounts. Average discounts for non-footwear products are typically lower than for footwear; moreover, this product category does not require additional costs to adapt it for sale in subsequent periods.
Results of the analyses are reflected in the estimation of inventory write-downs. For the main product category, inventory write-downs are higher mainly due to faster obsolescence of footwear than is the case for non-footwear merchandise. Moreover, the process of replacing merchandise in the main product group between seasons (i.e. cyclical transfers from central warehouses and stores and from stores to central warehouses) generates additional service costs and increases the amount of inventory write-downs on footwear. No such transfers are made in the non-footwear category. Moreover, the rotation of non-footwear inventories is faster which justifies lower write-downs.
In analysing the age of the footwear inventory, the Group determines the appropriate level of write-downs, expressed as percentage, which is then used to calculate the amount of write-downs. The analysis by product category covers inventories older than two years.
The main assumptions of the discount policy affecting the measurement of inventories to net realisable value are:
a) the amount of price reductions (level of discounts) depends on the age of inventories, i.e. the discounts increase over to the passage of time, mainly due to deterioration in the quality of footwear caused by storage and in-store display, and the limited availability of popular sizes, all of which make the inventories less attractive to customers;
b) discount campaigns are structured for entire collections or product groups, to strengthen the expected effect;
c) merchandise that reflects current fashion trends tends to lose more value over time due to the shorter life cycle compared with more universal and classic products;
d) the expected rate of inventory rotation decreases over time and therefore discounts rise to enhance the price attractiveness of the goods.

	January 31st 2023	January 31st 2022
Materials	17.8	2.4
Merchandise	2,687.9	2,546.8
Finished goods	0.7	76.7
Returns assets	55.1	37.7
Total (gross)	**2,761.5**	**2,663.6**
Impairment losses	-70.4	−37.8
Total (net)	**2,691.1**	**2,625.8**

The CCC Group's objective is to optimise inventory levels, while maintaining an adequate volume of merchandise to maximise sales.

Factors influencing inventory levels include an increase in foreign exchange rates, translating into the value of merchandise purchased abroad, rapid expansion of the HalfPrice chain and significant reduction of investment in inventories of the CCC segment reflecting optimised inventory management. As a result, net inventories remained largely unchanged relative to January 31st 2022 (+2.49%).

In connection with the customer's right to return unused goods, the Group calculates returns liabilities and returns assets. Deliveries made after the reporting date are allocated to revenue of the next period, while returns reduce revenue in the current period. The amount of the asset is disclosed in inventories, while the liability is presented in other liabilities. As at the reporting date, the amount of the asset was PLN 55.1m, and the amount of the liability was PLN 83.4m.

[all amounts in PLN million unless stated otherwise]

Inventory write-downs and their changes are presented below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
At beginning of period	**37.8**	**37.1**
Expensed to cost of sales	54.8	13.6
Used	-5.8	-9.7
Reversed to cost of sales	-16.4	-3.2
At end of period	**70.4**	**37.8**

During the financial year 2022, the Group recognised and reversed net inventory write-downs of PLN 38.4m. The increase in inventory write-downs as at the reporting date was attributable to the level of impaired inventories intended for resale or disposal.

Inventory aging is presented in the table below.

	January 31st 2023	January 31st 2022
up to 1 year	2,423.6	2,380.8
1 to 2 years	306.1	253.6
2 to 3 years	28.3	27.4
over 3 years	3.5	1.8
Total gross carrying amount	**2,761.5**	**2,663.6**

[all amounts in PLN million unless stated otherwise]

5.7 TRADE RECEIVABLES, OTHER RECEIVABLES, AND LOANS

ACCOUNTING POLICY

Trade receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses (for details, see Note 6.1). If trade receivables are expected to be collected within one year or realised as part of the normal operating cycle, they are classified as current assets.
Trade receivables include receivables from couriers.

Other receivables
Receivables other than financial assets are initially recognised at nominal amount and measured as at the end of the reporting period at the amount due.

	January 31st 2023	January 31st 2022
Gross trade receivables	244.6	286.5
Impairment losses on receivables	-100.8	-60.4
Total net receivables	**143.8**	**226.1**
Prepaid deliveries	31.4	113.3
Prepayments	50.0	38.8
Tax receivables other than under corporate income tax	27.9	91.5
Receivables from sale of property, plant and equipment	5.4	20.4
Other	64.0	29.4
Total other receivables	**178.7**	**293.4**

	January 31st 2023	January 31st 2022
Other long-term receivables	–	1.0
Total other long-term receivables	**–**	**1.0**

Impairment losses on trade receivables	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
At beginning of period	**-60.4**	**-80.8**
a) increase	-52.8	-2.4
b) decrease – use	3.5	15.3
c) decrease – reversal	8.9	7.5
At end of period	**-100.8**	**-60.4**

Trade receivables fell by PLN 82.3m relative to January 31st 2022, due mainly to payment of receivables, lower wholesale volumes, and a change in impairment losses of PLN 43.9m in the reporting period, due largely to the recognition of impairment losses on receivables from

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Karl Voegele AG (PLN 28.6m), OBUV OOO (formerly CCC Russia OOO: PLN 10.6m) and Adler (PLN 9.4m), as well as impairment losses on the other trade receivables following an assessment of expected credit losses (impairment losses on trade receivables as at the reporting date amounted to PLN 100.8m).
Other receivables include mainly prepayments made for advertising, marketing, insurance and licence fees incurred in relation to future periods, as well as prepaid deliveries, the balance of which is attributable to prepayments made for SS23 stocking. Another major item of other receivables was tax receivables (mainly VAT receivables).
In connection with the repurchase of Gino Rossi's own shares from CCC S.A., an equity claim arose of PLN 21.9m, recognised under other receivables in the financial statements of CCC S.A. Following the sale of the remaining shares in Gino Rossi outside the CCC Group on January 8th 2023, as a result of which control of Gino Rossi was lost, as discussed in more detail in Note 1, a receivable of PLN 21.9m was recognised under other receivables in the consolidated financial statements, as the amount was not yet settled at the reporting date. It will be settled as soon as possible following the registration of the share cancellation, which took place after the reporting date, on March 22nd 2023. The Management Board assesses the risk of impairment of this receivable as negligible given the possibility of offsetting mutual claims.
For detailed information on the sale of shares, see Note 3.1.
Other receivables also include receivables under discounts received, calculated on the volume of purchases of merchandise under agreements with suppliers and receivables under various types of security deposits. For information on the terms of related-party transactions, see Note 6.5. Trade receivables are non-interest bearing and typically have a market-based payment term. The Group follows a policy of trading only with customers whose creditworthiness has been verified. Accordingly, in the opinion of the Management Board there is no additional credit risk that would exceed the allowance for expected credit losses recognised with respect to the trade receivables of the Group.

	January 31st 2023	January 31st 2022
Short-term loans	–	–
Long-term loans	–	–
Total loans	**–**	**–**

The Group classified loans as financial assets, which as at the reporting date were credit-impaired due to credit risk – for details, see Notes 3.3 and 6.1 (an impairment loss for the entire amount of the loans has been recognised). As at the reporting date and January 31st 2022, HR Group Holding s.a.r.l. was in bankruptcy and therefore an impairment loss for the entire amount of the loan advanced to that entity was recognised.

Loss allowances:

Loans advanced as at January 31st 2023	Gross carrying amount	Impairment losses	Net carrying amount	Level
HR Group Holding s.a.r.l.	130.2	-130.2	–	3
Total	**130.2**	**-130.2**	**–**	

Loans advanced as at January 31st 2022	Gross carrying amount	Impairment losses	Net carrying amount	Level
HR Group Holding s.a.r.l.	130.2	-130.2	–	3
Total	**130.2**	**-130.2**	**–**	

Gross carrying amount of loans advanced to HRG as at January 31st 2023 was PLN 130.2m, unchanged relative to January 31st 2022. Impairment losses on the entire gross carrying amount of the loans were recognised in the previous period as impairment of trade receivables from and loans to the group was identified as a result of the deterioration in HRG's financial condition caused by COVID-19.

[all amounts in PLN million unless stated otherwise]

5.8 CASH

ACCOUNTING POLICY
Cash and cash equivalents include cash in hand and bank deposits payable on demand. Current account borrowings are presented in the statement of financial position as a component of current financing liabilities. For the purpose of the statement of cash flows, current account borrowings do not reduce the amount of cash and cash equivalents.

	January 31st 2023	January 31st 2022
Cash in hand and in transit [1]	19.9	42.9
Cash at bank	320.0	896.1
Short-term deposits (up to 3 months)	26.5	–
Cash in VAT accounts (split payment)	29.0	2.1
Total	**395.4**	**941.1**

[1] As at the reporting date, cash in hand and in transit comprised cash in hand of PLN 13.0m and cash in transit of PLN 6.9m.

