CCC

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS OF THE CCC GROUP
for the 12 months from 1 February 2023 to 31 January 2024

Contents

Consolidated statement of comprehensive income

NOTE		1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
	CONTINUING OPERATIONS		
3.1	Revenue	9,440.3	9,123.2
3.2	Cost of sales	-5,046.2	-4,857.8
	Gross profit	**4,394.1**	**4,265.4**
3.2	Costs of points of purchase and distribution	-3,867.0	-3,815.1
3.2	Administrative expenses	-384.9	-399.5
3.3	Other income	85.7	62.5
3.3	Other expenses	-40.1	-119.9
3.3	(Recognition) / Reversal of loss allowances (trade and other receivables)	-3.9	-44.7
	Operating profit (loss)	**183.9**	**-51.3**
3.3	Finance income	124.1	54.0
3.3	Finance costs	-446.5	-401.9
6.3	Share of profit (loss) of associates	0.3	0.3
	Profit (loss) before tax	**-138.2**	**-398.9**
3.4	Income tax	13.5	-2.6
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**-124.7**	**-401.5**
	DISCONTINUED OPERATIONS		
	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**–**	**-42.4**
	NET PROFIT (LOSS)	**-124.7**	**-443.9**
	Attributable to owners of the parent	-56.1	-417.6
	Attributable to non-controlling interests	-68.6	-26.3
	Other comprehensive income from continuing operations	**-23.8**	**8.4**
	Items that may be reclassified to profit or loss:		
	Translation reserve	-23.9	8.3
	Items that may not be reclassified to profit or loss:		
	Actuarial gains (losses) on employee benefits	0.1	0.1
	Other comprehensive income from discontinued operations	**–**	**-3.3**
	Items that may be reclassified to profit or loss:		
	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	**-23.8**	**5.1**
	TOTAL COMPREHENSIVE INCOME	**-148.5**	**-438.8**
	Comprehensive income attributable to owners of the parent from:	-79.1	-412.3
	- continuing operations	-79.1	-366.6
	- discontinued operations	–	-45.7
	Non-controlling interests	-69.4	-26.5
	Weighted average number of ordinary shares (million)	**66.1**	**54.9**
	Basic earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**-0.85**	**-7.61**
	Basic earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**-0.85**	**-6.84**
	Basic earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**–**	**-0.76**

	Diluted earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**-0.85**	**-7.61**
	Diluted earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**-0.85**	**-6.84**
	Diluted earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**–**	**-0.76**

(all amounts in PLN million unless stated otherwise)

Consolidated statement of financial position

NOTE		31 Jan 2024	31 Jan 2023
5.1; 5.5	Intangible assets	431.5	376.8
5.2; 5.5	Goodwill	199.7	203.9
5.3; 5.5	Property, plant and equipment – leasehold improvements	713.1	656.7
5.3; 5.5	Property, plant and equipment – distribution	690.5	692.0
5.3; 5.5	Property, plant and equipment – other	41.9	93.2
5.4; 5.5	Right-of-use assets	1,400.1	1,379.9
3.4	Deferred tax assets	248.7	184.1
5.8	Loans	–	–
6.1	Other financial assets	11.2	11.2
6.3	Investments in associates	3.8	3.5
	Non-current assets	**3,740.5**	**3,601.3**
5.7	Inventories	2,911.6	2,691.1
5.8	Trade receivables	194.1	143.8
3.4	Income tax receivable	25.2	53.5
5.8	Loans	–	–
5.8	Other receivables	183.0	178.7
5.9	Cash and cash equivalents	266.5	395.4
6.1	Derivative financial instruments	0.5	–
5.4	Lease receivables	–	0.3
	Current assets	**3,580.9**	**3,462.8**
5.6	**Assets classified as held for sale**	**24.6**	**–**
	TOTAL ASSETS	**7,346.0**	**7,064.1**
4.2	Bank borrowings and bonds	676.6	1,370.5
3.4	Deferred tax liabilities	31.4	33.8
5.10	Other non-current liabilities	4.0	4.5
5.11	Provisions	12.8	13.0
5.3	Grants received	14.7	15.2
5.4	Lease liabilities	1,213.2	1,266.8
6.1	Liabilities arising from obligation to purchase non-controlling interests	–	31.1
5.10; 6.1	Other non-current financial liabilities	6.6	6.5
	Non-current liabilities	**1,959.3**	**2,741.4**
4.2	Bank borrowings and bonds	1,418.8	1,155.7
5.10	Trade and other payables	1,820.2	1,389.5
5.10	Other liabilities	462.7	470.4
3.4	Income tax liabilities	6.7	3.5
5.11	Provisions	9.3	14.5
5.3	Grants received	0.5	0.5
5.4	Lease liabilities	519.0	512.9
6.1	Liabilities arising from obligation to purchase non-controlling interests	192.6	173.3
6.1	Short-term derivative financial instruments	–	3.9
5.10; 6.1	Other current financial liabilities	3.4	15.8

(all amounts in PLN million unless stated otherwise)

	Current liabilities	**4,433.2**	**3,740.0**
	TOTAL LIABILITIES	**6,392.5**	**6,481.4**
	NET ASSETS	**953.5**	**582.7**
	Equity		
4.1	Share capital	6.9	5.5
4.1	Share premium	1,648.2	1,148.0
4.1	Translation reserve	-1.0	22.1
4.1	Actuarial valuation of employee benefits	0.5	0.4
4.1	Valuation of incentive scheme	–	–
4.1	Retained earnings	-813.5	-759.7
	Equity attributable to owners of the parent	**841.1**	**416.3**
4.1	Non-controlling interests	112.4	166.4
	TOTAL EQUITY	**953.5**	**582.7**
	TOTAL EQUITY AND LIABILITIES	**7,346.0**	**7,064.1**

(all amounts in PLN million unless stated otherwise)

Consolidated statement of cash flows

NOTE		1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
	Profit (loss) before tax	**-138.2**	**-437.1**
	Profit (loss) before tax from continuing operations	**-138.2**	**-398.9**
	Profit (loss) before tax from discontinued operations	**–**	**-38.2**
3.2	Depreciation/amortisation	594.5	584.5
5.1; 5.2; 5.3; 5.4; 5.5	Impairment losses on property, plant and equipment, right-of-use assets, intangible assets and remeasurement to fair value of disposal group	–	48.6
	(Gain) loss on investing activities	13.5	-15.6
	Share of profit (loss) of associates	-0.3	-0.3
4.2	Borrowing costs	369.7	336.9
4.4	Other adjustments to profit before tax	-106.5	31.0
3.4	Income tax paid	-22.1	-81.5
	Cash flow before changes in working capital	**710.6**	**466.5**
	Changes in working capital		
4.4	Change in inventories and inventory write-downs	-210.5	-93.6
4.4	Change in receivables and impairment losses on receivables	-87.4	185.4
4.4	Change in current liabilities, net of borrowings and bonds	408.2	-17.6
	Net cash flows from operating activities	**820.9**	**540.7**
	Proceeds from sale of property, plant and equipment	9.5	11.0
5.1; 5.3	Purchase of intangible assets and property, plant and equipment	-325.1	-455.1
6.2	Other investing expenditure	–	-4.8
	Net cash flows from investing activities	**-315.6**	**-448.9**
4.2	Proceeds from borrowings	99.8	55.1
4.2	Repayment of borrowings	-600.1	-144.9
	Payments of commission fees on credit facilities	–	-2.8
5.4	Lease payments	-397.6	-410.6
4.2	Interest paid	-280.6	-198.1
4.1	Net proceeds from share issue	501.6	–
	Other cash provided by financing activities	42.7	63.8
	Net cash flows from financing activities	**-634.2**	**-637.5**
	TOTAL CASH FLOWS	**-128.9**	**-545.7**
	Net increase/decrease in cash and cash equivalents	-128.9	-545.7
	Cash and cash equivalents at beginning of period	**395.4**	**941.1**
	Cash and cash equivalents at end of period	**266.5**	**395.4**

(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 1 Feb 2023	**5.5**	**1,148.0**	**-759.7**	**22.1**	**0.4**	**–**	**166.4**	**582.7**
Net profit (loss) for period attributable to owners of the parent	–	–	-56.1	–	–	–	–	**-56.1**
Net profit (loss) allocated to non-controlling interests	–	–	–	–	–	–	-68.6	**-68.6**
Actuarial valuation of employee benefits	–	–	–	–	0.1	–	–	**0.1**
Exchange differences on translation	–	–	–	-23.1	–	–	-0.8	**-23.9**
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	–	–	–	–	–	–	–	**–**
Total comprehensive income	**–**	**–**	**-56.1**	**-23.1**	**0.1**	**–**	**-69.4**	**-148.5**
Measurement of employee option plan	–	–	2.3	–	–	–	11.3	**13.6**
Share issue	1.4	500.2	–	–	–	–	–	**501.6**
Acquisition of subsidiary	–	–	–	–	–	–	4.1	**4.1**
Total transactions with owners	**1.4**	**500.2**	**2.3**	**–**	**–**	**–**	**15.4**	**519.3**
As at 31 Jan 2024	**6.9**	**1,648.2**	**-813.5**	**-1.0**	**0.5**	**–**	**112.4**	**953.5**

Consolidated financial statements for the 12 months from 1 February 2023 to 31 January 2024 (all amounts in PLN million unless stated otherwise)

	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 1 Feb 2022	**5.5**	**1,148.0**	**-186.3**	**16.9**	**0.5**	**0.6**	**166.4**	**1,151.6**
Net profit (loss) for period attributable to owners of the parent	–	–	-417.6	–	–	–	–	-417.6
Profit (loss) attributable 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
Subscription of shares in the subsidiary MODIVO S.A. in fulfilment of the investment obligation agreed with Damian Zapłata, the 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 31 Jan 2023	**5.5**	**1,148.0**	**-759.7**	**22.1**	**0.4**	**–**	**166.4**	**582.7**

(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: Dariusz Miłek** **Vice President: Karol Półtorak** **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 31 January 2024, 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.

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

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

On 11 May 2023, Marcin Czyczerski resigned as President of the Company's Management Board, with effect from 11 May 2023.

On 11 May 2023, Dariusz Miłek resigned as Chairman and member of the Company's Supervisory Board, with effect from 11 May 2023, and was appointed by the Company's Supervisory Board as President of the Company's Management Board.

On 6 June 2023, Adam Holewa resigned as Vice President and member of the Company's Management Board, with effect from 12 June 2023.

On 12 June 2023, the Annual General Meeting appointed Marcin Stańko and Piotr Kamiński to the Supervisory Board. On the same day, the General Meeting appointed Wiesław Oleś as Chairman of the Supervisory Board. As of the reporting date and as at the date of issue this report, the Supervisory Board was composed of: Wiesław Oleś as Chairman, with Zofia Dzik, Filip Gorczyca, Mariusz Gnych, Marcin Stańko, and Piotr Kamiński serving as Members of the Supervisory Board.

These consolidated financial statements of the CCC Group cover the 12 months ended 31 January 2024 and contain comparative data for the 12 months ended 31 January 2023.

These consolidated financial statements of the CCC Group for the 12 months ended 31 January 2024 were authorised for issue by the Management Board on 5 April 2024.

Consolidated financial statements for the 12 months from 1 February 2023 to 31 January 2024 (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 31 January 2024, there were changes in the composition of the Group relative to 31 January 2023, 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 31 JAN 2024	EQUITY INTEREST AS AT 31 JAN 2023
CCC Factory Sp. z o.o. [1]	Polkowice, Poland	logistics	0%	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 [2]	Graz, Austria	trade	0%	100%
CCC Obutev d.o.o.	Maribor, Slovenia	trade	100%	100%
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	100%	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.	Alme, Italy	services	75%	75%
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. [6]	Zielona Góra, Poland	services	75%	75%
eschuhe.CH GmbH	Zug, Switzerland	trade	75%	75%
Modivo.cz s.r.o.	Prague, Czech Republic	trade	75%	75%
epantofi modivo s.r.l.	Bucharest, Romania	logistics	75%	75%
Modivo.lv SIA	Riga, Latvia	logistics	75%	75%
CCC Shoes & Bags d.o.o. Beograde	Belgrade, Serbia	trade	100%	100%
Shoe Express S.A. [7]	Bucharest, Romania	trade	100%	100%
DeeZee Sp. z o.o.[8]	Kraków, Poland	trade	75%	75%
HalfPrice Sp. z o.o.	Polkowice, Poland	trade	100%	100%
OFP Austria GmbH [9]	Graz, Austria	trade	100%	100%
OU CCC Estonia	Tallinn, Estonia	trade	100%	100%
UAB CCC Lithuania	Vilnius, Lithuania	trade	100%	100%
SIA CCC Shoes Latvia	Riga, Latvia	trade	100%	100%
CCC Ukraina Sp. z o.o. [10]	Lviv, Ukraine	trade	75%	0%

ASSOCIATES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT 31 JAN 2024	EQUITY INTEREST AS AT 31 JAN 2023
HR Group Holding s.a.r.l. [11]	Luxembourg	trade	31%	31%
Pronos Sp. z o.o. [12]	Wrocław, Poland	services	25%	25%

[1] As a result of the decision made on 8 November 2023 to merge CCC Factory Sp. z o.o. with CCC.eu Sp. z o.o., on 14 November 2023, the merger resolutions were filed with the National Court Register (KRS), requesting deletion of CCC Factory Sp. z o.o. from the National Court Register and requesting a modification of the company details for CCC.eu Sp. z o.o. in the relevant business register. On 3 January 2024, the entry regarding the deregistration of CCC Factory Sp. z o.o. was made in the National Court Register. The merger had no impact on these consolidated financial statements.
[2] On 7 July 2023, CCC Austria Ges.m.b.H was liquidated.
[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 S.A. (86.69%) and CCC Shoes & Bags Sp. z o.o. (13.31%)
[5] Modivo S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.69%) together with other Modivo group companies.
[6] As at 31 January 2024, Branded Shoes and Bags Sp. z o.o. was in liquidation.
[7] Shoe Express S.A. shares are held by: CCC Shoes & Bags Sp. z o.o. (95%) and CCC.eu Sp. z o.o. (5%).
[8] DeeZee Sp. z o.o. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (75%).
[9] OFP Austria GmbH is a subsidiary of HalfPrice Sp. z o.o. (100%).
[10] On 8 February 2023, having met the conditions precedent specified in a preliminary share purchase agreement, the Group gained control over CCC Ukraina Sp. z o.o. of Lviv. As a result of the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina for a price of PLN 12.2m, offset against claims between a CCC Group entity and the existing shareholder of CCC Ukraina. The transaction was accounted for in 2023. For details of the acquisition, see Note 6.2.
[11] On 12 April 2023, the Management Board of HR Group filed for bankruptcy with the District Court of Osnabrück.
[12] Pronos Sp. z o.o. shares are held by CCC Shoes & Bags Sp. z o.o. (24.9%).

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). Certain subsidiaries maintain their accounts in compliance with the accounting policies stipulated by the Polish Accounting Act of 29 September 1994, as amended (the "Act"), and the secondary legislation enacted under it ("Polish Accounting Standards"), or adhere to local accounting policies. These consolidated financial statements include adjustments that are not recorded in the accounting books of the subsidiaries. These adjustments have been made to ensure that the entities' financial statements are in compliance with IFRSs.

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 Company continuing as a going concern.

These circumstances are particularly related to financial obligations stemming from existing credit facility agreements and debt instruments of the CCC Group. Financing in the CCC Group is provided at the level of two business units, which are separately responsible for their liabilities:

- CCC Business Unit (the CCC Group excluding the Modivo Business Unit); and separately for
- the Modivo Business Unit (Modivo S.A. and all its subsidiaries).

For this reason, further analyses were carried out separately for the CCC Business Unit and for the Modivo Business Unit.

As at 31 January 2024, the Group's current liabilities exceeded its current assets by PLN 852.3m, but this is not affecting the Group's ability to settle its liabilities as they fall due, as discussed in more detail below. Current liabilities include liabilities arising from bonds convertible into shares, totalling PLN 739.3m. As presented in Note 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 2,095.4m. The CCC Group companies also use reverse factoring in settlements with suppliers, with the debt outstanding as at the reporting date of PLN 466.1m. The amount of utilised guarantee limits was PLN 206.6m. The aggregate of undrawn limits available under credit facility and guarantee facility agreements, and within the supplier finance programme, for the CCC Business Unit and Modivo Business Unit amounted to PLN 350.0m and PLN 152.2m, respectively.

In 2021, following negotiations with financial institutions, financing for the CCC Business Unit was secured via the New Financing Agreement (the Credit Facility Agreement dated 2 June 2021), with the repayment date for Facility B set for 30 June 2024.

