CCC

Financial statements

FINANCIAL STATEMENTS OF CCC S.A.
FOR THE 12 MONTHS

from 1 February 2023
to 31 January 2024

Contents

Statement of comprehensive income

NOTE		1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
	CONTINUING OPERATIONS		
3.1	Revenue	2,655.6	2,721.9
3.2	Cost of sales	-1,887.0	-1,928.2
	Gross profit	**768.6**	**793.7**
3.2	Costs of points of purchase and distribution	-635.5	-699.4
3.2	Administrative expenses	-79.1	-72.1
3.3	Other income	28.2	64.3
3.3	Other expenses	-6.2	-17.4
3.3	(Recognition) / Reversal of expected credit loss allowances (impairment of receivables)	-9.2	-4.6
	Operating profit (loss)	**66.8**	**64.5**
3.3	Finance income	214.3	77.1
3.3	(Recognition) / Reversal of expected credit loss allowances (loans and sureties provided)	92.1	-44.5
3.3	Impairment losses on shares	-9.2	–
3.3	Finance costs	-144.9	-118.7
	Profit (loss) before tax	**219.1**	**-21.6**
3.4	Income tax	1.7	-1.3
	NET PROFIT (LOSS)	**220.8**	**-22.9**
	TOTAL COMPREHENSIVE INCOME	**220.8**	**-22.9**
	Weighted average number of ordinary shares (million)	**66.1**	**54.9**
	Basic earnings (loss) per share (PLN)	**3.34**	**-0.42**
	Diluted earnings (loss) per share (PLN)	**3.34**	**-0.42**

[all amounts in PLN million unless stated otherwise]

Statement of financial position

NOTE		31 Jan 2024	31 Jan 2023
6.1	Intangible assets	3.2	5.1
6.1.1	Goodwill	48.8	48.8
6.2	Property, plant and equipment – leasehold improvements	266.2	274.6
6.2	Property, plant and equipment – distribution	5.6	205.1
6.2	Property, plant and equipment – other	36.4	69.2
6.3	Right-of-use assets	378.0	419.0
3.4	Deferred tax assets	60.9	39.9
4.2	Loans	869.1	980.1
4.1	Long-term investments	1,290.1	434.6
	Other long-term receivables	0.1	–
6.3	Lease receivables	86.2	107.7
	Non-current assets	**3,044.6**	**2,584.1**
6.4	Inventories	351.3	381.7
6.5	Trade receivables	67.2	72.1
3.4	Income tax receivable	–	15.4
4.2	Loans	52.3	26.8
6.5	Other receivables	46.7	45.3
6.6	Cash and cash equivalents	33.4	38.0
6.3	Lease receivables	29.8	30.4
	Current assets	**580.7**	**609.7**
	TOTAL ASSETS	**3,625.3**	**3,193.8**
5.2	Liabilities under borrowings and bonds	537.6	807.2
6.8	Provisions	3.6	5.1
6.2	Grants received	–	15.1
6.3	Lease liabilities	404.9	509.9
6.7	Oher non-current liabilities	1.3	2.3
7.1	Other non-current financial liabilities	6.6	6.5
	Non-current liabilities	**954.0**	**1,346.1**
5.2	Liabilities under borrowings and bonds	253.5	55.0
6.7	Trade and other payables	164.0	171.1
6.7	Other liabilities	101.5	121.7
3.4	Income tax liabilities	0.9	–
6.8	Provisions	12.2	63.6
6.2	Grants received	–	0.5
6.3	Lease liabilities	191.7	210.7
	Current liabilities	**723.8**	**622.6**
	TOTAL LIABILITIES	**1,677.8**	**1,968.7**
	NET ASSETS	**1,947.5**	**1,225.1**
	Equity		
5.1	Share capital	6.9	5.5
5.1	Share premium	1,648.2	1,148.0
5.1	Retained earnings	292.4	71.6
	TOTAL EQUITY	**1,947.5**	**1,225.1**
	TOTAL EQUITY AND LIABILITIES	**3,625.3**	**3,193.8**

[all amounts in PLN million unless stated otherwise]

Statement of cash flows

		1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
	Profit (loss) before tax	**219.1**	**-21.6**
3.2	Depreciation/amortisation	149.3	174.2
	(Gain)/loss from investing activities	11.0	9.3
5.2	Borrowing costs	131.1	97.7
5.4	Other adjustments to profit before tax	-293.8	28.2
3.4	Income tax paid	-3.1	-8.1
	Cash flow before changes in working capital	**213.6**	**279.7**
	Changes in working capital		
6.4	Change in inventories and inventory write-downs	26.5	23.2
6.5	Change in receivables	-45.7	209.4
6.7	Change in current liabilities, net of borrowings and bonds	67.4	-170.3
	Net cash flows from operating activities	**261.8**	**342.0**
	Proceeds from sale of property, plant and equipment	1.1	2.6
4.2	Repayment of loans and payment of interest	62.4	12.8
6.1, 6.2	Purchase of intangible assets and property, plant and equipment	-35.5	-107.2
4.2	Loans	-508.2	-171.7
	Other cash provided by investing activities	32.8	22.8
	Net cash flows from investing activities	**-447.4**	**-240.7**
5.2	Proceeds from borrowings	–	14.0
5.1	Share issue	501.6	–
6.3	Lease payments	-157.2	-153.4
5.2	Interest paid	-156.9	-76.6
5.2	Repayment of borrowings	-20.6	–
	Payments for commission fees on credit facilities	–	-2.1
	Other cash provided by financing activities	14.1	28.6
	Net cash flows from financing activities	**181.0**	**-189.5**
	TOTAL CASH FLOWS	**-4.6**	**-88.2**
	Net increase/decrease in cash and cash equivalents	-4.6	-88.2
	Cash and cash equivalents at beginning of period	**38.0**	**126.1**
	Cash and cash equivalents at end of period	**33.4**	**38.0**

[all amounts in PLN million unless stated otherwise]

Statement of changes in equity

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As at 1 Feb 2023	**5.5**	**1,148.0**	**71.6**	**1,225.1**
Net profit (loss) for period	–	–	220.8	220.8
Total comprehensive income	**–**	**–**	**220.8**	**220.8**
Share issue	1.4	500.2	–	501.6
Total transactions with owners	**1.4**	**500.2**	**–**	**501.6**
As at 31 Jan 2024	**6.9**	**1,648.2**	**292.4**	**1,947.5**

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL EQUITY
As at 1 Feb 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**
As at 31 Jan 2023	**5.5**	**1,148.0**	**71.6**	**1,225.1**

[all amounts in PLN million unless stated otherwise]

Notes

1. GENERAL INFORMATION

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

CCC S.A. (the "Company", the "Parent") has been listed on the Warsaw Stock Exchange since 2004.