Cash is exposed to credit risk, currency risk, and interest rate risk. For information on the policy for managing these risks and further risk disclosures (i.e. credit quality assessment, sensitivity analysis of exposure to currency risk and interest rate risks), see Note 6.1.

[all amounts in PLN million unless stated otherwise]

5.9 TRADE PAYABLES AND OTHER LIABILITIES

ACCOUNTING POLICY

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are classified as current liabilities if they are expected to be settled as part of the normal operating cycle or are payable within twelve months from the end of the reporting period, or if the Group has no unconditional right to defer their settlement for at least twelve months after the reporting period.

The Group incurs costs related to the operation of the Employee Capital Plans ("PPK") by making contributions to the pension fund. These are post-employment benefits in the form of a defined contribution plan. Costs of contributions to PPK are recognised in the same cost item as the cost of salaries and wages on which they are paid. PPK obligations are presented as other non-financial liabilities in the line item 'Other liabilities'.

	January 31st 2023	January 31st 2022
Trade payables:		
• trade payables – net of balances covered by reverse factoring	1,070.5	1,014.4
• trade payables – covered by reverse factoring	250.8	441.9
• investment liabilities	68.2	23.8
Total trade and other payables	**1,389.5**	**1,480.1**
Indirect taxes, customs duties and other public charges payable	141.7	103.3
Amounts due to employees	105.2	75.7
Accrued expenses	108.0	86.3
Returns liabilities	83.4	64.3
Liabilities under contracts with customers	13.9	14.5
Other liabilities	18.2	31.8
Total other liabilities	**470.4**	**375.9**

	January 31st 2023	January 31st 2022
Amounts due to employees	0.2	20.7
Construction security deposits	4.3	2.5
Other	–	0.2
Total other non-current liabilities	**4.5**	**23.4**

[all amounts in PLN million unless stated otherwise]

	January 31st 2023	January 31st 2022
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	6.5	19.9
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	–	14.6
Total other non-current financial liabilities	**6.5**	**34.5**
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	15.8	–
Total other current financial liabilities	**15.8**	**–**

* For more information on other non-current and current financial liabilities, see Note 6.1 to these financial statements.

The Group uses the reverse factoring service, under which, upon presentation of an invoice for the purchases made, the factor's bank pays the Group's liabilities to suppliers within seven business days. The Group pays its liabilities towards the factor's bank within the time limit originally specified in the invoices, therefore, from the Group's perspective, there is no extension of payment terms, which usually range from 60 to 187 days. Early repayment of liabilities by the factor is made at the expense of the Group's suppliers. In the previous period, under the New Financing Agreement, the components used to calculate the net exposure to operating profit (loss) before depreciation and amortisation (EBITDA), which include liabilities covered by factoring, i.e. the balance of reverse factoring liabilities, affect the calculation of bank covenants. At the same time, the Group's liabilities towards the factor are secured as described in Note 4.2 to these financial statements.
The presentation of balances of liabilities covered by reverse factoring in the statement of financial position and statement of cash flows required the application of material judgement. In the assessment, the parent's Management Board also considered the content of the IFRIC's decision Supply Chain Financing of December 2020. In particular, the parent's Management Board concluded that these balances formed part of working capital used in the normal course of the Group's operations and corresponded in fact to trade payables, being directly attributable to the Group's arrangements with suppliers.
Given the terms of reverse factoring described above and taking into account the contents of the above decision, the Group treats trade payables transferred to reverse factoring as a separate class of financial liabilities, presenting them under 'Trade and other payables'. At the same time, payments to the factor are presented in the statement of cash flows under net cash flows from operating activities, as they in fact represent payments for deliveries of goods. Below are presented the factoring agreements, with the respective limits and their utilisation.

	January 31st 2023		January 31st 2022	
Type of supplier financing agreement	Limit	Used	Limit	Used
Tranche B under syndicated agreement for companies of the CCC Business Unit	5.5	1.1	5.5	–
Tranche C under syndicated agreement for companies of the CCC Business Unit	92.9	77.0	–	–
Agreement with Santander Bank with BGK guarantee for companies of the CCC Business Unit	98.2	14.0	201.1	186.7
Agreement with Bank Millennium with BGK guarantee for companies of the CCC Business Unit	39.8	–	77.9	66.0
Agreement with Pekao S.A. with BGK guarantee for companies of the Modivo Business Unit	0.8	0.8	30.0	28.7
Agreement with Pekao S.A. for companies of the Modivo Business Unit	100.0	64.3	50.0	37.1
Agreement with Pekao S.A. for companies of the Modivo Business Unit	50.0	22.6	50.0	47.7
Agreement with Pekao S.A. for companies of the Modivo Business Unit	30.0	–	–	–
Agreement with PKO BP with BGK guarantee for companies of the Modivo Business Unit	60.0	29.2	40.0	17.0
Agreement with PKO BP for companies of the Modivo Business Unit	80.0	41.8	80.0	58.7
Total	**557.2**	**250.8**	**534.5**	**441.9**

Accrued expenses included:

- A provision for future costs of store closures in Germany of PLN 9.2m (January 31st 2022: PLN 10.4m). The need to recognise the provision resulted from COVID-19 and worse-than-expected results of the stores, lease guarantees demanded by certain lessors from CCC S.A., the terms and conditions of an agreement concluded between the Company and HRG at the time of disposal of CCC Germany, including provisions concerning compensation by CCC S.A. of losses incurred by HRG. As a result of the COVID-19 pandemic, and thus worse-than-expected results of the stores, CCC S.A. expects HRG, the owner of CCC Germany, to take steps to accelerate early closure of some of the stores and terminate respective lease contracts. Therefore, a provision was recognised for what, in the opinion of CCC, would be the maximum amount of uncovered losses due to landlords' claims. These claims are related to the early closure of the stores. CCC S.A. and HRG will cooperate to minimise the actual amount used under the provision.
- The remaining accrued expenses comprise a provision for the period's expenses of PLN 45.7m (PLN 38.3m in the previous period), a provision for accrued holiday entitlements of PLN 16.2m (PLN 17.3m in the previous period), as well as settlement of leasehold improvements with landlords of PLN 30.6m (PLN 20.3m in the previous period).

In 'Other liabilities', the main item is a PLN 4.0m provision for tax risk related to a tax audit at CCC.eu sp. z o.o, as described in detail in Note 3.4 to these financial statements.

The note on other non-current financial liabilities under 'Amounts due to employees' include wages and salaries of PLN 0.2m (January 31st 2022: PLN 1.4m), as described in detail in Note 6.6 to these financial statements. In addition, the Group operates a long-term bonus programme for the management staff for 2021–2022; the employees will be entitled to the programme benefits after the end of that period, depending on the achievement of the programme objectives. As at the reporting date, the Group measured the expected bonuses to be paid and recognised amounts due to employees under current liabilities of PLN 15.0m (as at January 31st 2022 recognised as amounts due to employees under non-current liabilities of PLN 19.3m).

Trade payables and other liabilities are exposed to currency risk. For information on currency risk management and the sensitivity analysis, see Note 6.1.
Liabilities also involve liquidity risk (for further information, see Note 6.1).
The fair value of trade payables approximates their carrying value.

EXPENDITURE COMMITMENTS AND OTHER FUTURE LIABILITIES

As at January 31st 2023 and January 31st 2022, the Group had no commitments to incur expenditure or other future liabilities.

[all amounts in PLN million unless stated otherwise]

5.10 PROVISIONS

ACCOUNTING POLICY

Provisions include mainly provisions for jubilee and retirement benefits, warranty repairs and litigation.
The provision for warranty repairs is recognised as an estimate of the average level of returns due to complaints based on historical data. Based on results of calculations spanning several periods and on the Group's experience, in order to simplify the estimates the average complaint ratio is calculated. The amount of revenue earned in a given period is used as the variable determining potential returns and, consequently, the amount of potential complaints. Appropriate adjustments to the provision are made in subsequent periods by increasing or reversing the provision, depending on the amount of revenue earned.
A provision for litigation is recognised at an amount representing the best estimate of the amount necessary to settle the resulting obligations.

In accordance with the Company's remuneration plans, the Group employees are entitled to jubilee and retirement benefits. Retirement benefits are paid on as lump sum payments on retirement. The amount of retirement benefits depends on the employee’s years of service and average remuneration. The Group recognises a provision for future retirement benefit obligations in order to allocate the related costs to the relevant periods. The present value of these obligations at each reporting date is calculated by an independent actuary.

Long-term defined benefits plan during employment
Under the terms of the collective labour agreement, a group of employees has the right to receive jubilee benefits whose amount depends on the length of service. The eligible employees receive, on a one-off basis, an equivalent of 100% of their monthly base pay after 10 years of service, an equivalent of 150% of their monthly base pay after 15 years of service, an equivalent of 200% of their monthly base pay after 20 years of service, and an equivalent of 250% of their monthly base pay after 25 years of service. These benefits are recognised on the basis of actuarial valuations.

