CCC

Financial statements

FINANCIAL STATEMENTS OF CCC S.A.
for the 12 months from February 1st 2022
to January 31st 2023

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Statement of comprehensive income

NOTE		February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
	CONTINUING OPERATIONS		
2.1	Revenue	2,721.9	2,408.3
2.2	Cost of sales	-1,928.2	-1,604.6
	Gross profit	**793.7**	**803.7**
2.2	Costs of points of purchase and distribution	-699.4	-664.6
2.2	Administrative expenses	-72.1	-114.0
2.3	Other income	64.3	48.2
2.3	Other expenses	-17.4	-13.1
	(Recognition) / Reversal of loss allowances (receivables)	-4.6	–
	Operating profit (loss)	**64.5**	**60.2**
2.3	Finance income	77.1	511.6
2.3	(Recognition) / Reversal of loss allowances	-44.5	31.2
2.3	Impairment losses on shares	–	-74.2
2.3	Finance costs	-118.7	-74.4
	Profit (loss) before tax	**-21.6**	**454.4**
2.4	Income tax	-1.3	-12.2
	NET PROFIT (LOSS)	**-22.9**	**442.2**
	Other comprehensive income	–	–
	Total other comprehensive income, net	**–**	**–**
	TOTAL COMPREHENSIVE INCOME	**-22.9**	**442.2**
	Weighted average number of ordinary shares (million)	**54.9**	**54.9**
	Basic earnings (loss) per share (PLN)	**-0.42**	**8.05**
	Diluted earnings (loss) per share (PLN)	**-0.42**	**8.05**

[all amounts in PLN million unless stated otherwise]

Statement of financial position

NOTE		January 31st 2023	January 31st 2022
5.1	Intangible assets	5.1	4.7
5.1.1	Goodwill	48.8	48.8
5.2	Property, plant and equipment – leasehold improvements	274.6	258.3
5.2	Property, plant and equipment – distribution	205.1	213.2
5.2	Property, plant and equipment – other	69.2	70.4
5.3	Right-of-use assets	419.0	494.5
2.4	Deferred tax assets	39.9	36.8
3.2	Loans	980.1	853.7
3.1	Long-term investments	434.6	434.7
5.3	Lease receivables	107.7	71.9
	Non-current assets	**2,584.1**	**2,487.0**
5.4	Inventories	381.7	404.9
5.5	Trade receivables	72.1	75.6
2.4	Income tax receivable	15.4	13.7
3.2	Loans	26.8	21.5
5.5	Other receivables	45.3	242.5
5.6	Cash and cash equivalents	38.0	126.1
5.3	Lease receivables	30.4	20.8
	Current assets	**609.7**	**905.1**
	TOTAL ASSETS	**3,193.8**	**3,392.1**
4.2	Liabilities under borrowings and bonds	807.2	574.7
5.8	Provisions	5.1	5.0
5.2	Grants received	15.1	15.7
5.3	Lease liabilities	509.9	552.7
5.7	Oher non-current liabilities	2.3	7.4
	Other non-current financial liabilities	6.5	–
	Non-current liabilities	**1,346.1**	**1,155.5**
4.2	Liabilities under borrowings and bonds	55.0	271.5
5.7	Trade and other payables	171.1	340.4
5.7	Other liabilities	121.7	124.3
5.8	Provisions	63.6	47.7
5.2	Grants received	0.5	0.6
5.3	Lease liabilities	210.7	204.1
	Current liabilities	**622.6**	**988.6**
	TOTAL LIABILITIES	**1,968.7**	**2,144.1**
	NET ASSETS	**1,225.1**	**1,248.0**
	Equity		
4.1	Share capital	5.5	5.5
4.1	Share premium	1,148.0	1,148.0
4.1	Retained earnings	71.6	94.5
	TOTAL EQUITY	**1,225.1**	**1,248.0**
	TOTAL EQUITY AND LIABILITIES	**3,193.8**	**3,392.1**

[all amounts in PLN million unless stated otherwise]

Statement of cash flows

		February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
	Profit (loss) before tax	**-21.6**	**454.4**
2.2	Depreciation/amortisation	174.2	196.9
	(Gain)/loss from investing activities	9.3	-275.5
4.2	Borrowing costs	97.7	43.9
4.4	Other adjustments to profit before tax	28.2	-61.8
2.4	Income tax paid	-8.1	-40.6
	Cash flow before changes in working capital	**279.7**	**317.3**
	Changes in working capital		
5.4	Change in inventories and inventory write-downs	23.2	-67.4
5.5	Change in receivables	209.4	-87.0
5.7	Change in current liabilities, net of borrowings and bonds	-170.3	362.6
	Net cash flows from operating activities	**342.0**	**525.5**
	Proceeds from sale of property, plant and equipment	2.6	1.9
	Proceeds from settlement of leasehold improvements with landlords	28.6	23.6
3.2	Repayment of loans and payment of interest	12.8	130.9
5.2	Purchase of intangible assets and property, plant and equipment	-107.2	-113.8
3.2	Loans	-171.7	-850.0
2.3	Other investing expenditure	–	-70.4
3.1	Cash transferred as part of OPE	–	-7.6
	Acquisition of Modivo S.A. shares from MKK3	–	−720.0
	Recapitalisation of CCC Austria GmbH	–	-72.2
	Recapitalisation of NG2 Suisse s.a.r.l.	–	-106.6
	Recapitalisation of Gino Rossi S.A.	–	-66.0
	Purchase of HalfPrice Sp. z o.o.	0.1	-0.3
	Purchase of shares in Xpress Sp. z o.o.	–	-1.0
	Payment from A&R Investments Limited and Cyfrowy Polsat for purchase of Modivo S.A. shares from MKK3 Sp. z o.o.	–	1,000.0
	Proceeds from sale of NG2 s.a.r.l.	–	6.8
	Other cash provided by investing activities	22.7	42.1
	Net cash flows from investing activities	**-212.1**	**-802.6**
4.2	Proceeds from borrowings	14.0	424.2
5.3	Lease payments	-153.4	-136.6
4.2	Interest paid	-76.6	-36.7
4.2	Repayment of borrowings	–	-47.2
	Payments for commission fees on credit facilities	-2.1	–
	Net cash flows from financing activities	**-218.1**	**203.7**
	TOTAL CASH FLOWS	**-88.2**	**-73.4**
	Net increase/decrease in cash and cash equivalents	-88.3	-73.4
	Cash and cash equivalents at beginning of period	**126.1**	**199.5**
	Cash and cash equivalents at end of period	**38.0**	**126.1**

[all amounts in PLN million unless stated otherwise]

Statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As at February 1st 2022	**5.5**	**1,148.0**	**94.5**	**1,248.0**
Net profit (loss) for period	–	–	-22.9	-22.9
Total comprehensive income	**–**	**–**	**-22.9**	**-22.9**
Total transactions with owners	**–**	**–**	**–**	**–**
As at January 31st 2023	**5.5**	**1,148.0**	**71.6**	**1,225.1**

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As at February 1st 2021	**5.5**	**1,148.0**	**-347.7**	**805.8**
Net profit (loss) for period	–	–	442.2	442.2
Total comprehensive income	**–**	**–**	**442.2**	**442.2**
Total transactions with owners	**–**	**–**	**–**	**–**
As at January 31st 2022	**5.5**	**1,148.0**	**94.5**	**1,248.0**

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	
KRS No.:	211,692	
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 and CEO: Vice President: Vice President: Vice President:	Marcin Czyczerski Karol Półtorak Igor Matus Adam Holewa

CCC S.A. (the "Company", the "Parent") has been listed on the Warsaw Stock Exchange since 2004.
On September 29th 2022, Adam Marciniak resigned as Vice President of the Company's Management Board, with effect from September 29th 2022. On January 17th 2023, Kryspin Derejczyk was removed by a decision of the Supervisory Board from his position as Vice President of the Company's Management Board, with effect from January 17th 2023.
As at the date of authorisation of these financial statements, the Management Board was composed of the persons specified above.
These separate financial statements of CCC S.A. cover the 12 months ended January 31st 2023 and contain comparative data for the 12 months ended January 31st 2022 and as at January 31st 2022.
These separate financial statements of CCC S.A. for the 12 months ended January 31st 2023 were authorised for issue by the Management Board on April 16th 2023.
The Company is the parent of the CCC Group (the "CCC Group", the "Group"). The Company has also prepared consolidated financial statements for the 12 months ended January 31st 2023, which were authorised for issue by the Management Board on April 16th 2023. The consolidated financial statements of the CCC Group have been prepared in accordance with International Financial Reporting Standards. The statements are available at the Company's website.

BASIS OF ACCOUNTING

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as approved by the European Union (IFRSs). As at the date of authorisation of these financial statements for issue, given the ongoing process of implementing IFRS in the EU, the IFRSs applicable to these financial statements do not differ from the EU IFRSs.
These financial statements have been prepared on a historical cost basis, except for derivative financial instruments measured at fair value. The data contained in these financial statements is presented in millions of Polish złoty, unless more accurate information is provided in specific cases. The functional and reporting currency is the Polish złoty (PLN).

GOING CONCERN

These financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, i.e., for a period of at least 12 months from the reporting date. Below in this note are presented important issues, including uncertainties concerning circumstances that may pose risks to the Group continuing as a going concern. These circumstances relate in particular to financial burdens associated with the existing credit facility agreements and debt instruments of the CCC Business Unit. To address these burdens, in 2023 the Company is implementing a plan to reduce and substantially or fully refinance the CCC Business Unit's debt.

As at January 31st 2023, the Company's current assets exceeded current liabilities by approximately PLN 12.9m. As presented in Notes 5.1 and 5.2 to these financial statements, the Company's operations are financed through financial instruments, including mainly credit facilities and bonds, with the debt balance as at the reporting date of approximately PLN 862.2m.
As a result of the outbreak of the COVID-19 pandemic and the imposition of temporary restrictions on retail trade in the countries where the CCC Group (the "Group", in which the Company is the parent), operates, a priority task faced by the Company's Management Board was to enter into an agreement with the banks financing the Group's operations to ensure a stable level of financing for the duration of the pandemic and beyond.

Following discussions with the Group's financing institutions, long-term financing was provided to fund the Group's operations under the New Financing Agreement (Credit Facility Agreement of June 2nd 2021), as described in more detail in the CCC Group's consolidated financial statements for 2021.

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

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

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

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

The financing agreements of the CCC Group, including the CCC Business Unit and the Modivo Business Unit, are described in more detail in the 'Management of financial resources and liquidity' section of the Directors' Report.
●●●
The execution of annexes to the New Financing Agreement and the Common Terms Agreement, as well as the extension of financing with BGF guarantees and additional financing documents between CCC S.A., its subsidiaries, Modivo S.A. and financial institutions, were part of the CCC Group's financing renewal efforts aimed at ensuring a stable long-term financing level for the Group.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECT OF CHANGES IN THE ECONOMIC SITUATION ON THE VALUATION OF ASSETS AND LIABILITIES OF CCC S.A.

Inventory write-downs
For more information, see Note 5.4.

Impairment losses on shares
As at January 31st 2023, the Company made a detailed assessment (taking into account the impact of the macroeconomic developments) whether there was any indication that any of its investments in subsidiaries and associates could be impaired. Where such indications were found to exist, the Company tested the assets for impairment.
For more information, see Notes 2.3 and 3.1.

Expected credit losses (ECL)
As at January 31st 2023, the Company carried out a detailed analysis of the impact of changes in the economic environment, as well as an analysis of risks specific to the particular exposures, on the calculated amount of expected credit losses in terms of the potential need to modify the assumptions made in its estimates and to account for the additional element of risk associated with the current economic situation and forecasts for the future.
The Company 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 Company 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 Company measures the probability of default based on market data published by Moody's.
The Company's business involves mainly retail and digital operations. Trade receivables relate mainly to the retail and digital segments and are not material, and additionally include contractual receivables from related parties.
Another group of assets exposed to credit losses are loans.
The Company also measures the risk under sureties issued (financial guarantees). The Company recognised an allowance for expected credit losses (ECL) on financial guarantees of PLN 56.0m (January 31st 2022: PLN 44.3m).
For more information on the recognised impairment losses and loss allowances, see Notes 3.2, 5.8 and 6.1.

Impairment of property, plant and equipment, intangible assets, goodwill and rights-of-use assets
As at January 31st 2023, the Company made a detailed assessment (taking into account material changes in the operating and economic conditions caused by macroeconomic developments) whether there were any indications that any of the items of property, plant and equipment, intangible assets with finite useful lives, goodwill and right-of-use assets could be impaired. Where such indications were found to exist, the Company tested the assets for impairment.
The Company also performed an annual impairment test with respect to goodwill.
For details of the assessment and tests, see Notes 5.1.1, 5.2 and 5.3.

Renegotiation of commercial space lease contracts
The macroeconomic situation, especially the inflation rate, has a significant impact on the market of retail space lease. As a result of renegotiation of lease contracts in 2022, the value of right-of-use assets and lease liabilities changed – for more information, see Note 5.3.

Other accounting matters and issues
As at the date of these separate financial statements, the Company did not identify any material risks related to potential breach of the terms of its existing trade and supply contracts.
As a result of the execution of financing agreements with banks, bondholders and other institutions, the Company is required to meet a number of covenants, which will be calculated and tested in subsequent reporting periods, as described in detail in the Directors' Report on the Group's operations in the section entitled 'Management of financial resources and liquidity'.
As at January 31st 2023, in the Management Board's opinion (subject to the issues described in Note 'Going concern'), none of the covenants was breached during the reporting period and until the date of authorisation of these financial statements for issue, as described in more detail in Note 'Going concern'
Based on its financial projections for subsequent reporting periods, the Company believes that the recognised deferred tax asset is recoverable.
During the financial year, the Company received subsidies to salaries and employee benefits of PLN 3.0m, as described in Note 2.2.

[all amounts in PLN million unless stated otherwise]

STATEMENT OF ACCOUNTING POLICIES

The accounting policies applied by CCC S.A. did not change relative to those applied in the full-year financial statements for the financial year February 1st 2021 – January 31st 2022, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after February 1st 2022.
On September 26th 2019, the Extraordinary General Meeting of CCC S.A. passed a resolution on the basis of which the Company's financial year was changed from the calendar year to a period of 12 consecutive months from February 1st to January 31st of the following calendar year.
The change was prompted by the natural cycle in the fashion industry, where new collections are launched in February and the sales period ends in January.
The parent and other Group companies were established for an indefinite period.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Preparation of financial statements in accordance with IFRSs requires using certain significant accounting estimates. It also requires the Management Board to exercise its own judgement in the application of the accounting policies adopted by the Company. 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
2.1	Revenue	Y	Y	15
2.2	Cost of sales	Y	N	17
2.2	Costs of points of purchase	Y	Y	17
2.2	Other distribution costs	Y	Y	17
2.2	Administrative expenses	Y	Y	17
2.3	Other income and expenses, finance income and costs	Y	Y	20
2.4	Income tax	Y	Y	22
2.4	Deferred tax assets	Y	Y	22
2.4	Income tax liabilities	Y	N	22
3.2	Loans and financial guarantees	Y	Y	30
4.1	Equity	Y	N	37
4.2	Liabilities under borrowings and bonds	Y	N	39
5.1	Intangible assets	Y	N	45
5.2	Property, plant and equipment	Y	Y	48
5.2	Grants received	Y	N	48
5.3	Right-of-use assets and lease liabilities and receivables	Y	Y	51
5.4	Inventories	Y	Y	55
5.5	Trade receivables	Y	N	57
5.5	Other receivables	Y	N	57
5.6	Cash and cash equivalents	Y	N	58
5.7	Trade and other payables	Y	Y	59
5.7	Other liabilities	Y	N	59
5.8	Provisions	Y	Y	60
6.1	Financial instruments	Y	Y	63
6.2	Share-based payments	Y	Y	71

New and amended accounting standards

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

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

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

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

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 Company with respect to its business or financial result.

- IFRS 14 Regulatory Deferral Accounts (issued on January 30th 2014) − pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the issue of its final version (not endorsed by the EU by the date of authorisation of these financial statements for issue) ; effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11th 2014) − work leading to the approval of the amendments has been deferred by the EU for an indefinite period; effective date has been deferred by the IASB for an indefinite period;
- IFRS 17 Insurance Contracts (issued on May 18th 2017), including Amendments to IFRS 17 (issued on June 25th 2020) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 8: Definition of Accounting Estimates (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of the Effective Date and Non-current Liabilities with Covenants (issued on January 23rd 2020, July 15th 2020 and October 31st 2022, respectively); not endorsed by the EU as at the date of authorisation of these financial statements for issue; effective for annual periods beginning on or after January 1st 2024;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22nd 2022) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after January 1st 2024.

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

1.1 SEGMENTS

The Company applies the exemption for segment disclosures under IFRS 8 par. 4, therefore the analysis of the Company's operating segments was presented in the consolidated financial statements of the Group.
For detailed information on seasonality and periodic changes in sales, see the 'Seasonality' section of the Directors' Report.

2. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2.1 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 Company recognises revenue at the moment of handing over the goods to the customer in the amount 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 Company's business. Revenue is presented net of value added tax, refunds, rebates and discounts.

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.

The Management Board of the Company carried out a comprehensive analysis to determine whether a particular entity acts as an agent or principal, taking into account the cooperation agreements concluded between the Company and its subsidiary CCC.eu Sp. z o.o. ("CCC.eu") and the actual business model described below. In line with the business model, CCC.eu supplies goods to CCC S.A. which then sells the goods in stores in Poland.
Elements which may indicate that the Company could be treated as an intermediary are the following conditions resulting from the concluded contracts:

- in accordance with the adopted settlement model, the Company is guaranteed to earn a fixed operating margin;
- goods which the Company has failed to sell in a given season may be returned to the CCC.eu, while CCC.eu may demand that the Company returns the goods, and the costs of such return are borne by CCC.eu;
- CCC.eu defines standards and supports the Company in terms of the pricing policy, promotion and pricing in stores, including recommendations on retail prices, rules for reductions and price increases, as well as discounts and promotions for customers;
- CCC.eu makes decisions concerning the sales mix and quantities of goods supplied to the Company;
- the Company accepts refunds from retail customers and considers after-sales complaints, while the costs of these complaints are fully covered by CCC.eu.

In the opinion of the Management Board of the Company, other aspects of the cooperation between the Company and CCC.eu are more important and prevail in the assessment of the Company's role. In the opinion of the Management Board, the Company does not act as an intermediary because it is exposed to significant risks of the business and benefits from the sale of goods purchased from CCC.eu. This assessment of the Company's role is corroborated by the following terms of mutual cooperation:

- the Company is primarily responsible for the delivery of goods to the customer and the Company is responsible for the acceptability of products purchased by the customer, the Company sells goods purchased from CCC.eu in its own name and on its own account, purchases from CCC.eu on a CPT basis (transfer of ownership at the time of loading on the means of transport);
- The Company bears the risks related to inventories before and after an order is placed by the customer, in the course of delivery or returns, the inventories held by the Company are owned by the Company, and the Company bears the risk of any loss;
- the Company receives only recommendations from CCC.eu regarding pricing, bonus, or discount policies, and has full pricing discretion;
- the Company bears the entire credit risk of its customers;
- the Company bears full reputational risk related to the quality of the goods sold, and potential customer complaints may have an adverse effect on the Company's situation.

  Therefore, in the opinion of the Management Board CCC S.A. should not be treated as an agent within the meaning of IFRS 15. The entire revenue from sales is disclosed by the Company.

Revenue – retail

The Company sells footwear, handbags, shoe care accessories and small clothing accessories 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 Company operates a 14-day customer return policy. For members of the CCC Club, the return policy is as follows:

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

In order to estimate the volume of returns, the historical rate of returns to the volume of sales is used. The estimate is used to adjust the amount of revenue. Past experience is used to estimate the amount of refunds and provisions.

Revenue from sales of merchandise – digital

The Company sells footwear, handbags, shoe care accessories, clothes and small clothing accessories 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. The Company operates a customer return policy. 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. Past experience is used to estimate the amount of refunds and provisions.

Loyalty Programme

The Company operates the ‘CCC Club’ Loyalty Programme aimed at promoting and advertising CCC S.A. 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 Company’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 899, and ‘Gold’ for purchases of more than PLN 899). The Company’s customers participating in the Programme are offered discounts for their next purchases. Detailed rules of the Programme are available on the Company’s website.
The Company measured the liability under the Programme as at the reporting date and recognised it as liability under contracts with customers, making a relevant adjustment to revenue.
Additional benefits, such as discounts from the Programme partners, are not liabilities of the Company and therefore their disclosure in the Company’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.

[all amounts in PLN million unless stated otherwise]

Revenue from contracts with customers by category is presented below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Revenue		
Footwear	2,249.4	2,006.0
Bags	135.5	147.7
Other [1]	163.7	117.5
Total revenue from sales of merchandise	**2,548.6**	**2,271.2**
Services	173.3	137.1
Total revenue	**2,721.9**	**2,408.3**

[1] Other includes primarily (by value) clothing, shoe cosmetics, insoles, belts, wallets, socks, jewellery and accessories.

The Company conducts retail and digital sales to retail customers, and sales to none of the customers exceeded 10% of total revenue. In the financial year 2022, the Company's revenue rose 13%year on year. In the financial year 2021, the Company adopted the CCC Club Loyalty Programme, whose rules are available at https://ccc.eu/pl/klub-ccc. The Programme is aimed at promoting and advertising the Company and the CCC Group companies by making them more widely known and encouraging customers to buy their products and use their services. In view of the above, the Company reduced its revenue by PLN 6.3m (in the previous year: by PLN 10.6m), recognising a liability under contracts with customers being CCC Club members.

2.2 COSTS BY NATURE OF EXPENSE

Accounting policy

Cost of sales

The Company recognises as cost of sales:

- cost of merchandise sold,
- cost of packaging used in sales,
- inventory write-downs,

Costs of points of purchase

Costs of points of purchase and distribution comprise costs of operating the stores, other retail outlets, 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,
- variable lease payments (including sales-based rents).
- retail tax,
- advertising costs,
- other costs,
- low value and short-term leases.

Administrative expenses

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

Grants

For information on government grants, see Note 2.3 to these financial statements 'Other income and expenses, finance income and costs'.

[all amounts in PLN million unless stated otherwise]

February 1st 2022–January 31st 2023	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-1,920.3	–	–	-1,920.3
Raw material and consumables used	–	-20.8	-7.8	-28.6
Inventory write-downs	-7.9	–	–	-7.9
Salaries, wages and employee benefits	–	-268.1	-23.0	-291.1
Transport services	–	-42.9	-0.2	-43.1
Other rental costs – utilities and other variable costs	–	-133.0	-2.5	-135.5
Advertising	–	-2.0	-1.1	-3.1
Depreciation/amortisation	–	-164.0	-10.8	-174.8
Taxes and charges	–	-18.8	-1.6	-20.4
Other costs by nature of expense	–	-49.8	-25.1	-74.9
Total	**-1,928.2**	**-699.4**	**-72.1**	**-2,699.7**

February 1st 2021–January 31st 2022	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-1,601.2	–	–	-1,601.2
Raw material and consumables used	–	-17.6	-5.3	-22.9
Inventory write-downs	-3.4	–	–	-3.4
Salaries, wages and employee benefits	–	-245.2	-42.5	-287.7
Transport services	–	-28.7	-0.1	-28.8
Other rental costs – utilities and other variable costs	–	-117.2	-2.1	-119.3
Advertising	–	-9.7	-0.7	-10.4
Depreciation/amortisation	–	-192.8	-5.5	-198.3
Taxes and charges	–	-19.6	-1.5	-21.1
Other costs	–	-33.8	-56.3	-90.1
Total	**-1,604.6**	**-664.6**	**-114.0**	**-2,383.2**

Cost of sales grew 20.17% year on year, while revenue rose 13%. The increase in revenue was driven mainly by the development of the CCC digital channel. The main factor negatively affecting margin was a rise in purchase prices due to an appreciation of EUR and USD.

Costs of points of purchase and distribution increased by 5.24% year on year, driven mainly by:

- PLN 22.9m increase in salaries, wages and employee benefits expense, being a consequence of development of the sales channels, mainly e-commerce within omnichannel;
- PLN 15.8m increase in other rental costs (sales-based rents and variable costs: utilities, electricity, etc.) attributable to renegotiation of lease contracts – shift from fixed rents to variable, sales-based rents, and rising service charges and energy prices;
- PLN 28.8m decrease in depreciation expense on right-of-use assets due to renegotiation of lease contracts; as well as the spin-off of the HalfPrice segment assets and their transfer as an organised part of the enterprise to HalfPrice Sp. z o.o.
- PLN 14.2m increase in transport costs driven by higher sales in the digital channel;
- PLN 16.0m increase in other costs by nature of expense.

The year-on-year decrease in administrative expenses was led by a lower amount of salaries, wages and employee benefits (down PLN 19.5m), due mainly to bonuses for the Management Board paid in 2021, as described in detail in Note 6.2 to these financial statements, and a reduction in other costs (down PLN 31.2m) on lower costs of outsourcing and advisory services.
In the reporting period, the total amount of public aid (subsidies to salaries and employee benefits) was PLN 3.0m, vs PLN 7.9m in the comparative period.

[all amounts in PLN million unless stated otherwise]

Components of employee benefits are presented below.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Wages and salaries	-241.6	-215.3
Social security contributions	-48.7	-37.9
Other employee benefit expenses	-1.0	-8.1
Other post-employment benefits	-1.0	–
Costs of contributions to PPK	–	-0.6
Costs of incentive scheme	1.2	-25.8
Total:	**-291.1**	**-287.7**

[all amounts in PLN million unless stated otherwise]

2.3. 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 receivables, penalties and fines, donations, grants, etc.

Finance income and costs

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

Grants

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

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Other expenses		
Loss on disposal of property, plant and equipment	-9.2	-11.2
Other	-7.0	-1.9
Foreign exchange losses on items other than debt	-1.2	–
Total other expenses	**-17.4**	**-13.1**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Other income		
Foreign exchange gains on items other than debt	–	0.3
Compensation	0.9	0.3
PFRON wage subsidies	3.0	3.1
Grants	0.6	1.5
Gain on settlement of contracts with landlords	3.2	15.5
Gain on settlement of lease contracts	21.8	18.6
Late payment interest	31.0	–
Other	3.8	8.9
Total other income	**64.3**	**48.2**

The increase in other income was largely due to the recognition of late payment interest of PLN 31.0m (PLN 0.0m in the corresponding period of the previous year).

[all amounts in PLN million unless stated otherwise]

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Finance costs		
Interest on borrowings and bonds	-86.3	-30.0
Interest on leases	-12.5	-17.8
Foreign exchange gains (losses)	-13.6	-9.1
Commission fees paid	-2.0	-8.4
Sureties received	–	-4.5
Guarantees received	-3.0	-4.3
Other finance costs	-1.3	-0.3
Total finance costs	**-118.7**	**-74.4**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Finance income		
Dividend received	–	200.0
Interest income on cash in current account and other interest income	37.2	18.1
Gain (loss) on sale of Modivo S.A. shares	–	280.0
Gain (loss) on sale of NG2 Suisse s.a.r.l. shares	–	6.8
Proceeds from sale of shares in Gino Rossi	21.9	–
Embedded derivative instruments – Equity Kicker	12.8	–
Guarantees and sureties provided	5.2	5.7
Other finance income	–	1.0
Total finance income	**77.1**	**511.6**

On August 13th 2021, the Annual General Meeting of CCC Factory Sp. z o.o. passed a resolution on the payment of dividends from reserve funds created from profits for the years 2004–2019 to CCC S.A.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
(Recognition) / reversal of provisions for sureties provided for credit facilities used by subsidiaries	-11.6	19.3
(Recognition) / reversal of impairment losses on loans and other financial receivables	-32.9	-24.7
(Recognition) / reversal of provisions for guarantee of trade payables of subsidiary	–	36.6
(Recognition)/reversal of total loss allowances	**-44.5**	**31.2**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Impairment losses on shares	–	-74.2
Total impairment losses on shares	**–**	**-74.2**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
(Recognition) / Reversal of loss allowances (receivables)	-4.6	–
(Recognition) / Reversal of loss allowances (receivables)	**-4.6**	**–**

On March 31st 2021, CCC S.A. and its subsidiary CCC Shoes & Bags Sp. z o.o. entered into a share purchase commitment agreement with MKK3 Sp. z o.o. ("MKK3", non-controlling shareholder of Modivo S.A.) and MKK3 shareholders, to purchase from MKK3 2,000,000 ordinary and preference shares in Modivo S.A., representing 20% of the share capital of Modivo S.A., for a total price of PLN 720.0m, to be effected by September 30th 2021. At the same time, the Group made an offer to MKK3 to purchase the remaining 5.01% of Modivo S.A. shares held by MKK3 (the "Put Option") for a total price of PLN 180.0m, substantially valid from January 1st 2023 to December 31st 2025, with the option expiring if an initial public offering of Modivo S.A. shares is carried out. On December 21st, an amendment was signed setting the option validity period for July 1st 2023–June 30th 2026. The agreement also grants the right of first refusal to acquire the remaining 5.01% of shares in Modivo S.A. from MKK3 Sp. z o.o. In the Company's opinion, the value of the Put Option (derivative instrument) in the separate financial statements estimated as at the reporting date was immaterial.

At the same time, on March 31st 2021, the Group concluded two conditional preliminary share purchase agreements for shares in Modivo S.A. with Cyfrowy Polsat S.A. ("CPSA") and A&R Investments Limited ("A&R"), a shareholder in the company organised under Luxembourg law InPost S.A., setting out the terms and conditions for the sale to each Investor of two minority holdings of Modivo S.A. shares, each representing 10% of the share capital, for a price of PLN 500m per shareholding, that is for a total amount of PLN 1,000m for both shareholdings.
On June 22nd 2021, CCC acquired from MKK3 Modivo S.A. shares representing 10% of the share capital for PLN 360.0m, which it subsequently sold to CPSA for PLN 500.0m. At the same time, CCC and A&R entered into a conditional disposal agreement for the transfer to A&R of the ownership of Modivo S.A. shares representing 10% of the share capital for PLN 500.0m. On the date of the conditional disposal agreement, A&R paid PLN 500.0m to CCC towards the purchase price. The transaction was completed on September 23rd 2021. Gain earned by the Company on the transaction with Cyfrowy Polsat S.A. and A&R Investment Limited was PLN 280.0m.
On July 21st 2022, Gino Rossi S.A. repurchased from the Company 182,192,764 shares, representing 99% of Gino Rossi S.A.'s share capital, with a view to their voluntary cancellation, for PLN 21.9m. The cancellation was registered after the reporting date, on March 22nd 2023. Given an impairment loss recognised in previous years for the entire amount of the shares in Gino Rossi S.A., the Company recorded a gain on the sale equal to the sale price. On January 8th 2023, the remaining 1% of the shares in Gino Rossi S.A. were sold outside the CCC Group for a price of PLN 1.
In the financial year 2021, the Management Board decided to recognise an impairment loss for the entire amount of the shares in CCC Austria GmbH (PLN 74.1m). The recoverable amount of shares in CCC Austria GmbH was measured at fair value less costs to sell. As at the reporting date, CCC Austria GmbH was in liquidation.
In the case of impairment losses on shares in CCC Austria GmbH, the Company determined the recoverable amount corresponding to the fair value less costs to sell – Level 3 of the fair value hierarchy (inputs to measure an asset or liability that are not based on observable market data (unobservable inputs)). In terms of estimating the fair value of these shares, the projected cash flows are a significant element of the estimate; under IFRS 13, these are unobservable inputs, i.e. Level 3 inputs in the fair value hierarchy.

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

2.4 TAXATION

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

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

ACCOUNTING POLICY

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

Uncertainty over recognition of income tax

If, in the opinion of the Company, it is probable that the Company's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Company 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 Company 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 Company determines that it is not probable that the tax authority will accept the Company's treatment of a tax issue or group of tax issues, the Company reflects the effect of the uncertainty in the accounting treatment of the tax in the period in which it determines it. The Company 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 Company determines the most likely scenario – this is a single amount from among possible outcomes or
- the Company recognises the expected amount – the sum of probability-weighted amounts from a range of possible outcomes.

Deferred tax assets and liabilities are recognised due to differences between the carrying amounts of assets and liabilities and their corresponding tax bases and on unused tax losses. Such differences arise where depreciation/amortisation is accounted for differently for accounting and tax purposes, and also due to the accounting treatment of assets (which for tax purposes will be realised as tax depreciation in future periods) or provisions (which for tax purposes will be recognised when the relevant costs are incurred). Differences (other than acquisitions) related to the initial recognition of an asset or liability that do not affect the taxable profit or loss at the time of recognition of the asset are excluded.

Temporary differences also arise in intra-Group acquisitions and reorganisations. In the case of acquisitions of third parties, temporary differences arise from the measurement of assets and liabilities to their fair value without affecting the tax base of those assets and liabilities – the deferred tax liability or assets arising from those differences adjust goodwill (gain from bargain purchase). In the case of intra-Group reorganisations, deferred tax assets or liabilities arise as a result of recognition of change in the carrying amount of assets or liabilities for tax purposes (e.g. trademark) without their simultaneous recognition in the statement of financial position due to the elimination of the result on intra-group transactions – the effects of recognising the related deferred tax assets and liabilities are taken to profit or loss for the period, unless the related transactions affected other comprehensive income or equity. Taxable temporary differences relating to goodwill are excluded, but if the tax base of goodwill arising in a transaction is higher than its carrying amount then deferred 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 Company 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 Company takes into account all available evidence, both that supporting the existence of probability and that supporting the absence of probability.