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

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

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

On 12 June 2023, the Annual General Meeting appointed Marcin Stańko and Piotr Kamiński to the Supervisory Board. On the same day, the General Meeting appointed Wiesław Oleś as Chairman of the Supervisory Board.

As of the reporting date and as at the date of issue this report, the Supervisory Board was composed of: Wiesław Oleś as Chairman, with Zofia Dzik, Filip Gorczyca, Mariusz Gnych, Marcin Stańko, and Piotr Kamiński serving as Members of the Supervisory Board.

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

The separate financial statements of CCC S.A. encompass the 12-month period ended on 31 January 2024, and include comparative figures for the 12-month period ended on 31 January 2023, as well as the position as at 31 January 2023.

The separate financial statements of CCC S.A. for the 12-month period ended 31 January 2024 were authorised for issue by the Management Board on 5 April 2024.

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-month period ending on 31 January 2024, which were authorised for issue by the Management Board on 5 April 2024. The consolidated financial statements of the CCC Group have been prepared in compliance with International Financial Reporting Standards (IFRS). The statements can be accessed on the Company's website.

The Company has an unlimited duration.

BASIS OF ACCOUNTING

The separate financial statements of the Company have been prepared in compliance with International Financial Reporting Standards as endorsed by the European Union (EU 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 under the going concern assumption, indicating that the Company and the CCC Group (the "Group") are expected to continue their operations for the foreseeable future, specifically 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 Company continuing as a going concern. These circumstances are particularly related to financial obligations stemming from existing credit facility agreements and debt instruments of the CCC Group. Financing in the CCC Group is provided at the level of two business units, which are separately responsible for their liabilities:

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

Consequently, further analysis was conducted separately for the CCC Business Unit as a whole (rather than solely for CCC S.A. as an independent entity) and for the Modivo Business Unit. The latter is identified as a critical element of the CCC Group and, consequently, is also subject to such analyses.

As at 31 January 2024, the Company's current liabilities exceeded its current assets by PLN 143.1m, but this is not affecting the Company's ability to settle its liabilities as they fall due, as discussed in more detail below. The Company's operations are financed with financial instruments, including mainly credit facilities, loans and bonds. The debt balance under those instruments as at the reporting date was PLN 791.1m.

In 2021, following negotiations with financial institutions, financing for the CCC Business Unit was secured via the New Financing Agreement (the Credit Facility Agreement dated 2 June 2021), with the repayment date for Facility B set for 30 June 2024. The portion of the financing that falls due in 2024 consists of guarantee limits (up to PLN 161.1m), short-term facilities (up to PLN 598.5m), and factoring limits (up to PLN 191.4m). The remaining part of the financing falls due at a later date, as detailed in Note 4.2. Additionally, the financing of the CCC Business Unit consists of debt from two bond issues carried out in previous years, with maturity dates falling on 29 June 2026 and 22 September 2028.

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

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

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

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

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

Under the financing agreements concluded by the Group, the Group is required to comply with certain financial covenants, separately for the CCC Business Unit and for the Modivo Business Unit. The Modivo Business Unit obtained a waiver exempting it from testing certain financial ratios as at 31 January 2024. Consequently, as at the reporting date, there were no instances of the Group defaulting on any of the ratios under the financing agreements.

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

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

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

The key element of the analysis of compliance with the financial covenants, including financial ratios, were parameters that could cause underperformance relative to the objectives set out in the Annual Budget for 2024 and failure to achieve the financial ratios that the Group, including separately for the CCC Business Unit and for the Modivo Business Unit, is required to comply with under its financing agreements.

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

- Macroeconomic risks, including general price growth in the economy affecting the prices of merchandise, services, salaries and wages, capital expenditure amounts, as well as a rise in operating expenses, especially in transport and logistics;
- Decline in consumer demand for products offered by the Group as a result of changing macroeconomic conditions (rising inflation, interest rates affecting borrowing costs and unemployment levels, falling real wages, etc.), as well as the Group’s potential decisions to raise the prices of merchandise;
- Exchange rate movements affecting the performance of foreign operations and the cost of goods purchase, as well as rental costs;
- Fiercer competition in the market environment, especially in terms of product prices having an effect on the results generated in the course of day-to-day operations;
- Occurrence of unplanned and/or unforeseen changes in fashion trends and weather conditions;
- Changes in consumer behaviour due to the migration processes or postponement of purchasing decisions;
- Materialisation of operational risks, which may disrupt business continuity;
- Volatility on the financial markets, which may prevent the initial public offering of Modivo S.A. shares;
- Completion of the Group's refinancing process in the second quarter of 2024, in line with the assumptions described above.

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

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

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

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

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

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

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

- On 9 October 2023, the Management Board received consent from the institutions providing financing to Modivo S.A. (i.e., Bank Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., and Pekao Faktoring Sp. z o.o.) to apply the financial covenants testing conditions that were in effect as of 31 July 2023 (the level of Net Financial Debt) also on 31 January 2024 (originally, the Net Financial Debt/EBITDA ratio was to be tested on the latter date). Softbank also consented to suspend the testing of the Net Financial Debt/EBITDA ratio as of 31 January 2024, on the condition that Modivo submits an application to the National Court Register that includes amendments to convertible bonds ratified by the General Meeting. The condition was fulfilled.
- On 21 November 2023, the Management Board of the Modivo Business Unit signed an amendment to the agreement with PKO BP S.A. extending the availability period of the multi-purpose credit facility limit until 21 November 2025. The facility amount remained unchanged, with the sublimit of PLN 180m on the overdraft facility and the sublimit of PLN 50m on guarantees and letters of credit. The annex introduced new financial covenants for the Modivo Business Unit: EBITDA as at 30 April 2024 and quarterly DSCR starting from 31 July 2024.
- On 26 and 27 March 2024, the Management Board of Modivo S.A. secured consent from Bank Powszechna Kasa Oszczędności Bank Polski S.A., Pekao Faktoring Sp. z o.o., and Bank Polska Kasa Opieki S.A. to waive the testing of the financial ratios on both 30 April 2024 and 31 July 2024. Additionally, a one-time covenant was established for net debt not to exceed PLN 548m as at 31 July 2024.
- On 2 April 2024, the Management Board of Modivo S.A. received consent from Softbank to waive the testing of the financial ratio as at 31 July 2024.