The Group recognises a provision for future jubilee benefits based on an actuarial valuation using the projected unit credit method.

	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at February 1st 2022	**17.0**	**14.3**	**–**	**0.5**	**31.8**
short-term	2.7	14.3	–	0.4	17.4
long-term	14.3	–	–	0.1	14.4
As at February 1st 2022	**17.0**	**14.3**	**–**	**0.5**	**31.8**
Recognised	1.7	7.3	1.5	0.1	10.6
Used	-0.6	-6.1	–	–	-6.7
Reversed	-1.4	-6.8	–	–	-8.2
As at January 31st 2023	**16.7**	**8.7**	**1.5**	**0.6**	**27.5**
short-term	3.7	8.7	1.5	0.6	14.5
long-term	13.0	–	–	–	13.0

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	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at February 1st 2021	**19.5**	**17.6**	**–**	**0.4**	**37.5**
short-term	3.3	17.6	–	0.3	21.2
long-term	16.2	–	–	0.1	16.3
As at February 1st 2021	**19.5**	**17.6**	**–**	**0.4**	**37.5**
Recognised	3.1	2.1	–	0.6	5.8
Used	-1.3	–2.2	–	-0.1	-3.6
Reversed	-4.3	-3.2	–	-0.4	-7.9
Exchange differences	–	–	–	–	–
As at January 31st 2022	**17.0**	**14.3**	**–**	**0.5**	**31.8**
short-term	2.7	14.3	–	0.4	17.4
long-term	14.3	–	–	0.1	14.4

Based on the valuation prepared by a professional actuarial firm, the Group recognises a provision for the present value of retirement and jubilee benefits. As the balance consists mainly of provisions recognised at CCC S.A., CCC.eu Sp. z o.o., HalfPrice Sp. z o.o. and CCC Factory Sp. z o.o., the information on the main assumptions and sensitivity analysis contains aggregate data for those companies.

Significant actuarial assumption used to measure employee benefit obligations as at the reporting date:

	January 31st 2023
Discount rate	5.9%
Mortality tables	pttz2021
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2022–2031	3.4%
Average assumed annual increase in base amount to calculate jubilee benefits in 2022–2031	3.4%
Weighted average employee mobility ratio (male employees) – value range for the Group	8.14% - 38.98%
Weighted average employee mobility ratio (female employees) – value range for the Group	10.51% - 41.00%

Sensitivity analysis of provisions for employee benefits:

The table below presents an analysis of sensitivity of provisions for employee benefits as at the reporting date to key parameters in the actuarial model. The tables show how a change in a parameter affects provision amounts.

January 31st 2023	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement benefits	1.0	0.9	0.9	1.0
Disability severance pay	0.2	0.2	0.2	0.2
Jubilee benefits	15.1	14.0	13.9	15.2
Death benefits	0.4	0.3	0.3	0.4
Total provisions	**16.7**	**15.4**	**15.3**	**16.8**

[all amounts in PLN million unless stated otherwise]

	January 31st 2022
Discount rate	3.8%
Mortality tables	pttz2020
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2018-2027	2.9%
Average assumed annual increase in base amount to calculate jubilee benefits in 2018-2027	2.9%
Weighted average employee mobility ratio (male employees) – value range for the Group	12.81% - 38.04%
Weighted average employee mobility ratio (female employees) – value range for the Group	12.49% - 37.00%

January 31st 2022	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement benefits	0.8	0.6	0.6	0.8
Disability severance pay	0.2	0.2	0.2	0.2
Jubilee benefits	12.2	11.2	11.1	12.3
Death benefits	0.3	0.3	0.2	0.3
Total provisions	**13.5**	**12.3**	**12.1**	**13.6**

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets
Classification of financial assets
Financial assets are classified into the following categories:
• measured at amortised cost,
• measured at fair value through profit or loss,
• measured at fair value through other comprehensive income.
The Group classifies financial assets based on its business model of financial asset management and the assets' contractual cash flow characteristics (the SPPI test). The Group reclassifies investments in debt instruments if, and only if, the management model for such assets changes.

Measurement at initial recognition
Except for some trade receivables, on initial recognition financial assets are recognised at fair value which – in the case of financial assets other than those at fair value through profit or loss – is increased by transaction costs directly attributable to acquisition of the assets.

Derecognition
Financial assets are derecognised when:
• the contractual rights to the cash flows from the financial assets expire, or
• the rights to cash flows from the financial assets have been transferred and the Group has transferred substantially all risks and rewards incidental to the ownership of the assets.

Measurement after initial recognition
For the purpose of measurement subsequent to initial recognition, financial assets are classified into one of the following four categories:
• debt instruments measured at amortised cost,
• debt instruments measured at fair value through other comprehensive income,
• equity instruments measured at fair value through other comprehensive income,
• financial assets measured at fair value through profit or loss.

Debt instruments – financial assets measured at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies the following types of financial assets as measured at amortised:
- trade receivables,
- loans that meet the SPPI classification test and, in line with the business model, are recognised as held to collect cash flows,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and disclosed in the statement of profit or loss/ statement of comprehensive income in the line item 'Interest income'.

Debt instruments – financial assets at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is both to receive contractual cash flows and to sell the financial asset; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, exchange differences and gains and losses on impairment are recognised in profit or loss and calculated in the same way as for financial assets carried at amortised cost. Other changes in fair value are recognised in other comprehensive income. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
Interest income is calculated using the effective interest rate method and disclosed in the statement of profit or loss/ statement of comprehensive income in the line item 'Interest income'.

Equity instruments – financial assets measured at fair value through other comprehensive income
On initial recognition, the Group may make an irrevocable election to recognise in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor is contingent consideration recognised by the acquirer in a business combination to which IFRS 3 applies. Such election is made separately for each such equity instrument. Accumulated gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in profit or loss/ statement of comprehensive income when the Group's right to receive dividend is established, unless the dividend clearly represents recovery of a portion of the investment cost.

Financial assets measured at fair value through profit or loss
Financial assets which are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. The Group classifies derivative financial instruments and listed equity instruments that have not been irrevocably designated for fair value through other comprehensive income as financial assets measured at fair value through profit or loss, . Gain or loss on measurement of those assets at fair value is recognised in profit or loss. Dividends are recognised in profit or loss in the statement of comprehensive income when the Group's right to receive dividend is established.

Offsetting of financial assets and financial liabilities
If the Group:
• has a legally enforceable right of set-off and
• intends to settle on a net basis, or to recover the asset and settle the liability simultaneously, then the financial asset and the financial liability are offset and disclosed in the statement of financial position on a net basis.

Impairment of financial assets
The Group assesses expected credit losses ("ECL") associated with financial instruments measured at amortised cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
With respect to short-term trade receivables without a significant financing component, lease receivables and other receivables, the Group applies the simplified approach provided for in IFRS 9 and measures impairment losses in the amount of credit losses expected over the entire lifetime of a receivable since its initial recognition.
In the case of receivables for which a case-by-case approach is justified, the Group measures the probability of default based on market data published by Moody's.
The Group's business involves mainly retail, digital and wholesale activities. Trade receivables relate mainly to the wholesale business and cooperation with franchisees (trade receivables in the retail and digital segments are not material). Allowances were recognised for receivables from entities which, in the Group's opinion, are exposed to the highest risk of default in the short term.

For other financial assets, the Group measures the allowance for expected credit losses in an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the Group measures the loss allowance in an amount equal to lifetime expected credit losses.
The Group estimates that the credit risk associated with a financial instrument has increased significantly since its initial recognition if:
- time past due exceeds 60 days;
- the creditor's rating has changed significantly;
- the creditor's financial results have deteriorated;
- credit facilities granted to the creditor have been terminated or the creditor has breached facility covenants
- the creditor has lost a significant market or key trading partners, has experienced legislative changes adversely affecting the business, has experienced significant changes in sales and supply markets (including as a result of changes in foreign exchange rates or adverse changes in commodity markets), or has experienced any fortuitous events that could adversely affect the business;
- material litigation proceedings are pending against the creditor which may adversely affect the recovery of the claim;
- there has been a significant decrease in the value/amount of the collateral.

If days past due exceed 180, the Group considers the debtor to have defaulted.
The Group recognises an impairment loss on financial assets in the amount of the difference between the carrying amount those assets as at the measurement date and the recoverable amount

Fair value of financial assets and liabilities

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in a transaction carried out on typical terms of sale of the asset between market participants at the measurement date in the current market conditions. The Group measures financial instruments, such as derivative instruments (FORWARD and PUT options), at fair value at the end of each reporting period. Derivatives are recognised as assets when their value is positive and as liabilities when their value is negative. Gains and losses on changes in the fair value of derivatives that do not qualify for hedge accounting are charged directly to net profit or loss for the financial year. The fair value of FX forwards is established by reference to the prevailing forward rates in contracts with similar maturities.