[all amounts in PLN million unless stated otherwise]

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

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Current income tax expense	-4.4	-17.4
Adjustments to current income tax for prior years		-7.2
Deferred tax	3.1	12.4
Income tax recognised in statement of comprehensive income	**-1.3**	**-12.2**
Current tax recognised in profit or loss	4.4	24.6
Balance of CIT liabilities/(receivables) at beginning of period	13.7	2.3
Balance of CIT receivables/(liabilities) at end of period	-15.4	13.7
Other changes	5.4	–
Tax paid recognised in statement of cash flows	**8.1**	**40.6**

TAX RATES APPLIED AND RECONCILIATION OF INCOME TAX EXPENSE

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Poland	19%	19%
Weighted average rate of income tax	**19%**	**19%**

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Profit (loss) before tax	**-21.6**	**454.4**
Weighted average tax rate	19%	19%
Tax calculated at weighted average tax rate	4.1	-86.3
Tax effects of the following items:		
Costs not deductible for tax purposes (including impairment loss on shares in subsidiaries)	-12.1	-26.6
Other costs not deductible for tax purposes	-1.9	-0.2
Gain (loss) on CCC Shoes and Bags sp. z o.o.	-0.4	1.1
Realisation of the temporary difference for which no deferred tax was recognised	33.1	53.9
Dividend received	–	38.0
Reversal of provisions and impairment losses which were treated as permanent differences	–	13.1
Adjustment to current income tax for prior years	-0.2	-7.2
Costs excluded under Art. 15e of CIT Act	–	-3.2
Non-capitalised capital loss	-25.1	3.3
Other taxable income	1.2	1.9
Income tax expense	**-1.3**	**-12.2**

[all amounts in PLN million unless stated otherwise]

BALANCES OF AND CHANGES IN DEFERRED TAX

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

	January 31st 2023	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2022
Assets			
Impairment of assets: inventories and receivables	2.0	0.9	1.1
Provisions for liabilities	16.9	6.3	10.6
Other	5.7	5.4	0.3
Accelerated tax depreciation of property, plant and equipment	1.0	0.3	0.7
Tax losses	–	-0.3	0.3
Measurement of lease contracts	23.9	-5.2	29.1
Measurement of financial instruments	-1.4	-1.4	–
Total before offset	**48.1**	**6.0**	**42.1**
Liabilities			
Settlement under contracts with landlords	4.8	0.9	3.9
Other	3.4	2.0	1.4
Total before offset	**8.2**	**2.9**	**5.3**
Offset	-8.2	-2.9	-5.3
Deferred tax balances as disclosed in statement of financial position			
Assets	39.9	3.1	36.8
Liabilities	–	–	–

	January 31st 2022	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2021
Assets			
Impairment of assets: inventories and receivables	1.1	0.2	0.9
Provisions for liabilities	10.6	5.8	4.8
Other	0.3	–	0.3
Accelerated tax depreciation of property, plant and equipment	0.7	0.7	–
Tax losses	0.3	0.3	–
Measurement of lease contracts	29.1	1.4	27.7
Total before offset	**42.1**	**8.4**	**33.7**
Liabilities			
Accelerated tax depreciation of property, plant and equipment	3.9	-1.4	5.3
Other	1.4	-2.6	4.0
Total before offset	**5.3**	**-4.0**	**9.3**
Offset	-5.3	4.0	-9.3
Deferred tax balances as disclosed in statement of financial position			
Assets	36.8	12.4	24.4
Liabilities	–	–	–

[all amounts in PLN million unless stated otherwise]

3. LONG-TERM INVESTMENTS, LOANS AND RELATED-PARTY TRANSACTIONS

3.1. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

ACCOUNTING POLICY

Subsidiaries in are those entities over which the Company exercises control. Investments in subsidiaries are measured at cost less impairment losses.

Transaction costs related to the acquisition of investments increase the carrying amount of the investment.

Impairment tests are performed when there are indications of impairment by calculating the recoverable amount as the higher of the fair value less costs to sell and value in use. An impairment loss is the excess of the carrying amount over the recoverable amount.

Associates are companies over which the Company has significant influence but does not exercise control. Investments in associates are measured at historical cost net of impairment.

The Company holds interests in the following subsidiaries and associates:

COMPANY NAME	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	CARRYING AMOUNT			
			INTEREST	INCENTIVE SCHEME	INTEREST	INCENTIVE SCHEME
			January 31st 2023		January 31st 2022	
SUBSIDIARIES						
CCC Austria Ges.m.b.H	Graz, Austria	trade	–	–	–	–
CCC Czech s.r.o.	Prague, Czech Republic	trade	38.0	2.1	38.0	2.1
CCC Factory Sp. z o.o.	Polkowice, Poland	production	15.0	9.7	15.0	9.7
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	2.9	0.2	2.9	0.2
CCC Hungary Shoes Kft.	Budapest, Hungary	trade	0.1	1.2	0.1	1.2
CCC Isle of Man Ltd.	Douglas, Isle of Man	trade	–	–	–	–
CCC Obutev d.o.o.	Maribor, Slovenia	trade	2.1	0.2	2.0	0.2
CCC Russia OOO	Moscow, Russia	trade	–	–	–	0.1
CCC Shoes & Bags d.o.o. Beograde	Belgrade, Serbia	trade	6.3	–	6.4	–
CCC Shoes & Bags Sp. z o.o.	Polkowice, Poland	investments	280.7	–	280.7	–
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi [4]	Istanbul, Turkey	trade	–	–	0.1	–
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	trade	0.2	0.3	0.2	0.3
CCC Slovakia s.r.o.	Bratislava, Slovakia	trade	–	0.4	–	0.4
CCC.eu Sp. z o.o.	Polkowice, Poland	trade	–	15.4	–	15.4
Modivo S.A. [1]	Zielona Góra, Poland	trade	–	0.5	–	0.5
HalfPrice Sp. z o.o. [2]	Polkowice, Poland	trade	58.2	–	58.2	–
Gino Rossi S.A. [3]	Słupsk, Poland	trade	–	–	–	–
UAB CCC Lithuania	Vilnius, Lithuania	services	–	–	–	–
SIA CCC Shoes Latvia	Riga, Latvia	trade	–	–	–	–
OU CCC Estonia	Tallinn, Estonia	trade	–	–	–	–
Xpress Sp. z o.o.	Wrocław, Poland	trade	1.0	–	1.0	–

[all amounts in PLN million unless stated otherwise]

Associates			**404.5**	**30.0**	**404.6**	**30.1**
HR Group Holding s.a.r.l.	Luxembourg	trade	–	–	–	–
Pronos Sp. z o.o.	Wrocław, Poland	services	–	–	–	–
Total			**404.5**	**30.0**	**404.6**	**30.1**

[1] The Modivo Group comprises eobuwie.pl Logistics Sp. z o.o., eschuhe.de GmbH, eschuhe.CH GmbH, eobuv.cz s.r.o., Branded Shoes and Bags Sp. z o.o. and EPANTOFI MODIVO s.r.l. (EPANTOFI MODIVO s.r.l. was established on July 9th 2021 and the share capital was fully paid up on September 6th 2021). Modivo S.A. holds 100% of shares in each of these companies. Modivo S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.99%). The amount presented in the table above represents the value of the incentive scheme.
[2] On May 31st 2021, HalfPrice Sp. z o.o. became a wholly-owned subsidiary of CCC S.A. On August 19th 2021, CCC S.A. established OFP Austria GmbH, making a capital contribution of EUR 2m. The company was registered with the court on October 13th 2021. The company was subsequently sold, becoming a subsidiary of HalfPrice Sp. z o.o. and an indirect subsidiary of CCC S.A.
[3] On July 21st 2022, Gino Rossi S.A. repurchased from the Company 182,192,764 shares, representing 99% of Gino Rossi S.A.'s share capital, with a view to their voluntary cancellation, for PLN 21.9m. The cancellation was registered after the reporting date, on March 22nd 2023.
On January 8th 2023, the remaining 1% of the shares in Gino Rossi S.A. were sold outside the CCC Group for a price of PLN 1.In the performance of the agreement, as of January 8th 2023 Gino Rossi ceased to be a subsidiary and member company of the CCC Group. Gino Rossi was a dormant company.

[4] On January 27th 2023, a share sale agreement was concluded for all the shares in CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi, a subsidiary. The company was sold for USD 100 outside the CCC Group. In the performance of the agreement, CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi ceased to be a subsidiary and member company of the CCC Group. CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi was a dormant company.
[5] On April 12th 2023, the Management Board of HR Group filed for bankruptcy with the District Court of Osnabrück.

Shares as at January 31st 2023	% ownership interest	Gross carrying amount	Impairment losses	Net carrying amount
CCC Austria Ges.m.b.H	100.0%	74.1	-74.1	–
CCC Czech s.r.o.	100.0%	40.1	–	40.1
CCC Factory Sp. z o.o.	100.0%	27.7	–	27.7
CCC Hrvatska d.o.o.	100.0%	3.1	–	3.1
CCC Hungary Shoes Kft.	100.0%	1.3	–	1.3
C-AirOP Ltd. (formerly: CCC Isle of Man)	50.0%	–	–	–
CCC Obutev d.o.o.	100.0%	2.2	–	2.2
CCC Shoes & Bags d.o.o. Beograde	100.0%	6.4	–	6.4
CCC Shoes & Bags Sp. z o.o.	100.0%	280.7	–	280.7
CCC Shoes Bulgaria EOOD	100.0%	0.5	–	0.5
CCC Slovakia s.r.o.	100.0%	0.4	–	0.4
CCC.eu Sp. z o.o.	100.0%	12.5	–	12.5
Modivo S.A. [1]	0.0%	0.5	–	0.5
HalfPrice Sp. z o.o. [2]	100.0%	58.2	–	58.2
HR Group Holding s.a.r.l.	30.6%	–	–	–
Xpress Sp. z o.o.	0.5%	1.0	–	1.0
UAB CCC Lithuania	100.0%	–	–	–
SIA CCC Shoes Latvia	100.0%	–	–	–
OU CCC Estonia	100.0%	–	–	–
Total		**508.7**	**-74.1**	**434.6**

[1] The Modivo Group comprises eobuwie.pl Logistics Sp. z o.o., eschuhe.de GmbH, eschuhe.CH GmbH, eobuv.cz s.r.o., Branded Shoes and Bags Sp. z o.o. and EPANTOFI MODIVO s.r.l. (EPANTOFI MODIVO s.r.l. was established on July 9th 2021 and the share capital was fully paid up on September 6th 2021). Modivo S.A. holds 100% of shares in each of these companies. Modivo S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.61%). The amount presented in the table above represents the value of the incentive scheme.

[2] On May 31st 2021, HalfPrice Sp. z o.o. became a wholly-owned subsidiary of CCC S.A. On August 19th 2021, CCC S.A. established OFP Austria GmbH, making a capital contribution of EUR 2m. The company was registered with the court on October 13th 2021. The company was subsequently sold, becoming a subsidiary of HalfPrice Sp. z o.o. and an indirect subsidiary of CCC S.A.

[all amounts in PLN million unless stated otherwise]

Shares as at January 31st 2022	% ownership interest	Gross carrying amount	Impairment losses	Net carrying amount
CCC Austria Ges.m.b.H	100.0%	74.1	-74.1	–
CCC Czech s.r.o.	100.0%	40.1	–	40.1
CCC Factory Sp. z o.o.	100.0%	24.7	–	24.7
CCC Hrvatska d.o.o.	100.0%	3.1	–	3.1
CCC Hungary Shoes Kft.	100.0%	1.3	–	1.3
C-AirOP Ltd. (formerly: CCC Isle of Man)	50.0%	–	–	–
CCC Obutev d.o.o.	100.0%	2.2	–	2.2
CCC Russia OOO	70.0%	0.1	–	0.1
CCC Shoes & Bags d.o.o. Beograde	100.0%	6.4	–	6.4
CCC Shoes & Bags Sp. z o.o.	100.0%	280.7	–	280.7
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	100.0%	0.1	–	0.1
CCC Shoes Bulgaria EOOD	100.0%	0.5	–	0.5
CCC Slovakia s.r.o.	100.0%	0.4	–	0.4
CCC.eu Sp. z o.o.	100.0%	15.4	–	15.4
Modivo S.A.	0.0%	0.5	–	0.5
Gino Rossi S.A.	100.0%	154.0	-154.0	–
HalfPrice Sp. z o.o.	100.0%	58.2	–	58.2
HR Group Holding s.a.r.l.	30.6%	–	–	–
Xpress Sp. z o.o.	0.5%	1.0	–	1.0
Total		**662.8**	**-228.1**	**434.7**

On March 29th 2022, a document was signed setting out general terms of the acquisition of assets from the Group's existing franchisees (Sabiedrība ar ierobežotu atbildību CCC Baltija of Latvia, OÜ CCC Baltija of Estonia, and UAB CCC Baltija of Lithuania). The assets were acquired by companies newly incorporated by CCC S.A. in Lithuania (SIA CCC Shoes Latvia), Latvia (SIA CCC Shoes Latvia) and Estonia (OU CCC Estonia). The value of the investments made to acquire all the shares in each of these entities did not exceed PLN 0.05m.
On July 21st 2022, CCC S.A. sold 182,192,764 shares, representing 99% of Gino Rossi S.A.'s share capital, to Gino Rossi S.A. with a view to their voluntary cancellation. Proceeds from the transaction amounted to PLN 21.9m. An impairment loss was recognised on the entire amount of Gino Rossi S.A. shares, both at the reporting date of the previous period and at the date of the repurchase transaction. On January 27th, the remaining Gino Rossi S.A. shares were sold outside the CCC Group. As at the transaction date, CCC S.A. held 1,840,330.95 shares with a par value of PLN 1,539,715.98 (carrying amount of PLN 0.0m). The sale price was PLN 1.
Given an indication of impairment in the form of negative net assets of the subsidiary CCC Shoes & Bags d.o.o. Beograd, as at the reporting date the value of the shares was tested for impairment.
The recoverable amount of the shares in CCC Shoes & Bags d.o.o. Beograd was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2023 approved by the Supervisory Board, and for subsequent years – from growth forecasts resulting from strategic directions outlined in the Group's GO.25 Strategy. The main assumptions include:

- Average EBITDA margin
- Expected EBITDA CAGR during the forecast period (five years),
- Residual growth rate,
- 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.

The projected financial results and the value in use calculation performed on their basis do not point to the need to recognise an impairment loss on the shares in CCC Shoes & Bags d.o.o. Beograd as at the reporting date.

January 31st 2023	CCC Shoes & Bags d.o.o. Beograde
Discount rate	16.1%
Average EBITDA margin	6.9%
Expected EBITDA CAGR	7.6%
Residual growth rate	1.0%

Given an indication of impairment in the form of negative net assets of the subsidiary CCC.eu Sp. z o.o., as at the reporting date the value of the shares was tested for impairment.
The recoverable amount of the shares in CCC.eu Sp. z o.o. was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2023 approved by the Supervisory Board, and for subsequent years – from growth forecasts resulting from strategic directions outlined in the Group's GO.25 Strategy. The main assumptions include:

- Average EBITDA margin
- Expected EBITDA CAGR during the forecast period (five years),
- Residual growth rate,
- 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.

The projected financial results and the value in use calculation performed on their basis do not point to the need to recognise an impairment loss on the shares in CCC.eu Sp. z o.o. as at the reporting date.

January 31st 2023	CCC.eu. Sp z o.o.
Discount rate	12.9%
Average EBITDA margin	11.8%
Expected EBITDA CAGR	7.6%
Residual growth rate	1.0%

[all amounts in PLN million unless stated otherwise]

3.2. LOANS

ACCOUNTING POLICY

Loans advanced are initially measured at fair value and as at subsequent reporting dates at amortised cost through profit or loss.

Impairment of financial assets

As at each reporting date, the Company assesses whether financial assets have been impaired. For the purposes of this assessment, the Management Board analyses the risk of repayment of loans, taking into account the Company's current financial condition.
The Company measures the allowance for expected credit losses in an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance in an amount equal to lifetime expected credit losses.