The portion of the financing that falls due in 2024 consists of guarantee limits (up to PLN 161.1m), short-term facilities (up to PLN 589.5m), and factoring limits (up to PLN 191.4m). The remaining part of the financing falls due at a later date, as detailed in Note 4.3.

Additionally, the financing of the CCC Business Unit includes debt from two bond issues conducted in previous years, with maturity dates set for 29 June 2026 and 22 September 2028.

In 2023, the Group initiated a plan aimed at significantly reducing the debt of the CCC Business Unit, as described in Note 4.2.

The Group is currently in negotiations with the providers of financing to the CCC Business Unit regarding the refinancing of its operations. The goal is to increase the availability of financing to a total limit beyond the current one, specifically by increasing the limits for bank guarantees, letters of credit, and reverse factoring. The new syndicate agreement is expected to enhance financing flexibility, reduce the cost of financing, extend maturity dates and set new financial covenants. As of the date of issue of this document, the Group has reached an agreement on the principal terms of the new financing arrangement, with the final documents anticipated to be executed by the end of June 2024. Alternatively, the Group can extend the current financing for an additional year past its original maturity date, provided there is a mutual agreement to modify the term of maturity.

Within the Modivo Business Unit, the financing set to mature in 2024 includes credit liabilities and bank guarantee limits, both due on 29 April 2024, amounting to up to PLN 185.5m and PLN 74.5m, respectively. Furthermore, factoring limits amounting to PLN 170.0m are scheduled to mature in October 2024.

However, the bulk of the debt financing is in the form of bonds convertible into shares of Modivo S.A., totalling PLN 739.3m as of the reporting date, issued to SVF II Motion Subco (DE) LLC, a Softbank Group company. These bonds are redeemable on 5 April 2026 (according to the agreement dated 24 November 2023, detailed in section 6.5; previously, the redemption date was set for 23 August 2024), unless they are converted into shares upon an initial public offering (IPO) or repaid before the redemption date. The bonds are classified as current liabilities in anticipation of the planned IPO, and should the IPO proceed, they will be mandatorily converted into shares. The agreement also includes other amendments, one of which involves adjusting the fixed interest rate that will be applicable from 5 October 2024 to 5 April 2026.

In the current financial year, further amendments were made to the financing agreements of the Group, including both the CCC Business Unit and the Modivo Business Unit. Detailed insight into these changes can be found in Note 4.2 to these financial statements and in the Directors' Report on the 2023 operations of the CCC Group, specifically in the 'Management of Financial Resources and Liquidity' section. The existing credit agreements ensure the required level of financing for the Group.

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. The Modivo Business Unit obtained a waiver exempting it from testing certain financial ratios as at 31 January 2024. Consequently, as at the reporting date, there were no instances of the Group defaulting on any of the ratios under the financing agreements.

Additionally, based on the Annual Budget for 2024 prepared by the Management Board, and to their best knowledge and belief, including the potential implementation of the measures outlined below, the Group anticipates compliance, over the subsequent 12 months, with the terms of the current agreements and the proposed terms of the new financing currently under discussion, as previously described. This expectation holds even in the scenario of significantly underperforming against financial projections. Specifically, for the CCC Business Unit, this includes adherence to the following financial metrics: net exposure/EBITDA for each quarter, Debt Service Coverage Ratio (DSCR) for the semi-annual period, and Capital Expenditure for the full year.

For the Modivo Business Unit, the Group reached an agreement with the financing institutions to modify the financial ratios that will be applicable for the 12 months following the reporting date. In agreement with the financing providers, the testing of the net financial debt/EBITDA ratio, as specified in the agreements discussed in later sections of this note, is set for 31 January 2025. The test originally planned for 31 July 2024, has been suspended. Following the amendment to the financing agreements of 21 November 2023, as detailed below, along with supplementary arrangements, the new Debt Service Coverage Ratio (DSCR) for the last 12 months will undergo quarterly testing starting from 31 October 2024 (originally from 31 July 2024). Additionally, a one-time waiver was granted to forego the EBITDA test for the last 12 months as of 30 April 2024. Simultaneously, it was agreed that a one-time test of the net debt, with a maximum amount of PLN 548m, will take place as of 31 July 2024. Accordingly, the Group intends to satisfy the above ratios and fulfil the obligations of the Modivo Business Unit in the normal course of its business. The Group believes there are no risks associated with the financial performance of the Modivo Business Unit that might affect the CCC Group's ability to continue as a going concern.

For more details concerning the covenants to be tested as at the reporting date and in the period of 12 months thereafter, see 'Covenants/financial ratios' in the 'Management of financial resources and liquidity' section of the consolidated Directors' Report on the operations of the CCC Group in 2023.

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 2024 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.

The implementation and delivery of all proposed measures, objectives, plans, and financial projections are subject to various future risks and uncertainties. These uncertainties are particularly relevant to the implementation of the Group's Annual Budget for 2024 and plans for subsequent years, and include:

- 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;
- Completion of the Group's refinancing process in the second quarter of 2024, in line with the assumptions described above.

The identified risks, which may lead to an underperformance against the financial plan in 2024, create considerable uncertainty regarding the execution of future financial plans over the next 12 months from the reported date,-including compliance with the financial covenants under the Group's financing agreements, and thereby the Group's ability to continue as a going concern.

The Management Board of CCC S.A. has conducted an analysis of the Budget's sensitivity over the next 12 months, developed alternative scenarios, calculated the projected values of the financial ratios and compared these findings with the expectations of the banks and other institutions that provide financing to the Group. This analysis took into account the risks, events, and measures described previously. The analysis assume the fulfilment of the obligation to purchase DeeZee Sp. z o.o. shares for PLN 11m and Modivo S.A. shares for PLN 181.7m (including interest), as recognised in the financial statements, which stems from the existing owner's right to demand their purchase starting from 3 October 2023 (in accordance with the annex described in section 'Effect of changes in the economic situation on the valuation of assets and liabilities of the CCC Group: Other accounting matters and issues').

The 2024 Annual Budget takes into account estimated macroeconomic parameters, including an inflation rate of 6.6%, based on available market analyses and closely aligned with the inflation rate projected in the 2024 state budget, with the exception of costs that are subject to statutory adjustments. At the same time, the Group expects that the increase in costs driven by inflation will be offset by the savings measures. The key foreign exchange rates factored into the budget were the EUR/PLN and USD/PLN exchange rates, assumed to be 4.35 and 4.0, respectively. Based on internal analyses, the average level of the key reference rate (1M WIBOR), which determines the borrowing cost for the CCC Group, was estimated to be 5.80%. For the time horizon extending beyond 2024, the Group uses a long-term financial model.

The in-depth sensitivity analysis of the Annual Budget for the next 12 months conducted by the Management Board for the CCC Business Unit has shown that even if a single of the following parameters deviates from the assumptions in the Annual Budget (with all other factors remaining unchanged):

- the average annual inflation rate increases by 5pp;
- the average annual PLN exchange rate weakens by PLN 0.20 relative to the main foreign currencies (EUR and USD);
- the gross margin falls by 2.0pp (on a 15% decline in sales, taking into account the effect of a decrease in variable costs and available reductions in other costs);
- the average annual 1M WIBOR rate increases by 2pp;

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

Analyses conducted for the Modivo Business Unit indicate no breach of financial covenants as at the subsequent testing dates. This assessment considers the annexes and agreements concluded with the Modivo Business Unit's financing institutions, as detailed below.

- On 9 October 2023, the Management Board received consent from the institutions providing financing to Modivo S.A. (i.e., Bank Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., and Pekao Faktoring Sp. z o.o.) to apply the financial covenants testing conditions that were in effect as of 31 July 2023 (the level of Net Financial Debt) also on 31 January 2024 (originally, the Net Financial Debt/EBITDA ratio was to be tested on the latter date). Softbank also consented to suspend the testing of the Net Financial Debt/EBITDA ratio as of 31 January 2024, on the condition that Modivo submits an application to the National Court Register that includes amendments to convertible bonds ratified by the General Meeting. The condition was fulfilled.

- On 21 November 2023, the Management Board of the Modivo Business Unit signed an amendment to the agreement with PKO BP S.A. extending the availability period of the multi-purpose credit facility limit until 21 November 2025. The facility amount remained unchanged, with the sublimit of PLN 180m on the overdraft facility and the sublimit of PLN 50m on guarantees and letters of credit. The annex introduced new financial covenants for the Modivo Business Unit: EBITDA as at 30 April 2024 and quarterly DSCR starting from 31 July 2024.
- On 26 and 27 March 2024, the Management Board of Modivo S.A. secured consent from Bank Powszechna Kasa Oszczędności Bank Polski S.A., Pekao Faktoring Sp. z o.o., and Bank Polska Kasa Opieki S.A. to waive the testing of the financial ratios on both 30 April 2024 and 31 July 2024. Additionally, a one-time covenant was established for net debt not to exceed PLN 548m as at 31 July 2024.
- On 2 April 2024, the Management Board of Modivo S.A. received consent from Softbank to waive the testing of the financial ratio as at 31 July 2024.

The Management Board believes that several measures can be undertaken to mitigate the potential adverse impact of the risks listed above on the Group's financial performance. These measures can be implemented individually for the CCC Business Unit as well as for the Modivo Business Unit. These measures include cost-saving initiatives beyond those projected in the Annual Budget and further optimisation of working capital.

Additionally, the Management Board of CCC S.A. continues to plan for the execution of an IPO for Modivo S.A. as part of its strategy for debt reduction.

In conclusion, despite the stated risks and circumstances, the Management Board is confident that effective preventive measures have been devised and planned. These measures, which are based on the 2024 Annual Budget and include thorough analysis and contingency plans, aim to mitigate these risks and ensure the successful execution of the Company's and the Group's plans. Consequently, the Management Board has prepared 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. The share capital of CCC S.A. was increased through the issue of 14 million shares with a par value of PLN 0.1 and an issue price of PLN 36.11. The issue proceeds amounted to PLN 505.5m.
2. A 75.1% interest in CCC Ukraina Sp. z o.o. was purchased, as described in Note 6.2.
3. Reorganisation of the CCC Group to consolidate the logistics operations within CCC.eu Sp. z o.o. The event had a significant impact on the Group's structure. The logistics division was not a core business line of CCC S.A. and CCC Factory Sp. z o.o., primarily focusing on providing services to companies within the CCC Group. The transfer of the logistics function to CCC.eu Sp. z o.o. represents a further step towards simplifying the Group's business structure, organising the functions of individual entities within the Group, unifying and standardising the organisational structure, and reducing inter-company transactions. The change had no effect on the Group's consolidated financial statements.

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). The Group recognised allowances for receivables from entities where, in its opinion, there exists a risk of default.

In relation to those assets, the Group calculated an expected credit loss allowance and recognised a PLN 3.9m impairment loss on receivables from customers and other receivables during the reporting period. Consequently, the impairment loss on receivables from customers as of 31 January 2024, amounted to PLN 100.9m.

The Group did not observe any significant degradation in collection rates or a rise in the number of bankruptcies or reorganisations among its customers, with the exception of two entities. For these two entities, 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 31 January 2024, which are due in the upcoming months, will remain substantially unchanged.

Another group of assets exposed to credit losses are loans. As at each reporting date, the Group 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 Group's current financial condition. The Group measures expected credit loss allowances at amounts 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.

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 of 31 January 2024, following an evaluation of impairment indications, it was determined that impairment testing was required for certain cash-generating units (stores).Also, annual impairment tests were conducted for goodwill and intangible assets with indefinite useful lives (trademarks). For more detailed information, refer to Note 5.5 in the 'Impairment of assets' section.

Other accounting matters and issues

As at the date of these financial statements, the Group has not identified any material risks that may arise from potential breaches of the terms stipulated in 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 31 January 2024, 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; for a detailed description see Note 3.4.

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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 1 February 2022−31 January 2023, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after 1 February 2023.

The Group changed the presentation of data in the consolidated statement of cash flows regarding the manner in which receipts from lease incentives are disclosed. Since 1 February 2023, these receipts have been classified within financing activities. The Group believes that this adjustment accurately represents the impact as a reduction in payments made to the lessor, resembling repayment of the financing extended. To ensure data comparability, the comparative data was restated accordingly. Receipts from the settlement of investments in stores with lessors, initially presented in the statement of cash flows as of 31 January 2023 under cash flows from investing activities, in an amount of PLN 39.8m, were reclassified to 'Other cash provided by financing activities'.

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	10
3.1	Revenue	Y	Y	24
3.2	Cost of sales	Y	Y	26
3.2	Costs of points of purchase and distribution	Y	Y	26
3.2	Administrative expenses	Y	Y	26
3.3	Other income and expenses, finance income and costs	Y	Y	28
3.4	Income tax	Y	Y	31
3.4	Deferred tax assets	Y	Y	31
3.4	Income tax liabilities	Y	N	31
4.1	Equity	Y	N	37
4.2	Bank borrowings and bonds	Y	Y	40
5.1	Intangible assets	Y	Y	47
5.3	Property, plant and equipment	Y	Y	50
5.3	Grants received	Y	N	50
5.4	Right-of-use assets and lease liabilities and receivables	Y	Y	54
5.7	Inventories	Y	Y	64
5.8	Loans	Y	Y	67
5.8	Trade receivables	Y	Y	67
5.8	Other receivables	Y	Y	67
5.9	Cash and cash equivalents	Y	N	68
5.10	Trade and other payables	Y	Y	69
5.10	Other liabilities	Y	Y	69
5.11	Provisions	Y	Y	71
6.1	Financial instruments	Y	Y	74

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6.2	Acquisition of subsidiaries and associates	Y	Y	85
6.3	Associates	Y	Y	87
6.5	Share-based payments	Y	Y	91

IMPACT OF CLIMATE CHANGE ON THE BUSINESS OF THE GROUP

Climate-related risks are assessed in terms of both the impact of climate change on ongoing operations and the impact of the Group's business on climate change. The Management Board consistently analyses the impact of climate change, including new legal regulations related to climate issues, on the estimates and assumptions made in preparing the financial report, including for the year ended 31 January 2024. This assessment covers a broad range of potential impacts, including both physical and transition risks. Where applicable, the Group takes into account climate-related issues in its estimates and assumptions. In the opinion of the Management Board, climate-related issues do not currently, nor are they expected to in the short term, materially affect the Group's operations or the valuation of individual items in these financial statements. Significant assets of the Group consist of inventories, which the Group intends to sell in the course of its normal operating cycle, i.e., within 1 year, and the right to use stores (right-of-use assets) along with related investments in the stores (leasehold improvements), the typical useful life of which is up to 15 years. Conversely, for financial liabilities, there are no covenants related to climate or climate commitments. As of the reporting date, the Group does not have any legal or customarily expected obligations related to climate issues that would necessitate the recording of a liability or a provision in the financial statement.

While physical and transition risks may impact the Group's operations in the future in the medium and long term, at present, they do not significantly affect asset recoverability or the valuation of liabilities presented in these financial statements.

Specifically, concerning asset impairment, the Group considers there are no indications that non-financial assets could be impaired due to physical risks associated with climate change, given the Group's minimal direct exposure to significant climate-related risks in this context. Simultaneously, the Group has determined that climate-related issues did not have a significant impact on the key assumptions adopted for the purpose of conducting impairment tests on non-financial non-current in 2023.

While potential changes could impact the seasonality of the Group's sales, affecting the distribution and volume of revenue throughout the financial year—given that the primary business revolves around the sale of footwear and accessories—the Management Board expects that any lower-than-expected demand resulting from shifts in the sales of individual collections will be offset by increased sales in subsequent periods. Moreover, the Group mitigates the risk of weather affecting sales by primarily increasing the share of all-year offerings in its product portfolio, including sports footwear - both in the form of its own Sprandi brand and well-recognized third-party brands, including those covered by trademark use agreements, therefore this factor is not considered in its analyses.

Indirectly, the Group experiences the effects of climate change through its impact on stakeholders along the Group's supply chain. Moving forward, the Group anticipates incorporating climate considerations into the financing, insurance and hedging the Group applies in its activities.

Throughout the financial year, the Group gathered environmental and social data, and a comprehensive overview of the CCC Group Sustainability Strategy is provided in the CCC Group Sustainability Report 2023.

New and amended accounting standards

As of 1 February 2023, the Group is required to apply:

- amendments to IAS 1 and IFRS Practice Statement 2 concerning accounting policy disclosures,
- amendments to IAS 8 introducing a definition of accounting estimates,
- amendments to IAS 12 concerning deferred tax related to assets and liabilities arising from a single transaction,
- amendments to IAS 12 on International Tax Reform – Pillar II Model Principles,
- IFRS 17 Insurance Contracts, including amendments to IFRS 17 issued in 2020 and 2021.