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

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

In conclusion, despite the stated risks and circumstances, the Management Board is confident that effective preventive measures have been devised and planned. These measures, which are based on the 2024 Annual Budget and include thorough analysis and contingency plans, aim to mitigate these risks and ensure the successful execution of the Company's and the Group's plans. Consequently, the Management Board has prepared the accompanying 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 6.4.

Impairment losses on shares

As of 31 January 2024, the Company conducted a thorough assessment (considering the impact of macroeconomic developments) to determine whether there were any indications that any of its investments in subsidiaries and associates could be impaired. Where such indications are found to exist, the Company tests the assets for impairment. As at 31 January 2024, impairment losses of PLN 6.4m and PLN 2.8m, respectively, were recognised on the shares held in CCC Shoes & Bags d.o.o. Beograd and CCC Ukraina Sp. z o.o. For more information, see Notes 3.3 and 4.1.

Expected credit losses (ECL)

As at 31 January 2024, 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.

In the case of short-term trade receivables without a significant financing component and lease receivables, the Company applies the simplified approach specified in IFRS 9 and values impairment losses at the amount of credit losses expected over the entire life of the receivable from 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. Due to a significant change in the Credit Default Swap (CDS) quotes for individual credit ratings as of the reporting date, there has been a substantial change in the probability of default ('PD').

For loans and credit sureties provided, the Company measures expected credit loss allowances in amounts 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.

In the reporting period, there was no change in the credit risk assessment related to loans and sureties provided.

Trade receivables relate mainly to the retail and digital segments and are not material, and additionally include contractual receivables from related parties. As of the reporting date, the Company recognised an impairment loss of PLN 12.9m on receivables, compared with PLN 1.9m as at 31 January 2023.

The Company identified the risk of default on loans and thus recognised an impairment loss of PLN 150.6m as at the reporting date (31 January 2023: PLN 196.6m)

The Company also measures the risk under sureties issued (financial guarantees). The Company recognised an expected credit loss allowance on financial guarantees of PLN 9.8m (31 January 2023: PLN 55.9m).

For details on the expected credit loss allowances and provisions and the changes therein, see Notes 4.1 and 6.8.

Impairment of property, plant and equipment, intangible assets, goodwill and rights-of-use assets

As of 31 January 2024, the Company conducted a detailed assessment (considering material changes in the operating and economic conditions caused by macroeconomic developments) to determine 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 potentially 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.

In the period for which these separate financial statements were prepared, no impairment losses on the above assets were recognised. For details of the assessment and tests, see Notes 6.1, 6.2 and 6.3.

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 consequence of the renegotiation of lease contracts in 2023, there were changes in the value of right-of-use assets and lease liabilities. For more detailed information, refer to Note 6.3.

Other accounting matters and issues

As at the date of these financial statements, the Company has not identified any material risks that may arise from potential breaches of the terms stipulated in its existing trade and supply contracts..

[all amounts in PLN million unless stated otherwise]

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 31 January 2024, in the assessment of the Management Board, none of the covenants was breached during the reporting period and until the date of authorisation of these financial statements for issue.

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

On 31 August 2023, the General Meeting of CCC S.A. passed a resolution to transfer an organised part of enterprise of CCC S.A. engaged in logistics operations to CCC.eu Sp. z o.o., with effect from 1 September 2023. Consequently, CCC S.A. acquired new shares issued by CCC.eu Sp. z o.o. in return for the transferred non-cash contribution (the organised part of enterprise). On 28 September 2023, CCC S.A. and CCC Factory Sp. z o.o. resolved to discontinue plans to merge the two entities in accordance with the merger plan dated 28 July 2023, which was agreed and signed by CCC S.A. and CCC Factory Sp. z o.o., and decided against notifying the merger and the subsequent changes to the Business Register of the National Court Register. The Company determined that the most effective method to simplify the corporate structure of the CCC Group would be to merge CCC Factory Sp. z o.o. with CCC.eu Sp. z o.o. by transferring all assets of CCC Factory Sp. z o.o. to CCC.eu Sp. z o.o. (merger through acquisition). As part of this merger, the sole shareholder of CCC Factory Sp. z o.o., namely CCC S.A., was issued own shares of CCC.eu Sp. z o.o. acquired as a result of this merger.

As a result of the decision made on 8 November 2023 to merge CCC Factory Sp. z o.o. with CCC.eu Sp. z o.o., on 14 November 2023, the merger resolutions were filed with the National Court Register (KRS), requesting deletion of CCC Factory Sp. z o.o. from the National Court Register and requesting a modification of the company details for CCC.eu Sp. z o.o. in the relevant business register. See Note 4.1 for details on the merger.

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
3.1	Revenue	Y	Y	16
3.2	Cost of sales	Y	Y	18
3.2	Costs of points of purchase	Y	Y	18
3.2	Other distribution costs	Y	Y	18
3.2	Administrative expenses	Y	Y	18
3.3	Other income and expenses, finance income and costs	Y	Y	20
3.4	Income tax	Y	Y	22
3.4	Deferred tax assets	Y	Y	22
3.4	Income tax liabilities	Y	N	22
4.2	Loans and financial guarantees	Y	Y	30
5.1	Equity	Y	N	36
5.1	Liabilities under borrowings and bonds	Y	N	36
6.1	Intangible assets	Y	N	43
6.2	Property, plant and equipment	Y	Y	45
6.2	Grants received	Y	N	45
6.3	Right-of-use assets and lease liabilities and receivables	Y	Y	48
6.4	Inventories	Y	Y	51
6.5	Trade receivables	Y	Y	53
6.5	Other receivables	Y	Y	53
6.6	Cash and cash equivalents	Y	N	54

[all amounts in PLN million unless stated otherwise]

6.7	Trade and other payables	Y	N	55
6.7	Other liabilities	Y	Y	55
6.8	Provisions	Y	Y	55
7.1	Financial instruments	Y	Y	58
7.2	Share-based payments	Y	Y	66

IMPACT OF CLIMATE CHANGE ON THE BUSINESS OF THE COMPANY

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

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

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

While potential changes could impact the seasonality of the Company's sales, affecting the distribution and volume of revenue throughout the financial year – given that the primary business revolves around the sale of footwear and accessories – the Management Board expects that any lower-than-expected demand resulting from shifts in the sales of individual collections will be offset by increased sales in subsequent periods. Furthermore, the Company proactively addresses the risk of weather affecting sales by diversifying its product portfolio to include a greater proportion of all-season offerings. This includes athletic footwear, both from Sprandi's proprietary brand and from third-party brands that are well-recognised by consumers, including licenced brands, and therefore the Group does not factor this element into its risk assessments.