	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**875.2**	**47.3**
Granting of loans	171.7	850.0
Interest accrued	33.2	19.7
Repayment of loans with interest	-12.8	-130.9
Recognition of impairment loss	-32.9	-24.7
Other changes related to the restructuring of loans to Gino Rossi S.A. and Karl Voegele AG	0.0	113.0
Set-off of claims	-29.9	0.0
Foreign exchange gains (losses)	2.4	0.8
Other changes	0.0	0.0
At end of period	**1,006.9**	**875.2**
- short-term	26.8	21.5
- long-term	980.1	853.7

[all amounts in PLN million unless stated otherwise]

January 31st 2023	CCC Obutev d.o.o.	CCC HRVATSKA d.o.o.	CCC Shoes Bulgaria	CCC Shoes &Bags Beograd-Stari	DeeZee Sp. z o.o.	CCC.eu Sp. z o.o.	HalfPrice Sp. z o.o.	UAB CCC Lithuania	SIA CCC Shoes Latvia	OU CCC Estonia	Total
At beginning of period	**1.9**	**1.1**	**9.3**	**1.5**	**9.8**	**851.6**	**0.0**	**0.0**	**0.0**	**0.0**	**875.2**
Granting of loans	0.0	0.0	0.0	0.0	0.0	136.5	31.0	0.9	2.1	1.2	171.7
Interest accrued	0.1	0.0	0.6	0.0	0.1	31.3	1.0	0.0	0.0	0.0	33.2
Repayment of loans with interest	0.0	-1.1	-0.2	0.0	-10.2	-0.6	-0.7	0.0	0.0	0.0	-12.8
Recognition of impairment loss	0.0	0.0	-0.2	0.0	0.3	-31.4	-1.5	0.0	0.0	0.0	-32.9
Offset	-0.1	0.0	0.0	0.0	0.0	-29.8	0.0	0.0	0.0	0.0	-29.9
Foreign exchange gains (losses)	0.0	0.0	0.2	0.0	0.0	2.2	0.0	0.0	0.0	0.0	2.4
Assignment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At end of period	**1.9**	**0.0**	**9.7**	**1.5**	**0.0**	**959.8**	**29.8**	**0.9**	**2.1**	**1.2**	**1,006.9**
- short-term	1.9	0.0	9.7	1.5	0.0	9.3	0.0	0.9	2.1	1.2	26.8
- long-term	0.0	0.0	0.0	0.0	0.0	950.5	29.8	0.0	0.0	0.0	980.1

The table below presents the carrying amount of loans as at the reporting date, by borrower:

January 31st 2023	Gross carrying amount	Impairment loss	Net carrying amount	Level
CCC Obutev d.o.o.	1.9	–	1.9	1
CCC HRVATSKA d.o.o.	–	–	–	1
CCC Shoes Bulgaria	10.0	-0.3	9.7	1
CCC Shoes &Bags Beograd-Stari	1.6	-0.1	1.5	1
Shoe Express S.A.	–	–	–	1
CCC.eu Sp. z o.o.	1,024.3	-64.5	959.8	1
HR Group Holding s.a.r.l	102.1	-102.1	–	3
HR Group GmbH &Co.KG	28.1	-28.1	–	3
HalfPrice Sp. z o.o.	31.3	-1.5	29.8	1
UAB CCC Lithuania	0.9	–	0.9	1
SIA CCC Shoes Latvia	2.1	–	2.1	1
OU CCC Estonia	1.2	–	1.2	1
Total	**1,203.5**	**-196.6**	**1,006.9**	

[all amounts in PLN million unless stated otherwise]

January 31st 2022	Gross carrying amount	Impairment loss	Net carrying amount	Level
CCC Obutev d.o.o.	1.9	–	1.9	1
CCC HRVATSKA d.o.o.	1.1	–	1.1	1
CCC Shoes Bulgaria	9.4	-0.1	9.3	1
CCC Shoes &Bags Beograd-Stari	1.5	–	1.5	1
CCC.eu Sp. z o.o.	884.7	-33.1	851.6	1
NG2 Suisse s.a.r.l.	–	–	–	–
Modivo S.A.	–	–	–	–
Karl Vogele AG	–	–	–	–
DeeZee Sp. z o.o.	10.1	-0.3	9.8	1
HR Group Holding s.a.r.l	102.1	-102.1	–	3
HR Group GmbH &Co.KG	28.1	-28.1	–	3
Total	**1,038.9**	**-163.7**	**875.2**	

Impairment losses on loans	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**-163.7**	**-252.0**
Recognised	-32.9	-24.7
Other changes related to the restructuring of loans to Gino Rossi S.A. and Karl Voegele AG	–	113.0
At end of period	**-196.6**	**-163.7**

Credit sureties provided as at January 31st 2023	Maximum exposure	Level	Provision
CCC.eu Sp. z o.o.	888.2	1	55.1
CCC Factory Sp. z o.o.	16.1	1	0.9
CCC Hungary Shoes Kft.	7.4	1	–
Total	**911.7**		**56.0**

Credit sureties provided as at January 31st 2022	Maximum exposure	Level	Provision
CCC.eu Sp. z o.o.	1,159.8	1	42.9
CCC Factory Sp. z o.o.	41.4	1	1.2
CCC Hungary Shoes Kft.	6.7	1	0.2
Total	**1,207.9**		**44.3**

As at January 31st 2023, the Company recognised an impairment loss on loans advanced of PLN 196.6m. The significant increase in the impairment loss resulted mainly from the recognition of an impairment loss on the loan to CCC.eu Sp. z o.o. in accordance with the adopted credit loss allowance model.
As at January 31st 2023, the Company recognised a provision for credit risk related to sureties provided of PLN 56.0m (January 31st 2022: PLN 44.3m), which mainly covered sureties provided by the Company for credit facilities used by the subsidiary CCC.eu Sp. z o.o. of PLN 888.2m (as at January 31st 2022: PLN 1,159.8m). For information on the Company's maximum exposure under sureties provided in respect of credit facilities, see Note 4.2.
With respect to other loans and sureties, in the Company's opinion there has been no significant increase in credit risk since initial recognition and the Company recognises the loss allowance in an amount equal to 12-month expected credit losses.
Interest rates on the loans are based on a variable WIBOR rate plus margin (PLN-denominated loans) or fixed interest rates provided for in the respective loan agreements (loans denominated in EUR and other currencies). For further analysis of the interest rate risk and credit risk, see Note 6.1.
The loans are exposed to credit risk, interest rate risk, and currency risk.

[all amounts in PLN million unless stated otherwise]

The table below shows the current terms of loans advanced as at January 31st 2023.

BORROWER	AGREEMENT DATE	MATURITY DATE	LIMIT [MILLION]	CURRENCY	INTEREST RATE
CCC.eu Sp. z o.o.	December 17th 2014	June 1st 2026	9.3	USD	1.5%
CCC.eu Sp. z o.o.	June 22nd 2021	June 1st 2026	1,000.0	PLN	3.6%
CCC BULGARIA	December 4th 2014	January 31st 2024	4.0	BGN	6.0%
CCC ESTONIA	May 9th 2022	May 10th 2023	0.3	EUR	2.5%
CCC LATVIA	May 19th 2022	May 19th 2023	0.5	EUR	2.6%
CCC LITHUANIA	May 10th 2022	May 10th 2023	0.2	EUR	2.5%
CCC Shoes&Bags d.o.o. Beograde	September 22nd 2016	January 31st 2024	0.1	EUR	3.3%
CCC Shoes&Bags d.o.o. Beograde	November 18th 2016	January 31st 2024	0.1	EUR	3.3%
CCC Shoes&Bags d.o.o. Beograde	December 9th 2016	January 31st 2024	0.1	EUR	3.3%
CCC Obutev d.o.o	February 18th 2019	February 28th 2023	0.8	EUR	3.2%
CCC Obutev d.o.o	April 21st 2020	April 30th 2023	0.3	EUR	3.2%
HR Group GmbH & Co. KG	February 17th 2020	March 31st 2023	6.2	EUR	3.0%
HR Group GmbH Holding	January 31st 2019	December 31st 2029	35.0	EUR	8.0%
HR Group GmbH Holding	January 31st 2019	December 31st 2029	6.5	EUR	8.0%
DeeZee Sp. z o.o.	August 17th 2021	July 26th 2026	11.0	PLN	4.0%
HalfPrice Sp. z o.o.	June 22nd 2021	June 1st 2026	200.0	PLN	4.0%

The table below shows the current terms of loans advanced as at January 31st 2022.

BORROWER	AGREEMENT DATE	MATURITY DATE	AMOUNT [MILLION]	CURRENCY	INTEREST RATE
CCC.eu Sp. z o.o.	June 22nd 2021	June 1st 2026	1,000.0	PLN	3.6%
CCC.eu Sp. z o.o.	December 17th 2014	June 1st 2026	9.3	USD	1.5%
CCC BULGARIA	December 4th 2014	January 31st 2023	4.0	BGN	6.0%
CCC Shoes&Bags d.o.o. Beograde	September 22nd 2016	January 31st 2023	0.1	EUR	4.0%
CCC Shoes&Bags d.o.o. Beograde	November 18th 2016	January 31st 2023	0.1	EUR	4.0%
CCC Shoes&Bags d.o.o. Beograde	December 9th 2016	January 31st 2023	0.1	EUR	4.0%
CCC Obutev d.o.o	February 18th 2019	February 28th 2022	0.8	EUR	1.3%
CCC Obutev d.o.o	April 21st 2020	April 30th 2022	0.3	EUR	1.3%
CCC Hrvatska d.o.o.	February 28th 2019	February 28th 2022	3.8	HRK	1.3%
HR Group GmbH & Co. KG	February 17th 2020	March 31st 2023	6.2	EUR	3.0%
DeeZee Sp. z o.o.	August 17th 2021	July 26th 2026	11.0	PLN	3.6%
HalfPrice Sp. z o.o.	June 22nd 2021	June 1st 2026	200.0	PLN	3.6%

The loan agreements specified in the table above do not provide for any security interests.
During the financial year, the estimation techniques and material assumptions did not change relative to those underlying the separate financial statements of the Company for the year ended January 31st 2022.

[all amounts in PLN million unless stated otherwise]

3.3. RELATED-PARTY TRANSACTIONS

In the presented periods, the Company entered into the following transactions with its subsidiaries:

SUBSIDIARIES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2023	January 31st 2023	February 1st 2022–January 31st 2023	February 1st 2022–January 31st 2023
CCC Austria G.m.b.H	62.7	–	–	0.3
CCC Czech s.r.o.	0.4	–	–	–
CCC Factory Sp. z o.o.	4.4	–	0.4	2.4
CCC Hrvatska d.o.o.	–	–	–	–
CCC Hungary Shoes Kft.	–	–	0.1	–
CCC Obutev d.o.o.	–	1.9	0.1	–
CCC Russia OOO	–	–	–	–
CCC Shoes & Bags d.o.o. Beograde	–	1.7	0.1	–
CCC Shoes & Bags Sp. z o.o.	370.3	0.3	7.8	38.5
CCC Shoes Bulgaria EOOD	–	10.3	0.7	–
CCC.eu Sp. z o.o.	70.9	1,089.8	200.4	1,786.4
DeeZee Sp. z o.o.	–	–	0.1	–
Modivo Group	12.2	1.9	25.7	33.9
Gino Rossi S.A.	–	–	0.1	0.4
Shoe Express S.A.	–	0.1	0.2	–
HalfPrice Sp. z o.o.	–	32.6	3.0	–
UAB CCC Lithuania	–	0.9	–	–
OU CCC Estonia	–	1.2	–	–
SIA CCC Shoes Latvia	–	2.1	–	–
Total	**520.9**	**1,142.8**	**238.7**	**1,861.9**

[all amounts in PLN million unless stated otherwise]

SUBSIDIARIES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
CCC Austria G.m.b.H	–	–	1.5	–
CCC Czech s.r.o.	0.4	0.1	–	–
CCC Factory Sp. z o.o.	16.7	–	0.3	1.7
CCC Hrvatska d.o.o.	0.1	1.1	0.1	0.1
CCC Hungary Shoes Kft.	–	–	0.1	–
CCC Obutev d.o.o.	–	1.9	0.1	–
CCC Russia OOO	–	–	0.4	–
CCC Shoes & Bags d.o.o. Beograde	–	1.3	0.1	–
CCC Shoes & Bags Sp. z o.o.	364.3	0.5	0.7	13.0
CCC Shoes Bulgaria EOOD	–	9.5	0.7	–
CCC.eu Sp. z o.o.	287.0	1,122.9	146.9	1,674.4
DeeZee Sp. z o.o.	–	10.1	0.1	–
Modivo Group	0.9	3.4	19.1	18.5
Gino Rossi S.A.	16.6	–	31.2	0.8
Shoe Express S.A.	–	–	0.2	–
HalfPrice Sp. z o.o.	2.2	1.5	1.9	1.4
UAB CCC Lithuania	–	–	–	–
OU CCC Estonia	–	–	–	–
SIA CCC Shoes Latvia	–	–	–	–
Total	**688.2**	**1,152.3**	**203.4**	**1,709.9**

In the presented periods, the Company entered into the following transactions with its associates:

ASSOCIATES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2023	January 31st 2023	February 1st 2022–January 31st 2023	February 1st 2022–January 31st 2023
Pronos Sp. z o.o.	0.6	–	0.2	0.5
HR Group Holding s.a.r.l.	–	–	–	–
Total	**0.6**	**–**	**0.2**	**0.5**

ASSOCIATES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
Pronos Sp. z o.o.	–	–	–	–
HR Group Holding S.a.r.l.	–	–	15.3	–
Total	**–**	**–**	**15.3**	**–**

[all amounts in PLN million unless stated otherwise]

In the presented periods, the Company entered into the following transactions with parties related to the Company through members of the key management personnel:

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2023	January 31st 2023	February 1st 2022–January 31st 2023	February 1st 2022–January 31st 2023
MGC INWEST Sp. z o.o.	–	–	–	9.9
Forum Kielce	-0.4	–	–	1.2
Forum Lubin	–	–	–	1.6
ULTRO sarl	0.1	–	–	–
GP Sp. z o.o.	–	–	–	0.1
Total	**-0.3**	**–**	**–**	**12.8**

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
MGC INWEST Sp. z o.o.	0.5	–	–	–
Forum Kielce	0.1	–	0.9	1.3
Forum Lubin	0.1	–	–	1.3
ULTRO sarl	–	–	–	–
GP Sp. z o.o.	–	–	–	0.8
Total	**0.7**	**–**	**0.9**	**3.4**

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

In the reporting periods, the Company incurred employee benefit expenses and costs of share-based payments as presented in the table below.

GOVERNING BODY	FIXED REMUNERATION	OTHER (BONUSES)	TOTAL
February 1st 2022–January 31st 2023			
Members of Management Board	5.2	1.7	6.9
Supervisory Board	0.7	–	0.7
Total	**5.9**	**1.7**	**7.6**
February 1st 2021–January 31st 2022			
Members of Management Board	4.7	26.1	30.8
Supervisory Board	0.7	–	0.7
Total	**5.4**	**26.1**	**31.5**

Other remuneration for the Management Board is attributable to share-based payments described in detail in Note 6.2 to these financial statements.

4. DEBT; CAPITAL AND LIQUIDITY MANAGEMENT

4.1. CAPITAL MANAGEMENT

The purpose of capital risk management is to protect the Company'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 Company's dividend 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. In recommending the amount of profit distribution, the Management Board will take into account the financial condition and liquidity position of the CCC Group, its existing and future liabilities (including potential restrictions under credit facility agreements and debt instruments in issue), as well as the assessment of the CCC Group's prospects in specific market and macroeconomic conditions.

Under the Financing Agreement of June 21st 2021, dividend may be paid on satisfaction of certain conditions, including: The Net Exposure / EBITDA ratio for the CCC Business Unit (i.e. the CCC Group excluding Modivo S.A. and its subsidiaries) lower than 2.5, with the proviso that the dividend may not be paid earlier than two years after the execution of the said agreement – details of the covenants are described in the Directors' Report on the Group's operations in the *Covenants/financial ratios* section. For detailed information on the dividend policy, see *Dividend policy* in the full-year Directors' Report on the Group's operations. To maintain or adjust the capital structure, the Company 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 Company 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 separate 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 statement of financial position and the net debt.

EQUITY

ACCOUNTING POLICY

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

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

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

SHARE CAPITAL

As at January 31st 2023 and January 31st 2022, the Company's share capital comprised 54.87m shares with a par value of PLN 0.10, including 48.22m ordinary shares and 6.65m shares with voting preference. As at January 31st 2023 and January 31st 2022, the share capital was PLN 5.5m. As at the reporting date, the share capital was fully paid up and registered. Shareholders have the pre-emptive right to acquire registered preference shares intended for sale.

ULTRO s.a.r.l. of Luxembourg controls the parent, with a 31.12% equity interest and a 38.33% voting interest. This entity is dependent on Dariusz Miłek, Chairman of the Supervisory Board of CCC S.A. Other shareholder information is presented in the Directors' Report.

[all amounts in PLN million unless stated otherwise]

SHARE PREMIUM

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

RETAINED EARNINGS

Retained earnings include: retained earnings (losses) from previous years (including amounts transferred to statutory reserve funds as required under the Code Commercial Companies) and net profit of the year. As at January 31st 2023, retained earnings were positive at PLN 71.6m. As at January 31st 2022, retained earnings were positive at PLN 94.5m.

EARNINGS PER SHARE

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

For the 12 months ended January 31st 2023, basic and diluted loss per share was PLN 0.42. For the 12 months ended January 31st 2022, basic and diluted earnings per share were PLN 8.05.

	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Weighted average number of shares	54,868,000	54,868,000
Potential number of shares	–	–
TOTAL	**54,868,000**	**54,868,000**
Net profit (loss)	-22.9	442.2
Basic earnings (loss) per share (PLN)	-0.42	8.05
Diluted earnings (loss) per share (PLN)	-0.425	8.05

DIVIDEND

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

4.2. DEBT UNDER BORROWINGS AND BONDS

ACCOUNTING POLICY

Financing liabilities include mainly bank borrowings, lease liabilities and bonds issued. 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 are changed:

the Company analyses whether the modification of cash flows was material or not. The Company applies both quantitative and qualitative criteria to identify a material modification leading to derecognition of an existing financial liability. The Company 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 is considered material 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 and vice versa,
e) change in the legal form/type of the financial instrument.