The amendments to IAS 12 have narrowed the scope of the initial recognition exception provided for in the standard so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences – in the case of the Group, this relates mainly to the recognition of a lease liability and the corresponding amount as part of the cost of a right-of-use asset. Previously, the Group recognised deferred income tax calculated for the difference between a lease liability and a right-of-use asset. Following the change, the Group recognises separately all deferred tax liabilities arising from the recognition of a right-of-use asset and recognises all deferred tax assets arising from the recognition of a lease liability. However, given that deferred tax assets are offset against deferred tax liabilities, the change had no effect on the amounts of deferred income tax disclosed in the statement of financial position and in the statement of comprehensive income. The data for the comparative period were restated retrospectively; see Note 3.4.

The Group applied an exemption to recognise and disclose deferred tax assets and liabilities related to income tax under Pillar II.

The amended standards and interpretations which apply for the first time in 2023 do not have a material impact on the Group's consolidated financial statements.

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 30 January 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 1 January 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 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;
- 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 23 January 2020, 15 July 2020 and 31 October 2022, respectively) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 7: Statement of cash flows and IFRS 7: Financial instruments: Disclosures: Supplier finance arrangements (issued on 25 May 2023) – 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 1 January 2024;
- Amendments to IAS 21: Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) – 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 1 January 2025.

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,
- HalfPrice,
- eobuwie,
- Modivo S.A. 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 retails footwear, apparel, handbags, shoe care accessories, and small clothing accessories through its retail stores and websites. Additionally, the Group engages in wholesale transactions with both Polish and international franchisees and other wholesale customers. The distribution activities are conducted by CCC.eu Sp. z o.o., which distributes merchandise to and outside the Group. The measure of the segment's profit or loss is operating profit (loss) adjusted for depreciation and amortisation (EBITDA).
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 homedecor of known brands at attractive prices. The measure of the segment's profit or loss is operating profit (loss) adjusted for depreciation and amortisation (EBITDA).
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 measure of the segment's profit or loss is operating profit (loss) adjusted for depreciation and amortisation (EBITDA).
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 measure of the segment's profit or loss is operating profit (loss) adjusted for depreciation and amortisation (EBITDA).
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 measure of the segment's profit or loss is operating profit (loss) adjusted for depreciation and amortisation (EBITDA).

In the consolidated financial statements for the year ended 31 January 2023, the Group presented Segment Profit 1, defined as gross profit less costs of points of purchase and distribution, and Segment Profit 2 (EBITDA). In the current financial year, the Group discontinued the presentation of Segment Profit 1 because Segment Profit 1 is no longer used by the parent's Management Board to assess the results of the business lines' operations. The corresponding information for previous periods was restated accordingly by the Group. The measure of a segment's profit or loss is EBITDA.

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

1 Feb 2023–31 Jan 2024	CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total	Consolidation adjustments	Consolidated financial statements
Revenue from sales to external customers	**4,000.1**	**1,418.0**	**2,840.9**	**1,091.0**	**90.3**	**9,440.3**	**–**	**9,440.3**
Gross profit	**2,218.4**	**621.9**	**1,103.3**	**401.3**	**49.2**	**4,394.1**	**–**	**4,394.1**
Gross margin (gross profit on sales/revenue from sales to external customers)	*55%*	*44%*	*39%*	*37%*	*54%*			*47%*
Costs of points of purchase and distribution	-1,684.0	-560.9	-1,163.4	-420.8	-37.9	-3,867.0	–	-3,867.0
Administrative expenses	-252.1	-29.9	-72.9	-25.3	-4.7	-384.9	–	-384.9
Other income and expenses, and (recognition) / reversal of loss allowances	33.3	1.5	7.5	–	-0.6	41.7	–	41.7
Operating profit (loss)	**315.6**	**32.6**	**-125.5**	**-44.8**	**6.0**	**183.9**	**–**	**183.9**
Depreciation/amortisation	-376.4	-118.0	-81.2	-18.2	-0.7	-594.5	–	-594.5
SEGMENT PROFIT (EBITDA)	**692.0**	**150.6**	**-44.3**	**-26.6**	**6.7**	**778.4**	**–**	**778.4**
Finance income								124.1
Finance costs								-446.5
Share of profit (loss) of associates								0.3
Profit (loss) before tax								**-138.2**
Segment assets:	**31 Jan 2024**							
Inventories	1,181.8	659.0	810.7	239.8	20.3	2,911.6	–	2,911.6
in stores	566.2	285.9	85.9	5.1	–	943.1		
in the central warehouse	615.6	373.1	724.8	234.7	20.3	1,968.5		

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1 Feb 2022–31 Jan 2023	CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total	Consolidation adjustments	Consolidated financial statements
Revenue from sales to external customers	**4,175.2**	**843.1**	**3,081.3**	**895.0**	**115.8**	**9,110.4**	**12.8**	**9,123.2**
Gross profit	**2,178.6**	**390.7**	**1,274.7**	**366.9**	**54.5**	**4,265.4**	**–**	**4,265.4**
Gross margin (gross profit on sales/revenue from sales to external customers)	*52%*	*46%*	*41%*	*41%*	*47%*			*47%*
Costs of points of purchase and distribution	-1,897.8	-373.9	-1,166.0	-332.1	-45.3	-3,815.1	–	-3,815.1
Administrative expenses	-271.4	-17.5	-81.9	-22.9	-5.8	-399.5	–	-399.5
Other income and expenses, and (recognition) / reversal of loss allowances	-94.9	1.6	-8.3	-2.4	1.9	-102.1	–	-102.1
Operating profit (loss)	**-85.5**	**0.9**	**18.5**	**9.5**	**5.3**	**-51.3**	**–**	**-51.3**
Depreciation/amortisation	-425.1	-84.2	-64.0	-7.8	-1.1	-582.2	–	-582.2
SEGMENT PROFIT (EBITDA)	**339.6**	**85.1**	**82.5**	**17.3**	**6.4**	**530.9**	**–**	**530.9**
Finance income								54.0
Finance costs								-401.9
Share of profit (loss) of associates								0.3
Profit (loss) before tax								**-398.9**
Segment assets					**31 Jan 2023**			
Inventories	1,044.8	328.3	962.2	335.7	20.1	2,691.1	–	2,691.1
in stores	617.7	162.6	98.6	4.5	–	883.4		
in the central warehouse	427.1	165.7	863.6	331.2	20.1	1,807.7		

Segment profit EBITDA is calculated as gross profit less costs of points of purchase and other distribution costs, administrative expenses and other expenses, plus other income, and (recognition) / reversal of loss allowances, adjusted for depreciation and amortisation. EBITDA is not a defined measure under IFRS, and therefore the method of calculating EBITDA may vary among 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.

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Geographical information

Revenue from sales to external customers:

Revenue		1 Feb 2023–31 Jan 2024						1 Feb 2022–31 Jan 2023					
		CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total	CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total
Poland	**Poland**	**2,576.2**	**1,041.8**	**1,084.6**	**338.8**	**90.3**	**5,131.7**	**2,653.1**	**659.9**	**1,104.3**	**285.8**	**115.8**	**4,818.9**
Central and Eastern Europe	Czech Republic	317.2	101.9	199.5	78.3	–	**696.9**	372.3	34.1	264.5	71.7	–	**742.6**
	Slovakia	196.7	46.8	90.8	42.5	–	**376.8**	210.0	16.2	114.4	37.4	–	**378.0**
	Hungary	277.0	46.8	148.5	38.6	–	**510.9**	300.6	36.4	188.5	40.0	–	**565.5**
	Romania	309.6	48.2	302.5	157.5	–	**817.8**	320.0	2.0	324.7	140.1	–	**786.8**
	Bulgaria	71.2	0.0	165.2	88.4	–	**324.8**	71.4	–	181.2	73.4	–	**326.0**
	Slovenia	49.0	26.7	26.1	8.1	–	**109.9**	62.0	18.7	24.5	4.1	–	**109.3**
	Croatia	94.2	9.6	77.7	27.0	–	**208.5**	102.4	11.7	71.8	14.2	–	**200.1**
	Lithuania	6.1	–	69.8	21.7	–	**97.6**	5.6	–	87.6	26.2	–	**119.4**
	Latvia	16.3	14.4	22.8	5.4	–	**58.9**	13.5	–	19.7	2.6	–	**35.8**
	Estonia	12.9	–	–	0.2	–	**13.1**	11.8	–	1.1	–	–	**12.9**
	Serbia	35.8	–	–	–	–	**35.8**	47.7	–	–	–	–	**47.7**
	Ukraine	37.8	6.2	49.1	94.8	–	**187.9**	–	–	8.9	29.7	–	**38.6**
	Total	**1,423.8**	**300.6**	**1,152.0**	**562.5**	–	**3,438.9**	**1,517.3**	**119.1**	**1,286.9**	**439.4**	–	**3,362.7**
Western Europe	Austria	0.1	75.6	12.8	4.4	–	**92.9**	3.0	64.1	7.9	1.5	–	**76.5**
	Switzerland	–	–	42.8	–	–	**42.8**	–	–	51.0	–	–	**51.0**
	Germany	–	–	161.7	55.0	–	**216.7**	–	–	182.5	39.1	–	**221.6**
	France	–	–	31.9	12.5	–	**44.4**	–	–	49.6	11.7	–	**61.3**
	Spain	–	–	15.7	–	–	**15.7**	–	–	16.5	–	–	**16.5**
	Italy	–	–	103.1	29.0	–	**132.1**	–	–	144.3	28.9	–	**173.2**
	Sweden	–	–	16.8	–	–	**16.8**	–	–	7.2	–	–	**7.2**
	Greece	–	–	219.5	88.8	–	**308.3**	1.8	–	231.1	88.6	–	**321.5**
	Total	**0.1**	**75.6**	**604.3**	**189.7**	–	**869.7**	**4.8**	**64.1**	**690.1**	**169.8**	–	**928.8**
CCC Group	**Total**	**4,000.1**	**1,418.0**	**2,840.9**	**1,091.0**	**90.3**	**9,440.3**	**4,175.2**	**843.1**	**3,081.3**	**895.0**	**115.8**	**9,110.4**

The above information on revenue is derived from data related to the store location for offline sales and from the country to which the purchased goods are shipped for digital sales (e-commerce).

Non-current assets:

NON-CURRENT ASSETS (NET OF OTHER FINANCIAL ASSETS AND DEFERRED TAX)	31 Jan 2024	31 Jan 2023
Poland	2,110.9	2,052.3
Czech Republic	317.4	247.1
Hungary	164.4	218.1
Romania	329.9	270.5
Slovakia	107.1	102.5
Other	450.9	515.5
Total non-current assets (excluding other financial assets and deferred tax)	**3,480.6**	**3,406.0**

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.

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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 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.

	1 Feb 2023–31 Jan 2024						1 Feb 2022–31 Jan 2023					
	CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total	CCC	HalfPrice	eobuwie	MODIVO	DeeZee	Total
Revenue												
Footwear	3,441.7	304.7	2,428.3	287.4	41.5	**6,503.6**	3,532.4	179.5	2,552.9	181.5	61.2	**6,507.5**
Bags	268.1	80.4	193.7	72.6	1.8	**616.6**	249.1	40.8	236.8	50.5	2.3	**579.5**
Clothing	0.2	809.7	75.3	670.3	0.1	**1,555.6**	2.2	477.6	88.5	598.1	0.3	**1,166.7**
Other [1]	211.3	223.2	69.4	27.9	41.5	**573.3**	263.5	145.2	136.2	43.1	46.3	**634.3**
Total omnichannel sales	**3,921.3**	**1,418.0**	**2,766.7**	**1,058.2**	**84.9**	**9,249.1**	**4,047.2**	**843.1**	**3,014.4**	**873.2**	**110.1**	**8,888.0**
Wholesale and services	**78.8**	**–**	**74.2**	**32.8**	**5.4**	**191.2**	**128.0**	**–**	**66.9**	**21.8**	**5.7**	**222.4**
Total	**4,000.1**	**1,418.0**	**2,840.9**	**1,091.0**	**90.3**	**9,440.3**	**4,175.2**	**843.1**	**3,081.3**	**895.0**	**115.8**	**9,110.4**

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

The Group conducts retail and digital sales to retail customers, and sales to none of the customers exceeded 10% of total revenue.

Revenue was adjusted to account for a PLN 7.6m liability under contracts with customers arising from participation in the CCC Club, compared to PLN 6.3m in the corresponding period of the previous year. As at the reporting date, the liability under contracts with customers related to gift cards amounted to PLN 16.1m, compared with PLN 7.6m as at 31 January 2023.

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 provisions for warranty repairs (Note 5.9),
- inventory write-downs,
- inventory discrepancies,
- costs related to trademark agreements.

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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,
- impairment of property, plant and equipment, rights-of-use assets and intangible 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 subsequently recognised in profit or loss as other income, gradually, over the asset's expected useful life in equal annual instalments.

1 Feb 2023–31 Jan 2024	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-5,045.6	–	–	-5,045.6
Raw material and consumables used	–	-121.5	-33.2	-154.7
Inventory write-downs	-0.6	–	–	-0.6
Salaries, wages and employee benefits	–	-991.4	-169.3	-1,160.7
Transport services	–	-453.9	-0.9	-454.8
Other rental costs – utilities and other variable costs	–	-394.0	-22.8	-416.8
Advertising	–	-937.0	-1.0	-938.0
Depreciation/amortisation	–	-536.6	-57.9	-594.5
Taxes and charges	–	-66.2	-5.7	-71.9
Other costs	–	-366.4	-94.1	-460.5
Total	**-5,046.2**	**-3,867.0**	**-384.9**	**-9,298.1**

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1 Feb 2022–31 Jan 2023	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	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
Total	**-4,857.8**	**-3,815.1**	**-399.5**	**-9,072.4**

Cost of sales in 2023 grew by 3.9% year on year, while revenue increased by 3.5%. 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, as well as growth of sales in the HalfPrice segment. Consequently, the gross margin remained nearly the same as the previous year, at 47%.

Costs of points of purchase and distribution under continuing operations increased by PLN 51.9m (1.4%) year on year, driven mainly by:

- PLN 93.1m increase in other rental costs (sales-based rents and variable costs: utilities, electricity, etc.) attributable to expansion of the sales channels with concurrent renegotiation of lease contracts – shift from fixed rents to variable, sales-based rents;
- PLN 28.2m increase in other costs, including mainly costs of logistics and warehouse services, IT maintenance, and advisory services;
- PLN 20.4m increase in taxes and charges, mainly related to retail tax and licence agreements;
- PLN 11.4m increase in salaries, wages and employee benefits expense, being a consequence of development of the sales channels, mainly e-commerce within omnichannel;
- PLN 61.3m decrease in raw materials and consumables used, mainly due to cost discipline at the Group, including a reduction in energy consumption achieved through the introduction of modern systems;
- PLN 28.0m decrease in advertising costs due to cost discipline at the Group;
- PLN 16.1m decrease in transport costs, driven by the ongoing cost optimisation measures implemented in this cost category.

Administrative expenses fell by PLN 14.6m (3.7%) year on year. The change was mainly due to a decrease in salaries and wages by PLN 17.6m, while depreciation and amortisation costs saw an increase of PLN 8.1m.

Components of employee benefits are presented below.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Wages and salaries	-948.2	-944.4
Social security contributions	-176.9	-172.5
Retirement benefit costs	-0.1	–
Other post-employment benefits	-0.3	-1.6
Other employee benefit expenses	-32.1	-30.1
Costs of contributions to PPK	-3.3	-3.1
Costs of incentive scheme	-11.1	-15.2
Total:	**-1,172.0**	**-1,166.9**

(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 goodwill, penalties and fines, donations, grants, and foreign exchange gains and losses on operating activities, among others.

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.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Other income		
Foreign exchange gains on items other than debt	21.3	–
Compensation	6.5	4.3
Reversal of impairment losses on non-current assets	–	0.4
PFRON wage subsidies	1.1	3.6
Gain on settlement of leasehold improvements with landlords	12.6	5.1
Gain on settlement of lease contracts	10.2	22.4
Grants	0.3	0.9
Reversal of CCC Germany provisions	9.1	–
Gain (loss) on disposal of company	–	0.3
Other	24.6	25.5
Total other income	**85.7**	**62.5**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Other expenses		
Loss on disposal of property, plant and equipment	-9.9	-15.7
Interest and penalties	-5.5	-12.6
Other	-24.7	-30.9
Foreign exchange losses on items other than debt	–	-60.7
Total other expenses	**-40.1**	**-119.9**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
(Recognition) / Reversal of expected credit loss allowances (trade and other receivables)		
Impairment losses on trade receivables	-3.9	-44.7
(Recognition) / Reversal of expected credit loss allowances (trade and other receivables), total	**-3.9**	**-44.7**

The Group recorded expected credit loss allowances amounting to PLN 3.9m, primarily for trade receivables that, in the opinion of the Management Board, are uncollectible due to a deterioration in the financial condition or bankruptcy of a 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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	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Finance income		
Interest income on cash in current account and other interest income	9.3	6.3
Foreign exchange gains (losses)	43.0	–
Gain (loss) on modification of terms of financial liabilities	39.3	–
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	12.4	–
Other finance income	–	0.6
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	–	13.4
Valuation of options to purchase non-controlling interests	20.1	33.7
Total finance income	**124.1**	**54.0**

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.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Finance costs		
Interest on borrowings and bonds	-332.5	-293.4
Interest on leases	-79.2	-42.4
Foreign exchange gains (losses)	–	-43.8
Commission fees paid	-13.9	-8.6
Valuation of options to purchase non-controlling interests	-8.2	-1.8
Costs of bank guarantees	–	-6.1
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	-0.1	–
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	–	-1.2
Other finance costs	-12.6	-4.6
Total finance costs	**-446.5**	**-401.9**

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.