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

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

STATEMENT OF ACCOUNTING POLICIES

The accounting policies applied by the CCC Group did not change relative to those applied in the full-year financial statements for the financial year 1 February 2022−31 January 2023, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after 1 February 2023.

New and amended accounting standards

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

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

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

CCC S.A. is the parent of the CCC Group, which is subject to regulations concerning the global minimum tax, i.e., a 15% taxation for domestic and international groups (known as the Pillar II Directive). The regulations are designed to apply to groups with consolidated revenues of at least EUR 750m, and the first accounting period when the regulations are expected to apply is 2024. As of 31 January 2024, these regulations had not yet been implemented in Poland but had been introduced in certain countries where the CCC Group operates through its subsidiaries.

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

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

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

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.

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 30 January 2014) − pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the issue of its final version (not endorsed by the EU by the date of authorisation of these financial statements for issue); effective for annual periods beginning on or after 1 January 2016;

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) – work leading to the approval of the amendments has been deferred by the EU for an indefinite period; effective date has been deferred by the IASB for an indefinite period;

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of the Effective Date and Non-current Liabilities with Covenants (issued on 23 January 2020, 15 July 2020 and 31 October 2022, respectively) – effective for annual periods beginning on or after 1 January 2024;

- Amendments to IFRS 16 Leases*:* Lease Liability in a Sale and Leaseback (issued on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024.

• Amendments to IAS 7: Statement of cash flows and IFRS 7: Financial instruments: Disclosures: Supplier finance arrangements (issued on 25 May 2023) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after 1 January 2024;

• Amendments to IAS 21: Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after 1 January 2025.

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

2. SEGMENTS

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.

3. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

3.1. REVENUE

ACCOUNTING POLICY

Revenue

IFRS 15 establishes a five-step model for recognition of revenue under contracts with customers.

In accordance with the standard, revenue is recognised at the amount of consideration to which the entity is entitled in exchange for the transfer of promised goods or services to the customer. The Company recognises revenue at the moment of handing over the goods to the customer in the value reflecting the price expected by the entity in return for the handover of those goods and services.

Revenue includes revenue from sales of merchandise and products generated in the ordinary course of business. Revenue is recognised at the fair value of the consideration received or due from sale of merchandise, finished goods and services in the ordinary course of the 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 agent 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 that the Company has not sold within a specified season may be returned to CCC.eu, with CCC.eu retaining the right to request the return of such goods. Notably, CCC.eu bears the costs associated with these returns;
- CCC.eu establishes standards and provides assistance to the Company in matters relating to pricing policies, promotions, and in-store discounts. This includes recommendations on retail prices, guidelines for markdowns and markups, as well as discounts and promotional offers for customers;
- CCC.eu is responsible for decisions relating to the assortment and volume of goods supplied to the Company;
- The Company processes refunds from retail customers and manages after-sales complaints, with CCC.eu bearing the full cost of these complaints.

The Management Board of the Company believes that other elements of the partnership with CCC.eu are of greater importance and override in assessing the Company's role. The Management Board holds the view that the Company does not serve as an agent, as it is subject to considerable business risks and benefits from the sales of goods acquired from CCC.eu. This assessment of the Company's role is corroborated by the following terms of mutual cooperation:

- The Company holds the primary responsibility for delivering goods to the customer, and the Company is accountable for the acceptability of products purchased by the customer. Sales of goods acquired from CCC.eu are conducted under the Company's name and on its own account, with purchases from CCC.eu occurring on Carriage Paid To (CPT) conditions, where the transfer of ownership takes place at the moment of loading onto the transport vehicle;
- The Company incurs risk associated with inventory before and after a customer places an order, during the execution of deliveries or returns. Inventory remaining with the Company is owned by it, and the Company bears the risk related to any potential loss of such inventory;
- The Company receives only recommendations from CCC.eu regarding pricing, bonus, and discount policies, and retains full freedom in setting prices
- 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.

[all amounts in PLN million unless stated otherwise]

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

Loyalty Programme

The Company operates the ‘CCC Club’ Loyalty Programme 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 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 799, and ‘Gold’ for purchases of more than PLN 799). 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.

Revenue from contracts with customers by category is presented below.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Revenue		
Footwear	2,233.4	2,249.4
Bags	139.1	135.5
Other [1]	136.8	163.7
Total revenue from sales of merchandise	**2,509.3**	**2,548.6**
Services	146.3	173.3
Total revenue	**2,655.6**	**2,721.9**

[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 2023, the Company observed a slight contraction in revenue by 2pp year on year, attributed to the challenging macroeconomic conditions. This decline was offset by discount campaigns and an increase in the sales of goods at reduced prices.

In the financial year 2022, the Company launched the ‘CCC Club’ Loyalty Programme, with its rules available at https://ccc.eu/pl/klub-ccc. The Programme is designed to promote and advertise the Company and CCC Group companies, enhancing their visibility and encouraging customers to purchase their products and use their services. The Company adjusted the value of revenue by recognising liabilities from contracts with customers towards CCC Club members, amounting to PLN 6.8m (in the previous year: PLN 6.3m). As at 31 January 2024, liabilities under gift cards amounted to PLN 13.0m (31 January 2023: PLN 7.6m).

3.2. 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,
- inventory discrepancies.