A significant modification of a financial liability is recognised by the Company 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 Company 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 Company 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.

[all amounts in PLN million unless stated otherwise]

LIABILITIES UNDER BORROWINGS AND BONDS

The following note presents data on the Company's borrowings from financial institutions.
For information on lease liabilities, see Note 5.3.

	LIABILITIES UNDER BORROWINGS AND BONDS			TOTAL
	BANK BORROWINGS	OTHER BORROWINGS	BONDS	
As at February 1st 2022	**251.0**	**383.8**	**211.4**	**846.2**
Short-term	251.0	19.1	1.4	271.5
Long-term	–	364.7	210.0	574.7
As at February 1st 2022	**251.0**	**383.8**	**211.4**	**846.2**
Proceeds from debt contracted				
- financing received	–	14.0	–	14.0
- transaction costs	-1.0	–	-1.1	-2.1
Interest accrued	19.4	45.7	20.9	86.0
Debt-related payments				
- interest paid	-20.3	-22.3	-19.9	-62.5
Other non-cash changes	–	-19.5	–	-19.5
As at January 31st 2023	**249.2**	**401.7**	**211.3**	**862.2**
Short-term	0.1	33.0	21.9	55.0
CCC0626 bond	–	–	21.9	21.9
Borrowings from subsidiaries	–	33.0	–	33.0
Other	0.1	–	–	0.1
Long-term	249.1	368.7	189.4	807.2
Credit facility with guarantee from BGK	249.1	–	–	249.1
CCC0626 bond	–	–	189.4	189.4
Borrowings from subsidiaries	–	368.7	–	368.7

On October 27th 2022, the Company's Management Board signed an agreement with the banks financing the Company on extension of the financing under the Common Terms Agreement in the part including the liquidity guarantee of up to PLN 250m extended by Bank Gospodarstwa Krajowego (BGK), which was due to expire on October 30th 2022. The agreement extended the financing for another 24 months. For other changes made with respect to the financing agreements of the CCC Group, in which the Company is the parent, see Note 'Going concern'.

In the previous year, in accordance with the uniform terms and conditions of Series A bonds of September 20th 2021, CCC Shoes & Bags Sp. z o.o. (a subsidiary of CCC S.A.) issued three hundred and sixty bonds with a nominal value of PLN 1.0m per bond, for a total issue price of PLN 360.0m. The bonds were subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty ("PFR").

The bond redemption date is seven years from the issue date (September 22nd 2028). Interest on the bonds comprises semi-annual interest and deferred interest. The semi-annual interest is calculated for periods ending June 30th and December 31st of each year. As at the bonds issue date, the base rate of the semi-annual interest was 4.5% per annum. From January 1st 2022, the rate will be increased on the terms and conditions set out in the relevant agreement. The increased rate of the semi-annual interest will cease to apply from the first full interest period following the first date of listing of Modivo S.A. shares on the regulated market. Deferred interest is calculated semi-annually and payable on the date on which a bond is redeemed, with the proviso that the issuer has a prepayment option. The deferred interest rate is WIBOR plus a margin.

An embedded derivative instrument containing a potential obligation under an 'equity kicker' was identified in the bond instrument, which is initially measured at fair value and separated (bifurcated) from the host contract, and then subsequently measured at fair value through profit or loss on the basis of gains/losses as at each subsequent reporting date. For information on the instrument's valuation, see Note 6.1.

CCC S.A. issued a surety for the liabilities of CCC Shoes & Bags Sp. z o.o. under the bonds and the Issue Agreement. At the same time, CCC Shoes & Bags Sp. z o.o. entered into a PLN 360m loan agreement with CCC S.A. and transferred to CCC S.A., in the performance of the agreement, all proceeds from the bond issue (the terms of the loan agreement were the same as the terms of the bonds). The loan agreement was executed on the same terms as the agreement between CCC Shoes & Bags Sp. z o.o. and PFR, especially as regards Equity Kicker obligations.

[all amounts in PLN million unless stated otherwise]

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

	LIABILITIES UNDER BORROWINGS AND BONDS			TOTAL
	BANK BORROWINGS	OTHER BORROWINGS	BONDS	
As at February 1st 2021	**247.2**	**–**	**210.3**	**457.5**
Short-term	0.1	–	210.3	210.4
Long-term	247.1	–	–	247.1
As at February 1st 2021	**247.2**	**–**	**210.3**	**457.5**
Proceeds from debt contracted				
- financing received	–	424.2	–	424.2
Interest accrued	7.5	11.4	7.7	26.6
Debt-related payments				
- principal payments	–	-47.2	–	-47.2
- interest paid	-6.6	-4.6	-6.6	-17.8
Other non-cash changes – carrying amount	2.9	–	–	2.9
As at January 31st 2022	**251.0**	**383.8**	**211.4**	**846.2**
Short-term	251.0	19.1	1.4	271.5
Credit facility with guarantee from BGK	251.0	–	–	251.0
CCC0626 bond	–	–	1.4	1.4
Borrowings from subsidiaries	–	19.1	–	19.1
Long-term	–	364.7	210.0	574.7
CCC0626 bond	–	–	210.0	210.0
Borrowings from subsidiaries	–	364.7	–	364.7

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

Collateral and other security for the liabilities are presented below.

	January 31st 2023	January 31st 2022
	AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL OR OTHER SECURITY	
Sureties	2,231.3	2,021.6
Security mortgages on real estate	1,913.7	2,147.4
Registered pledge over movable property	2,228.7	2,018.9
Blank promissory notes	3.0	358.0

The Company has agreements with banks under which the banks provided guarantees to landlords of the premises rented by the Company.

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 table below presents, as at the reporting date, results of an analysis of contractual maturities of the financial liabilities, undiscounted payments under the existing financing liabilities, and the contractual maturities of the instruments used by CCC S.A.
CCC S.A. recognises revenue from its principal business consisting in retail sale of merchandise. As a rule, cash revenue is received on the date of retail sale transactions; accordingly, CCC S.A. does not bear any significant risk of receipt of payment from retail customers. In most cases, the Company recognises cash revenue from retail transactions at the time of sale, except in the case of digital, 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 CCC S.A. Under the financing agreements, CCC S.A. generally makes use of the possibility to zero out balances in current accounts and accounts in which funds are made available by the lenders to finance day-to-day operations (including the accounts used for working capital facilities). In accordance with historical financial data, the volumes of merchandise sold in the course of its retail business allowed the Company to cover all liabilities on a timely basis. During the COVID-19 pandemic, agreements were executed with banks and financial institutions related to the New Financing Agreement – for more details, see the Directors' Report on the Group's operations in the section entitled 'Management of financial resources and liquidity'. Also, the planned future retail and wholesale revenue generally allows the Company to fully cover the expected future financing liabilities over the periods covered by the liquidity risk analyses prepared by the Company.
Another systemic factor which mitigates the liquidity risk associated with servicing the financial liabilities is the use by the CCC Group of deferred payment terms in transactions with suppliers of merchandise for resale or goods for further processing and resale. Such arrangement allows the Group in each period to accumulate inventory of merchandise the sale of which primarily serves to service almost the entire amount of the financial liabilities contracted to finance the trading activities and sales of the CCC Group. The seasonality of purchases of merchandise which is material to the CCC Group's liquidity (i.e. liquid assets required to service its financial liabilities) may affect the Group's liquidity risk. Especially, changeable weather conditions which may affect consumer purchasing decisions. Save for extraordinary events or events that cannot be foreseen in the course of regular business risk assessment processes, with the liquidity reserve resulting from the use of the mechanism of deferred payments for purchased goods the CCC Group is able to maintain a safe revenue buffer in excess of the amount of current payments made to service the financial liabilities. Such events may include in particular geopolitical developments related to the armed conflict in Ukraine.
Liquidity management also implies that the Company 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 the Company. During the pandemic and then in the wake of the war in Ukraine, the CCC Group declared debt repayments in the CCC Business Unit, which led to a reduction of available credit facilities. In addition, the current macroeconomic situation (mainly in terms of the rising prices of electricity, natural gas and transport) coupled with high inflation, as well as increased interest rates driving up debt service costs, are having a serious impact on both consumer sentiment and prospects for all retail operators, including the Company, and above all are fuelling considerable consumer and business uncertainty. It has become extremely difficult to raise finance, whether debt or equity. In the Management Board's opinion, these factors are having and will continue to have an adverse effect on the Company's standing in the short to medium term.
In response to these external challenges, the Management Board is conducting extensive work and analyses to address the market risks, mitigate their adverse impact on the Company's performance and growth, and unlock cash. Measures taken aim, among other things, to further reduce the Company's working capital requirement, cut down operating costs and optimise growth plans. Among the possibilities considered by the Company's Management Board are options to raise capital by way of a leaseback of selected property, plant and equipment owned by the Group companies (e.g., storage infrastructure), raise new financing (debt or equity) for selected entities or business lines of the Group (e.g., HalfPrice), or conduct an IPO for Modivo. However, it cannot be ruled out that the execution of projects specified above may take a longer time or may prove insufficient if the market situation deteriorates further and in the light of the Company's existing debt levels. Therefore, the prospects of additional capital contribution by the Company's largest shareholder and other investors eligible to participate in the offering of new shares should have a positive effect on the Company's liquidity position and further debt reduction.
In the opinion of the Company's Management Board, the liquidity risk management disclosures contained in these financial statements provide key relevant information in this respect. However, the issue of liquidity risk management is constantly analysed by the Company's Management Board, 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 Company.

[all amounts in PLN million unless stated otherwise]

As at January 31st 2023	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	6.0	18.1	268.1	–	–	292.2	249.2
Other borrowings	50.2	43.8	131.2	111.6	383.1	719.9	401.7
Bonds	8.5	18.7	49.9	220.4	–	297.5	211.3
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	6.5	–	–	6.5	6.5
Trade and other payables	132.4	38.7	–	–	–	171.1	171.1
Credit sureties provided	911.7	–	–	–	–	911.7	–
Returns liabilities	10.7	–	–	–	–	10.7	10.7
Lease liabilities	73.8	139.8	328.3	164.1	76.0	782.0	720.6
Total financial liabilities	**1,193.3**	**259.1**	**784.0**	**496.1**	**459.1**	**3,191.6**	**2,682.8**

As at January 31st 2022	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	0.1	258.9	–	–	–	259.0	251.0
Other borrowings	2.1	40.5	65.3	43.6	498.8	650.3	383.8
Bonds	–	14.9	44.8	217.4	–	277.1	211.4
Trade and other payables	204.2	136.2	–	–	–	340.4	340.4
Sureties issued	1,207.9	–	–	–	–	1,207.9	–
Returns liabilities	6.4	–	–	–	–	6.4	6.4
Lease liabilities	60.4	144.2	336.8	174.5	69.7	785.6	756.8
Total financial liabilities	**1,481.1**	**594.7**	**446.9**	**435.5**	**568.5**	**3,526.7**	**3,157.7**

The value of sureties issued with respect to credit facilities presented in the notes above relates to off-balance-sheet liabilities with respect to which a PLN 56.0m allowance for expected credit losses was recognised. For more information on the sureties, see Notes 3.2 and 6.1 and the Directors' Report.

[all amounts in PLN million unless stated otherwise]

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

	Trade receivables, other receivables	Trade payables, other payables, amounts due to employees
As at February 1st 2022	318.1	464.7
As at January 31st 2023	117.4	292.8
Change in statement of financial position	**200.7**	**-171.9**
Difference due to:		
Changes in sureties issued	-10.3	17.6
Changes in investment liabilities/receivables	-2.3	-8.9
Changes in late payment interest payable/receivable	21.8	–
Change in loss allowances	−0.5	–
Other		-7.1
Change recognised in statement of cash flows	**209.4**	**-170.3**

Other adjustments to profit before tax:	February 1st 2022–January 31st 2023	February 1st 2021–January 31st 2022
Change in provisions	4.4	-1.3
Change in provisions for credit sureties and guarantees	11.6	-19.3
Change in loss allowances	36.4	24.7
Embedded derivative instruments – Equity Kicker	6.5	–
Sureties	-7.3	10.0
Interest accrued on loans	-33.3	-19.4
Impairment loss on shares in CCC Austria Ges.m.b.H	–	74.2
Exchange differences on measurement of lease liabilities	18.2	-13.3
Late payment interest	-21.8	–
Other non-cash adjustments related to reversal/use of provisions and impairment losses following the sale of Karl Voegele AG	–	-102.9
Other	13.5	-14.5
Total	**28.2**	**-61.8**

[all amounts in PLN million unless stated otherwise]

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

The Company measures intangible assets at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised on a straight-line basis by estimating their useful lives, which are:

- patents and licences – from 2 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 5.2.

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.

	TRADEMARKS, PATENTS, LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2022	**13.5**	**2.7**	**16.2**
Accumulated amortisation as at February 1st 2022	**-11.5**	**–**	**-11.5**
Net carrying amount as at February 1st 2022	**2.0**	**2.7**	**4.7**
Amortisation	-0.9	–	-0.9
Acquisition	3.7	0.3	4.0
Sale, retirement	–	-2.7	-2.7
Transfer between groups	0.3	-0.3	–
Gross carrying amount as at January 31st 2023	**17.5**	**–**	**17.5**
Accumulated amortisation as at January 31st 2023	**-12.4**	**–**	**-12.4**
Net carrying amount as at January 31st 2023	**5.1**	**–**	**5.1**

	TRADEMARKS, PATENTS, LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2021	**12.4**	**0.3**	**12.7**
Accumulated amortisation as at February 1st 2021	**-10.8**	**–**	**-10.8**
Net carrying amount as at February 1st 2021	**1.6**	**0.3**	**1.9**
Amortisation	-0.7	–	-0.7
Acquisition	1.1	2.4	3.5
Gross carrying amount as at January 31st 2022	**13.5**	**2.7**	**16.2**
Accumulated amortisation as at January 31st 2022	**-11.5**	**–**	**-11.5**
Net carrying amount as at January 31st 2022	**2.0**	**2.7**	**4.7**

As at January 31st 2023, net carrying amount of trademarks, patents and licences comprised mainly the BADURA trademark worth PLN 1.1m that was acquired in the previous year, and rights to the Gino Rossi online store and database worth PLN 3.7m acquired in the current period. The Company considers that its trademarks are recognisable on the market and intends to use them for an indefinite period.

[all amounts in PLN million unless stated otherwise]

5.1.1 GOODWILL

ACCOUNTING POLICY

Goodwill recognised in the financial statements was recognised on acquisition of an organised part of business (the "acquiree").

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 Company 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 February 1st 2022 (audited)	Positive adjustments – final accounting	Negative adjustments – final accounting	Acquisition	Exchange differences on translation	As at January 31st 2023 (audited)
Adler International Sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8

As at January 31st 2023, the Company tested for impairment the cash-generating units to which a material amount of goodwill of the Adler International Sp. z o.o. sp.k. project (Organised Part of the Enterprise, OPE) was allocated. The test did not reveal any impairment. The management of the Company believes that no reasonably possible change to any of the key assumptions of the test would result in the carrying amount of the tested unit exceeding significantly its recoverable amount.
The goodwill of Adler International arose from the acquisition of an organised part of the enterprise (OPE) of Adler International Sp. z o.o. sp.k. The recoverable amount was determined based on the value in use calculated using a five-year cash flow projection related to the operations of the stores acquired as part of the OPE.
The recoverable amount of the group of cash-generating units to which the goodwill had been allocated was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2023 approved by the Supervisory Board, and for subsequent years – from growth forecasts resulting from strategic directions outlined in the Group's GO.25 Strategy. The assumptions used in drawing up the Annual Budget for 2023 are described in more detail in the 'Going concern' note, and include, in addition to the elements discussed below: the inflation rate, and foreign exchange rates for the key currencies (EUR and USD).

The main assumptions used to determine the value in use were:
- Average EBITDA margin
- Expected EBITDA CAGR during the forecast period (five years),
- Residual growth rate,
- 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.

[all amounts in PLN million unless stated otherwise]

The amounts assigned to each of these parameters reflect the Company's experience adjusted for expected changes in the period covered by the forecast.
The test revealed an excess of the value in use over the carrying amount of the tested assets of PLN 391.8m. Accordingly, no need was identified to recognise an impairment loss on the goodwill.
The underlying assumptions of the impairment test are presented below.