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 7 January 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 1 March 2021, 1 February 2022 and 1 February 2023.

On 10 January 2024, the Management Board of CCC S.A. decided to extend the operation of the CCC Tax Group for an additional 12 months, until 31 January 2025, covering the fiscal year starting 1 February 2024.

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.

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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 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.

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

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Current income tax expense	-44.3	-16.4
Adjustments to current income tax for prior years	-9.0	–
Deferred tax	66.8	13.8
Income tax recognised in statement of comprehensive income	**13.5**	**-2.6**
Current tax recognised in profit or loss	53.4	16.4
Balance of CIT liabilities/(receivables) at beginning of period	-50.0	11.0
Balance of CIT receivables/(liabilities) at end of period	18.5	50.0
Other changes	0.2	4.1
Tax paid recognised in statement of cash flows	**22.1**	**81.5**

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.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
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%**	**19.00%**

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.

(all amounts in PLN million unless stated otherwise)

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Profit (loss) before tax	**-138.2**	**-444.3**
including profit (loss) from continuing operations	-138.2	-398.9
including losses from discontinued operations	–	-45.4
Weighted average tax rate	19%	19%
Tax calculated at weighted average tax rate	26.2	84.5
Tax effects of the following items:		
non-taxable income	7.0	6.6
other non-deductible expenses (permanent differences)	-35.4	-24.6
recognition of deferred tax asset on tax loss brought forward	32.3	–
realisation of the temporary difference for which no deferred tax was recognised	5.9	3.8
tax relating to previous year	-9.1	2.2
tax losses with respect to which no deferred tax assets were recognised	-1.0	-64.1
other adjustments	-12.5	-15.3
Income tax expense	**13.5**	**-6.9**
including continuing operations	13.5	-2.6
including discontinued operations	–	-4.3

BALANCES OF AND CHANGES IN DEFERRED TAX

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

	31 Jan 2024	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	1 Feb 2023
Assets			
Trademarks	–	-7.2	7.2
Inventories – adjustment of margin on intra-group sales	9.8	1.2	8.6
Impairment of assets: inventories and receivables	7.6	2.5	5.1
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	–	-1.4	1.4
Provisions for liabilities	16.8	-6.3	23.1
Special economic zone relief	45.2	-5.0	50.2
Other	54.3	10.6	43.7
Tax losses	76.6	76.6	–
Measurement of lease contracts	332.6	21.6	311.0
Total before offset	**542.9**	**92.6**	**450.3**
Liabilities			
Accelerated tax depreciation of property, plant and equipment	1.8	1.8	–
Other	11.3	0.6	10.7
Measurement of lease contracts	281.9	24.2	257.7
Purchase of intangible assets disclosed on acquisition of subsidiaries	30.6	-1.0	31.6
Total before offset	**325.6**	**25.6**	**300.0**
Offset	294.2	28.0	266.2
Deferred tax balances as disclosed in statement of financial position	**–**	**–**	**–**
Assets	248.7	64.6	184.1
Liabilities	31.4	-2.4	33.8

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	31 Jan 2023	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	1 Feb 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	311.0	-8.3	319.3
Total before offset	**450.3**	**-2.8**	**453.1**
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
Measurement of lease contracts	257.7	-14.6	272.3
Total before offset	**300.0**	**-16.4**	**316.4**
Offset	266.2	-11.4	277.6
Deferred tax balances as disclosed in statement of financial position	**–**	**–**	**–**
Assets	184.1	8.6	175.5
Liabilities	33.8	-5.1	38.9

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	31 Jan 2024		31 Jan 2023	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	148.7	2.3	112.5	4.1
1-2 years	33.3	2.1	14.0	2.0
2-3 years	31.2	2.1	10.4	2.0
3-5 years	17.2	4.2	20.5	4.1
over 5 years	18.3	20.7	26.7	21.6
Total	**248.7**	**31.4**	**184.1**	**33.8**
Unrecognised tax loss asset	200.9	–	238.9	–

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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 the assessment of the feasibility of utilising the tax loss, the Management Board decided to recognise a deferred tax asset at CCC S.A. in the amount of PLN 45.6m (including PLN 32.3m related to losses brought forward), as well as PLN 31m at Modivo S.A. Conversely, a decision was made to not recognise a deferred tax asset from tax losses at CCC Shoes & Bags d.o.o. Beograd.

In the reporting period, the amount of unrecognised tax loss asset decreased by PLN 38.0m. The amount of tax loss incurred in the reporting period by CCC Shoes & Bags d.o.o. Beograd was PLN 6.6m. The total amount of unrecognised tax loss asset was PLN 200.9m (in the previous year: PLN 238.9m), primarily related to CCC.eu Sp. z o.o. (PLN 196.3m). According to the applicable tax laws, the tax losses incurred by these companies can be utilised over a period of five years.

The deferred tax asset recognised by CCC S.A. amounting to PLN 45.6m relates to the equity basket in the income tax calculation of the tax group. The asset of PLN 32.3m relates to capital losses generated in previous years: 2021 (PLN 3.3m) and 2022 (PLN 29.0m). The Management Board estimates that capital gains, sufficient to utilise the recognised loss tax, will be generated within the tax group. The expiration periods of tax losses are presented in the table below:

	2024	2025	2026	2027	2028	Total
Expiration periods of unrecognised tax losses (at nominal value of the loss)	2.5	504.1	302.0	242.2	6.5	1,057.3
Unrecognised assets	0.5	95.8	57.4	46.0	1.2	200.9

MINIMUM TAX – PILLAR II MODEL RULES

The CCC Group falls under the jurisdiction of global minimum tax regulations, meaning it is subject to a 15% level of taxation on both domestic and international groups, as stipulated by the so-called Pillar II directive. The regulations are designed to apply to groups with consolidated revenues of at least EUR 750m, and the first accounting period when the regulations are expected to apply is 2024. As of 31 January 2024, these regulations had not yet been implemented in Poland but had been introduced in certain countries where the CCC Group operates through its subsidiaries.

The CCC Group is currently evaluating the effects of implementing the regulations and continuously monitors the legal environment in the countries where it operates. The CCC Group companies, as a general rule, pay taxes, and the effective tax rates calculated on pre-tax profit in the statement of profit or loss are typically above 15%. The operations within countries where nominal tax rates are at or below 15% also represent a small fraction of the Group's overall activities.

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 (the CCC Group excluding the Modivo Group, i.e., the Modivo Business Unit) 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.

For detailed information on the dividend policy, see 'Dividend policy' in the 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; for details, refer to the section 'Management of financial resources and liquidity' in the Directors' Report.

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 6.5,
- 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 31 January 2024, the share capital was PLN 6.9m, having increased PLN 1.4m on 31 January 2023 due to the issue of own shares. Pursuant to resolutions of the Extraordinary General Meeting of CCC S.A. dated 17 November 2022, on 9 May 2023 the share capital of CCC S.A. was increased through the issue of 14 million shares with a par value of PLN 0.1 and an issue price of PLN 36.11. The issue proceeds of PLN 505.5m were reduced by the issue costs of PLN 3.9m. Following the transaction, the share capital was increased by PLN 1.4m, while the balance raised was allocated to the Company's statutory reserve funds.

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, President of the Management Board of CCC S.A. Other shareholder information is presented in the Directors' Report.

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SHARE PREMIUM

Statutory reserve funds comprise mainly share premium and amounts from accounting for equity-settled share-based employee benefit plans. As at 31 January 2024, statutory reserve funds were PLN 1,648.2m (as at 31 January 2023: 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 31 January 2024, retained earnings were negative at PLN 813.5m. As at 31 January 2023, retained earnings were negative at PLN 759.7m.

EARNINGS (LOSS) PER SHARE

Earnings (loss) per share is 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 is 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 31 January 2024, basic and diluted loss per share was PLN 0.85. In the 12 months ended 31 January 2023, basic and diluted loss per share was PLN 7.61.

DIVIDEND

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	31 Jan 2024	31 Jan 2023
Modivo Group	Poland	25%	25%
DeeZee Sp. z o.o.	Poland	25%	25%
C-AirOP Ltd.	Isle of Man	50%	50%
CCC Ukraina Sp. z o.o.	Ukraine	25%	n/a

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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.	CCC Ukraina Sp. z o.o.
	1 Feb 2023–31 Jan 2024			
Revenue	4,200.9	90.6	3.8	44.0
Cost of sales	-2,705.5	-43.4	–	-21.8
Gross profit (loss)	**1,495.4**	**47.2**	**3.8**	**22.2**
Costs of points of purchase and distribution	-1,584.3	-38.1	–	-19.1
Administrative expenses	-98.2	-5.9	-4.0	-3.6
Other income and expenses	7.3	9.6	-0.3	-5.0
Operating profit (loss)	**-179.8**	**12.8**	**-0.5**	**-5.5**
Finance income	61.4	0.7	–	-0.9
Finance costs	-185.2	-0.3	–	-1.9
Profit (loss) before tax	**-303.6**	**13.2**	**-0.5**	**-8.3**
Income tax	31.2	-3.5	–	1.2
Net profit (loss)	-272.4	9.7	-0.5	-7.1
Total comprehensive income	**-274.0**	**9.8**	**0.3**	**-6.3**
Attributable to non-controlling interests	-68.9	2.4	-0.3	-1.8

Statement of comprehensive income	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	1 Feb 2022–31 Jan 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**	**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

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CONDENSED STATEMENT OF FINANCIAL POSITION

Statement of financial position	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.	CCC Ukraina Sp. z o.o.
	31 Jan 2024			
Non-current assets	996.8	8.3	–	17.2
Current assets	1,402.3	60.8	16.1	20.3
Non-current liabilities	167.7	0.5	–	12.1
Current liabilities	1,969.0	16.1	0.1	16.2
Net assets	262.4	52.5	16.0	9.2
Valuation of incentive scheme	30.3	–	–	–
Total non-controlling interests	**89.0**	**13.1**	**8.0**	**2.3**

Statement of financial position	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
	31 Jan 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**

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.

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 execution in the previous financial year of annexes to the New Financing Agreement and to the Common Terms Agreement, as well as the extension of bilateral financing with guarantees provided under Bank Gospodarstwa Krajowego’s Emergency Guarantee Fund and additional financing documents between CCC S.A., its subsidiaries and financial institutions, were part of the CCC Business Unit’s financing renewal efforts aimed at ensuring a stable long-term financing level. In parallel, as agreed with the institutions providing financing to the CCC Business Unit, the Group committed to reduce debt in the CCC Business Unit by PLN 320.0m by the end of 2023. A reduction in debt amounting to PLN 50.0m was achieved already in 2022 through the reduction of available factoring and credit limits, as detailed in Current Report No. 39/2022 dated 21 December 2022.

During the current financial year, the CCC Business Unit repaid loans totalling PLN 579.5m (including changes in the overdraft). This repayment increased the unused credit limits, which were then reduced by a total of PLN 270.0m proportionately across all the entities participating in the bank syndicate. As at the reporting date, the following financial instruments were reduced by PLN 270.0m, as communicated in Current Report No. 32/2023 dated 31 May 2023, Current Report No. 50/2023 of 31 August 2023, and Current Report No. 60/2023 of 30 November 2023:

- Tranche B credit facilities and factoring limits – by PLN 96.5m;
- Tranche C credit facilities and factoring limits – by PLN 132.5m;
- Credit facility with BGK guarantee – by PLN 41.0m.

The table below shows the level of utilisation of individual products under the Group's existing financing agreements.

After the reduction in credit limits, as disclosed in Current Report No. 39/2022 dated 21 December 2022, Series 1/2018 bonds of CCC S.A. were redeemed in accordance with the Pari Passu clause between 1 February and 31 January 2024:

- 337 bonds, with a nominal value of PLN 0.34m, were redeemed early on 17 April 2023;
- 8,898 bonds, with a nominal value of PLN 8.90m, were redeemed early on 10 August 2023; and
- 11,414 bonds, with a nominal value of PLN 11.41m, were redeemed early on 25 October 2023.

During the financial year, the Company also made interest payments on these bonds, amounting to PLN 23.6m.

On 30 June 2023 and 28 December 2023, the subsidiary CCC Shoes Bags Sp. z o.o. paid interest on PFR bonds, totalling PLN 84.3m.

In addition, on 26 April 2023, the availability period of the multi-purpose credit facility up to a total amount of PLN 260.0m contracted on 26 October 2017 by Modivo S.A. with Bank Polska Kasa Opieki S.A. was extended, its other terms and conditions unchanged, for the next 12 months, i.e., until 29 April 2024 (see Current Report No. 16/2023 of 26 April 2023). After the reporting date, on 26 March 2024, Modivo S.A. received a binding offer to renew the credit limit at the unchanged amount of PLN 260.0m until 29 April 2025.

On 21 November 2023, Modivo S.A. signed an amendment to the agreement with PKO BP S.A., which extended the term of the multi-purpose credit facility limit until 21 November 2025 and modified the security interests. The extended credit limit will finance Modivo S.A.'s current operations, and will consist of: a PLN overdraft sublimit of up to PLN 180.0m and a sublimit for guarantees and letters of credit in PLN, EUR, and USD, up to PLN 50.0m in total.

On 24 November 2023, Modivo S.A. and an entity of the SoftBank Group signed an agreement to extend the maturity date of the SoftBank bonds from 23 August 2024 to 5 April 2026. Additionally, the fixed interest rate for the period from 5 October 2024 to 5 April 2026 was set at 10.99% per annum. Under the agreement, the SoftBank Group entity also agreed to waive the testing of the Net Financial Debt/EBITDA ratio as at 31 January 2024 (a covenant), provided that Modivo submits an application to the National Court Register, reflecting the amendments related to the convertible bonds approved by the General Meeting. Interest on the bonds will accrue on a quarterly basis, at a fixed rate, payable on the redemption or conversion date. The bonds will automatically convert into Modivo shares in the event of Modivo S.A.'s initial public offering or any similar transaction outlined in the bonds' terms and conditions (mandatory conversion) at the market price, adjusted for a premium.

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The Group assessed whether the amendments to the issuance agreement constituted a material change of the agreement's terms, potentially resulting in the extinguishment of the existing liability and the recognition of a new one. For this purpose, quantitative changes were evaluated. The variation in the present value of cash flows under the new terms, when discounted using the original effective interest rate, did not exceed 10% compared to the discounted present value of the remaining cash flows of the original financial liability. The amendment was also assessed from a qualitative perspective. The Group concluded that it was not material because it does not fundamentally introduce new contractual terms but merely updates the existing ones, in addition to extending the maturity of the liability, as discussed above. Net gain on the modification, which does not result in derecognition of PLN 33.3m, was recognised as finance income.

The liability under the Softbank bonds was measured on the assumption that the initial public offering (IPO) will take place during 2024.

As at the date of the bond issue, an embedded derivative instrument (voluntary conversion option) was identified in the Softbank bond instrument, as discussed at length in Note 6.1 (the agreement referred to above did nit amend the terms of the option).