All assets and liabilities that are measured at fair value or whose fair value is disclosed in the financial statements are classified in the fair value hierarchy as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

LEVEL OF FAIR VALUE HIERARCHY	Description
Level 1	Prices quoted on an active market for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
Level 3	Inputs to measure an asset or liability that are not based on observable market data (unobservable inputs).

[all amounts in PLN million unless stated otherwise]

	January 31st 2023		January 31st 2022	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	**566.8**	**–**	**1,188.0**	**–**
Loans	–	–	–	–
Trade receivables	143.8	–	226.1	–
Lease receivables	0.3	–	0.4	–
Receivables from sale of property, plant and equipment	5.4	–	20.4	–
Receivables from sale of shares	21.9	–	–	–
Cash and cash equivalents	395.4	–	941.1	–
Financial assets measured at fair value through profit or loss	**11.2**	**–**	**19.8**	**–**
Other financial assets (shares)	11.2	–	11.2	–
Other financial assets (derivative financial instruments – forwards)	–	–	2.1	–
Derivative financial instruments (embedded derivatives)	–	–	6.5	–
Financial liabilities at amortised cost	**–**	**5,952.1**	**–**	**5,799.5**
Financing liabilities	–	2,526.2	–	2,459.6
Trade and other payables	–	1,389.5	–	1,480.1
Returns liabilities	**–**	**83.4**	**–**	**64.3**
Lease liabilities	**–**	**1,779.7**	**–**	**1,795.5**
Liabilities arising from obligation to purchase non-controlling interests	–	173.3	–	–
Financial liabilities measured at fair value through profit or loss	**–**	**57.3**	**–**	**99.3**
Liabilities arising from obligation to purchase non-controlling interests	–	31.1	–	64.8
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	–	6.5	–	19.9
Derivative financial instruments (forwards)	–	3.9	–	–
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	–	15.8	–	14.6

January 31st 2023	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
Financial assets measured at fair value through profit or loss	**11.2**	
Other financial assets (shares)	11.2	3
Financial liabilities measured at fair value through profit or loss	**57.3**	
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	6.5	3
Derivative financial instruments (forwards)	3.9	2
Liabilities arising from obligation to purchase non-controlling interests	31.1	3
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	15.8	3

[all amounts in PLN million unless stated otherwise]

January 31st 2022	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
Financial assets measured at fair value through profit or loss	**19.8**	
Other financial assets (shares)	11.2	3
Other financial assets (derivative financial instruments – forwards)	2.1	2
Derivative financial instruments (embedded derivatives)	6.5	2
Financial liabilities measured at fair value through profit or loss	**99.3**	
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	19.9	3
Liabilities arising from obligation to purchase non-controlling interests	64.8	3
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	14.6	3

The Group measures the options to sell non-controlling interests in DeeZee Sp. z o.o. at fair value. As at the reporting date, their exercise dates and values were as follows:

Company	Amount as at February 1st 2022	Effect of measurement at fair value	Amount as at January 31st 2023	Exercise date (possibility to exercise option on the initial date)
DeeZee Sp. z o.o.	64.9	-33.8	31.1	September 30th 2024

Company	Amount as at February 1st 2021	Effect of measurement at fair value	Amount as at January 31st 2022	Exercise date (possibility to exercise option on the initial date)
DeeZee Sp. z o.o.	84.9	-20.0	64.9	September 30th 2022 September 30th 2024

The fair value measurement of the DeeZee Sp. z o.o. options was recognised in liabilities arising from the obligation to purchase non-controlling interests. The main factor determining the valuation of options to purchase non-controlling interests in DeeZee Sp. z o.o. is the projected level of EBITDA and net debt at the option exercise dates. The relevant EBITDA multipliers provided for in the investment agreements were used to determine the value of the future liability. Following a review of the forecasts received from that company, which are used as the main parameter affecting the measurement of financial instruments under the option to buy shares, the value of the financial instrument from option measurement was remeasured and recognised in the statement of comprehensive income under finance income in the amount of PLN 33.8m. The liability was measured at fair value as at the reporting date, using a discount rate of 9.1% (4.5% for the reference period).

The table below presents a sensitivity analysis of the valuation of the options to buy non-controlling interests.

Company	Initial value of the option	+10% change in EBITDA	Difference	-10% change in EBITDA	Difference
DeeZee	31.1	37.0	5.9	28.0	-3.1

In addition, the Group made an offer to MKK3 to purchase the remaining 5.01% of Modivo shares held by MKK3 (the "Put Option"). On December 21st 2022, an annex was signed amending certain terms of the Put Option to purchase 5.01% of Modivo shares. As a result, the option is unconditionally exercisable in the period from July 1st 2023 to June 30th 2026, with the proviso that it will be extinguished upon an IPO of Modivo shares. The option exercise price is PLN 180m. In view of the provisions of the amended agreement and the Management Board's decision concerning the expected timing of the initial public offering of Modivo shares after July 1st 2023, i.e. after the Put Option vesting date, the Group concluded that the circumstances giving rise to the liability under the Put Option had changed and recognised that liability in the Group's consolidated financial statements. The liability was recognised at nominal amount, taking into account a discount rate (corresponding to the effective interest rate) of 9.1%. The liability is measured at amortised cost, in correspondence with profit or loss.

[all amounts in PLN million unless stated otherwise]

Company	Amount as at February 1st 2022	First-time recognition of liability under MKK 3 PUT Option	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Amount as at January 31st 2023	Exercise date (possibility to exercise option on the initial date)
Modivo S.A.	–	171.6	1.9	173.5	July 1st 2023

Summary	Amount as at February 1st 2021	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Extinguishment of option	Recognition of new option	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Exercise of option	Amount as at January 31st 2022	Exercise date (possibility to exercise option on the initial date)
Modivo S.A.	743.7	5.4	-749.0	711.6	8.4	–720.0	–	N/A

The Group measures at fair value the derivative instrument containing a potential obligation under an 'Equity Kicker' related to the issue of bonds subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty.
The Equity Kicker is an obligation of the issuer to pay a premium to PFR based on an algorithm agreed between PFR and the Group. The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value amounting to PLN 6.5m. The difference between the carrying amount of the embedded instrument as at January 31st 2022 and its amount as at January 31st 2023 was PLN 13.4m and was recognised under finance income.
The value of the Equity Kicker depends on the investor's average annual return on the bonds. As long as the investor's average annual return is lower than 13% (Equity Kicker threshold), the Equity Kicker will amount to 30% of the gain on the disposal of up to 720,000 shares. If the average annual return exceeds the amount determined based on the Equity Kicker threshold, the amount of the Equity Kicker going beyond that amount will be reduced to 10% of the gain on the disposal of shares calculated and payable only in respect of the excess amount.

The valuation of that instrument was prepared by independent experts. The valuation was carried out using a binomial tree model, based on the following key assumptions:

- Number of shares covered by the Equity Kicker option – 0.72m
- Expiry date of the Equity Kicker option – September 22nd 2028
- Risk-free rate – 5.91%
- Maximum duration of the option – 7 years
- Base rate (3M WIBOR) for the first interest period – 0.24%
- Early payment of deferred interest – no.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
At beginning of period	**19.9**	**–**
Value at initial recognition	–	19.3
Measurement at fair value	-13.4	0.6
At end of period	**6.5**	**19.9**

The Group measures at fair value the derivative instrument embedded in the agreement for the issue of bonds convertible into shares subscribed for by a Softbank Group company, as described in Note 4.2.
The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value amounting to PLN 15.8m. The difference between the carrying amount of the embedded instrument as at January 31st 2022 and its amount as at January 31st 2023 was PLN 1.2m and was recognised under finance costs.

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The valuation of that instrument was prepared by independent experts. The valuation was carried out using the Black-Scholes model, based on the following key assumptions:

- Option expiry date – August 23rd 2024
- Risk-free rate – 5.8%
- Maximum duration of the option – 3 years
- Base rate (3M WIBOR) for the first interest period – 0.24%
- Repayment of contractual interest at a fixed rate of 6.99% per annum – no.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
At beginning of period	**14.6**	**–**
Value at initial recognition	–	19.3
Measurement at fair value	1.2	-4.7
At end of period	**15.8**	**14.6**

According to the Group's assessment, the fair value of variable-interest loans, trade receivables, receivables due from sale of property, plant and equipment, lease receivables, cash and cash equivalents, derivative financial instruments, other financial assets, current variable-interest financing liabilities, trade and other payables, as well as returns liabilities does not differ materially from the respective carrying amounts due to the short maturities. In the case of non-current variable-interest financing liabilities and lease liabilities, the fair value does not differ materially from their carrying amounts. In the opinion of the Group, the variable interest rates correspond to market interest rates. The fair value of the CCC0626 variable-rate bonds, listed on the regulated Catalyst market, is PLN 165.9m (carrying amount: PLN 211.3m).