	January 31st 2023	January 31st 2022
Discount rate	12.9%	11.1%
Average EBITDA margin	34.1%	32.7%
Expected EBITDA CAGR during the forecast period (five years)	13.5%	2.4%
Residual growth rate	2.0%	2.0%

[all amounts in PLN million unless stated otherwise]

5.2 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 expenditures are included in the carrying amount of a given fixed asset or recognised as a separate fixed asset (where appropriate) only if it is probable that economic benefits will flow to the Company under this item and the cost of the given item can be reliably estimated. 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 (usually up to 10 years)	
	* duration of the lease contract for the store in which the leasehold improvement was made (usually up to 10 years)	
Distribution	* buildings	* from 10 to 40 years
	* machinery and equipment	* from 10 to 40 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* from 5 to 20 years
Other	* machinery and equipment	* from 3 to 15 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* from 5 to 20 years

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

Impairment of non-financial non-current assets
The Company assesses as at the reporting date whether any objective evidence exists that an item of property, plant and equipment may be impaired. 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. For the purpose of impairment analysis, assets are grouped at the lowest level for which there are identifiable separate cash flows (cash-generating units). 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.

In the retail business, each store is a separate cash-generating unit.
To each store the Company allocates dedicated non-current assets. Other non-current assets that cannot be allocated to any particular store represent corporate assets.
Given that the carrying amount of corporate assets (including office properties and the logistics centre) cannot, in the Company's opinion, be allocated on a reasonable and consistent basis to any cash-generating units (stores), the Company tests non-current assets for impairment in the following steps:

- first it compares the recoverable amount of a cash-generating unit (store) with the carrying amount of its net assets (excluding any allocation of 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).

[all amounts in PLN million unless stated otherwise]

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

- A store must be in operation for at least 30 months.
- The store has generated a gross loss in each of the last two years of operation.
- An analysis of the present value of future cash flows indicates that it is not possible to cover the amount of capital expenditure incurred on leasehold improvements.

In estimating cash flows for the purpose of determining the value in use of its stores, the Company takes into account costs related directly to a store, but does not take into account lease payments reflected in the measurement of lease liabilities.

An impairment loss on a cash-generating unit (the smallest group of cash-generating units to which goodwill or corporate assets have been allocated) is recognised in the financial statements if and only if the recoverable amount of the cash-generating unit (group of cash-generating units) is lower than its (their) carrying amount.

Grants received

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

Certain assets relating to individual outlets may be permanently attached to the leased premises (leasehold improvements), which makes it impossible to use them for other purposes or to sell them. The depreciation period is never longer than the assumed lease term. 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 December 23rd 2009, CCC S.A. and Polska Agencja Rozwoju Przedsiębiorczości signed an agreement for the co-financing of investments in property, plant and equipment. The Company applied for a subsidy from the Innovative Economy Operational Programme for the investment in the construction of a high-bay warehouse in Polkowice. The final amount of the subsidy was PLN 38.5m. As at the reporting date, the unsettled subsidy amount was PLN 15.7m (January 31st 2021: PLN 16.2m). In accordance with the Company's accounting policy, this grant is presented in the line item 'Grants received' in the statement of financial position.

	LEASEHOLD IMPROVEMENTS	DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at February 1st 2022	**530.4**	**232.1**	**121.3**	**2.7**	**356.1**	**77.6**	**4.9**	**4.1**	**86.6**	**973.1**
Accumulated depreciation as at February 1st 2022	**-272.1**	**-39.1**	**-103.8**	**–**	**-142.9**	**-11.5**	**-1.3**	**-3.4**	**-16.2**	**-431.2**
Net carrying amount as at February 1st 2022	**258.3**	**193.0**	**17.5**	**2.7**	**213.2**	**66.1**	**3.6**	**0.7**	**70.4**	**541.9**
Acquisition	73.5	0.1	0.6	3.0	3.7	3.7	0.7	2.3	6.7	83.9
Depreciation	-52.7	-6.0	-5.2	–	-11.2	-2.9	-0.1	-0.4	-3.4	-67.3
Retirement and disposal	-22.0	–	-0.2	-0.6	-0.8	-4.0	-0.1	-0.5	-4.6	-27.4
Retirement and disposal (accumulated depreciation)	17.5	–	0.1	–	0.1	–	–	0.2	0.2	17.8
Transfer between groups (gross carrying amount)	–	0.9	1.4	−2.2	0.1	1.7	-3.2	1.4	-0.1	-0.0
Gross carrying amount as at January 31st 2023	**581.9**	**233.1**	**123.1**	**2.9**	**359.1**	**79.0**	**2.3**	**7.3**	**88.6**	**1,029.6**

[all amounts in PLN million unless stated otherwise]

Accumulated depreciation as at January 31st 2023	**-307.3**	**-45.1**	**-108.9**	**–**	**-154.0**	**-14.4**	**-1.4**	**-3.6**	**-19.4**	**-480.7**
Net carrying amount as at January 31st 2023	**274.6**	**188.0**	**14.2**	**2.9**	**205.1**	**64.6**	**0.9**	**3.7**	**69.2**	**548.9**

	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 January 1st 2021	**535.1**	**230.2**	**120.9**	**1.5**	**352.6**	**56.3**	**1.9**	**5.0**	**63.2**	**950.9**
Accumulated depreciation as at January 1st 2021	**-245.3**	**-33.3**	**-96.1**	**–**	**-129.4**	**-9.1**	**-1.6**	**-4.5**	**-15.2**	**-389.9**
Net carrying amount as at January 1st 2021	**289.8**	**196.9**	**24.8**	**1.5**	**223.2**	**47.2**	**0.3**	**0.5**	**48.0**	**561.0**
Acquisition	81.0	0.7	0.1	2.7	3.5	22.6	3.4	0.5	26.5	111.0
Gross carrying amount of property, plant and equipment transferred as part of OPE	-51.0	–	–	–	–	–	–	–	–	-51.0
Accumulated depreciation of property, plant and equipment transferred as part of OPE	9.0	–	–	–	–	–	–	–	–	9.0
Depreciation	-55.2	-5.8	-8.1	–	-13.9	-2.8	-0.1	-0.3	-3.2	-72.3
Retirement and disposal	-34.2	–	-0.3	–	-0.3	-1.3	-0.5	-1.4	-3.2	-37.7
Retirement and disposal (accumulated depreciation)	19.3	–	0.4	–	0.4	0.4	0.4	1.4	2.2	21.9
Transfer between groups (gross carrying amount)	-0.5	1.2	0.6	-1.5	0.3	–	0.1	–	0.1	-0.1
Transfer between groups (accumulated depreciation)	0.1	–	–	–	–	–	–	–	–	0.1
Gross carrying amount as at January 31st 2022	**530.4**	**232.1**	**121.3**	**2.7**	**356.1**	**77.6**	**4.9**	**4.1**	**86.6**	**973.1**
Accumulated depreciation as at January 31st 2022	**-272.1**	**-39.1**	**-103.8**	**–**	**-142.9**	**-11.5**	**-1.3**	**-3.4**	**-16.2**	**-431.2**
Net carrying amount as at January 31st 2022	**258.3**	**193.0**	**17.5**	**2.7**	**213.2**	**66.1**	**3.6**	**0.7**	**70.4**	**541.9**

The assets of the 'Other' segment concern mainly land and buildings at the head office of the parent.

As at January 31st 2023, the Company did not identify indications of impairment of its assets, including store assets and right-of-use assets for the stores. Each store is a separate cash-generating unit and was tested for impairment separately. Therefore, no impairment tests were performed.

The table below presents impairment losses recognised on each market and discount rates applied in the tests as at January 31st 2022:

Chain	Number of tested stores	Number of stores with recognised impairment	Impairment loss charged to right-of-use asset	Impairment loss charged to leasehold improvements	Total	Estimate of WACC discount rate
Poland	2	0	0.0	0.0	0.0	11.1%
Total	**2**	**0**	**0.0**	**0.0**	**0.0**	

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

ACCOUNTING POLICY

At the lease commencement date, the Company 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 Company 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 Company decides to extend the contract, the term of the contract used in the measurement is extended by the period of the extension option.

The Company 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 Company 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 Company applies a practical expedient to short-term leases and leases of low-value assets.

At the commencement date, the Company as 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 Company 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 Company measures lease contracts that meet the criteria defined in IFRS 16. The Company 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 Company:
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.

Company as the lessor

At the lease commencement date, CCC S.A. classifies a given lease contract as:
- finance lease - if it transfers substantially all the risks and rewards incidental to ownership of

the underlying asset, or as
- operating lease – if the above conditions are not met.

When determining the classification of a given lease contract, account is taken, among other things, of the fact whether the lease term represents a major part
of the economic useful life of the asset.

Finance leases are disclosed in the statement of financial position as receivables, at amounts equal to the net investment in the lease less the principal component of lease payments for given financial year calculated based on a fixed periodic rate of return on the lessor's outstanding net investment in the lease. Finance income from interest on finance lease is disclosed in the relevant reporting periods based on a fixed periodic rate of return on the lessor's outstanding net investment in the lease. Income from operating leases is recognised in the statement of comprehensive income on a straight-line basis over the lease term.

The Company subleases office, retail and warehouse space to other companies of the CCC Group and recognises such sublets as finance leases.

In classifying a sublease, an intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:
a) if the primary lease is a short-term lease in which the lessee recognises lease payments as costs on a straight-line basis during the lease term, the sublease is classified as operating leases;
b) otherwise, the sublease is classified by reference to the right-of-use asset arising from the primary lease, rather than by reference to the underlying asset (for example, the leased item of property, plant and equipment).

The Company derecognises the right-of-use asset (to the extent it is subleased) and recognises a lease receivable.

The present value of the lease payments at inception is generally close to the aggregate fair value the underlying asset, which in the case of a sublease is deemed to be the value of the right-of-use asset under the primary lease.

[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	Total
Gross carrying amount as at February 1st 2022	**1,042.1**	**2.9**	**8.5**	**26.2**	**1,079.7**
Accumulated depreciation as at February 1st 2022	**-571.9**	**-1.6**	**-5.6**	**-6.1**	**-585.2**
Net carrying amount as at February 1st 2022	**470.2**	**1.3**	**2.9**	**20.1**	**494.5**
New lease contracts	45.9	-0.1	1.5	3.2	50.5
Changes resulting from contract modifications	29.9	0.1	0.2	-0.5	29.7
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-97.5	-0.7	-2.5	–	-100.7
Transferred as part of OPE					
Gross carrying amount as at January 31st 2023	**1,020.4**	**2.2**	**7.7**	**28.9**	**1,059.2**
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	57.3	0.5	2.4	-0.0	60.2
Depreciation in period	-112.4	-0.3	-2.0	-0.5	-115.2
Transferred as part of OPE					
Accumulated depreciation as at January 31st 2023	**-627.0**	**-1.4**	**-5.2**	**-6.6**	**-640.2**
Net carrying amount as at January 31st 2023	**393.4**	**0.8**	**2.5**	**22.3**	**419.0**

	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS				
	Stores	Warehouse	Vehicles	Offices	Total
Gross carrying amount as at February 1st 2021	**1,089.0**	**4.9**	**7.9**	**15.5**	**1,117.3**
Accumulated depreciation as at February 1st 2021	**-511.8**	**-2.2**	**-4.3**	**-3.8**	**-522.1**
Net carrying amount as at February 1st 2021	**577.2**	**2.7**	**3.5**	**11.6**	**595.0**
New lease contracts	90.4	0.3	1.3	9.7	101.7
Changes resulting from contract modifications	21.4	-0.5	0.2	1.0	22.1
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-52.5	-1.0	-0.9	–	-54.4
Transferred as part of OPE	-106.2	-0.8	–	–	-107.0
Gross carrying amount as at January 31st 2022	**1,042.1**	**2.9**	**8.5**	**26.2**	**1,079.7**
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	30.9	0.7	0.8	–	32.4
Depreciation in period	-129.4	-0.4	-2.1	-2.3	-134.2
Transferred as part of OPE	38.4	0.3	–	–	38.7
Accumulated depreciation as at January 31st 2022	**-571.9**	**-1.6**	**-5.6**	**-6.1**	**-585.2**
Net carrying amount as at January 31st 2022	**470.2**	**1.3**	**2.9**	**20.1**	**494.5**

As at January 31st 2022, the Company identified indications of a need to test right-of-use assets for impairment, as discussed in more detail in Note 5.2 to these financial statements.

[all amounts in PLN million unless stated otherwise]

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

	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**756.8**	**872.3**
Accrued interest	15.3	20.4
Lease payments	-168.8	-155.9
Exchange differences	15.6	8.6
New lease contracts	128.5	114.0
Modification of contract terms	8.6	1.0
Change of scope	-35.4	-20.5
Transferred as part of OPE	–	-83.1
At end of period	**720.6**	**756.8**

CCC S.A. as the lessor

The Company subleases office, retail and warehouse space to other companies of the CCC Group and unrelated entities. Finance income on the net investment in the lease is not material.

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

Lease receivables	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**92.7**	**82.8**
New lease contracts	21.4	15.0
Modification	44.4	3.0
Interest	2.8	2.2
Repayment of receivables	-22.7	-11.2
impairment losses	-3.0	–
Exchange differences	2.5	0.9
At end of period	**138.1**	**92.7**

The table below presents an analysis of the maturities of the lease payments due (undiscounted).

Undiscounted lease payments	January 31st 2023	January 31st 2022
up to 1 year	28.4	17.7
1 to 2 years	29.5	19.2
2 to 3 years	28.2	18.8
3 to 4 years	23.8	16.9
4 to 5 years	15.1	12.2
over 5 years	21.4	9.3
Total undiscounted lease payments	**146.4**	**94.1**
Unrealised finance income	**-8.2**	**-1.4**
Total	**138.2**	**92.7**

No discounted unguaranteed residual value was recognised.

5.4 INVENTORY

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 Company 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 Company took into account the type of inventories held and its sales channels, and analysed the cost structure. The incurred costs necessary to make the sale vary by sales channel, which means that the Company 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 Company included the costs of courier service, packaging materials and payment intermediaries. In the case of sales through offline stores, logistics costs of transporting and repackaging goods at the central warehouse as well as employee overheads were included. The allocation of marketing costs was also added to costs necessary to make the sale in both channels.
The IFRIC's decision did not materially affect the manner in which the Company determines the net realisable value in accordance with IAS 2.

Merchandise is stated in terms of quantity and value and is measured:

– in the case of imported goods – at costs of purchase, including purchase price, transport costs on the foreign leg and on the domestic leg to the first place of unloading in the country, insurance and import duties; any amounts in foreign currencies are translated at the rate stated in the customs documents,
– in the case of goods purchased in Poland – at purchase prices; other costs of purchase, due to their immaterial amount, are expensed to profit or loss when incurred.

If circumstances arise which result in a decrease in the carrying amount of inventories, inventory write-downs are recognised and charged to cost of sales. If the circumstances cease to exist, the write-down is reversed by reducing the cost of sales.
In order to determine the amount of inventory write-downs, the Company applies a calculation model based on inventory aging, taking into account forecast sales of particular products. These forecasts are the result of analysis of historical data as well as the current situation of the Company and its micro- and macroeconomic environment, which may affect the level of uncertainty in determining these forecasts.

Significant estimates and judgments primarily involve analysis of the achievable sales margin, projected future selling prices, inventory turnover, additional selling expenses required to complete the sale of inventories and the effectiveness of marketing activities conducted. As part of its day-to-day management of inventories, the Company monitors current stocks by age and proactively supports sales through appropriate sales campaigns.
In analysing the level and value of inventories, the Company distinguishes the main category of merchandise, i.e. footwear, and the category of other products (mainly handbags and clothing). For the main category of products, the Company verifies the factors affecting its value, such as the expected level of sales, expected margins, planned discounts, product life span, compatibility with fashion trends and customers' needs, and the level of additional costs required to adapt the goods to sales in subsequent seasons. For the other products, the Company analyses primarily the product life cycle and planned discounts. Average discounts for non-footwear products are typically lower than for footwear; moreover, this product category does not require additional costs to adapt it for sale in subsequent periods.

Results of the analyses are reflected in the estimation of inventory write-downs. For the main product category, inventory write-downs are higher mainly due to faster obsolescence of footwear than is the case for non-footwear merchandise. Moreover, the process of replacing merchandise in the main product group between seasons (i.e. cyclical transfers from central warehouses and stores and from stores to central warehouses) generates additional service costs and increases the amount of inventory write-downs on footwear. No such transfers are made in the non-footwear category. Moreover, the rotation of non-footwear inventories is faster which justifies lower write-downs.

In analysing the age of the footwear inventories, the Company determines the appropriate level of write-downs, expressed as percentage, which is then used to calculate the amount of write-downs. The criteria include two-year and older stocks.

The main assumptions of the discount policy affecting the measurement of inventories to net realisable value are:

[all amounts in PLN million unless stated otherwise]

a) the amount of price reductions (level of discounts) depends on the age of inventories, i.e. the discounts increase over to the passage of time, mainly due to deterioration in the quality of footwear caused by storage and in-store display, and the limited availability of popular sizes, all of which make the inventories less attractive to customers;
b) discount campaigns are structured for entire collections or product groups, to strengthen the expected effect;
c) merchandise that reflects current fashion trends tends to lose more value over time due to the shorter life cycle compared with more universal and classic products;
d) the expected rate of inventory rotation decreases over time and therefore discounts rise to enhance the price attractiveness of the goods.