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

	FINANCING OF THE CCC BUSINESS UNIT		FINANCING OF THE MODIVO BUSINESS UNIT		TOTAL
	BORROWINGS	BONDS	BANK BORROWINGS	BONDS	
As at 1 Feb 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**
long-term	**812.4**	**558.1**	**–**	**–**	**1,370.5**
Proceeds from debt contracted					
- financing received	44.2	–	–	–	44.2
Interest accrued	73.2	94.2	20.2	142.8	330.4
Modification of agreement terms		-6.0		-33.3	-39.3
Debt-related payments					
- principal payments	-458.1	-20.6	–	–	-478.7
- interest paid	-74.0	-107.9	-20.2	–	-202.1
Increase due to change in overdraft facility amount	–	–	55.6	–	55.6
Decrease due to change in overdraft facility amount	-121.4	–	–	–	-121.4
Other non-cash changes	-19.5	–	–	–	-19.5
As at 31 Jan 2024	**529.2**	**541.2**	**285.7**	**739.3**	**2,095.4**

(all amounts in PLN million unless stated otherwise)

short-term	**390.2**	**3.6**	**285.7**	**739.3**	**1,418.8**
Tranche A	*140.0*	–	–	–	*140.0*
Credit facilities with guarantees from BGK	*249.7*	–	–	–	*249.7*
Other (other credit facilities; credit cards)	*0.5*	–	*285.7*	–	*286.2*
Bonds issued to PFR	–	*1.8*	–	–	*1.8*
Bonds issued to Softbank	–	–	–	*739.3*	*739.3*
CCC0626 bonds	–	*1.8*	–	–	*1.8*
long-term	**139.0**	**537.6**	**–**	**–**	**676.6**
Tranche A	*139.0*	–	–	–	*139.0*
Other credit facilities	–	–	–	–	–
Bonds issued to PFR	–	*348.9*	–	–	*348.9*
CCC0626 bonds	–	*188.7*	–	–	*188.7*

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.

For detailed information on covenants, see the 'Covenants/financial ratios' section of the Directors' Report on the Group's operations.

	FINANCING OF THE CCC BUSINESS UNIT		**FINANCING OF THE MODIVO BUSINESS UNIT**		**TOTAL**
	BORROWINGS	BONDS	BANK BORROWINGS	BONDS	
As at 1 Feb 2022	**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/revolving 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 31 Jan 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*

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.

	31 Jan 2024	31 Jan 2023
AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL		
Sureties	3,310.3	3,712.5
Security mortgages on real estate	1,913.7	1,913.7
Registered pledge over movable property	3,006.8	3,006.8
Blank promissory notes	161.8	304.7

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, as a general practice, has the option to zero out current balances on bank accounts and on accounts where lenders make funds available to finance day-to-day operations, which includes working capital facilities. Based on historical financial data, the volumes of merchandise retailed enabled the CCC Group to meet its financial liabilities in a timely manner. Based on historical financial data, the volumes of merchandise retailed enabled the CCC Group to meet its financial liabilities in a timely manner.

Another systemic factor that mitigates the liquidity risk associated with servicing financial liabilities is the CCC Group's practice of utilising deferred payment terms in transactions with suppliers of merchandise and goods. 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. Excluding extraordinary events or circumstances that cannot be foreseen in the standard business risk assessment processes, the CCC Group, through the deferred payment mechanism for purchased goods, can maintain a liquidity buffer that safely exceeds the total of current payments for servicing its financial liabilities.

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. The macroeconomic environment impacts consumer sentiment and the outlook for all players in the retail sector, including the Group, chiefly by generating widespread uncertainty among consumers and businesses. In the opinion of the Management Board, these factors are having and may continue to have a negative impact on the Group's standing in the short to medium term.

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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. Simultaneously, as part of the scenarios under consideration, the Group is in the process of refinancing its debt or securing new financing (either debt or equity), or it is planning to undertake the initial public offering (IPO) of Modivo shares. However, no assurance can be given that the execution of the projects mentioned above will not require a longer timeframe or prove to be inadequate in scenarios where market conditions deteriorate.

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.

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.

31 Jan 2024	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	304.6	408.2	143.6	–	–	856.4	814.9
Bonds	1.8	0.2	901.8	576.0	–	1,479.8	1,280.5
Trade payables	1,225.2	129.0	–	–	–	1,354.2	1,354.1
Factoring liabilities	310.7	155.4	–	–	–	466.1	466.1
Returns liabilities	98.7	–	–	–	–	98.7	98.7
Liabilities arising from obligation to purchase non-controlling interests	181.5	11.1	–	–	–	192.6	192.6
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	–	6.6	–	6.6	6.6
Lease liabilities	172.0	359.1	785.9	392.9	295.9	2,005.8	1,732.2
Total financial liabilities	**2,294.5**	**1,063.0**	**1,831.3**	**975.5**	**295.9**	**6,460.2**	**5,945.7**

The liability arising from the issuance of convertible bonds to SoftBank is reflected in the 1-3 year period as the cash flow will only be realised upon repayment, which under the contractual terms is due on 5 April 2026.

31 Jan 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**

(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 1 Feb 2023	322.5	1,859.9
As at 31 Jan 2024	377.1	2,282.9
Change in statement of financial position	**-54.6**	**423.0**
Difference due to:		
Changes in investment liabilities/receivables	-2.6	-7.8
Adjustment for change in long-term receivables/liabilities	-0.1	–
Adjustment for change in balances due to acquisition of subsidiaries	1.3	-3.4
Gino Rossi loan offset against receivables	-19.4	–
Accounting for receivables in connection with acquisition of CCC Ukraina Sp. z o.o.	-12.2	–
Other	0.2	-3.6
Change recognised in statement of cash flows	**-87.4**	**408.2**

	TRADE AND OTHER RECEIVABLES	TRADE AND OTHER PAYABLES AND OTHER LIABILITIES
As at 1 Feb 2022	519.5	1,856.0
As at 31 Jan 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**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Other adjustments to profit before tax:		
Accrued interest and exchange differences	-0.8	18.5
Change in provisions	-5.3	-4.4
Measurement of employee option plan	13.6	17.4
Valuation of options to buy non-controlling interests in eObuwie and DeeZee	-11.9	-31.9
Measurement of derivative instruments	3.4	2.1
Changes in right-of-use asset and lease liability	-54.4	-6.8
Other	-51.1	36.1
Total	**-106.5**	**31.0**

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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 1 Feb 2023	**217.5**	**193.1**	**11.2**	**43.0**	**464.8**
Accumulated amortisation as at 1 Feb 2023	**-76.5**	**–**	**-11.2**	**-0.3**	**-88.0**
Net carrying amount as at 1 Feb 2023	**141.0**	**193.1**	**–**	**42.7**	**376.8**
Amortisation	-35.7	–	–	–	-35.7
Acquisition	31.8	–	–	58.5	90.3
Sale, retirement	3.1	–	–	–	3.1
Accumulated amortisation (retirement and disposal)	-3.1	–	–	–	-3.1
Transfer between groups	49.7	–	–	-49.6	0.1
Gross carrying amount as at 31 Jan 2024	**302.1**	**193.1**	**11.2**	**51.9**	**558.3**
Accumulated amortisation as at 31 Jan 2024	**-115.3**	**–**	**-11.2**	**-0.3**	**-126.8**
Net carrying amount as at 31 Jan 2024	**186.8**	**193.1**	**–**	**51.6**	**431.5**

As at the reporting date, intangible assets amounted to PLN 431.5m, representing an increase of PLN 54.7m compared with 31 January 2023. The change is due to an expenditure of PLN 31.8m on patents, licenses, and software, primarily on software supporting the e-commerce sales channel, as well as an expenditure of PLN 58.5m on intangible assets under development. The latter was mainly associated with the implementation of new technological solutions for the eobuwie and MODIVO applications. The increase was offset by accrued amortisation of PLN 35.7m.

As of 31 January 2024, intangible assets under development included costs incurred on projects that were continued from 2022 and 2023. The Group expects these projects to be completed in the next financial year.

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	PATENTS, LICENCES, SOFTWARE	TRADEMARKS	CUSTOMER RELATIONS	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at 1 Feb 2022	**175.7**	**193.1**	**11.2**	**3.5**	**383.5**
Accumulated amortisation as at 1 Feb 2022	**-54.4**	**–**	**-11.2**	**–**	**-65.6**
Net carrying amount as at 1 Feb 2022	**121.3**	**193.1**	**–**	**3.5**	**317.9**
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 31 Jan 2023	**218.1**	**193.1**	**11.2**	**42.7**	**465.1**
Accumulated amortisation as at 31 Jan 2023	**-77.1**	**–**	**-11.2**	**–**	**-88.3**
Net carrying amount as at 31 Jan 2023	**141.0**	**193.1**	**–**	**42.7**	**376.8**

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 1 Feb 2023	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Accumulated amortisation as at 1 Feb 2023	**–**	**–**	**–**	**–**	**–**
Net carrying amount as at 1 Feb 2023	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Acquisition	–	–	–	–	–
Transfer between groups	–	–	–	–	–
Gross carrying amount as at 31 Jan 2024	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**
Accumulated amortisation as at 31 Jan 2024	**–**	**–**	**–**	**–**	**–**
Net carrying amount as at 31 Jan 2024	**161.2**	**4.7**	**22.8**	**4.4**	**193.1**

The carrying amount of other trademarks as of 31 January 2024 primarily comprised the AMERICANOS trademark valued at PLN 0.9m (acquired in 2020), the BADURA trademark (acquired in 2022) valued at PLN 1.7m, and the Simple trademark valued at PLN 1.8m.

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

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

(all amounts in PLN million unless stated otherwise)

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.

Company	Acquisition date	As at 1 Feb 2023	Acquisition	Exchange differences on translation	As at 31 Jan 2024
Modivo Group	Jan 2016	106.2	–	–	106.2
Shoe Express S.A.	Apr 2018	43.5	–	-3.8	39.7
Adler International Sp. z o.o. sp. k.	Jul 2018	48.8	–	–	48.8
DeeZee Sp. z o.o.	Oct 2018	0.6	–	–	0.6
OU CCC Estonia	May 2022	1.8	–	–	1.8
UAB CCC Lithuania	May 2022	0.8	–	–	0.8
SIA CCC Shoes Latvia	May 2022	2.2	–	-0.4	1.8
Goodwill		**203.9**	**–**	**-4.2**	**199.7**

Company	Acquisition date	As at 1 Feb 2022	Acquisition	Exchange differences on translation	As at 31 Jan 2023
Modivo Group	Jan 2016	106.2	–	–	106.2
Shoe Express S.A.	Apr 2018	42.3	–	1.2	43.5
Adler International Sp. z o.o. sp. k.	Jul 2018	48.8	–	–	48.8
DeeZee Sp. z o.o.	Oct 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**

As of the reporting date, goodwill amounted to PLN 199.7m, which was PLN 4.2m lower due to movements in exchange rate differences. For details, see Note 6 to these financial statements.

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As described in Note 6.2, no goodwill was recognised as a result of acquiring control over CCC Ukraina Sp. z o.o.

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

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 (up to 15 years) * duration of the lease contract for the store in which the leasehold improvement was made (up to 15 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’ within 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.

(all amounts in PLN million unless stated otherwise)

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.

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

On 23 December 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 15.2m (31 January 2023: PLN 15.7m). In accordance with the Group's accounting policy, this grant is presented in the line item ‘Grants received’ in the statement of financial position. In connection with the transfer of the subsidised investment as part of the organised segment of the enterprise to CCC.eu Sp. z o.o., the received subsidy is reflected in the CCC.eu Sp. z o.o.'s financial result.

The table below presents the value of property, plant and equipment as at 31 January 2024:

	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 1 Feb 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 1 Feb 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 1 Feb 2023	**-5.3**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-5.4**
Net carrying amount as at 1 Feb 2023	**656.7**	**423.7**	**173.7**	**94.6**	**692.0**	**45.6**	**23.9**	**23.7**	**93.2**	**1,441.9**
Gross carrying amount as at 1 Feb 2023	1,252.3	511.4	500.3	96.6	1,108.3	59.8	83.5	37.4	180.7	2,541.3
Exchange differences on translation	-37.4	–	–	–	–	–	-24.4	15.3	-9.1	-46.5
Acquisition	167.3	-0.3	5.3	64.6	69.6	3.1	–	2.6	5.7	242.6
Increase due to acquisition of subsidiaries	4.0	–	–	0.1	0.1	–	–	0.8	0.8	4.9
Retirement and disposal	-43.6	–	-13.6	–	-13.6	-0.7	-2.9	-7.1	-10.7	-67.9
Reclassification (gross carrying amount)	40.3	69.9	67.8	-98.4	39.3	-36.8	-5.5	-37.2	-79.5	0.1
Reclassification to assets held for sale (gross carrying amount)	–	-33.7	-0.5	-0.4	-34.6	–	–	–	–	-34.6
Gross carrying amount as at 31 Jan 2024	**1,382.9**	**547.3**	**559.3**	**62.5**	**1,169.1**	**25.4**	**50.7**	**11.8**	**87.9**	**2,639.9**
Accumulated depreciation as at 1 Feb 2023	-590.3	-87.7	-326.6	-2.0	-416.3	-14.2	-59.6	-13.6	-87.4	-1,094.0

(all amounts in PLN million unless stated otherwise)

Exchange differences on translation	21.8	–	–	–	–	–	15.8	-9.9	5.9	27.7
Depreciation	-105.4	-17.0	-56.0	–	-73.0	2.5	-1.5	-2.5	-1.5	-179.9
Retirement and disposal (accumulated depreciation)	32.8	–	6.5	–	6.5	-0.6	2.8	7.0	9.2	48.5
Reclassification (accumulated depreciation)	-22.1	-1.8	-3.6	-0.4	-5.8	3.4	3.6	20.8	27.8	-0.1
Reclassification to assets held for sale (accumulated depreciation)	–	9.3	0.3	0.4	10.0	–	–	–	–	10.0
Accumulated depreciation as at 31 Jan 2024	**-663.2**	**-97.2**	**-379.4**	**-2.0**	**-478.6**	**-8.9**	**-38.9**	**1.8**	**-46.0**	**-1,187.8**
Impairment losses as at 1 Feb 2023	-5.3	–	–	–	–	–	–	-0.1	-0.1	-5.4
Exchange differences on translation	0.3	–	–	–	–	–	–	0.1	0.1	0.4
Impairment losses	-3.4	–	–	–	–	–	–	–	–	-3.4
Reversal of impairment losses	0.2	–	–	–	–	–	–	–	–	0.2
Use of impairment losses	1.6	–	–	–	–	–	–	–	–	1.6
Impairment losses as at 31 Jan 2024	**-6.6**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-6.6**
Net carrying amount as at 31 Jan 2024	**713.1**	**450.1**	**179.9**	**60.5**	**690.5**	**16.5**	**11.8**	**13.6**	**41.9**	**1,445.5**

On 31 October 2023, MODIVO S.A. changed the presentation of Building K1 as an asset available for sale in accordance with International Financial Reporting Standard 5 (IFRS 5). As at the reporting date, the carrying amount of the asset was PLN 24.6m, and depreciation ceased as of 1 November 2023. For more information, see Note 5.6.

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

	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 1 Feb 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 1 Feb 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 1 Feb 2022	**-8.6**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-8.7**
Net carrying amount as at 1 Feb 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 1 Feb 2022	1,094.8	496.5	432.3	25.2	954.0	58.5	73.7	37.7	169.9	2,218.7

(all amounts in PLN million unless stated otherwise)

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 31 Jan 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 1 Feb 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
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 31 Jan 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 1 Feb 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

(all amounts in PLN million unless stated otherwise)

Impairment losses as at 31 Jan 2023	**-5.3**	**–**	**–**	**–**	**–**	**–**	**–**	**-0.1**	**-0.1**	**-5.4**
Net carrying amount as at 31 Jan 2023	**656.7**	**423.7**	**173.7**	**94.6**	**692.0**	**45.6**	**23.9**	**23.7**	**93.2**	**1,441.9**

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.