FINANCIAL RISK MANAGEMENT

The business of the CCC Group involves a number of different financial risks. The main risks identified by the Management Board are: currency risk, interest rate risk, credit risk (described below) and liquidity risk (see Note 4.3).
The policy for managing these risks and further information on the risks (including credit quality assessment, maximum credit risk exposures, exchange rate sensitivity analysis) are presented below.

CURRENCY RISK

The CCC Group S.A. operates internationally and is therefore exposed to the risk of fluctuations in exchange rates, in particular USD and EUR, with respect to purchases of goods manufactured in China, India and Bangladesh, costs of retail space rentals, and loans. The main items of the statement of financial position exposed to the currency risk include trade payables (purchases of goods), lease liabilities, trade receivables (wholesale of goods) and cash. The Group monitors exchange rate fluctuations and takes actions on a regular basis in order to minimise their adverse impact, e.g. by having the currency movements reflected in prices of offered merchandise. The Group uses currency risk hedging instruments, mainly forward contracts, but does not apply hedge accounting.

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The table below presents the Group's exposure to the currency risk:

January 31st 2023	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**566.8**	**25.5**	**200.0**	**99.7**	**241.6**
Trade receivables	143.8	7.7	107.5	0.8	27.8
Lease receivables	0.3	–	0.3	–	–
Receivables from sale of property, plant and equipment	5.4	–	–	–	5.4
Receivables from sale of shares	21.9	–	–	–	21.9
Cash and cash equivalents	395.4	17.8	92.2	98.9	186.5
Financial assets measured at fair value through profit or loss	**–**	**–**	**–**	**–**	**–**
Financial liabilities at amortised cost	**5,952.1**	**44.2**	**1,912.7**	**99.5**	**3,895.7**
Financing liabilities	2,526.2	–	2.4	–	2,523.8
Trade and other payables	1,389.5	44.2	271.1	59.9	1,014.3
Returns liabilities	83.4	–	2.6	5.6	75.2
Lease liabilities	1,779.7	–	1,636.6	34.0	109.1
Liabilities arising from obligation to purchase non-controlling interests	173.3	–	–	–	173.3
Financial liabilities measured at fair value through profit or loss	**57.3**	**3.9**	**–**	**–**	**53.4**
Liabilities arising from obligation to purchase non-controlling interests	31.1	–	–	–	31.1
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	6.5	–	–	–	6.5
Derivative financial instruments (forwards)	3.9	3.9	–	–	–
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	15.8	–	–	–	15.8

January 31st 2022	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**1,188.0**	**38.2**	**351.2**	**323.2**	**475.4**
Trade receivables	226.1	6.4	100.4	63.5	55.8
Receivables from sale of property, plant and equipment	20.4	–	–	–	20.4
Lease receivables	0.4	–	0.4	–	–
Cash and cash equivalents	941.1	31.8	250.4	259.7	399.2
Financial assets measured at fair value through profit or loss	**8.6**	**–**	**–**	**8.6**	**–**
Other financial assets (derivative financial instruments – forwards)	2.1	–	–	2.1	–
Derivative financial instruments (embedded derivatives)	6.5	–	–	6.5	–

[all amounts in PLN million unless stated otherwise]

Financial liabilities at amortised cost	**5,799.5**	**29.7**	**1,661.9**	**233.6**	**3,874.3**
Financing liabilities	2,459.6	–	–	–	2,459.6
Trade and other payables	1,480.1	15.3	149.0	121.4	1,194.4
Returns liabilities	64.3	–	0.4	1.1	62.8
Lease liabilities	1,795.5	14.4	1,512.5	111.1	157.5
Financial liabilities measured at fair value through profit or loss	**99.3**	**–**	**–**	**–**	**99.3**
Liabilities arising from obligation to purchase non-controlling interests	64.8	–	–	–	64.8
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	19.9	–	–	–	19.9
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	14.6	–	–	–	14.6

The table below presents sensitivity to the currency risk. If as at January 31st 2023 the exchange rates of financial assets/liabilities denominated in foreign currencies, in particular USD and EUR, were PLN 0.05 higher/lower, the effect on profit before tax would be as follows:

January 31st 2023	Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate		
	Value in PLN corresponding to exposure in USD	0.05	-0.05	Value in PLN corresponding to exposure in EUR	0.05	-0.05
Financial assets at amortised cost	**25.5**	**0.3**	**-0.3**	**200.0**	**2.1**	**-2.1**
Trade receivables	7.7	0.1	-0.1	107.5	1.1	-1.1
Lease receivables	–	–	–	0.3	–	–
Cash and cash equivalents	17.8	0.2	-0.2	92.2	1.0	-1.0
Financial liabilities at amortised cost	**-44.2**	**-0.5**	**0.5**	**-1,902.7**	**-20.1**	**20.1**
Financing liabilities	–	–	–	2.4	–	–
Trade and other payables	-44.2	–0.5	0.5	-271.1	-2.9	2.9
Returns liabilities	–	–	–	2.6	–	–
Lease liabilities	–	–	–	-1,636.6	-17.3	17.3
Financial liabilities measured at fair value through profit or loss	**3.9**	**-0.0**	**-0.0**	**–**	**–**	**–**
Derivative financial instruments (forwards)	3.9	-0.0	-0.0	–	–	–
Effect on net profit (loss)		**-0.2**	**0.2**		**-18.0**	**18.0**

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January 31st 2022	Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate		
	Value in PLN corresponding to exposure in USD	0.05	-0.05	Value in PLN corresponding to exposure in EUR	0.05	-0.05
Financial assets at amortised cost	**38.2**	**0.5**	**-0.5**	**351.2**	**3.8**	**-3.8**
Trade receivables	6.4	0.1	-0.1	100.4	1.1	-1.1
Lease receivables	–	–	–	0.4	0.0	-0.0
Cash and cash equivalents	31.8	0.4	-0.4	250.4	2.7	-2.7
Financial assets measured at fair value through profit or loss	**2.1**	**–**	**–**	**–**	**–**	**–**
Other financial assets (derivative financial instruments – forwards)	2.1	–	–	–	–	–
Financial liabilities at amortised cost	**-29.7**	**-0.4**	**0.4**	**-1,661.1**	**-18.1**	**18.1**
Trade and other payables	-15.3	-0.2	0.2	-149.0	-1.6	1.6
Returns liabilities	–	–	–	0.4	–	–
Lease liabilities	-14.4	-0.2	0.2	-1,512.5	-16.4	16.4
Effect on net profit (loss)		**0.1**	**-0.1**		**-14.2**	**14.2**

INTEREST RATE RISK

The CCC Group is exposed to the interest rate risk mainly due to debt under credit facility agreements and bonds in issue, as well as cash in bank accounts and loans advanced.
A part of the debt bears interest at floating rates based on WIBOR and LIBOR. An increase in interest rates leads to higher debt service costs, which is partially offset by cash deposits. The Group does not apply hedging instruments that would limit the impact of cash flow changes resulting from interest rate movements on its profit or loss. The table below presents an analysis of sensitivity to the interest rate risk, which in the Group's opinion would be reasonably possible as at the reporting date.

	AMOUNT EXPOSED TO INTEREST RATE RISK %		Effect February 1st 2022–January 31st 2023		Effect February 1st 2021–January 31st 2022	
	January 31st 2023	January 31st 2022	+1pp	-1pp	+1pp	-1pp
Cash at banks	346.5	896.1	3.5	-3.5	9.0	-9.0
Financing liabilities	-1,896.4	-1,946.6	-19.0	19.0	-19.5	19.5
Effect on net profit (loss)			**-15.5**	**15.5**	**-10.5**	**10.5**

If the interest rates on debt were 1 pp higher/lower in the current period, the profit or loss for the period would be PLN 15.5m lower/higher (January 1st 2021 – January 31st 2022: PLN 10.5m lower/higher).

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk mainly through its trade receivables (in the wholesale business), loans, and cash and cash equivalents in bank accounts.
The maximum exposure to credit risk as at the reporting dates of January 31st 2023 and January 31st 2022 is presented in the table below:

[all amounts in PLN million unless stated otherwise]

	January 31st 2023	January 31st 2022
Loans	–	–
Trade receivables	143.8	226.1
Lease receivables	0.3	0.4
Receivables from sale of property, plant and equipment	5.4	20.4
Receivables from sale of shares	21.9	–
Cash and cash equivalents	395.4	941.1
Long-term receivables	–	1.0
Total	**566.8**	**1,189.0**

As no external credit ratings are assigned to the Group's wholesale customers, the Group independently monitors the exposures by periodically analysing the financial condition of the trading partners, setting credit limits, and demanding security in the form of enforceable promissory notes.
For the purposes of measuring expected credit losses, trade receivables were classified as transactions based on common credit risk characteristics and past due intervals.
The expected credit loss rates were based on payment profiles for sales in the 30 months ended before July 31st 2022 and the corresponding historical credit losses incurred in the period, adjusted where appropriate for the impact of forward-looking information.
On that basis, loss allowances for trade receivables as at January 31st 2023 were calculated as follows:

January 31st 2023	Not past due	Past due by over 30 days	Past due by over 60 days	Past due by over 90 days	Past due by over 180 days	Total
Expected credit loss rate	-4%	-3%	-11%	-21%	-100%	
Gross carrying amount	102.6	11.5	1.9	13.0	11.5	140.5
Loss allowance	**-3.6**	**-0.4**	**-0.2**	**-2.7**	**-11.5**	**-18.4**

In addition, the Group recognised a credit loss allowance for receivables for which an individual approach was justified. Based on available information on the customer. The individual approach was applied with respect to gross receivables of PLN 104.1m, for which an impairment loss of PLN 82.2m was recognised.