Inventories and inventory write-downs as at the reporting date are presented below.

	January 31st 2023	January 31st 2022
Merchandise	381.3	406.1
Returns assets	7.7	2.2
Total (gross)	**389.0**	**408.3**
Impairment losses	-7.3	-3.4
Total (net)	**381.7**	**404.9**

Changes in inventory write-downs during the period are presented below.

Inventory write-downs	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**-3.4**	**-3.2**
Expensed to cost of sales	-7.9	-3.4
Used	4.0	3.2
At end of period	**-7.3**	**-3.4**

The Company's objective is to minimise inventories, while maintaining an adequate volume of merchandise to maximise sales.
In connection with the customer's right to return unused goods, the Company recognises 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 7.7m, and the amount of the liability was PLN 10.7m.

[all amounts in PLN million unless stated otherwise]

5.5 TRADE RECEIVABLES AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses (for details, see Note 6.1). If trade receivables are expected to be collected within one year, they are classified as current assets. Otherwise, they are recognised as non-current assets.

Trade receivables include receivables from payment intermediaries and receivables from couriers.

Other receivables

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

	January 31st 2023	January 31st 2022
Gross trade receivables	74.0	76.7
Impairment losses on receivables	-1.9	-1.1
Total net receivables	**72.1**	**75.6**
Prepaid deliveries	0.8	0.8
Prepayments	9.0	8.7
Receivables under assignment of receivables	–	200.0
Tax receivables other than under corporate income tax	1.2	5.2
Receivables from sale of property, plant and equipment	5.6	8.4
Other financial receivables	0.3	10.7
Other receivables from sale of shares in subsidiaries	21.9	–
Other	6.5	8.7
Total other receivables	**45.3**	**242.5**

Trade receivables included mainly receivables from the subsidiary CCC Shoes Bulgaria EOOD of PLN 10.2m (January 31st 2022: PLN 0m) and CCC.eu Sp. z o.o. of PLN 8.6m (January 31st 2022: PLN 55.3m).
Following the repurchase of Gino Rossi's own shares from CCC S.A. for cancellation on July 21st 2022, as described in Note 3.1, and then the sale of the remaining shares in Gino Rossi outside the CCC Group on January 8th 2023, a receivable arose of PLN 21.9m, recognised under other receivables, as the amount was not yet settled at the reporting date. It will be settled as soon as possible following the registration of the share cancellation, which took place after the reporting date, on March 22nd 2023. The Management Board assesses the risk of impairment of this receivable as negligible given the possibility of offsetting mutual claims.
On January 27th 2023, shares in CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi were sold. For detailed information on the sale of shares, see Note 3.1.

For details of the risks, see Note 6.1.
For information on the terms of related-party transactions, see Note 3.3.
Trade receivables are non-interest bearing and typically have a market-based payment term. 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 Company.

[all amounts in PLN million unless stated otherwise]

PAST DUE TRADE RECEIVABLES AND IMPAIRMENT LOSSES

Impairment losses on trade receivables	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
At beginning of period	**-1.1**	**-1.7**
a) increase	-2.1	-0.2
b) decrease – use	0.2	–
b) decrease – reversal	1.1	0.8
At end of period	**-1.9**	**-1.1**
Total trade receivables, net	**72.1**	**75.6**

Aging of trade receivables	January 31st 2023	January 31st 2022
a) current	55.1	23.5
b) up to 1 month	1.3	27.8
c) over 1 month to 3 months	2.3	23.5
d) over 3 months to 6 months	8.5	0.1
e) over 6 months	6.8	1.8
Total trade receivables, gross	**74.0**	**76.7**

As at January 31st 2023 and January 31st 2022, the Company had trade receivables mainly from subsidiaries with established creditworthiness. As at the reporting date, trade receivables of PLN 74.8m (January 31st 2022: PLN 74.8m) were past due up to three months, and trade receivables of PLN 15.3m (January 31st 2022: PLN 1.9m) were past due more than three months. In the Company's opinion, its past due receivables were not materially impaired. For the calculation of loss allowances on trade receivables, see Note 6.1.

5.6 CASH

ACCOUNTING POLICY

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

	January 31st 2023	January 31st 2022
Cash in hand	6.6	3.6
Cash at bank	29.7	121.2
Cash in transit	1.8	1.3
Total	**38.1**	**126.1**

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, and also section 5 of the Directors' Report on the operations of the CCC Group.

[all amounts in PLN million unless stated otherwise]

5.7 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 Company has no unconditional right to defer their settlement for at least twelve months after the reporting period.

Other liabilities are measured at amounts due.

The Company incurs costs related to the operation of the Employee Capital Plans (”PPK”) by making contribution to the pension fund. These are post-employment benefits in the form of a defined contribution plan. Costs of contributions to 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 ‘Amounts due to employees’.

	January 31st 2023	January 31st 2022
Trade and other payables		
• trade payables – net of reverse factoring	148.5	333.3
• investment liabilities	22.6	7.1
Total trade and other payables	**171.1**	**340.4**
Indirect taxes, customs duties and other public charges payable	22.2	24.1
Amounts due to employees	28.8	21.9
Accrued expenses	42.8	38.0
Sureties received	0.5	18.1
Returns liabilities	10.7	6.4
Liabilities under contracts with customers	13.9	14.5
Other liabilities	2.8	1.3
Total other current liabilities	**121.7**	**124.3**

	January 31st 2023	January 31st 2022
Other non-current liabilities – security deposits	2.1	1.5
Amounts due to employees	0.2	5.9
Total other non-current liabilities	**2.3**	**7.4**

As at January 31st 2023, most of the trade payables were liabilities to the CCC Group companies, mainly CCC.EU, of PLN 57.3m, relative to PLN 280m as at January 31st 2022.
In addition, the item included liabilities to CCC Austria of PLN 50.7m.

Accrued expenses included:

- A provision for future costs of store closures in Germany of PLN 9.2m (January 31st 2022: PLN 10.4m).–The need to recognise the provision resulted from COVID-19 and worse-than-expected results of the stores, lease guarantees demanded by certain lessors from CCC S.A., the terms and conditions of an agreement concluded between the Company and HRG at the time of disposal of CCC Germany, including provisions concerning compensation by CCC S.A. of losses incurred by HRG. CCC S.A. expects HRG, the owner of CCC Germany, to take steps to accelerate early closure of some of the stores and terminate respective lease contracts. Therefore, a provision was recognised for what, in the opinion of CCC, would be the maximum amount of uncovered losses due to landlords' claims. These claims are related to the early closure of the stores. CCC S.A. and HRG will cooperate to minimise the actual amount used under the provision.

- The remaining accrued expenses comprise a provision for the period's expenses of PLN 9.5m, a provision for accrued holiday entitlements of PLN 3.7m, as well as settlement of leasehold improvements with landlords of PLN 20.4m.

Liabilities under contracts with customers comprise liabilities under the CCC Loyalty Programme of PLN 6.3m (PLN 10.6m in the previous year) and liabilities under gift cards unredeemed by customers of PLN 7.6m as at the reporting date (PLN 3.9m in the previous year).

The Company operates a long-term bonus programme for the management staff, its effective period amended to 2020–2022; the employees will be entitled to the programme benefits after the end of that period, depending on the achievement of the programme objectives. As at the reporting date, the Company measured the expected bonuses to be paid and recognised short-term amounts due to employees of PLN 7.1m (in the previous year, the long-term amounts due to employees were PLN 4.5m).

As at January 31st 2023, the note on other non-current financial liabilities under 'Amounts due to employees' included wages and salaries of PLN 0.2m (January 31st 2022: PLN 1.4m), as described in detail in Note 6.6 to these financial statements.

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 4.2 and 6.1).

The fair value of trade and other payables approximates their carrying amount.

EXPENDITURE COMMITMENTS AND OTHER FUTURE LIABILITIES

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

5.8 PROVISIONS

ACCOUNTING POLICY

Provisions include mainly a provision for jubilee and retirement benefits, litigation and expected credit losses under sureties provided in respect of credit facilities.

A provision for litigation is recognised at an amount representing the best estimate of the amount necessary to settle the resulting obligations.

In accordance with the Company's remuneration plans, the Group employees are entitled to jubilee and retirement benefits. Retirement benefits are paid on as lump sum payments on retirement. The amount of retirement benefits depends on the employee's years of service and average remuneration. The Company 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 Company recognises a provision for future jubilee benefits based on an actuarial valuation using the projected unit credit method.

The Company recognises a provision for expected credit losses (ECL) on financial guarantees.

[all amounts in PLN million unless stated otherwise]

	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISION FOR RETURNS AND COMPLAINTS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at February 1st 2022	**6.2**	**2.2**	**44.3**	**52.7**
short-term	1.2	2.2	44.3	47.7
long-term	5.0	–	–	5.0
As at February 1st 2022	**6.2**	**2.2**	**44.3**	**52.7**
Recognised	1.0	5.6	11.6	18.2
Used	–	−2.2	–	−2.2
As at January 31st 2023	**7.2**	**5.6**	**55.9**	**68.7**
short-term	2.1	5.6	55.9	63.6
long-term	5.1	–	–	5.1

	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISION FOR RETURNS AND COMPLAINTS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at January 1st 2021	**6.0**	**3.8**	**261.2**	**271.0**
short-term	1.2	3.8	261.2	266.2
long-term	4.8	–	–	4.8
As at January 1st 2021	**6.0**	**3.8**	**261.2**	**271.0**
Used	–	-1.6	-161.1	-162.7
Reversed	0.2	–	-55.8	-55.6
As at January 31st 2022	**6.2**	**2.2**	**44.3**	**52.7**
short-term	1.2	2.2	44.3	47.7
long-term	5.0	–	–	5.0

The use in 2021 pertained mainly to the provisions for sureties provided in respect of credit facilities used by KVAG of PLN 70.3m and provisions for a guarantee for trade payables of PLN 90.8m.
The reversal related mainly to a change in the provisions for sureties provided in respect of credit facilities used by CCC.eu of PLN 7.9m, CCC Russia of PLN 14.1m, CCC Factory of PLN (1.1)m and Modivo S.A. of PLN (1.6)m, as well as the unused allowance for expected credit losses of PLN 36.5m, as further discussed in Notes 2.3 and 3.2.
Based on the valuation prepared by a professional actuarial firm, the Company recognises a provision for the present value of retirement and jubilee benefits.

	January 31st 2023
Discount rate	5.85%
Mortality tables	pttz2021
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2018-2027	3.39%
Average assumed annual increase in base amount to calculate jubilee benefits in 2018-2027	3.39%
Weighted average employee mobility ratio (men)	35.66%
Weighted average employee mobility ratio (women)	34.43%

[all amounts in PLN million unless stated otherwise]

January 31st 2023	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement benefits	0.3	0.2	0.2	0.3
Disability severance pay	0.1	0.1	0.1	0.1
Jubilee benefits	7.3	6.9	6.9	7.3
Death benefits	0.1	0.1	0.1	0.1
Total provisions	**7.8**	**7.3**	**7.3**	**7.8**

	January 31st 2022
Discount rate	3.8%
Mortality tables	pttz2020
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2018-2027	2.9%
Average assumed annual increase in base amount to calculate jubilee benefits in 2018-2027	2.9%
Weighted average employee mobility ratio (men)	32.4%
Weighted average employee mobility ratio (women)	34.4%

January 31st 2022	Finance discount rate		Planned increase in base amount	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement benefits	0.3	0.3	0.2	0.3
Disability severance pay	0.1	0.1	0.1	0.1
Jubilee benefits	6.6	6.2	6.2	6.6
Death benefits	0.1	0.1	0.1	0.1
Total provisions	**7.1**	**6.7**	**6.6**	**7.1**

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 Company classifies financial assets based on its business model of financial asset management and the assets' contractual cash flow characteristics (the SPPI test). The Company 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 Company has transferred substantially all risks and rewards incidental to the ownership of the assets.

Measurement after initial recognition
For the purpose of measurement subsequent to initial recognition, financial assets are classified into one of the following four categories:

- debt instruments measured at amortised cost,
- debt instruments measured at fair value through other comprehensive income,
- equity instruments measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss.

Debt instruments – financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company classifies the following types of financial assets as measured at amortised cost:

- trade receivables,
- loans that meet the SPPI classification test and, in line with the business model, are recognised as held to collect cash flows,
- cash and cash equivalents.

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

Debt instruments – financial assets at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is both to receive contractual cash flows and to sell the financial asset; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Equity instruments – financial assets measured at fair value through other comprehensive income
On initial recognition, the Company 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. In the category of financial assets measured at fair value through profit or loss, the Company classifies derivative financial instruments and listed equity instruments that have not been irrevocably designated for fair value through other comprehensive income. 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 Company:
• 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 Company assesses expected credit losses ("ECL") associated with debt 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 Company 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. For the purpose of such assessment, the Company uses its historical data on credit losses, adjusted where appropriate for the impact of forward-looking information.

In the case of receivables for which a case-by-case approach is justified, the Company measures the probability of default based on market data published by Moody's.

For other financial assets, the Company measures the allowance for expected credit losses in an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance in an amount equal to lifetime expected credit losses.

The Company estimates that the credit risk associated with a financial instrument has increased significantly since its initial recognition if:

- time past due exceeds 60 days;
- the creditor's rating has changed significantly;
- the creditor's financial results have deteriorated;
- credit facilities granted to the creditor have been terminated or the creditor has breached facility covenants
- the creditor has lost a significant market or key trading partners, has experienced legislative changes adversely affecting the business, has experienced significant changes in sales and supply markets (including as a result of changes in foreign exchange rates or adverse changes in commodity markets), or has experienced any fortuitous events that could adversely affect the business;
- material litigation proceedings are pending against the creditor which may adversely affect the recovery of the claim;
- there has been a significant decrease in the value/amount of the collateral.

If days past due exceed 180, the Group considers the debtor to have defaulted.

The Company 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 Company measures financial instruments, such as derivative instruments (FORWARD and PUT options), at fair value at the end of each reporting period. Derivatives are recognised as assets when their value is positive and as liabilities when their value is negative.

Gains and losses on changes in the fair value of derivatives that do not qualify for hedge accounting are charged directly to net profit or loss for the financial year. The fair value of FX forwards is established by reference to the prevailing forward rates in contracts with similar maturities.

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

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

[all amounts in PLN million unless stated otherwise]

	January 31st 2023		January 31st 2022	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	**1,282.9**		**1,388.7**	
Loans	1,006.9	–	875.2	–
Trade receivables	72.1	–	75.6	–
Receivables under assignment of receivables	–	–	200.0	–
Other financial receivables	0.3	–	10.7	–
Receivables from sale of property, plant and equipment	5.6	–	8.4	–
Equity claims	21.9	–	–	–
Lease receivables	138.1	–	92.7	–
Cash and cash equivalents	38.0	–	126.1	–
Financial liabilities at amortised cost	**–**	**1,764.6**	**–**	**1,949.8**
Liabilities under borrowings and bonds	–	862.2	–	846.2
Trade and other payables	–	171.1	–	340.4
Returns liabilities	–	10.7	–	6.4
Lease liabilities	–	720.6	–	756.8

The Company measures at fair value the derivative instrument containing a potential obligation under the Equity Kicker related to the agreement on the loan from CCC Shoes & Bags Sp. z o.o. (concerning the issue of bonds by CCC Shoes & Bags Sp. z o.o. subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty, as described in Note 4.2).
The Equity Kicker is an obligation of the issuer to pay a premium to PFR based on an algorithm agreed between PFR and the Group. The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value amounting to PLN 19.3m, while its value as at the reporting date was PLN 6.5m. The difference between the fair value of the embedded instrument at initial recognition and its value as at the reporting date was PLN 13.4m and was recognised under finance income.
The value of the Equity Kicker depends on the investor's average annual return on the bonds. As long as the investor's average annual return is lower than 13% (Equity Kicker threshold), the Equity Kicker will amount to 30% of the gain on the disposal of up to 720,000 shares. If the average annual return exceeds the amount determined based on the Equity Kicker threshold, the amount of the Equity Kicker going beyond that amount will be reduced to 10% of the gain on the disposal of shares calculated and payable only in respect of the excess amount.
The valuation of that instrument was prepared by independent experts. The valuation was carried out using a binomial tree model, based on the following key assumptions:

- Number of shares covered by the Equity Kicker option – 0.72m
- Expiry date of the Equity Kicker option – September 22nd 2028
- Risk-free rate – 5.91%
- Maximum duration of the option – 7 years
- Base rate (3M WIBOR) for the first interest period – 0.24%
- Early payment of deferred interest – none

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss	January 31st 2023	January 31st 2022
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	6.5	–

FINANCIAL RISK MANAGEMENT

The business of the Company involves a number of different financial risks. The main risks identified by the Management Board are: currency risk, interest rate risk, credit risk and liquidity risk (see Note 4.2).
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

CCC S.A. operates internationally and, therefore, is exposed to the risk of movements in foreign exchange rates, in particular the euro exchange rates as the Company's retail space lease contracts and loans are denominated in the currency.