(all amounts in PLN million unless stated otherwise)

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 1 Feb 2023	**2,744.5**	**31.2**	**18.9**	**103.9**	**25.8**	**2,924.3**
Accumulated depreciation as at 1 Feb 2023	**-1,465.1**	**-7.2**	**-10.6**	**-33.8**	**-7.9**	**-1,524.6**
Impairment losses as at 1 Feb 2023	**-19.8**	**–**	**–**	**–**	**–**	**-19.8**
Net carrying amount as at 1 Feb 2023	**1,259.6**	**24.0**	**8.3**	**70.1**	**17.9**	**1,379.9**
Gross carrying amount as at 1 Feb 2023	2,744.5	31.2	18.9	103.9	25.8	2,924.3
Exchange differences on translation – gross carrying amount	-121.2	-0.5	-0.1	-5.1	-1.5	-128.4
New lease contracts	306.4	0.7	1.3	28.4	9.7	346.5
Changes resulting from contract modifications	140.6	1.0	1.0	11.2	2.9	156.7
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-142.3	-1.8	-2.8	–	-0.8	-147.7
Other	-0.7	–	-0.5	–	–	-1.2
Renewal	0.7	0.4	–	0.1	–	1.2
Gross carrying amount as at 31 Jan 2024	**2,928.0**	**31.0**	**17.8**	**138.5**	**36.1**	**3,151.4**
Accumulated depreciation as at 1 Feb 2023	-1,465.1	-7.2	-10.6	-33.8	-7.9	-1,524.6
Exchange differences on translation – accumulated depreciation	67.0	0.3	0.1	1.3	0.2	68.9
Depreciation in period	-353.3	-2.0	-5.2	-17.7	-6.5	-384.7
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	100.5	1.3	2.6	–	0.8	105.2
Accumulated depreciation as at 31 Jan 2024	**-1,650.9**	**-7.6**	**-13.1**	**-50.2**	**-13.4**	**-1,735.2**
Impairment losses as at 1 Feb 2023	-19.8	–	–	–	–	-19.8
Exchange differences on translation	1.5	–	–	–	–	1.5
Recognition of impairment losses during period	-0.7	–	–	–	–	-0.7
Use of impairment losses in period	0.7	–	–	–	–	0.7
Reversal of impairment loss in period	2.2	–	–	–	–	2.2
Impairment losses as at 31 Jan 2024	**-16.1**	**–**	**–**	**–**	**–**	**-16.1**
Net carrying amount as at 31 Jan 2024	**1,261.0**	**23.4**	**4.7**	**88.3**	**22.7**	**1,400.1**

(all amounts in PLN million unless stated otherwise)

	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS					
	Stores	Warehouse	Vehicles	Offices	Other	Total
Gross carrying amount as at 1 Feb 2022	**2,545.0**	**8.2**	**17.6**	**89.4**	**57.5**	**2,717.7**
Accumulated depreciation as at 1 Feb 2022	**-1,260.8**	**-4.2**	**-9.5**	**-23.2**	**-9.3**	**-1,307.0**
Impairment losses as at 1 Feb 2022	**-21.8**	**–**	**–**	**–**	**–**	**-21.8**
Net carrying amount as at 1 Feb 2022	**1,262.4**	**4.0**	**8.1**	**66.2**	**48.2**	**1,388.9**
Gross carrying amount as at 1 Feb 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 31 Jan 2023	**2,744.5**	**31.2**	**18.9**	**103.9**	**25.8**	**2,924.3**
Accumulated depreciation as at 1 Feb 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 31 Jan 2023	**-1,465.1**	**-7.2**	**-10.6**	**-33.8**	**-7.9**	**-1,524.6**
Impairment losses as at 1 Feb 2022	-21.8	–	–	–	–	-21.8
Exchange differences on translation	-0.2	–	–	–	–	-0.2
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 31 Jan 2023	**-19.8**	**–**	**–**	**–**	**–**	**-19.8**
Net carrying amount as at 31 Jan 2023	**1,259.6**	**24.0**	**8.3**	**70.1**	**17.9**	**1,379.9**

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

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	1,779.7	1,795.5
Accrued interest	80.6	41.9
Lease payments	-476.1	-456.1
Exchange differences	-132.3	36.7
New lease contracts	346.5	323.1
Modification of contract terms	182.5	133.9
Renewal	1.2	0.4
Change in scope – shortening of contract term	-49.9	-42.8
Reclassification to discontinued operations	–	-52.9
At end of period	**1,732.2**	**1,779.7**

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

The amount of lease interest paid in the period 1 February 2023 to 31 January 2024 was PLN 78.5m, compared with PLN 43.9m in the previous reporting period.

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 Group, the following conditions must be met:

- the store must be in operation for at least 30 months, and
- 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 (defined as the smallest group of cash-generating units to which goodwill or corporate assets have been allocated) is recognised in the financial statements only if the recoverable amount of the cash-generating unit (or group of units) is lower than its carrying amount.

Furthermore, administrative expenses, other expenses, and specific point-of-sale costs (which are not directly allocated to the cash-generating unit), minus other income, have not been allocated because it's not feasible to directly assign them to an individual store within the CCC Group’s operating model. The Group also 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 allocate them on a reasonable and consistent basis. Such expenses were thus allocated to operating segments (business lines).

(all amounts in PLN million unless stated otherwise)

ANALYSIS OF INDICATIONS OF IMPAIRMENT AND ITEMS TO BE TESTED

As at 31 January 2024, 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 for each cash-generating unit or groups thereof, to which assets were allocated, was ascertained based on their value in use. This was calculated from a cash flow projection obtained from the Annual Budget for 2024 and future plans. Consideration was given to restrictions imposed by IAS 36 requirements, excluding any new investments or store openings. The assumptions used in preparing the Annual Budget for 2024 are detailed further in the 'Going concern' note. These assumptions include, in addition to the elements discussed below, the level of inflation and the exchange rates for the main foreign currencies (EUR and USD).

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

- average EBITDA margin,
- expected revenue 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 31 January 2024, 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 2022 and 2023. Each store is a separate cash-generating unit and was tested for impairment separately. The number of stores tested for impairment in the current year was 40, compared with 59 in the previous financial year.

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 projections for revenue growth and gross margin levels in 2024 were based on the budgets for individual markets, consistent with the Group's Budget for 2024. Revenue projections for the subsequent years, specifically 2025-2028, were established based on anticipated changes in key parameters compared to the baseline year of 2024, under the assumption that the Group will execute its growth plans in line with its primary strategic directions.

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Impairment tests conducted as at 31 January 2024 revealed no need to recognise additional impairment losses compared with previous reporting periods.

Changes in individual cost items were estimated based on the Budget for 2024. For the following years, estimates were made based on the projected inflation rates for each respective country as outlined in the Strategy. The estimated changes in cost items were then adjusted to account for the expected benefits resulting from programmes aimed at improving store profitability.

In estimating the recoverable amount, the Management Board believes that no change within a reasonable range of possibilities for any of the key assumptions mentioned above would cause the carrying amount of the asset to significantly exceed its recoverable amount.

As of 31 January 2024, impairment losses on stores (primarily relating to investments in stores and right-of-use assets) totalled PLN 22.7m, compared with PLN 25.1m as of 31 January 2023.

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 is an intangible asset with an indefinite useful life. The recoverable amount was established based on the value-in-use, calculated through a cash flow projection for sales of Gino Rossi brand products across the CCC, Modivo, and eObuwie business units.

He goodwill of Shoe Express originated 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 forecast of cash flows from the operations of Shoe Express S.A. (under the CCC business line).

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 forecast of cash flows from the operations of the stores acquired as part of the OPE (under the CCC business line).

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

Key parameters based on the adopted assumptions were as follows:

31 Jan 2024	Gino Rossi trademark	Goodwill of Shoe Express	Goodwill of Adler International
Discount rate	11.0%	13.8%	11.0%
Average EBITDA margin	14.2%	17.0%	38.4%
Expected sales CAGR during the forecast period (five years)	6.0%	3.8%	5.5%
Residual growth rate	2.0%	2.0%	2.0%

31 Jan 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 31 January 2024, revealing no need to recognise impairment losses. The impairment tests performed as of 31 January 2023 also revealed no need for recognising 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 2024 and 2025–2028.

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 2024 and 2025–2028.

Impairment tests were specifically conducted for the MODIVO, eobuwie, and DeeZee business lines because these areas fell short of their budget targets due to broader macroeconomic conditions. The tests covered non-current assets allocated to each 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 respective business line (operating segment). The cash flow projection covered the years 2024 and 2025–2028.

The parameters used to calculate the value in use included:

- revenue and its key determinants, such as the footfall, conversion rate, shopping basket value and their changes in the successive years covered by the forecast,
- gross margin and its development driven by macroeconomic factors, such as foreign exchange rates and product offering,
- individual cost amounts, taking into account the impact of inflation and changes in key economic variables, in particular increase in wages (including minimum wages).

The projected results for the CCC business line, as required for the impairment tests, reflect the accelerated revenue growth compared with the growth in the financial year ended 31 January 2023, as detailed in Note 2. This expected growth is attributed to the enhancement of the appeal of the product range, the inclusion of a newly implemented portfolio of licensed and complementary products, and a favourable macroeconomic environment. Factors contributing to this favourable environment include improved consumer confidence, increased social benefits flows (notably the upward adjustment of the 500+ programme), and rising wages (such as the increment in the statutory minimum wage). The estimated financial results also reflect an improvement in the EBITDA margin (17.3% in 2023) driven by an improved gross margin of 55.5% (increased share of current collections, resulting in lower discounting expense on promotions and sales, and the strengthening of the zloty that reduced unit product costs). We also expect to maintain strict cost discipline (cost reduction in 2023 was PLN 234.1m relative to the previous financial year) by continuing to enhance the efficiency of in-store processes and preserving a fixed staff number for central functions.

The test for the DeeZee business line assumes further growth by expanding the available product offering and developing the e-commerce sales channel, including by changing the geographical coverage.

The assumptions for the Modivo business line's sales growth rate are based on its initial development stage, leading to a low comparative base (sales for the financial year ending on 31 January 2023 were PLN 1,091m). This growth rate also takes into account the expansion of the loyalty programme and an anticipated rise in user sessions, attributable to enhancements in the quality of collections while preserving advantageous pricing. Moreover, the efficiency of performance marketing investments is expected to improve through the use of artificial intelligence technologies in selecting channels for customer communication. Simultaneously, margins are anticipated to improve through the optimization of inventory structure and a reduction in customer acquisition cost, driven by an increase in brand recognition.

For eobuwie, the tests assume a return to a growth trajectory in sales (in the financial year ended 31 January 2023, sales fell by 7.8% year on year), mainly due to optimisation of the inventory structure throughout 2023, which resulted in a decrease in core profitability, and in turn led to a year-on-year decline in the gross margin by 2.5 percentage points. This trend will be supported by the observed improvement in macroeconomic indicators, including consumer confidence and disposable income. We anticipate a return to profitability driven by continuous improvements in purchasing processes and operational efficiencies, including implementation of cost-saving programmes (in 2023, the EBITDA margin was -1.6%).

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Factors affecting the recoverable amount are detailed in the section 'Key underlying assumptions for impairment tests' and apply uniformly across all the tests conducted.

Key parameters based on the adopted assumptions were as follows:

31 Jan 2024	CCC	HalfPrice	DeeZee	Modivo	eobuwie
Discount rate	11.0%	11.0%	11.0%	11.0%	11.0%
Average EBITDA margin	18.8%	16.6%	7.7%	10.1%	9.4%
Expected sales CAGR during the forecast period (five years)	5.3%	6.0%	2.0%	18.6%	11.9%
Residual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%

The impairment tests were carried out as at 31 January 2024, 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:

31 Jan 2024	CCC	HalfPrice	DeeZee	Modivo	eobuwie
Increase in discount rate resulting in impairment loss	14.4pp	17.8pp	62.7pp	40.4pp	24.1pp
Decrease in average EBITDA margin resulting in impairment loss	4.7pp	2.1pp	3.2pp	6.7pp	5.7pp
Decrease in expected sales CAGR during the forecast period (5 years) resulting in impairment loss	2.7pp	4.3pp	2.9pp	5.9pp	4.2pp

As at the reporting date of 31 January 2023, 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 along with the working capital allocated to the 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 as well as working capital 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 conducted due to the requirement to assess impairment of the trademark and goodwill. The test covered all non-current assets assigned to the eobuwie operating segment (including the trademark and goodwill) as well as the net working capital allocated to the 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 eobuwie business line (operating segment). The cash flow projection covered the years 2023 and 2024–2027.

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

Key parameters based on the adopted assumptions were as follows:

31 Jan 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 31 January 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:

31 Jan 2023	CCC	HalfPrice	DeeZee	MODIVO	eobuwie
Increase in discount rate resulting in impairment loss	14.7pp	4.1pp	86.1pp	12.9pp	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

5.6 ASSETS HELD FOR SALE

ACCOUNTING POLICY

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.

On 31 October 2023, MODIVO S.A. changed the presentation of Building K1 as an asset available for sale in accordance with International Financial Reporting Standard 5 (IFRS 5). As at the reporting date, the carrying amount of the asset was PLN 24.6m, and depreciation ceased as of 1 November 2023. This decision followed from the classification of Building K1 as an asset held for sale in accordance with IFRS 5, paragraphs 6–12. The asset was classified for immediate sale in its present condition, and management was committed to a plan to sell the asset. Furthermore, active steps were taken to locate a buyer, and the building was marketed for sale at a price that was reasonable in relation to its fair value. The sale is expected to be completed within 12 months from the date of classification of the building as an asset held for sale. The carrying amount of Building K1 as an asset available for sale was PLN 24.6m, although its market valuation stood at PLN 64.3m, because the lower of the two amounts was applied, as required by IFRS 5. After the reporting date, i.e., on 26 March 2024, Eobuwie. Pl Logistics Sp. z o.o. signed a conditional agreement to sell the K1 warehouse (including land property). The final agreement is to be signed by 10 May 2024.

5.7 INVENTORIES

ACCOUNTING POLICY

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

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 net realisable value of goods in Halfprice stores and those in central warehouses for Halfprice is determined by analysing historical sales margins in this channel, together with the current pricing strategy.

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. For offline store sales, logistical costs for rolling off (redirecting goods from stores to central warehouses at season changes) and repacking to the central warehouse, plus a mark-up for employee costs, were factored into the cost of sales. The allocation of marketing costs was also added to costs necessary to make the sale in both channels.

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.

In order to determine the amount of inventory write-downs, the Group uses a calculation model based on inventory age, factoring in predicted selling prices for specific goods. These forecasts arise from an analysis of historical data, as well as the Group's current situation and its micro- and macroeconomic environment, which may contribute to 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 anticipated sales volumes, expected margins, planned discounts, alignment with fashion trends and customer needs, and the amount of additional costs required to adapt the products for sale in forthcoming 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 turnover 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:

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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) the expected rate of inventory turnover decreases over time and therefore discounts rise to enhance the price attractiveness of the goods.

	31 Jan 2024	31 Jan 2023
Materials	17.7	17.8
Merchandise	2,887.1	2,687.9
Finished goods	–	0.7
Returns assets	69.4	55.1
Total (gross)	**2,974.2**	**2,761.5**
Impairment losses	-62.6	-70.4
Total (net)	**2,911.6**	**2,691.1**

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 increased by 8.19% relative to 31 January 2023.

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 69.4m, and the amount of the liability was PLN 98.7m.

Inventory write-downs and their changes are presented below.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**70.4**	**37.8**
Expensed to cost of sales	38.7	54.8
Used	-8.4	-5.8
Reversed to cost of sales	-38.1	-16.4
At end of period	**62.6**	**70.4**

During the financial year 2023, the Group recognised and reversed net inventory write-downs of PLN 0.6m. The reduction in inventory write-downs as of the reporting date was due to an improved inventory structure, increased turnover, and a decrease in impaired inventories marked for sale or disposal/recycling.

Inventory aging is presented in the table below.

	31 Jan 2024	31 Jan 2023
up to 1 year	2,709.1	2,423.6
1 to 2 years	232.1	306.1
2 to 3 years	28.5	28.3
over 3 years	4.5	3.5
Total gross carrying amount	**2,974.2**	**2,761.5**

(all amounts in PLN million unless stated otherwise)

5.8 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). Trade receivables expected to be settled within one year or realised within the normal course of business are classified as current assets.

Trade receivables include receivables from courier companies.

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.

	31 Jan 2024	31 Jan 2023
Gross trade receivables	295.0	244.6
Impairment losses on receivables	-100.9	-100.8
Total net receivables	**194.1**	**143.8**
Prepaid deliveries	57.5	31.4
Prepayments	58.8	50.0
Tax receivables other than under corporate income tax	26.5	27.9
Receivables from sale of property, plant and equipment	2.4	5.4
Other	37.8	64.0
Total other receivables	**183.0**	**178.7**

	31 Jan 2024	31 Jan 2023
Other long-term receivables	–	–
Total other long-term receivables	**–**	**–**

Impairment losses on trade receivables	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**-100.8**	**-60.4**
a) increase	-10.4	-52.8
b) decrease – use	5.0	3.5
c) decrease – reversal	6.3	8.9
d) other changes	-1.0	–
At end of period	**-100.9**	**-100.8**

Trade receivables increased by PLN 50.3m relative to 31 January 2023, primarily due to an increase in wholesale sales.

Other receivables primarily consist of prepayments made for advertising, marketing, insurance, and fees for use of trademarks relating to future periods, as well as prepaid deliveries. The balance of these is largely due to prepayments made for the stock-up of the Spring/Summer 2024 collection. Another major item of other receivables was tax receivables (mainly VAT receivables).

The Group is a party to long-term trademark agreements, granting it the right to buy brand products directly from authorised manufacturers and sell them through its own distribution channels, including monobrand stores. Under these agreements, the Group pays a fee based on the sales volume for a specified settlement period (typically on an annual basis), provided that the contracts set a minimum fee for each period, representing a non-refundable advance that is payable at the beginning of the period or in quarterly instalments. In the Group's view, the agreements are considered executory contracts, with the paid advance relating to the purchase of products (inventories) initially recorded under 'Other receivables' and subsequently reconciled against the cost of goods sold.

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Other receivables include security deposits and 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.

	31 Jan 2024	31 Jan 2023
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 31 January 2023, HR Group Holding s.a.r.l. was in bankruptcy and an impairment loss for the entire amount of the loan advanced to that entity was recognised.