Costs of points of purchase and distribution

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

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

[all amounts in PLN million unless stated otherwise]

1 Feb 2023–31 Jan 2024	COST OF SALES	COSTS OF POINTS OF PURCHASE AND DISTRIBUTION	ADMINISTRATIVE EXPENSES	TOTAL
Cost of merchandise sold	-1,890.4	–	–	-1,890.4
Raw material and consumables used	–	-18.5	-5.7	-24.2
Inventory write-downs	3.4	–	–	3.4
Salaries, wages and employee benefits	–	-235.4	-18.9	-254.3
Transport services	–	-42.6	-0.6	-43.2
Other rental costs – utilities and other variable costs	–	-146.6	-11.7	-158.3
Advertising	–	-2.3	-0.3	-2.6
Depreciation/amortisation	–	-136.8	-12.9	-149.7
Taxes and charges	–	-18.7	-1.1	-19.8
Other costs	–	-34.6	-27.9	-62.5
Total	**-1,887.0**	**-635.5**	**-79.1**	**-2,601.6**

1 Feb 2022–31 Jan 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	–	-49.8	-25.1	-74.9
Total	**-1,928.2**	**-699.4**	**-72.1**	**-2,699.7**

Cost of sales decreased by 2.1% year on year, while revenue fell by 2.4%. Gross margin remained stable year on year at approximately 29% of revenue.

Costs of points of purchase and distribution fell by 9.1% year on year, driven mainly by:

- PLN 32.7m decrease in salaries, wages and employee benefits expense, attributable to a headcount reduction;
- PLN 27.2m decrease in depreciation expense on right-of-use assets due to renegotiation of lease contracts – transitioning from fixed rent to sales-based rents;
- PLN 13.6m increase in other rental costs (sales-based rents and variable costs: utilities, electricity, etc.);
- PLN 15.2m decrease in other general expenses due to the scaling back of outsourced logistics services and consulting services.

The year-on-year increase in administrative expenses was attributable to a rise in other rent-related expenses by PLN 9.2m, driven by escalating variable costs such as utilities, electricity, etc., coupled with a decrease in salary and employee benefit expenses by PLN 4.1m, mainly due to workforce reduction.

During the reporting period, no public aid was received for salary and employee benefit expense, whereas in the comparative period, the amount of subsidies received was PLN 3.0m.

[all amounts in PLN million unless stated otherwise]

Components of employee benefits are presented below.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Wages and salaries	-208.7	-241.6
Social security contributions	-44.6	-48.7
Other employee benefit expenses	-1.2	-1.0
Other post-employment benefits	–	-1.0
Costs of incentive scheme	0.2	1.2
Total:	**-254.3**	**-291.1**

3.3. OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

ACCOUNTING POLICY

Other income and expenses

Other income and expenses include income and expenses from non-core activities, such as gains or losses on disposal of property, plant and equipment, penalties and fines, donations, grants, and foreign exchange gains and losses on operating activities, among others.

Finance income and costs

Finance income and costs include interest expense, commission fees, and foreign exchange gains and losses on financing activities.

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 subsequently recognised in profit or loss as other income, gradually, over the asset's expected useful life in equal annual instalments.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Other income		
Foreign exchange gains on items other than debt	1.3	–
Compensation	1.1	0.9
PFRON wage subsidies	0.9	3.0
Grants	0.3	0.6
Gain on settlement of contracts with landlords	9.7	3.2
Gain on settlement of lease contracts	3.0	21.8
Late payment interest	0.1	31.0
Reversal of provisions for decommissioning of stores	9.1	–
Other	2.7	3.8
Total other income	**28.2**	**64.3**

[all amounts in PLN million unless stated otherwise]

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Other expenses		
Loss on disposal of property, plant and equipment	-1.9	-9.2
Other	-4.3	-7.0
Foreign exchange losses on items other than debt	–	-1.2
Total other expenses	**-6.2**	**-17.4**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
(Recognition)/Reversal of expected credit loss allowances (impairment of receivables)		
(Recognition)/Reversal of impairment losses on trade receivables	-10.9	-4.6
(Recognition)/Reversal of impairment losses on lease receivables	1.7	–
Total (recognition)/reversal of expected credit loss allowances	**-9.2**	**-4.6**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Finance income		
Interest income on cash in current account and other interest income	110.4	37.2
Gain (loss) on modification of financial liability	6.0	–
Foreign exchange gains (losses)	31.8	–
Income on liquidation of CCC Austria	62.7	–
Proceeds from sale of shares in Gino Rossi	–	21.9
Embedded derivative instruments – Equity Kicker	–	12.8
Guarantees and sureties provided	3.2	5.2
Other finance income	0.2	–
Total finance income	**214.3**	**77.1**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Finance costs		
Interest on borrowings and bonds	-118.9	-86.3
Interest on leases	-20.2	-12.5
Foreign exchange gains (losses)	–	-13.6
Commission fees paid	-2.9	-2.0
Embedded derivative instruments – Equity Kicker	-0.1	–
Guarantees received	-2.8	-3.0
Other finance costs	–	-1.3
Total finance costs	**-144.9**	**-118.7**

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
(Recognition) / Reversal of expected credit loss allowances (loans and sureties provided)		
(Recognition) / reversal of provisions for sureties provided for credit facilities used by subsidiaries	46.1	-11.6
(Recognition) / reversal of impairment losses on loans and other financial receivables	46.0	-32.9
(Recognition) / Reversal of expected credit loss allowances (loans and sureties provided)	**92.1**	**-44.5**

[all amounts in PLN million unless stated otherwise]

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Impairment losses on shares		
Impairment losses on shares	-9.2	–
Total impairment losses on shares	**-9.2**	**–**

On 7 July 2023, the liquidation of CCC Austria Ges.m.b.H., wholly-owned by the Company, was entered in the commercial register. As a result, the Company's net gain on liquidation of the asset was PLN 62.7m. See Note 4.1 for details on how the net result was determined.

For information on recognised impairment of non-financial assets, see Note 4.1.

For detailed information on the loans and sureties, including a breakdown by gross carrying amount, credit exposure, and impairment losses, refer to Note 4.2.

3.4. TAXATION

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

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

The agreement establishing the CCC Tax Group was concluded for a period of three fiscal years, i.e., for the tax years beginning on 1 March 2021, 1 February 2022 and 1 February 2023. On 10 January 2024, the duration of the CCC Tax Group was extended for an additional 12 calendar months, until 31 January 2025, i.e., for the tax year beginning on 1 February 2024.