The main items of the statement of financial position exposed to the currency risk are lease liabilities, lease receivables (under sublease of stores), loans and cash.
The Company monitors exchange rate fluctuations and takes actions on a regular basis in order to minimize their adverse impact, e.g. by having the currency movements reflected in prices of offered goods. The Company does not use hedging instruments.
Where required, amounts were translated into the functional currency using the exchange rate prevailing at the last day of the reporting period:

• the exchange rate as at January 31st 2023 was EUR 1 = PLN 4.7089
• the exchange rate as at January 31st 2022 was EUR 1 = PLN 4.5982

• the exchange rate as at January 31st 2023 was USD 1 = PLN 4.3480
• the exchange rate as at January 31st 2022 was USD 1 = PLN 4.1147

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

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

January 31st 2023	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**1,282.9**	**32.7**	**402.5**	**9.4**	**838.3**
Loans	1,006.9	32.1	262.8	9.3	702.7
Trade receivables	72.1	–	0.1	0.1	71.9
Receivables under assignment of receivables	–	–	–	–	–
Other financial receivables	0.3	–	–	–	0.3
Receivables from sale of property, plant and equipment	5.6	–	–	–	5.6
Equity claims	21.9	–	–	–	21.9
Lease receivables	138.1	–	138.1	–	–
Cash and cash equivalents	38.0	0.6	1.5	–	35.9
Financial liabilities at amortised cost	**1,764.6**	**–**	**690.8**	**0.5**	**1,073.3**
Liabilities under borrowings and bonds	862.2	–	11.8	–	850.4
Trade and other payables	171.1	–	50.5	0.5	120.1
Returns liabilities	10.7	–	–	–	10.7
Lease liabilities	720.6	–	628.5	–	92.1

[all amounts in PLN million unless stated otherwise]

January 31st 2022	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**1,388.7**	**37.2**	**97.7**	**9.3**	**1,244.5**
Loans	875.2	37.2	3.4	9.1	825.5
Trade receivables	75.6	–	0.2	0.1	75.3
Receivables under assignment of receivables	200.0	–	–	–	200.0
Other financial receivables	10.7	–	–	–	10.7
Receivables from sale of property, plant and equipment	8.4	–	–	–	8.4
Lease receivables	92.7	–	92.7	–	–
Cash and cash equivalents	126.1	–	1.4	0.1	124.6
Financial liabilities at amortised cost	**1,949.8**	**–**	**648.6**	**0.8**	**1,300.4**
Liabilities under borrowings and bonds	846.2	–	–	–	846.2
Trade and other payables	340.4	–	1.9	0.8	337.7
Returns liabilities	6.4	–	–	–	6.4
Lease liabilities	756.8	–	646.7	–	110.1

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

January 31st 2023	Increase/decrease in USD / EUR exchange rate					
	Value in PLN corresponding to exposure in USD	0.05 PLN/USD	-0.05 PLN/USD	Value in PLN corresponding to exposure in EUR	0.05 PLN/EUR	-0.05 PLN/EUR
Financial assets at amortised cost	**32.7**	**0.3**	**-0.3**	**402.5**	**4.4**	**-4.2**
Loans	32.1	0.3	-0.3	262.8	2.8	-2.8
Trade receivables	–	–	–	0.1	0.0	-0.0
Lease receivables	–	–	–	138.1	1.6	-1.5
Cash and cash equivalents	0.6	0.0	-0.0	1.5	0.0	-0.0
Financial liabilities at amortised cost	**–**	**–**	**–**	**690.8**	**-7.2**	**-7.2**
Financing liabilities	–	–	–	11.8	-0.1	-0.1
Trade and other payables	–	–	–	50.5	-0.5	-0.5
Lease liabilities	–	–	–	628.5	-6.6	-6.6

[all amounts in PLN million unless stated otherwise]

January 31st 2022	Increase/decrease in USD / EUR exchange rate					
	Value in PLN corresponding to exposure in USD	0.05 PLN/USD	-0.05 PLN/USD	Value in PLN corresponding to exposure in EUR	0.05 PLN/EUR	-0.05 PLN/EUR
Financial assets at amortised cost	**37.2**	**0.5**	**-0.5**	**97.7**	**1.1**	**-1.1**
Loans	37.2	0.5	-0.5	3.4	0.0	-0.0
Trade receivables	–	–	–	0.2	0.0	-0.0
Lease receivables	–	–	–	92.7	1.1	-1.0
Cash and cash equivalents	–	–	–	1.4	0.0	-0.0
Financial liabilities at amortised cost	**–**	**–**	**–**	**648.6**	**-7.0**	**7.0**
Trade and other payables	–	–	–	1.9	–	–
Lease liabilities	–	–	–	646.7	-7.0	7.0

INTEREST RATE RISK

The Company is exposed to the interest rate risk mainly due to debt under credit facility agreements and notes in issue, and cash in bank accounts.

A part of the debt bears interest at floating rates based on WIBOR. An increase in interest rates leads to higher debt service costs, which is partially offset by cash deposits. Loans advanced in the Polish złoty bear interest at a fixed rate, and therefore involve no exposure to the interest rate risk.

Items bearing interest at variable rates expose the Company to the risk of changes in cash flows due to interest rate movements. The Company 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 Company's opinion would be reasonably possible in the indicated periods.

	AMOUNT EXPOSED TO INTEREST RATE RISK %		Effect February 1st 2022–January 31st 2023		Effect February 1st 2021–January 31st 2022	
	January 31st 2023	January 31st 2022	+1pp	-1pp	+1pp	-1pp
Cash at banks	38.0	126.1	0.4	-0.4	1.3	-1.3
Financing liabilities	-850.4	-846.2	-8.5	8.5	-8.5	8.5
Effect on net profit (loss)			**-8.1**	**8.1**	**-7.2**	**7.2**

If the interest rates on debt were 1pp higher/lower in the reporting period, the profit or loss for the period would be PLN 8.1m lower/higher (in the comparative period January 1st 2021–January 31st 2022: PLN 7.2m lower/higher).

The Company is analysing the potential impact of the proposed WIBOR reform (replacement of the WIBOR benchmark rate with WIRON) on the Company's position and its financial statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk mainly through its trade receivables, loans, and cash and cash equivalents in bank accounts.

In addition the Company is exposed to the risk associated with the provision of sureties, as described in Note 4.2.

The maximum exposures to credit risk as at the reporting dates (January 31st 2023, January 31st 2022) are presented in the table below.

	January 31st 2023	January 31st 2022
Loans	1,006.9	875.2
Trade receivables	74.0	76.7
Receivables from sale of property, plant and equipment	5.6	8.4
Equity claims	21.9	–
Cash and cash equivalents	38.0	126.1
Lease receivables	138.1	92.7
Total	**1,284.5**	**1,179.1**

[all amounts in PLN million unless stated otherwise]

The table below presents an analysis of the credit risk assessment stages for financial assets measured at amortised cost.

	January 31st 2023					January 31st 2022				
	Trade receivables	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Trade receivables	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Estimated rating										
AAA to BB+ (Aaa to Ba1)	4.4	38.0	6.3	–	48.7	4.5	126.1	15.7	–	146.3
BB to B+ (Ba2 to B1)	1.4	49.3	141.1	–	191.8	1.4	24.1	319.1	–	344.6
B to B- (B2 to B3)	66.9	1,024.0	–	–	1,090.9	69.7	884.8	–	–	954.3
CCC+ to CC- (Caa1 to Ca)	–	–	–	–	–	–	–	–	–	–
Trade partners without specific rating	1.5	21.9	–	153.9	177.3	1.1	–	–	130.2	131.3
Gross carrying amount	**74.2**	**1,133.2**	**147.4**	**153.9**	**1,508.7**	**76.7**	**1,035.0**	**334.8**	**130.2**	**1,576.7**
Impairment losses	-2.1	-66.4	-3.5	-153.9	-225.8	-1.1	-33.7	-23.0	-130.2	-188.0
Net carrying amount	**72.1**	**1,066.8**	**144.0**	**–**	**1,282.9**	**75.6**	**1,001.3**	**311.8**	**–**	**1,388.7**

Under Stage 3, the Company presented loan receivables of PLN 130.2m (as at January 31st 2022: PLN 130.2m), and other receivables of PLN 23.8m (as at January 31st 2022: PLN 0m). An impairment loss was recognised for the entire amount of items presented under Stage 3.

The table below presents an analysis of the credit risk assessment stages of sureties provided to subsidiaries:

	January 31st 2023	January 31st 2022
	Stage 1 (12-month ECL)	Stage 1 (12-month ECL)
Estimated rating		
AAA to BB+ (Aaa to Ba1)	–	–
BB to B+ (Ba2 to B1)	23.4	48.1
B to B- (B2 to B3)	888.2	1,159.8
CCC+ to CC- (Caa1 to Ca)	–	–
Exposure to credit risk under sureties provided	**911.6**	**1,207.9**
Allowance for expected credit losses under sureties provided in respect of credit facilities	-55.9	-44.3

As disclosed in Note 5.5, trade receivables are mainly due from the Group's subsidiaries, including CCC.eu Sp. z o.o., in respect of which there is risk concentration. The company independently monitors the exposures by periodically analysing the financial condition of the trading partners, and setting credit limits. In the case of trade receivables from entities of the CCC Group, whose credit standing is known, in the Management Board's opinion the credit risk exposure is limited.
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.
As at January 31st 2023, the Company recognised an allowance for expected credit losses under sureties provided in respect of credit facilities of PLN 55.9m. For more information, see Note 3.2.
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.

[all amounts in PLN million unless stated otherwise]

	January 31st 2023	January 31st 2022
	Stage 1 (12-month ECL)	Stage 1 (12-month ECL)
AAA-rated banks	0.1	–
A-rated banks	26.2	112.8
BAA-rated banks	–	8.4
Other – not classified [1]	3.5	–
Total cash at banks	**29.7**	**121.2**

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.

[1] Banks not rated by international rating agencies

The Company has no significant concentration of credit risk. The risk is spread into a large number of relationship banks and customers.

6.2 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

Right to benefit from appreciation of shares (long-term bonus for the Management Board)

Employees (including members of the Management Board) of the CCC Group receive awards based on the price (or value) of CCC shares (“cash-settled share-based payments”).

In cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in the fair value recognised in profit or loss for the period under administrative expenses.

In equity-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability initially recognised as administrative expenses, while increasing equity. The total amount to be recognised as an expense is determined by reference to the fair value of the options granted:

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

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

Incentive scheme for the CCC Management Board implemented in 2021–2024

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

The amount of the long-term bonus awarded to each Management Board member for the respective periods is as follows:

a) for period one: 100,000 x the difference between the average price of Company shares in the second quarter of CCC S.A.'s financial year 2021 (from May 1st 2021 to July 31st 2021) of PLN 118.4675 and the issue price of Series I and Series J shares of PLN 37.00 (the base price for period one);
b) for period two: 100,000 x the difference between the average price of Company shares in the second quarter of CCC S.A.'s financial year 2024 (from May 1st to July 31st 2024) and the average price of Company shares in the second quarter of CCC S.A.'s financial year 2021 (the base price for period two) of PLN 118.47;

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

The long-term bonus for period one was paid in cash in two equal parts by August 31st 2021 and November 30th 2021. The long-term bonus for period two is planned to be paid in cash in two equal parts by September 30th 2024 and November 30th 2024.

No long-term bonus is due in the event of:

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

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

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

If a new Management Board member is appointed during a particular long-term bonus settlement period, the Supervisory Board will decide whether to grant the right to receive the bonus to that member.

The long-term bonus for period two was valued by an external expert using the Black-Scholes model. The number of rights to benefit from share appreciation (number of options) used in the valuation was 400,000, with the vesting period for 400,000 rights (options) being June 22nd 2021–July 31st 2024. The value of a single right to benefit from share appreciation (value of a single option) used in the valuation was PLN 1.07. The assumed risk-free rate was 6.06% and the expected volatility of the share price was 48.0%. The duration of the options is 1.5 years.

The Company recognised a PLN 24.4m expense to account for the payment of the bonus for period one and a PLN 14m provision for period two as at January 31st 2022. The total amount recognised in administrative expenses under salaries, wages and employee benefits expense in 2021 was PLN 25.8m. As at January 31st 2023, the provision was reduced by PLN 1.2m and recognised as an adjustment to administrative expenses under salaries and wages and employee benefits expense. Accordingly, in the statement of financial position, the amount recognised in non-current liabilities under 'Amounts due to employees' was PLN 0.2m.

6.3 EVENTS AFTER REPORTING DATE

Share issue
On April 14th 2023, the Company received a letter from its shareholder ULTRO S.à r.l. in which the Shareholder confirmed its intention and committed to subscribe and pay for new shares in the Company (the "Offered Shares"), to be issued on the basis of and on the terms and conditions specified in Resolution No. 3/NWZA/2022 of the Company's Extraordinary General Meeting of November 17th 2022, at the issue price specified in the said resolution, comprising at least 5,365,657 Offered Shares (for a total consideration of no less than PLN 193.75m). The stated number of shares (assuming that all the Offered Shares are subscribed for) is equal to the number of shares to which the Shareholder would be entitled in the exercise of its Pre-Emptive Right (as defined in the resolution).

Acquisition of CCC Ukraina
On February 8th 2023, following fulfilment of the conditions precedent under a preliminary share purchase agreement, the Company acquired control of CCC Ukraina Sp. z o.o. of Lviv. Following the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina for a price of PLN 23.8m, offset against claims between a CCC Group entity and the existing shareholder of CCC Ukraina. The transaction will be accounted for after the reporting date in 2023.
Under the share purchase agreement, the CCC Group has the right to purchase, and the existing shareholder has the right to sell, the remaining shareholding in CCC Ukraina, i.e. 23.9% of its shares, following approval of the financial statements of CCC Ukraina for the financial year ended January 31st 2028, at a price equal to six times EBITDA for the year ended January 31st 2028 multiplied by the 23.9% interest.

Leaseback
The Management Board is engaged in continued analyses and work on a process whereby it expects to raise capital from sale and leaseback of the Group's selected property assets (the "Potential Transaction"), as announced by the Management Board in its opinion on the draft resolutions of the Extraordinary General Meeting held on November 17th 2022, and in the CCC Group's interim consolidated report for the nine months ended October 31st 2022.
As part of ongoing work on the Potential Transaction, the Management Board has obtained preliminary, non-binding offers to enter into the Potential Transaction involving sale and leaseback of warehouse properties located in Polkowice (six warehouse buildings with a total area of approximately 137,000 m^2) (the "Properties"), with lease terms between 15 and 20 years.
The Management Board is taking further steps to prepare and complete the Potential Transaction. Pursuant to a letter of intent signed on April 14th 2023 with one of potential investors (specialising in leaseback of logistics assets), providing for a transaction sum of approximately EUR 83m and yield rate of 7.95% in EUR, the Management Board plans to commence the due diligence phase, the result of which will constitute one of the conditions for proceeding to the next stage, including negotiations of detailed terms of the Potential Transaction. The entry into negotiations to work out detailed terms of the Potential Transaction in the next stage of the preparatory work would be announced separately in the fulfilment of the Company's disclosure obligations.
The Management Board also expects that the Potential Transaction will be conditional on a number of typical events, such as obtaining the necessary approvals from entities financing the CCC Group with respect to the Properties pledged as collateral in favour of the banks, obtaining appropriate tax rulings, and the Special Economic Zone's waiver of its right of first refusal to purchase the Properties. Furthermore, in the Management Board's opinion, obtaining the approvals from the entities financing the CCC Group and, as a result, completion of the Potential Transaction, may require refinancing of the existing debt, including debt under the Syndicated Agreement and other financing agreements (the Common Terms Agreements, or bilateral agreements with BGK guarantees), as well as refinancing (redemption) of bonds issued by entities of the CCC Business Unit. Accordingly, completion of the Potential Transaction as at the date of these financial statements remains uncertain and it cannot be ruled out that the Potential Transaction will not be concluded at all.

[all amounts in PLN million unless stated otherwise]

6.4 REMUNERATION OF THE AUDITOR OR ENTITY QUALIFIED TO AUDIT FINANCIAL STATEMENTS

The table below presents fees paid or payable to qualified auditors of financial statements for the year ended January 31st 2023 and the year ended January 31st 2022, by type of service.

AUDITOR'S FEES	February 1st 2022–January 31st 2023	January 1st 2021–January 31st 2022
Audit and reviews of financial statements	0.9	0.5
SUBSIDIARIES		
Audit and reviews of financial statements	0.9	0.3
TOTAL	**1.8**	**0.8**

The separate financial statements were authorised for issue by the Management Board on April 16th 2023	
and signed on behalf of the Management Board by:	
Edyta Skrzypiec-Rychlik	Chief Accountant
Signatures of all Management Board members:	
Marcin Czyczerski	President and CEO
Karol Półtorak	Vice President
Adam Holewa	Vice President
Igor Matus	Vice President

Polkowice, April 16th 2023