Loss allowances:

Loans advanced as at 31 Jan 2024	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 31 Jan 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**	**–**	

Gross carrying amount of loans advanced to HRG as at 31 January 2024 was PLN 130.2m, unchanged relative to 31 January 2023. 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.

5.9 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.

	31 Jan 2024	31 Jan 2023
Cash in hand and in transit [1]	22.5	19.9
Cash at bank	210.8	320.0
Short-term deposits (up to 3 months)	28.5	26.5
Cash in VAT accounts (split payment)	4.7	29.0
Total	**266.5**	**395.4**

[1] As at the reporting date, cash in hand and in transit comprised cash in hand of PLN 14.4m and cash in transit of PLN 8.1m.

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)

5.10 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'.

	31 Jan 2024	31 Jan 2023
Trade payables:		
• trade payables – net of balances covered by reverse factoring	1,276.4	1,070.5
• trade payables – covered by reverse factoring	466.1	250.8
• investment liabilities	77.7	68.2
Total trade and other payables	**1,820.2**	**1,389.5**
Indirect taxes, customs duties and other public charges payable	132.0	141.7
Amounts due to employees	99.5	105.2
Accrued expenses	104.4	108.0
Returns liabilities	98.7	83.4
Liabilities under contracts with customers	23.7	13.9
Other liabilities	4.4	18.2
Total other liabilities	**462.7**	**470.4**

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. In Trade payables, which includes liabilities settled through reverse factoring, the amount of PLN 466.1m represents liabilities to suppliers paid by the factor.

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, and presents 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. Presented below are the factoring agreements, along with the respective limits and their utilisation.

(all amounts in PLN million unless stated otherwise)

		31 Jan 2024			31 Jan 2023		
Type of supplier financing agreement	End date	Limit	Used	Amount of liabilities paid by the factor to suppliers	Limit	Used	Amount of liabilities paid by the factor to suppliers
	FINANCING OF THE CCC BUSINESS UNIT						
Tranche B* under the syndicated agreement	June 2024	5.4	141.3	141.3	5.5	1.1	1.1
Tranche C under syndicated agreement	December 2024	47.9	10.3	10.3	92.9	77.0	77.0
Agreement with Santander Bank with BGK guarantee	December 2024	98.3	72.8	72.8	98.2	14.0	14.0
Agreement with Bank Millennium with BGK guarantee	December 2024	39.8	7.7	7.7	39.8	–	–
Total CCC BUSINESS UNIT		**191.4**	**232.1**	**232.1**	**236.4**	**92.1**	**92.1**
	FINANCING OF THE MODIVO BUSINESS UNIT						
Agreement with Pekao S.A. with BGK guarantee	terminated	–	–	–	0.8	0.8	0.8
Agreement with Pekao S.A.	indefinite	80.0	60.8	60.8	100.0	64.3	64.3
Agreement with Pekao S.A.	terminated	–	–	–	50.0	22.6	22.6
Agreement with Pekao S.A. with BGK guarantee	November 2024	30.0	19.3	19.3	30.0	–	–
Agreement with Pekao S.A. with BGK guarantee	June 2025	70.0	46.7	46.7	–	–	–
Agreement with PKO BP with BGK guarantee	October 2024	60.0	39.9	39.9	60.0	29.2	29.2
Agreement with PKO BP	October 2024	80.0	67.3	67.3	80.0	41.8	41.8
Total MODIVO BUSINESS UNIT		**320.0**	**234.0**	**234.0**	**320.8**	**158.7**	**158.7**
Total CCC Group		**511.4**	**466.1**	**466.1**	**557.2**	**250.8**	**250.8**

* cross-product limit allocation possible. For information on the available 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.

	31 Jan 2024	31 Jan 2023
Amounts due to employees	–	0.2
Construction security deposits	3.3	4.3
Other	0.7	–
Total other non-current liabilities	**4.0**	**4.5**

The note on other current financial liabilities under 'Amounts due to employees' include wages and salaries of PLN 0.02m (31 January 2023: PLN 0.2m), as described in detail in Note 6.5 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 of the reporting date, the amount of the liability was PLN 2.4m, marking a year-on-year decrease from PLN 15.0m following the settlement of the programme. 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 18.2m (31 January 2023: PLN 8.3m).

The remaining accrued expenses comprise a provision for the period's expenses of PLN 45.1m (PLN 45.7m in the previous period), a provision for accrued holiday entitlements of PLN 17.9m (PLN 16.2m in the previous period), as well as settlement of leasehold improvements with landlords of PLN 39.5m (PLN 30.6m in the previous period).

(all amounts in PLN million unless stated otherwise)

	31 Jan 2024	31 Jan 2023
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	6.6	6.5
Total other non-current financial liabilities	**6.6**	**6.5**
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	3.4	15.8
Total other current financial liabilities	**3.4**	**15.8**

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

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 31 January 2024 and 31 January 2023, the Group had no commitments to incur expenditure or other future liabilities.

5.11 PROVISIONS

ACCOUNTING POLICY

Provisions include mainly provisions for jubilee and retirement severances, 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 severances. Retirement severances are paid out as a lump sum at the time of 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.

(all amounts in PLN million unless stated otherwise)

	PROVISION FOR JUBILEE AND RETIREMENT SEVERANCES	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at 1 Feb 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
As at 1 Feb 2023	**16.7**	**8.7**	**1.5**	**0.6**	**27.5**
Recognised	3.7	1.8	–	46.1	51.6
Used	-3.0	-5.5	–	–	-8.5
Reversed	-0.9	-0.2	-1.3	-46.1	-48.5
As at 31 Jan 2024	**16.5**	**4.8**	**0.2**	**0.6**	**22.1**
short-term	3.7	4.8	0.2	0.6	9.3
long-term	12.8	–	–	–	12.8

	PROVISION FOR JUBILEE AND RETIREMENT SEVERANCES	PROVISIONS FOR WARRANTY REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at 1 Feb 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 1 Feb 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 31 Jan 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

Based on the valuation prepared by a professional actuarial firm, the Group recognises a provision for the present value of retirement severances and jubilee benefits. Since the balance primarily consists of provisions recognised at CCC S.A., CCC.eu Sp. z o.o., and HalfPrice Sp. z o.o., the information on the principal assumptions and sensitivity analysis contains aggregated data for these companies.

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

	31 Jan 2024
Discount rate	5.2%
Mortality tables	pttz2022
Assumed average annual increase in base amount to calculate retirement severances and disability benefits in 2024–2033	2.9%
Average assumed annual increase in base amount to calculate jubilee benefits in 2024–2033	2.9%
Weighted average employee mobility ratio (male employees) – value range for the Group	15.94% - 42.04%
Weighted average employee mobility ratio (female employees) – value range for the Group	14.77% - 38.70%

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.

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31 Jan 2024	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement severances	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	0.3	0.3	0.3	0.3
Total provisions	**16.6**	**15.4**	**15.3**	**16.7**

	31 Jan 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%

31 Jan 2023	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement severances	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**

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:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
- 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:

- 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
- 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 as measured at 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:

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- 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).

	31 Jan 2024		31 Jan 2023	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	**463.0**	**–**	**566.8**	**–**
Loans	–	–	–	–
Trade receivables	194.1	–	143.8	–
Lease receivables	–	–	0.3	–
Receivables from sale of property, plant and equipment	2.4	–	5.4	–
Receivables from sale of shares	–	–	21.9	–
Cash and cash equivalents	266.5	–	395.4	–
Financial assets measured at fair value through profit or loss	**11.7**	**–**	**11.2**	**–**
Other financial assets (shares)	11.2	–	11.2	–
Other financial assets (derivative financial instruments – forwards)	0.5	–	–	–
Financial liabilities at amortised cost	**–**	**5,928.0**	**–**	**5,952.1**
Financing liabilities	–	2,095.4	–	2,526.2
Trade and other payables	–	1,820.2	–	1,389.5
Returns liabilities	–	98.7	–	83.4
Lease liabilities	–	1,732.2	–	1,779.7

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Liabilities arising from obligation to purchase non-controlling interests	–	181.5	–	173.3
Financial liabilities measured at fair value through profit or loss	**–**	**21.1**	**–**	**57.3**
Liabilities arising from obligation to purchase non-controlling interests	–	11.1	–	31.1
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	–	6.6	–	6.5
Derivative financial instruments (forwards)	–	–	–	3.9
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	–	3.4	–	15.8

31 Jan 2024	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
Financial assets measured at fair value through profit or loss	**11.7**	
Other financial assets (shares)	11.2	3
Other financial assets (derivative financial instruments – forwards)	0.5	2
Financial liabilities measured at fair value through profit or loss	**21.1**	
Derivative financial instruments embedded in bonds issued to PFR − Equity Kicker	6.6	3
Liabilities arising from obligation to purchase non-controlling interests	11.1	3
Derivative financial instruments embedded in bonds convertible into Modivo shares − voluntary conversion option	3.4	3

31 Jan 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

Liabilities arising from obligation to purchase non-controlling interests – DeeZee option

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:

Liabilities arising from obligation to purchase non-controlling interests – DeeZee option	31 Jan 2024	31 Jan 2023
At beginning of period	**31.1**	**64.9**
Remeasurement	-20.0	-33.8
At end of period	**11.1**	**31.1**
Exercise date (possibility to exercise option on the initial date)	1 Jul 2024	1 Jul 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 EDITDA 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 20.1m. The liability was measured at fair value as at the reporting date, using a discount rate of 11.1% (9.1% for the reference period).

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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	11.1	12.7	1.7	10.1	-1.0

Liabilities arising from obligation to purchase non-controlling interests – MKK3 option

The Group made an offer to MKK3 to purchase the remaining 5.01% of Modivo shares held by MKK3 (the "Put Option"). On 21 December 2022, an annex was signed amending certain terms of the Put Option to purchase 5.01% of Modivo shares. As a result, the option was unconditionally exercisable in the period from 1 July 2023 to 30 June 2026, with the proviso that it will be extinguished upon an IPO of Modivo shares. The option exercise price was PLN 180m. In the previous financial year, 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 1 July 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.

On 6 September 2023, CCC S.A. together with CCC Shoes & Bags Sp. z o.o. signed an annex amending the agreement with Modivo S.A.'s minority shareholder (MKK3 Sp. z o.o.) concerning the obligation that gives rise to the liability recognised by the CCC Group. The annex provides for an annual interest rate of 10%, accruing on the liability under the option if the option is not exercised, starting from 1 January 2024 (subject to consent by the finance providers, granted to the Group on 2 October 2023). It also allows the option to be exercised in up to three tranches, with a single tranche comprising not less than 10% of the shares covered by the option. The annex also amended the vesting date for MKK3 Sp. z o.o.'s option to 3 October 2023 (previously: 1 July 2023). The option expiry date remains unchanged, i.e., the option will expire on 30 June 2026 or if the initial public offering is carried out.

Liabilities arising from obligation to purchase non-controlling interests – MKK3 option	31 Jan 2024	31 Jan 2023
At beginning of period	**173.5**	**171.6**
Remeasurement	8.0	1.9
At end of period	**181.5**	**173.5**
Exercise date (possibility to exercise option on the initial date)	3 Oct 2023	3 Oct 2023

Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker

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 of PLN 6.6m. The difference between the carrying amount of the embedded instrument as at 31 January 2023 and its amount as at 31 January 2024 was PLN 0.1m and was recognised under finance costs.

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 the Black-Scholes model, based on the following key assumptions:

- Number of shares covered by the Equity Kicker option – 0.72 million
- Expiry date of the Equity Kicker option – 22 September 2028
- Risk-free rate – 4.95%
- Expected volatility – 45.2%
- Maximum duration of the option – 7 years
- Base rate (3M WIBOR) for the first interest period – 0.24%

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Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	31 Jan 2024	31 Jan 2023
At beginning of period	**6.5**	**19.9**
Remeasurement	0.1	-13.4
At end of period	**6.6**	**6.5**

Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option

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 3.4m as at the reporting date. The difference between the carrying amount of the embedded instrument as at 31 January 2023 and the carrying amount as at 31 January 2024, totalling PLN 12.4m, was recognised under finance income.

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:

- Risk-free rate – 4.8%
- Expected volatility – 46.8%
- Maximum duration of the option – 4.5 years
- Base rate (3M WIBOR) for the first interest period – 0.24%
- Payment of contractual interest at a fixed rate of 6.99% per annum until 5 October 2024, and then at 10.99% – no.

Derivative financial instruments embedded in bonds convertible into Modivo S.A. shares – voluntary conversion option	31 Jan 2024	31 Jan 2023
At beginning of period	**15.8**	**14.6**
Remeasurement	-12.4	1.2
At end of period	**3.4**	**15.8**

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 186.5m (carrying amount: PLN 190.5m). The fair value of the convertible bonds issued to the Softbank Group entity (after separation of the embedded instrument in the form of a conversion option) was PLN 717.8, the carrying amount was PLN 739.3m (as of 31 January 2023, the figures were PLN 608.2m and PLN 629.8m, respectively).

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.

(all amounts in PLN million unless stated otherwise)

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

31 Jan 2024	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**463.0**	**6.5**	**100.9**	**125.1**	**230.5**
Trade receivables	194.1	3.7	23.7	62.4	104.3
Receivables from sale of property, plant and equipment	2.4	–	–	–	2.4
Cash and cash equivalents	266.5	2.8	77.2	62.7	123.8
Financial assets measured at fair value through profit or loss	**11.7**	**0.5**	**–**	**–**	**11.2**
Other financial assets (shares)	11.2	–	–	–	11.2
Derivative financial instruments (embedded derivatives)	0.5	0.5	–	–	–
Financial liabilities at amortised cost	**5,928.0**	**516.0**	**1,748.7**	**185.9**	**3,477.4**
Financing liabilities	2,095.4	–	–	–	2,095.4
Trade and other payables	1,820.2	501.9	165.7	157.4	995.2
Returns liabilities	98.7	–	1.0	2.5	95.2
Lease liabilities	1,732.2	14.1	1,582.0	26.0	110.1
Liabilities arising from obligation to purchase non-controlling interests	181.5	–	–	–	181.5
Financial liabilities measured at fair value through profit or loss	**21.1**	**–**	**–**	**–**	**21.1**
Liabilities arising from obligation to purchase non-controlling interests	11.1	–	–	–	11.1
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	6.6	–	–	–	6.6
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	3.4	–	–	–	3.4

31 Jan 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 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**

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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

The table below presents sensitivity to the currency risk. If as at 31 January 2024 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:

31 Jan 2024	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	**6.5**	**–**	**–**	**100.9**	**1.2**	**-1.2**
Trade receivables	3.7	–	–	23.7	0.3	-0.3
Cash and cash equivalents	2.8	–	–	77.2	0.9	-0.9
Financial assets measured at fair value through profit or loss	**0.5**	**–**	**–**	**–**	**–**	**–**
Other financial assets (derivative financial instruments – forwards)	0.5	–	–	–	–	–
Financial liabilities at amortised cost	**-516.0**	**-6.5**	**6.5**	**-1,746.7**	**-20.1**	**20.1**
Trade and other payables	-501.9	-6.3	6.3	-165.7	-1.9	1.9
Returns liabilities	–	–	–	1.0	–	–
Lease liabilities	-14.1	-0.2	0.2	-1,582.0	-18.2	18.2
Effect on net profit (loss)		**-6.5**	**6.5**		**-18.9**	**18.9**

31 Jan 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	0.0	-0.0
Cash and cash equivalents	17.8	0.2	-0.2	92.2	1.0	-1.0
Financial liabilities measured at fair value through profit or loss	**3.9**	**-0.0**	**-0.0**	**–**	**–**	**–**
Other financial assets (derivative financial instruments – forwards)	3.9	-0.0	-0.0	–	–	–
Financial liabilities at amortised cost	**-44.2**	**-0.5**	**0.5**	**-1,902.7**	**-20.2**	**20.2**
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
Effect on net profit (loss)		**-0.2**	**0.2**		**-18.1**	**18.1**

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INTEREST RATE RISK

The CCC Group is exposed to the interest rate risk mainly due to debt under credit facility agreements, bonds in issue, as well as cash in bank accounts and loans.