ACCOUNTING POLICY

Mandatory charge on profit comprises current income tax (CIT) and deferred income tax. Current tax expense is calculated on taxable profit for the reporting period in the countries where the company and its subsidiaries operate and generate taxable income, at the rates applicable in that country. Changes in estimates relating to previous years are recognised as an adjustment to the charge for the current year. The applied income tax rate is 19%.

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.

[all amounts in PLN million unless stated otherwise]

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.

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

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Current income tax expense	-16.2	-4.4
Adjustments to current income tax for prior years	-3.1	–
Deferred tax	21.0	3.1
Income tax recognised in statement of comprehensive income	**1.7**	**-1.3**
Current tax recognised in profit or loss	19.3	4.4
Balance of CIT liabilities/(receivables) at beginning of period	-15.4	-13.7
Balance of CIT receivables/(liabilities) at end of period	-0.9	15.4
Other changes	0.1	2.0
Tax paid recognised in statement of cash flows	**3.1**	**8.1**

[all amounts in PLN million unless stated otherwise]

TAX RATES APPLIED AND RECONCILIATION OF INCOME TAX EXPENSE

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Profit (loss) before tax	**219.1**	**-21.6**
Weighted average tax rate	19%	19%
Tax calculated at weighted average tax rate	**-41.6**	**4.1**
Tax effects of the following items:		
Costs not deductible for tax purposes: impairment loss on shares in subsidiaries	-1.8	-0.0
Costs not deductible for tax purposes: measurement of sureties	–	-10.6
Other costs not deductible for tax purposes	-3.6	-2.5
Gain (loss) on CCC Shoes and Bags sp. z o.o., part of the CCC Tax Group	-3.8	-0.4
Recognition of deferred tax asset on tax loss brought forward	32.3	–
Income permanently not taxable	11.9	33.1
Reversal of provisions and impairment losses which were treated as permanent differences	17.8	–
Tax relating to previous year	-3.1	-0.2
Costs excluded under Art. 15e of CIT Act	-4.4	-0.9
Non-capitalised capital loss	–	-25.1
Other	-2.1	1.2
Income tax expense	**1.7**	**-1.3**

BALANCES OF AND CHANGES IN DEFERRED TAX

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

	31 Jan 2024	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	1 Feb 2023
Assets			
Impairment of assets: inventories and receivables	3.1	1.1	2.0
Provisions for liabilities	2.9	-14.0	16.9
Tax losses	45.6	45.6	–
Measurement of lease contracts	111.5	-16.5	128.0
Other	2.1	-3.6	5.7
Depreciation of property, plant and equipment	–	-1.0	1.0
CCC Club and similar, and bank guarantees	2.5	3.9	-1.4
Total before offset	**167.7**	**15.5**	**152.2**
Liabilities			
Accelerated tax depreciation of property, plant and equipment	1.0	1.0	–
Settlement under contracts with landlords	3.6	-1.2	4.8
Other	8.1	4.7	3.4
Measurement of lease contracts	94.1	-10.0	104.1
Total before offset	**106.8**	**-5.5**	**112.3**
Offset	-106.8	5.5	-112.3
Deferred tax balances as disclosed in statement of financial position			
Assets	60.9	21.0	39.9

[all amounts in PLN million unless stated otherwise]

	31 Jan 2023	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	1 Feb 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	128.0	-28.5	156.5
Measurement of financial instruments	-1.4	-1.4	–
Total before offset	**152.2**	**-17.3**	**169.5**
Liabilities			
Settlement under contracts with landlords	4.8	0.9	3.9
Other	3.4	2.0	1.4
Measurement of lease contracts	104.1	-23.3	127.4
Total before offset	**112.3**	**-20.4**	**132.7**
Offset	-112.3	20.4	-132.7
Deferred tax balances as disclosed in statement of financial position			
Assets	39.9	3.1	36.8

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

	2024	2025	2026	2027	2028	Total
Expiration periods of tax losses (at nominal value of the loss)	–	–	17.2	153	69.9	240.1
Asset	–	–	3.3	29.1	13.3	45.6

[all amounts in PLN million unless stated otherwise]

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

4.1. 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.

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.

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.

The Company holds interests in the following subsidiaries and associates:

COMPANY NAME	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	INTEREST	INCENTIVE SCHEME	INTEREST	INCENTIVE SCHEME
			31 Jan 2024		31 Jan 2023	
SUBSIDIARIES						
CCC Austria Ges.m.b.H [1]	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. [2]	Polkowice, Poland	production	–	–	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 Obutev d.o.o.	Maribor, Slovenia	trade	2.0	0.2	2.1	0.2
CCC Shoes & Bags d.o.o. Beograde	Belgrade, Serbia	trade	–	–	6.3	–
CCC Shoes & Bags Sp. z o.o.	Polkowice, Poland	investments	280.7	–	280.7	–
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	867.5	25.2	–	15.4
Modivo S.A. [3]	Zielona Góra, Poland	trade	–	0.5	–	0.5
HalfPrice Sp. z o.o.	Polkowice, Poland	trade	58.2	–	58.2	–
UAB CCC Lithuania	Vilnius, Lithuania	services	–	–	–	–
SIA CCC Shoes Latvia	Riga, Latvia	trade	–	–	–	–
OU CCC Estonia	Tallinn, Estonia	trade	–	–	–	–
CCC Ukraina Sp. z o.o.	Lviv, Ukraine	trade	9.4	–	–	–
Associates						
HR Group Holding s.a.r.l. [4]	Luxembourg	trade	–	–	–	–
Other entities						
Xpress Sp. z o.o.	Wrocław, Poland	services	1.0	–	1.0	–
Total			**1,260.0**	**30.1**	**404.5**	**30.0**

[1] On 7 July 2023, CCC Austria Ges.m.b.H was liquidated.
[2] As a result of the decision made on 8 November 2023 to merge CCC Factory Sp. z o.o. with CCC.eu Sp. z o.o., on 14 November 2023, the merger resolutions were filed with the National Court Register (KRS), requesting deletion of CCC Factory Sp. z o.o. from the National Court Register and requesting a modification of the company details for CCC.eu Sp. z o.o. in the relevant business register. On 3 January 2024, the entry regarding the deregistration of CCC Factory Sp. z o.o. was made in the National Court Register.
[3] The Modivo Group comprises: eobuwie.pl Logistics Sp. z o.o., eschuhe.de GmbH, eschuhe.CH GmbH, Modivo.cz s.r.o., Branded Shoes and Bags Sp. z o.o., epantofi modivo s.r.l., Modivo.lv SIA, Modivo S.A., and Modivo S.R.L. Modivo S.A. holds 100% of shares in each of these companies. The amount presented in the table above represents the value of the incentive scheme. Modivo S.A. is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.69%).
[4] In bankruptcy.