The credit risk of cash in bank accounts is limited as the relationship banks are institutions with high credit ratings assigned by international rating agencies.

	January 31st 2023	January 31st 2022
AAA-rated banks	18.5	108.3
A-rated banks	258.1	625.2
BAA-rated banks	39.6	72.5
B-rated banks	–	17.2
CA-rated banks	–	9.7
Other – not classified [1]	59.3	63.2
Total cash at banks	**375.5**	**896.1**

[1] Banks not rated by international rating agencies

Moody's credit risk rating	
AAA	The highest quality, subject to the lowest level of credit risk
AA	High quality, subject to very low credit risk
A	Upper-medium grade, subject to low credit risk
BAA	Medium-grade, subject to moderate credit risk, may possess certain speculative characteristics
BA	Speculative, subject to substantial credit risk
B	Speculative, subject to high credit risk
CAA	Speculative of poor standing, subject to very high credit risk
CA	Speculative and likely in, or very near, default, with some prospect of recovery of principal and interest
C	The lowest rated and typically in default, with little prospect for recovery of principal or interest.

6.2 ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

ACCOUNTING POLICY

Basis of consolidation

Subject to adjustments made to ensure compliance with IFRS, the financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of a similar nature. Adjustments are made to eliminate any discrepancies in the applied accounting policies.
Any balances and transactions of significant value between Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealised losses are eliminated unless they are indicative of impairment.

The Group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a business is measured at fair value of transferred assets, liabilities incurred towards the previous owners of the acquiree, and shares issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. As at the acquisition date, the Group recognises any non-controlling interest in the acquired entity either at fair value or at a proportionate share (representing a non-controlling interest) in the identifiable net assets of the acquiree. The excess of the acquisition price and non-controlling interests over the fair value of the acquired net assets is recognised as goodwill.
Transaction costs are recognised in profit or loss as incurred.

Where the Group has not acquired 100% of the shares in a subsidiary and there is an option to purchase non-controlling interests, the option is considered in the context of IFRS 9. If the liability for the buy-out of a non-controlling interests in a subsidiary is a variable consideration, calculated based on EBITDA of that company, it is considered that due to such structure of the price it is highly probable that risks and benefits have not been transferred to the parent as at the option origination date, and therefore the financial liability under the put option reduces the amount of equity.
Any subsequent changes in the carrying amount of a financial liability that result from remeasurement of the current amount due upon exercise of the option to sell non-controlling interests are recognised in profit or loss attributable to the parent.

[all amounts in PLN million unless stated otherwise]

ACQUISITION OF CCC BALTIJA

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).
On May 9th 2022, CCC S.A. and the newly established subsidiaries of the CCC Group, SIA CCC Shoes Latvia of Latvia, OÜ CCC Estonia of Estonia and UAB CCC Lithuania of Lithuania, signed an agreement to acquire organised parts of business from Sabiedrība ar ierobežotu atbildību CCC Baltija of Latvia and its Estonian and Lithuanian subsidiaries. The purpose of the agreement was to change the operating model in the Baltic States from franchise to own sales network, and it provided for the acquisition of a total of 12 stores from a former franchisee for a total price of PLN 3m (EUR 0.7m).
The conditions precedent for the acquisition by OÜ CCC Estonia of Estonia of an organised part of business from OÜ CCC Baltija for a price of PLN 0.9m (EUR 0.2m) were met on May 9th 2022. Thus, on May 10th 2022 OÜ CCC Baltija commenced operations through three stores acquired from a former franchisee.
The conditions precedent for the acquisition by UAB CCC Lithuania of Lithuania of an organised part of business from UAB CCC Baltija for a price of PLN 0.6m (EUR 0.1m) were met on May 11th 2022. Thus, on May 12th 2022 UAB CCC Lithuania commenced operations through three stores acquired from a former franchisee.
The conditions precedent for the acquisition of an organised part of business by SIA CCC Shoes Latvia of Latvia from Sabiedrība ar ierobežotu atbildību CCC Baltija for PLN 1.5m (EUR 0.3m) were met on June 2nd 2022. Thus, on June 3rd 2022 SIA CCC Shoes Latvia commenced operations through six stores acquired from a former franchisee.
The organised part of the business of the acquired companies comprised property, plant and equipment, inventories, trade payables, retail space leases, and employees.
The business of SIA CCC Shoes Latvia, OÜ CCC Estonia and UAB CCC Lithuania comprises the sale of footwear and accessories in offline stores located in shopping malls and other points of sale. The transaction marks another stage of foreign expansion pursued in accordance with the CCC Group's strategy – entering one of the most promising markets, especially in terms of margins and profitability.
OÜ CCC Estonia's revenue recognised in the consolidated statement of comprehensive income as of May 10th 2022 was PLN 11.8m. In the same period, the company's net profit/(loss) was close to PLN 0.4m.
UAB CCC Lithuania's revenue recognised in the consolidated statement of comprehensive income as of May 12th 2022 was PLN 5.6m. In the same period, the company's net profit/(loss) was close to PLN 0.2m.
SIA CCC Shoes Latvia's revenue recognised in the consolidated statement of comprehensive income as of June 3rd 2022 was PLN 13.5m. In the same period, the company earned a net profit of PLN 0.5m.
Below is presented detailed information on the estimated fair value of acquired net assets, goodwill and cost as at the date of control acquisition (PLNm):

Recognised amounts of identifiable acquired assets and liabilities (PLNm)	UAB CCC Lithuania	OU CCC Estonia	SIA CCC Shoes Latvia
Property, plant and equipment	0.5	0.6	1.1
Right-of-use assets	1.9	3.3	10.6
Inventories	0.4	0.5	10.3
Trade payables	-1.3	-2.0	-12.0
Lease liabilities	-1.9	-3.3	-10.6
Total identified net assets	**-0.4**	**-0.9**	**-0.6**
Consideration for acquisition	0.5	0.8	1.5
Total	**0.5**	**0.8**	**1.5**
Goodwill determined	0.9	1.7	2.1
Cash expenditure on acquisition	**0.5**	**0.8**	**1.5**
Paid in cash	0.5	0.8	1.5
Exchange rate as at acquisition date	4.6700	4.7059	4.5876

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6.3 ASSOCIATES

ACCOUNTING POLICY

Associates are those entities over which the parent has significant influence, either directly or indirectly through its subsidiaries, but which are not its subsidiaries.
The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, an investment in an associate is recognised initially at cost and subsequently adjusted to reflect the Group's share in the associate's profit or loss and other comprehensive income. If the Group's share in the losses of an associate exceeds its interest in that entity, the Group ceases to recognise its share in further losses. Any further losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
An investment in an associate is recognised using the equity method starting from the date on which the entity becomes an associate. At the date of making an investment in an associate, the amount by which costs of the investment exceed the Group's share in the net fair value of the identifiable assets and liabilities of that entity is recognised as goodwill and included in the carrying amount of the investment. The amount by which the Group's share of the net fair value of the identifiable assets and liabilities exceeds the cost of the investment is recognised directly in profit or loss in the period in which the investment is made.
After applying the equity method, including recognising the associate's losses, the entity applies paragraphs 41A-41C of IAS 28 *Investments in Associates and Joint Ventures* to determine whether there is objective evidence that its net investment in an associate is impaired.
Where necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount. Any impairment loss recognised is included in the carrying amount of the investment. A reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.
The Group ceases to apply the equity method on the date when the investee ceases to be its associate and when the investment is classified as held for sale. The difference between the carrying amount of the associate or joint venture as at the date of ceasing to apply the equity method and the fair value of retained shares and proceeds from disposal of a part of shares in this entity is taken into account when calculating the profit or loss on disposal of the associate.

The financial year of the associates and the parent is different for the HR Group (ending on September 30th) and for Pronos sp. z o.o. (ending on December 31st)
The length of the reporting periods and any time difference between the reporting dates will be the same in the future.
Selected financial data of Pronos Sp. z o.o.