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 1 Feb 2023–31 Jan 2024		Effect 1 Feb 2022–31 Jan 2023	
	31 Jan 2024	31 Jan 2023	+1pp	-1pp	+1pp	-1pp
Cash at banks	239.3	346.5	2.4	-2.4	3.5	-3.5
Financing liabilities	-1,356.1	-1,896.4	-13.6	13.6	-19.0	19.0
Effect on net profit (loss)			**-11.2**	**11.2**	**-15.5**	**15.5**

If the interest rates on debt were 1pp higher/lower in the current period, the profit or loss for the period would be PLN 11.2m lower/higher (1 February 2022 - 31 January 2023: PLN 15.5m 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 31 January 2024 and 31 January 2023 is presented in the table below:

	31 Jan 2024	31 Jan 2023
Loans	–	–
Trade receivables	194.1	143.8
Lease receivables	–	0.3
Receivables from sale of property, plant and equipment	2.4	5.4
Receivables from sale of shares	–	21.9
Cash and cash equivalents	266.5	395.4
Long-term receivables	–	–
Total	**463.0**	**566.8**

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 calculation of expected credit loss rates derives from analysing the payment profiles associated with sales during the 30-month periods concluding on 31 July 2022, 31 January 2023, and 31 January 2024. This analysis incorporates historical credit loss data observed within these periods, with adjustments made where appropriate to reflect the anticipated impact of forward-looking information.

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On that basis, expected credit loss allowances for trade receivables as at 31 January 2024 were calculated as follows:

31 Jan 2024	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	-1%	-3%	-13%	-25%	-86%	
Gross carrying amount	168.9	1.4	0.8	1.6	15.7	188.4
Expected credit loss allowance	**-0.9**	**–**	**-0.1**	**-0.4**	**-13.5**	**-14.9**

In addition, the Group recognised a credit loss allowance for receivables for which an individual approach was justified. In these instances, the Company determined that the risk of credit losses had increased, leading to the recognition of a credit loss allowance at either the full amount or the recoverable amount, based on the information available about the trading partner. The individual approach was applied with respect to gross receivables of PLN 106.6m, for which a loss allowance of PLN 86.0m 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.

	31 Jan 2024	31 Jan 2023
AAA-rated banks	–	18.5
AA-rated banks	22.2	–
A-rated banks	150.2	258.1
BAA-rated banks	23.5	39.6
BA-rated banks	4.3	–
Other – not classified [1]	43.8	59.3
Total cash at banks	**244.0**	**375.5**

[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 of the acquisition date, the Group recognises any non-controlling interest in the acquired entity at fair value or at its proportionate share in the identifiable net assets of the acquiree, representing the non-controlling interest.

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.

ACQUISITION OF CCC UKRAINA

Before the outbreak of the war in Ukraine, the Group operated in Ukraine under a franchise model. As a result of the war, the Group acquired CCC Ukraina Sp. z o.o. in order to commence operations in the Ukrainian market via its own sales network.

On 8 February 2023, following fulfilment of the conditions precedent under a preliminary share purchase agreement, the CCC Group acquired control of CCC Ukraina Sp. z o.o. of Lviv as part of a transaction to settle the CCC Group's claims against CCC Ukraina Sp. z o.o.'s existing shareholder. In the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina Sp. z o.o. for a price of PLN 12.2m, which was paid on a non-cash basis through an offset of claims between a CCC Group entity and the existing shareholder of CCC Ukraina Sp. z o.o.

Under the agreement signed between the parties, the CCC Group has the right to purchase, and the existing shareholder has the right to sell, the remaining shareholding in CCC Ukraina Sp. z o.o., i.e., 23.9% of its shares, following approval of the financial statements of CCC Ukraina Sp. z o.o. for the financial year ended 31 January 2028, at a price equal to six times EBITDA for the year ended 31 January 2028 multiplied by the 23.9% interest. As the Group has the right, but not the obligation, to purchase the remaining shareholding, no liabilities were recognised on this account.

Presented below is CCC Ukraina Sp. z o.o.'s balance-sheet data as at the acquisition date, i.e., 8 February 2023, translated at the exchange rate effective on 8 February 2023 (UAH 1 = PLN 0.1258).

CCC Ukraina Sp. z o.o.'s revenue recognised in the consolidated statement of comprehensive income as from 8 February 2023 was PLN 44.0m. In the same period, the company's net loss was PLN 1.5m.

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Recognised fair values of identifiable acquired assets and liabilities (PLNm) as at 8 February 2023	CCC Ukraina Sp. z o.o.
Non-current assets	
Intangible assets	0.1
Property, plant and equipment – leasehold improvements	5.3
Property, plant and equipment – manufacturing and distribution	0.1
Right-of-use assets	20.1
Deferred tax assets	1.1
Total non-current assets	**26.7**
Current assets	
Inventories	10.0
Trade receivables	–
Other receivables	1.3
Cash and cash equivalents	1.8
Total current assets	**13.1**
Total assets	**39.8**
Non-current liabilities	
Lease liabilities	15.4
Total non-current liabilities	**15.4**
Current liabilities	
Trade payables	2.9
Other liabilities	0.5
Provisions	0.1
Lease liabilities	4.8
Total current liabilities	**8.3**
Total liabilities	**23.7**
Net assets	**16.2**
Non-controlling interests measured at the current ownership instruments' proportionate share in the recognised amounts of the acquiree’s identifiable net assets	4.0
Consideration for acquisition	12.2
Goodwill determined	**–**

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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 30 September) and for Pronos sp. z o.o. (ending on 31 December)

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.

	1 Jan 2023–31 Dec 2023	1 Jan 2022–31 Dec 2022
Revenue	11.1	11.4
Operating costs	-14.6	-10.8
Other income and expenses	2.9	–
Finance income and costs	0.3	0.1
Profit (loss) before tax	**-0.3**	**0.7**
Income tax	-0.2	-0.4
Profit (loss) for the year	**-0.5**	**0.3**
Other comprehensive income	–	–
Total comprehensive income	**-0.5**	**0.3**
Share of the CCC Group in profit (loss)	**-0.1**	**0.1**

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Carrying amount of investment in the associate, determined using the equity method	31 Dec 2023	31 Dec 2022
Current assets	11.9	11.9
Non-current assets	4.1	3.1
Current liabilities	0.5	1.6
Non-current liabilities	–	0.1
Equity	15.5	13.3
Share	3.8	3.3

Associate	OWNERSHIP INTERESTS AS AT 1 FEB 2023	Share of net profit (loss) of associates in period	Purchase of shares	Other	OWNERSHIP INTERESTS AS AT 31 JAN 2024
HR Group	–	–	–	–	–
Pronos Sp. z o.o.	3.5	-0.1		0.4	3.8
Total	**3.5**	**-0.1**	**–**	**0.4**	**3.8**

Associate	OWNERSHIP INTERESTS AS AT 31 JAN 2022	Share of net profit (loss) of associates in period	Purchase of shares	Other	OWNERSHIP INTERESTS AS AT 31 JAN 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**

6.4 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)**
	31 Jan 2024	31 Jan 2024	1 Feb 2023–31 Jan 2024	1 Feb 2023–31 Jan 2024
Astrum sarl	–	13.1	0.9	3.8
Forum Kielce	0.7	–	–	2.5
Forum Lubin	0.3	–	–	1.5
GP Sp. z o.o.	–	–	–	4.2
Usługi transportowe Michał Miłek	0.1	–	–	0.3
Total	**1.1**	**13.1**	**0.9**	**12.3**

As described in section 4.4 of these financial statements, in 2023 Ultro s.a.r.l., a subsidiary of Dariusz Miłek, made a PLN 212.3m payment for subscription of new shares.

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). In the financial year ended 31 January 2024, companies of the CCC Group engaged with Giro in purchase transactions totalling PLN 79.7m and in sales transactions totalling PLN 3.4m (PLN 15.8m and PLN 3.1m in the year ended 31 January 2023, respectively).

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Following a comprehensive analysis, it was concluded that Giro neither constitutes a related party nor is associated with any member of the Group's governing bodies. Despite Giro not formally fulfilling the criteria for disclosure as a related-party transaction, the Group has opted to disclose transactions with the entity. This decision is rooted in the desire to maintain transparency and provide comprehensive access to information, especially considering the substantial role a member of the Group's parent governing body played in the establishment of Giro.

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)
	31 Jan 2023	31 Jan 2023	1 Feb 2022–31 Jan 2023	1 Feb 2022–31 Jan 2023
MGC INWEST Sp. z o.o.	–	–	–	35.5
ULTRO sarl	0.1	–	–	–
Ultro Sky sarl	–	–	–	18.8
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**

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)
	31 Jan 2024	31 Jan 2024	1 Feb 2023–31 Jan 2024	1 Feb 2023–31 Jan 2024
Pronos Sp. z o.o.	2.0	–	0.4	4.9
Total	**2.0**	**–**	**0.4**	**4.9**

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)
	31 Jan 2023	31 Jan 2023	1 Feb 2022–31 Jan 2023	1 Feb 2022–31 Jan 2023
Pronos Sp. z o.o.	3.9	–	0.2	8.0
Total	**3.9**	**–**	**0.2**	**8.0**

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

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 6.5.

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	FIXED REMUNERATION	OTHER (BONUSES)	TOTAL
1 Feb 2023–31 Jan 2024			
Members of Management Board	3.3	0.5	3.8
Supervisory Board	1.1	–	1.1
Total	**4.4**	**0.5**	**4.9**
1 Feb 2022–31 Jan 2023			
Members of Management Board	5.2	1.7	6.9
Supervisory Board	0.7	–	0.7
Total	**5.9**	**1.7**	**7.6**

6.5 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 transactions where payments are made in the form of equity-settled share-based payments, the Group measures the acquired goods or services and the corresponding increase in equity directly at the fair value of the goods or services received, except when it is not possible to reliably estimate their fair value. 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 22 June 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 1 August 2021 to 31 July 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 1 May 2021 to 31 July 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 1 May to 31 July 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 31 August 2021 and 30 November 2021. The long-term bonus for period two is planned to be paid in cash in two equal parts by 30 September 2024 and 30 November 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 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 200,000, with 22 June 2021 – 31 July 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 as at the reporting date was PLN 0.15. The assumed risk-free rate was 4.61% and the expected volatility of the share price was 45.5%. The duration of the options is 0.5 years.

The Company recognised a PLN 24.4m expense to account for the payment of the bonus for the first period and a PLN 1.4m provision for the second period as at 31 January 2022. The total amount recognised in administrative expenses under salaries, wages and employee benefits expense in 2021 was PLN 25.8m. As of 31 January 2023, the provision associated with the second period was released, resulting in an adjustment to administrative expenses, reducing them to PLN 0.2m from an initial PLN 1.2m. As at 31 January 2024, the provision was reduced by PLN 0.2m 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 current liabilities under 'Amounts due to employees' was PLN 0.02m.

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

As described in the consolidated financial statements for the financial year ended 31 January 2023, key management personnel of Modivo S.A. and its subsidiaries are granted the right to subscribe for and/or acquire shares in Modivo S.A. Participation in the scheme and the number of rights granted began to be communicated to the scheme participants on 14 January 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 7 February 2022 (grant date) and the fair value of the equity instruments granted was determined as at that date.

In 2022, members of the Management Board: Marcin Czyczerski (President of the Management Board of CCC S.A. until 11 May 2023), Karol Półtorak and Igor Matus, as well as Dariusz Miłek (President of the Supervisory Board of CCC S.A. until 11 May 2023, and as President of the Management Board of CCC S.A. since 11 May 2023) signed MODIVO Incentive Scheme Participation Agreements. Under the terms of the Participation Agreements, the individuals may acquire the right to subscribe for and/or purchase shares in MODIVO S.A. upon the scheme's settlement, contingent upon fulfilling the conditions outlined within the scheme.

The scheme was to remain in effect until 31 August 2024 or until Modivo's majority shareholder sold, in a single transaction or a series of transactions, no less than 50% of Modivo shares or lost the majority of voting rights as a result of the acquisition of shares by another entity, whichever occurred 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.

On 27 June 2023, a modification of the incentive scheme was approved to enhance its incentivising effect, consisting in the following key elements:

- Reduction of the valuation thresholds for 100% of Modivo's equity triggering the exercise of rights, including reduction of the first threshold
- from PLN 8bn to PLN 6bn;
- Allocation of significantly more rights to the first valuation threshold for 100% of Modivo's equity, i.e., PLN 6bn; and

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- Addition of a provision that the scheme would end on the date of introduction of Modivo shares to trading on the regulated market, alongside the provision that the scheme would end on 31 December 2025 (originally 31 August 2024) or at the time when more than 50% of Modivo shares are sold by its majority shareholder, whichever occurs earlier. (The Group assumed that the most likely scenario was that the scheme would end at the time of introduction of Modivo shares to trading on the regulated market (IPO), and therefore the Group accounts for the scheme over the period ending on the planned IPO date).

The modification concerns rights granted under the scheme as previously in effect (Stages 1 and 2), which continue to be included in the scheme as at the amendment date, i.e., 27 June 2023. In order to determine the cost of the modification, which increases the fair value of the equity instruments granted, a valuation was performed for the pre- and post-modification version of the scheme as at 27 June 2023. The difference between the two valuations (excess) would be accounted for over the remaining term of the modified scheme. On the other hand, the cost of the valuation as at the original vesting date (7 February 2022 and 31 July 2022) would continue to be accounted for, adjusted only for departures of the scheme participants. The new aggregate number of Stage 1 and Stage 2 rights remaining under the scheme as at 27 June 2023 was 392,673.

In addition, 165,780 new rights were granted as part of Stage 3 of the scheme in June 2023.

	As at 31 Jan 2023	Valuation as at 31 Jan 2024 – Stages 1 and 2 – before the modification	Valuation as at 31 Jan 2024 – Stages 1 and 2 – incremental value after the modification	Valuation as at 31 Jan 2024 – Stage 3
Valuation model used:	Monte Carlo;	Monte Carlo;		
Number of rights (number of shares / stock options):	637,789.0	361,155.0		166,280.0
valuation date/valuation date – scheme modification date	7 February 2022 for 630,177 rights and 1 August 2022 for 7,612 rights (before adjustment for participant departures)		27 June 2023	
Options exercise period:	2-year period from the scheme's end			
Expected share price volatility:	7 February 2022 – 31.0% 1 August 2022 – 38.9%		35.6%	
Recognised cost of the scheme cumulatively (PLNm)	**17.3**	**21.4**	**5.0**	**3.9**
Total estimated cost of the scheme (PLNm)	**44.0**	**38.8**		

The cost of the scheme recognised in the period covered by these financial statements was PLN 11.3m, compared with PLN 16.6m in the previous year, and was recognised in administrative expenses under salaries, wages and employee benefits, in correspondence with non-controlling interests (the higher cost relative to the comparative period results from a change in the terms of the scheme with a simultaneous adjustment to the number of rights used in the valuation of the entire scheme in connection with the non-fulfilment of the vesting conditions by some employees - termination of cooperation with Modivo). The cumulative cost of the scheme recognised up to 31 January 2024 was PLN 30.3m.

6.6 AUDITOR'S FEES

AUDITOR'S FEES	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
CCC Group and CCC S.A.		
Audit and reviews of financial statements	0.9	0.9
SUBSIDIARIES		–
Audit and reviews of financial statements	0.9	0.6
Other services	0.4	0.8
TOTAL	**2.2**	**2.3**

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6.7 EVENTS AFTER REPORTING DATE

On 5 February 2024, CCC Tech Sp. z o.o. of Polkowice was registered as a subsidiary of CCC S.A., with the Company holding a direct 100% equity interest. The amount of the investment was PLN 5,000. CCC Tech Sp. z o.o. was established to spin off IT services from the broader framework of the CCC Group. The principal business activity of the new company is the provision of IT services to CCC Group companies as well as to entities outside the CCC Group. For this purpose, an organised part of the enterprise was spun off within CCC.eu Sp. z o.o. and transferred to CCC Tech Sp. z o.o., in return for new shares.

On 12 February 2024, holders of CCC0626 bonds (Series 1/2018) were called upon to submit requests for early redemption of bonds under the Pari Passu clause. The voluntary early redemption concerned a maximum total nominal value of PLN 20.6m, with a maximum of 20,565 bonds eligible for redemption. Pari Passu Redemption requests were made for redemption of 97,843 bonds. A total of 20,565 bonds were redeemed on 21 March 2024, with interest accrued on the redeemed bonds up to the redemption date paid.

On 24 January 2024, the Management Board of Modivo S.A. signed an agreement to establish Ecip Modivo Kft., based in Budapest (Hungary). The company was registered on 15 February 2024. Its principal business activities include the retail sale of footwear and accessories.

On 14 February 2024, the Management Board of Modivo S.A. signed the articles of association of Fashion Tech Solutions Sp. z o.o., based in Warsaw (Poland). The company was established to sell information and communication technology tools, to conduct software-related activities, and to provide IT services.

The consolidated financial statements were authorised for issue by the Management Board on 5 April 2024.	
Edyta Skrzypiec - Rychlik	Chief Accountant
Signatures of all Management Board members:	
Dariusz Miłek	President of the Management Board
Karol Półtorak	Vice President of the Management Board
Igor Matus	Vice President of the Management Board

Polkowice, 5 April 2024