[all amounts in PLN million unless stated otherwise]

Shares as at 31 January 2024	% ownership interest	Gross carrying amount	Impairment losses	Net carrying amount
CCC Czech s.r.o.	100%	40.1	–	40.1
CCC Hrvatska d.o.o.	100%	3.1	–	3.1
CCC Hungary Shoes Kft.	100%	1.3	–	1.3
CCC Isle of Man Ltd.	50%	–	–	–
CCC Obutev d.o.o.	100%	2.2	–	2.2
CCC Shoes & Bags d.o.o. Beograde	100%	6.4	-6.4	–
CCC Shoes & Bags Sp. z o.o.	100%	280.7	–	280.7
CCC Shoes Bulgaria EOOD	100%	0.5	–	0.5
CCC Slovakia s.r.o.	100%	0.4	–	0.4
CCC.eu Sp. z o.o.	100%	892.7	–	892.7
Modivo S.A.	75%	0.5	–	0.5
HalfPrice Sp. z o.o.	100%	58.2	–	58.2
UAB CCC Lithuania	100%	–	–	–
SIA CCC Shoes Latvia	100%	–	–	–
OU CCC Estonia	100%	–	–	–
CCC Ukraina Sp. z o.o.	75%	12.2	-2.8	9.4
HR Group Holding s.a.r.l.	31%	–	–	–
Xpress Sp. z o.o.	1.0%	1.0	–	1.0
Total		**1,299.3**	**-9.2**	**1,290.1**

Shares as at 31 January 2023	% ownership interest	Gross carrying amount	Impairment losses	Net carrying amount
CCC Austria Ges.m.b.H	100%	74.1	-74.1	–
CCC Czech s.r.o.	100%	40.1	–	40.1
CCC Factory Sp. z o.o.	100%	24.7	–	24.7
CCC Hrvatska d.o.o.	100%	3.1	–	3.1
CCC Hungary Shoes Kft.	100%	1.3	–	1.3
C-AirOP Ltd. (formerly: CCC Isle of Man)	50%	–	–	–
CCC Obutev d.o.o.	100%	2.2	–	2.2
CCC Shoes & Bags d.o.o. Beograde	100%	6.4	–	6.4
CCC Shoes & Bags Sp. z o.o.	100%	280.7	–	280.7
CCC Shoes Bulgaria EOOD	100%	0.5	–	0.5
CCC Slovakia s.r.o.	100%	0.4	–	0.4
CCC.eu Sp. z o.o.	100%	15.5	–	15.5
Modivo S.A.	75%	0.5	–	0.5
HalfPrice Sp. z o.o.	100%	58.2	–	58.2
UAB CCC Lithuania	100%	–	–	–
SIA CCC Shoes Latvia	100%	–	–	–
OU CCC Estonia	100%	–	–	–
HR Group Holding s.a.r.l.	31%	–	–	–
Xpress Sp. z o.o.	1%	1.0	–	1.0
Total		**508.7**	**-74.1**	**434.6**

On 31 August 2023, the General Meeting of CCC S.A. passed a resolution to transfer an organised part of enterprise of CCC S.A. engaged in logistics operations to CCC.eu Sp. z o.o., with effect from 1 September 2023. As a result, CCC S.A. acquired new shares issued by CCC.eu Sp. z o.o. in exchange for the transferred non-cash contribution (the organised part of enterprise). The transaction was initiated with the objective of transferring the logistics operations currently conducted within CCC S.A. to CCC.eu Sp. z o.o., where all logistics operations of the entire CCC Group will be consolidated. The market value of the in-kind contributions was determined using the multiplier and asset-based methods. The key details of the transactions are presented below.

	CCC S.A.
Transaction type	Contribution of organised part of enterprise
Transferee	CCC.eu Sp. z o.o.
Carrying amount of OPE*	202.5

[all amounts in PLN million unless stated otherwise]

Number of shares issued by CCC.eu in exchange for in-kind contribution	109,628.0
Par value of CCC.eu share	PLN 50

* OPE – Organised Part of Enterprise

The transaction lacked economic substance under IFRSs, as CCC S.A. separated the OPE and contributed it to CCC.eu Sp. z o.o., a subsidiary in which it directly and indirectly holds 100% of shares. Consequently, cash flows remained unchanged from the Company's perspective, given that CCC S.A. controlled 100% of the OPE's cash flows both before and after the transaction. Therefore, the Company recognised the shares in CCC.eu Sp. z o.o. acquired in exchange for the OPE at the carrying amount of the transferred assets, totalling PLN 202.5m. The table below presents the carrying amounts of assets and liabilities transferred as part of the OPE as at 31 August 2023.

Carrying amounts of the Company's assets and liabilities transferred as part of the OPE as at the transfer date	CCC S.A.
Property, plant and equipment – manufacturing and distribution	192.4
Property, plant and equipment – other	32.9
Total non-current assets	**225.3**
Inventories	3.9
Trade receivables	15.8
Other receivables	1.1
Total current assets	**20.8**
Total assets	**246.1**
Provisions	1.0
Grants received	14.9
Total non-current liabilities	**15.9**
Trade payables	16.2
Other liabilities	10.5
Provisions	0.6
Grants received	0.4
Total current liabilities	**27.7**
Total liabilities	**43.6**
Net assets	**202.5**

In addition, on 19 December 2023, the share capital of CCC.eu Sp. z o.o. was increased through the issuance of 100,000 shares with a par value of PLN 50.0 and a total issue value of PLN 650m, which were fully subscribed by CCC S.A. The liability (issue price) for the new issue shares was offset on the same day against the loan receivable from CCC.eu Sp. z o.o.