	January 1st–December 31st 2022	January 1st–December 31st 2021
Revenue	11.4	13.6
Operating costs	-10.8	-9.9
Other income and expenses	–	0.9
Finance income and costs	0.1	–
Profit (loss) before tax	**0.7**	**4.6**
Income tax	-0.4	-0.2
Profit (loss) for the year	**0.3**	**4.4**
Other comprehensive income	–	–
Total comprehensive income	**0.3**	**4.4**
Share of the CCC Group in profit (loss)	**0.1**	**0.4**

[all amounts in PLN million unless stated otherwise]

Carrying amount of investment in the associate, determined using the equity method	December 31st 2022	December 31st 2021
Current assets	11.9	12.2
Non-current assets	3.1	2.2
Current liabilities	1.6	1.3
Non-current liabilities	0.1	0.1
Equity	13.3	13.0
Share	3.3	1.3

Associate	OWNERSHIP INTERESTS AS AT FEBRUARY 1ST 2022	Share of net profit (loss) of associates in period	Purchase of shares	Other	OWNERSHIP INTERESTS AS AT JANUARY 31ST 2023
HR Group	–	–	–	–	–
Pronos Sp. z o.o.	0.9	0.1	2.1	0.4	3.5
Total	**0.9**	**0.1**	**2.1**	**0.4**	**3.5**

Associate	OWNERSHIP INTERESTS AS AT JANUARY 31ST 2022	Share of net profit (loss) of associates in period	OWNERSHIP INTERESTS AS AT JANUARY 31ST 2021
HR Group	29.2	-29.2	–
Pronos Sp. z o.o.	0.7	0.2	0.9
Total	**29.9**	**-29.0**	**0.9**

[all amounts in PLN million unless stated otherwise]

6.4 DISCONTINUED OPERATIONS

ACCOUNTING POLICY

Discontinued operations and assets held for sale
Non-current assets are classified as held for sale when their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, an asset must be available for immediate sale, the Group must actively seek the buyer and sale must be highly probable within a year from the classification of the asset as held for sale. Such assets are measured at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a part of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or release, or is a subsidiary acquired exclusively for resale. An operation is classified as discontinued on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued, the comparative amounts for the statement of profit or loss are restated as if the operation had been discontinued at the start of the comparative period.

In the first quarter of 2022, the Group operated 39 stores in Russia through a subsidiary. As a result of analyses carried out by the Management Board, a decision was made to discontinue supplies to the Russian market and to suspend further development of the CCC Group's business in Russia by abandoning its expansion plans and consistent downscaling of the planned operations. The Group took steps to exit the Russian market, including through the sale of shares in the Russian company. 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.
In the opinion of the Group, the business conducted in the Russian market represented a separate and important geographical area of operations. Therefore, in March 2022, in these consolidated financial statements, the Group reclassified in the statement of comprehensive income its operations in the Russian market to discontinued operations, while restating comparative data.
Immediately before the initial classification of the disposal group as held for sale, the carrying amounts of all the assets and liabilities of the group were measured in accordance with applicable IFRSs and the following impairment losses were recognised:

Assets / liabilities	February 1st 2022–January 31st 2023
	Impairment loss/ recognised provisions
Intangible assets	-0.1
Property, plant and equipment – other	-0.8
Deferred tax assets	-0.9
Long-term receivables	-0.8
Derivative financial instruments	-6.5
Other receivables	–5.7
Total	**-14.8**

Upon classification of the disposal group as held for sale, the Group measured the disposal group at the lower of its carrying amount and fair value less costs to sell:
Intra-group transactions were eliminated from discontinued operations, hence revenue represents the margin earned by the Russian company and the cost of sales represents only costs unrelated to the intra-group transactions.

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DISCONTINUED OPERATIONS	February 1st 2022–May 16th 2022	February 1st 2021–January 31st 2022
Revenue	12.8	49.8
Gross profit (loss)	**12.8**	**49.8**
Costs of points of purchase and distribution	-8.8	-41.5
Administrative expenses	-5.3	-13.5
Other income	20.4	7.3
Other expenses	-7.5	-2.3
Operating profit (loss)	**11.6**	**-0.2**
Finance income	0.2	0.3
Finance costs	-2.5	−5.7
Profit (loss) before tax	**9.4**	**-5.6**
Net profit (loss) from disposal of discontinued operations	-47.6	–
Profit (loss) before tax from discontinued operations	**-38.2**	**-5.6**
Income tax on profit (loss) before tax	-4.3	1.2
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**-42.5**	**-4.4**
Other comprehensive income from discontinued operations		
Items that may be reclassified to profit or loss – exchange differences on translating foreign operations	–	-5.0
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	-3.3	–
Total other comprehensive income, net	**-3.2**	**-5.0**
TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS		
- discontinued operations	-45.7	-9.4

The presented financial information about financial performance covers the period from February 1st 2022 to May 16th 2022 and from February 1st 2021 to January 31st 2022.
Net loss on disposal of discontinued operations in the current reporting period was determined as follows:

	Value (PLNm)
Amounts received	–
Fair value of contingent consideration	–
Net carrying amount of assets sold	47.6
Net loss on disposal of discontinued operations	**-47.6**
Profit (loss) on discontinued operations until the transaction date	**5.1**
Net profit from discontinued operations disclosed in the consolidated statement of comprehensive income	-42.5
Other comprehensive income from discontinued operations – reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	-3.2

[all amounts in PLN million unless stated otherwise]

6.5 RELATED-PARTY TRANSACTIONS

In the presented periods, the Group entered into the following related-party transactions:

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2023	January 31st 2023	February 1st 2022–January 31st 2023	February 1st 2022–January 31st 2023
MGC INWEST Sp. z o.o.	–	–	–	35.5
ULTRO sarl	0.1	–	–	–
Ultro Sky sarl	–	–	–	18.8
Astrum sarl	–	–	–	–
Astrum sarl, Polish Branch	–	–	29.7	0.3
Forum Kielce	0.2	–	–	2.4
Forum Lubin	-0.4	–	–	1.6
GP Sp. z o.o.	–	–	–	0.5
Usługi transportowe Michał Miłek	0.1	–	–	0.6
Total	**–**	**–**	**29.7**	**59.7**

In addition, the CCC Group entered into an agency agreement with Giro Trading Prosta Spółka Akcyjna ("Giro") as the agent, under which Giro receives a contractual agency fee of substantially 3% (of the value of purchases made through the agency of Giro), and CCC Group companies executed transactions with Giro comprising PLN 15.8m in purchases and PLN 3.1m in sales for the year ended January 31st 2023 (PLN 0 and PLN 0, respectively, for the year ended January 31st 2022). In February−March 2023, the corresponding transaction values were PLN 36.6m and PLN 0.2m.

Based on an analysis performed, it was determined that Giro was not a related party, nor an entity related to any member of the Group's governing bodies. However, in view of the significant role played by one member of the Group's parent governing body in establishing that entity, the Group – seeking to ensure transparency and access to information – has disclosed transactions with the entity despite the fact that they do not formally meet the criteria requiring their disclosure as related-party transactions.

Consolidated financial statements for the 12 months from February 1st 2022 to January 31st 2023 [all amounts in PLN million unless stated otherwise]

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
MGC INWEST Sp. z o.o.	1.5	–	–	3.3
ULTRO sarl	–	–	0.1	–
Ultro Sky sarl	–	–	–	18.6
Astrum sarl	–	–	0.1	1.8
Astrum sarl, Polish Branch	–	–	26.8	–
Forum Kielce	0.1	–	0.9	–
Forum Lubin	0.1	–	–	1.4
GP Sp. z o.o.	–	–	–	0.9
Usługi transportowe Michał Miłek	–	–	–	–
Total	**1.7**	**–**	**27.9**	**26.0**

ASSOCIATES

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2023	January 31st 2023	February 1st 2022–January 31st 2023	February 1st 2022–January 31st 2023
HR Group	–	–	–	–
Pronos Sp. z o.o.	3.9	–	0.2	8.0
Total	**3.9**	**–**	**0.2**	**8.0**

ASSOCIATES

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
HR Group	–	–	26.8	2.6
Pronos Sp. z o.o.	1.5	–	–	7.8
Total	**1.5**	**–**	**26.8**	**10.4**

All related-party transactions were entered into on an arm's length basis.

[all amounts in PLN million unless stated otherwise]

REMUNERATION OF KEY MANAGEMENT PERSONNEL

In the reporting periods, the Group incurred short-term employee benefit expenses as presented in the table below.
For information on other benefits related to the remuneration of the Management Board, see Note 6.6.

	FIXED REMUNERATION	OTHER (BONUSES)	TOTAL
February 1st 2022–January 31st 2023			
Members of Management Board	5.2	1.7	6.9
Supervisory Board	0.7	–	0.7
Total	**5.9**	**1.7**	**7.6**
February 1st 2021–January 31st 2022			
Members of Management Board	4.7	26.0	30.7
Supervisory Board	0.7	0.0	0.7
Total	**5.4**	**26.0**	**31.4**

6.6 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

Right to benefit from appreciation of shares (long-term bonus for the Management Board)
Employees (including members of the Management Board) of the CCC Group receive awards based on the price (or value) of CCC shares ("cash-settled share-based payments").
In cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in the fair value recognised in profit or loss for the period under administrative expenses.
In equity-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability initially recognised as administrative expenses, while increasing equity. The total amount to be recognised as an expense is determined by reference to the fair value of the options granted:

- taking into account any market conditions (for example, the price of the entity's shares);
- without taking account of the effect of any length of service-related or non-market vesting conditions; and
- taking into account the effect of any non-vesting conditions.

The total cost is recognised over the vesting period, i.e. the period during which all the specified vesting conditions must be met. At the end of each reporting period, the Group reviews its estimates of the number of options expected to vest as a result of such non-market vesting conditions. The Group presents the effect of a potential revision to the original estimates in the statement of profit or loss for a given period under administrative expenses, with a corresponding adjustment to equity.

Incentive scheme for the CCC Management Board implemented in 2021–2024
In accordance with the Remuneration Policy for Members of the Management Board and Supervisory Board of CCC S.A. (consolidated text incorporating the amendments approved by the Annual General Meeting in Resolution No. 19/ZWZA/2021 of June 22nd 2021), Management Board members are awarded variable remuneration components, including a long-term bonus linked to CCC S.A. value growth, understood as appreciation of its share price, which is awarded to each member of the Management Board for two periods: one already ended and the second running from August 1st 2021 to July 31st 2024.
The amount of the long-term bonus awarded to each Management Board member for the respective periods is as follows:

a) for period one: 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) of PLN 118.4675 and the issue price of Series I and Series J shares of PLN 37.00 (the base price for period one);

b) for period two: 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) of PLN 118.47;

Based on the Supervisory Board's decision, the scheme may be settled in CCC S.A. shares if the General Meeting resolves on a conditional share capital increase related to the issue of subscription warrants. Given contractual limitations, settlement of the programme through the issue of new shares, and thus the alternative settlement in Company shares, is impracticable, and therefore the Group measured the plan as a cash-settled share-based payment transaction.

The long-term bonus for period one was paid in cash in two equal parts by August 31st 2021 and November 30th 2021. The long-term bonus for period two is planned to be paid in cash in two equal parts by September 30th 2024 and November 30th 2024.
No long-term bonus is due in the event of:

a) removal of a Management Board member from office by the Supervisory Board before the lapse of a half of the period for which such bonus is awarded or expiry of the member's mandate, irrespective of the reasons for such removal;
b) non-appointment of an existing Management Board member for another term of office before the lapse of a half of the period for which such bonus is awarded.

If a Management Board member resigns from the position for which he or she was appointed, no long-term bonus is due. The long-term bonus will be payable in proportion to the period of actual service of a Management Board member in the event of:

a) removal of the Management Board member from office by the Supervisory Board or expiry of his or her mandate after the lapse of a half of the period for which such bonus is awarded;
b) non-appointment of the existing Management Board member for another term of office after the lapse of a half of the period for which such bonus is awarded.

If a new Management Board member is appointed during a particular long-term bonus settlement period, the Supervisory Board will decide whether to grant the right to receive the bonus to that member.
The Company recognised a PLN 24.4m expense to account for the payment of the bonus for period one and a PLN 1.4m provision for period two as at January 31st 2022. The total amount recognised in administrative expenses under salaries, wages and employee benefits expense in 2021 was PLN 25.8m.
The long-term bonus for period two was valued by an external expert using the Black-Scholes model. The number of rights to benefit from share appreciation (number of options) used in the valuation was 400,000, with June 22nd 2021 – July 31st 2024 as the vesting period. The value of a single right to benefit from share appreciation (value of a single option) used in the valuation was PLN 1.07. The assumed risk-free rate was 6.06% and the expected volatility of the share price was 48.9%. The duration of the options is 1.5 years.
As at January 31st 2023, the provision was reduced by PLN 1.2m and recognised as an adjustment to administrative expenses under salaries and wages and employee benefits expense. Accordingly, in the statement of financial position, the amount recognised in non-current liabilities under 'Amounts due to employees' was PLN 0.2m.

Incentive scheme for key personnel of the Modivo Group implemented in 2021–2024

On December 22nd 2021, the General Meeting of Modivo S.A. ("Modivo") issued a positive opinion on the terms and conditions of the three-year Incentive Scheme for 2021–2024 (the "Scheme"), which granted the rights to acquire and/or subscribe for Modivo shares to the key personnel of Modivo S.A. and its subsidiaries. At the request of the Management Board of Modivo, the company's Supervisory Board may pass a resolution to pay an equivalent substitute amount in cash. As settlement through the payment of a substitute cash amount is not planned, the scheme was classified as an equity-settled transaction. The scheme is designed to ensure optimal conditions for long-term growth of Modivo and the Modivo Group, to enable key personnel to participate in the projected growth of the company's value by strengthening their ties with the company and the Group, and to encourage and motivate key personnel to act in the interest of Modivo and its shareholders. Participation in the scheme and the number of rights granted began to be communicated to the scheme participants on January 14th 2022, which date was considered the start of service by the participants and the start of the vesting period. The list of participants was finally approved by the Supervisory Board on February 7th 2022 (grant date). As the grant date fell after the date of the start of service by the participants, the scheme was initially measured and the resulting cost was recognised for the reporting period ended January 31st 2022. The scheme is to remain in effect until August 31st 2024 or until Modivo's majority shareholder sells, in a single transaction or a series of transactions, no less than 50% of Modivo shares or loses the majority of votes as a result of the acquisition of shares by another entity, whichever occurs earlier. The vesting of the rights under the scheme is conditional upon the participant's continuing relationship with Modivo or any Modivo Group company until the settlement date, and on the Company's market value reaching at least PLN 8.0bn. The scheme provides for the issue of up to 7,680,500 rights (shares). As the successive thresholds of the Company's valuation are exceeded, the number of rights acquired by the scheme participants will grow. In the current period, i.e., as at February 7th 2022 (the grant date) a final valuation of the incentive scheme was performed, which did not differ materially from the initial valuation.

The valuation was performed by an independent expert. Key assumptions adopted in the model:

- The valuation model used: Monte Carlo;
- Number of rights (number of shares / stock options): 637,789;
- Valuation date: February 7th 2022 for 630,177 rights and August 1st 2022 for 7,612 rights

[all amounts in PLN million unless stated otherwise]

- (Options) exercise period: two years from February 28th 2025 to February 28th 2027;
- Expected share price volatility: 31.0%
- Vesting period and period for recognition of scheme-related costs: January 14th 2022 − August 31st 2024;

The total estimated cost of the scheme is PLN 44.0m.
The value determined in the valuation allocated to the period covered by the financial statements was PLN 16.6m (PLN 0.8m in the previous period), and was recognised under administrative expenses (under employee benefits expense) and also under a separate corresponding item of equity (under 'Valuation of incentive scheme').

6.7 AUDITOR'S FEES

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	–
TOTAL	**2.3**	**0.8**

6.8 EVENTS AFTER REPORTING DATE

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.

Presented below is CCC Ukraina Sp. z o.o.'s balance-sheet data as at the acquisition date, i.e. February 8th 2023, translated at the exchange rate effective on February 8th 2023 (UAH 1 - PLN 0.1258). The data is not final and does not include, among other items, right-of-use assets and liabilities under 16 lease contracts.

Recognised amounts of identifiable acquired assets and liabilities (PLNm) as at February 8th 2023	CCC Ukraina Sp. z o.o.
Non-current assets	
Intangible assets	0.1
Property, plant and equipment – leasehold improvements	5.4
Property, plant and equipment – manufacturing and distribution	0.1
Deferred tax assets	1.1
Total non-current assets	**6.7**
Current assets	
Inventories	11.4
Trade receivables	–
Other receivables	1.3
Cash and cash equivalents	1.8
Total current assets	**14.5**
Total assets	**21.2**
Current liabilities	
Trade payables	2.9
Other liabilities	0.5
Total current liabilities	**3.4**
Total liabilities	**3.4**
Net assets	**17.8**

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 on 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 14th 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.

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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 these financial statements remains uncertain and it cannot be ruled out that the Potential Transaction will not be concluded at all.

Bond redemption

On March 7th 2023, following a debt reduction trigger, a voluntary early redemption offer was announced with respect to CCC0626 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.

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 and signed on behalf of the Management Board by:	
Edyta Skrzypiec-Rychlik	Edyta Skrzypiec-Rychlik
Signatures of all Management Board members:	
Marcin Czyczerski	President and CEO
Karol Półtorak	Vice President
Adam Holewa	Vice President
Igor Matus	Vice President

Polkowice, April 16th 2023