As a result of the decision made on 8 November 2023 to merge CCC Factory Sp. z o.o. with CCC.eu Sp. z o.o., on 14 November 2023, the merger resolutions were filed with the National Court Register (KRS), requesting deletion of CCC Factory Sp. z o.o. from the National Court Register and requesting a modification of the company details for CCC.eu Sp. z o.o. in the relevant business register. The merger was registered on 30 November 2023, and on 3 January 2024 CCC Factory Sp. z o.o. was deleted from the National Court Register. As a result of the transaction, CCC S.A. acquired the issued shares in CCC.eu Sp. z o.o., with their valuation set at the carrying amount of the investment in CCC Factory Sp. z o.o., due to the lack of economic substance.

As a result of the OPE transaction (PLN 202.5m), the capital increase (PLN 650m) and the merger with CCC Factory Sp. z o.o. (PLN 24.7m), the value of the Company's interest in CCC.eu Sp. z o.o. increased by PLN 877.2m.

On 8 February 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 as part of a transaction to settle the CCC Group's claims against CCC Ukraina Sp. z o.o.'s existing shareholder. In the transaction, CCC S.A. acquired 75.1% of shares in CCC Ukraina Sp. z o.o. for a price of PLN 12.2m, which was paid on a non-cash basis through an offset of claims between a CCC Group entity and the existing shareholder of CCC Ukraina Sp. z o.o. Under the agreement signed between the parties, the Company has the right to purchase, and the existing shareholder has the right to sell, the remaining shareholding in CCC Ukraina Sp. z o.o., i.e., 23.9% of its shares, following approval of the financial statements of CCC Ukraina Sp. z o.o. for the financial year ended 31 January 2028, at a price equal to six times EBITDA for the year ended 31 January 2028 multiplied by the 23.9% interest. The gross value of the investment was PLN 12.2m, with an impairment loss recognised for PLN 2.8m.

On 7 July 2023, the liquidation of CCC Austria Ges.m.b.H., wholly-owned by the Company, was entered in the commercial register. The following items were derecognised:

[all amounts in PLN million unless stated otherwise]

Carrying amounts related to the liquidation of CCC Austria Ges.m.b.H.	
Shares in CCC Austria Ges.m.b.H.	72.6
Impairment loss on shares	-72.6
Financing liability	11.8
Trade payables	49.6
Receivables under liquidated assets	1.3

Consequently, the Company recognised a gain of PLN 62.7m from the disposal of net assets, which was reported under finance income.

Impairment of shares

As at 31 January 2024, the Company reviewed indications of impairment of its shareholdings in subsidiaries.

For CCC Shoes & Bags d.o.o., CCC Ukraina Sp. z o.o. and CCC.eu Sp. z o.o. impairment tests were carried out due to the subsidiaries' underperformance against the budget. It was determined that the recoverable amount of the assets (calculated based on their value in use) did not exceed their carrying amount. Accordingly, the Company decided to recognise an impairment loss on its shares in CCC Shoes & Bags d.o.o. of PLN 6.4m and shares in CCC Ukraina Sp. z o.o. of PLN 2.8m. The forecast financial results and the analysis of future cash flows based on them do not indicate the necessity to recognise an impairment loss on the shares in CCC.eu Sp. z o.o. as of the reporting date.

The test was performed assuming the projection period until 2028, revenue and costs consistent with the strategic objectives, no new store openings or closures (save for those confirmed) and no potential optimisations with respect to central costs. The test was based on the following rates and assumptions:

The valuation model was based on financial projections for the year 2024, which are consistent with the Budget for this market and aligned with the Group's Budget for 2024. Revenue for the subsequent years, specifically 2025-2028, was estimated based on anticipated fluctuations in the key variables relative to the base year 2024, under the assumption that the Group will execute its growth initiatives as outlined by its strategic directions. The recoverable amount calculated for individual cash-generating units or groups of cash-generating units to which assets had been allocated was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2024, and for subsequent years – from growth forecasts resulting from the strategic directions outlined in the Group's GO.25 Strategy. The main assumptions include:

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

31 Jan 2024	CCC Ukraina Sp. z o. o.	CCC Shoes & Bags d.o.o. (Serbia)	CCC.eu. Sp. z o.o.
Discount rate	27.6%	14.6%	11.0%
Residual growth rate	2.0%	1.0%	2.0%
Average EBITDA margin	10.0%	2.9%	10.0%
Expected revenue CAGR	36.6%	39.2%	5.5%

The table below shows the amount by which the key assumption must change (taking into account the impact of this change on other variables) for the recoverable amount of the unit (or group of units) to equal its carrying amount:

31 Jan 2024	CCC.eu. Sp. z o.o.
Increase in discount rate resulting in impairment loss	7.37%
Decrease in average EBITDA margin resulting in impairment loss	6.41%
Decrease in expected sales CAGR during the forecast period (5 years) resulting in impairment loss	3.12%

[all amounts in PLN million unless stated otherwise]

4.2. 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 expected credit loss allowances in amounts 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.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**1,006.9**	**875.2**
Granting of loans	508.2	171.7
Interest accrued	109.7	33.2
Repayment of loans with interest	-62.4	-12.8
Recognition of impairment loss	-1.2	-32.9
Reversal of impairment loss	47.2	–
Set-off of claims	-682.6	-29.9
Foreign exchange gains (losses)	-4.4	2.4
At end of period	**921.4**	**1,006.9**
- short-term	52.3	26.8
- long-term	869.1	980.1

[all amounts in PLN million unless stated otherwise]

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

31 Jan 2024	Gross carrying amount	Impairment loss	Net carrying amount	Level
CCC Obutev d.o.o.	1.8	–	1.8	1
CCC HRVATSKA d.o.o.	–	–	–	1
CCC Shoes Bulgaria	8.9	–	8.9	1
CCC Shoes & Bags d.o.o. Beograde	0.2	–	0.2	1
Shoe Express S.A.	–	–	–	1
CCC.eu Sp. z o.o.	783.7	-17.7	766.0	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.	143.2	-2.7	140.5	1
UAB CCC Lithuania	0.8	–	0.8	1
SIA CCC Shoes Latvia	2.0	–	2.0	1
OU CCC Estonia	1.2	–	1.2	1
Total	**1,072.0**	**-150.6**	**921.4**	

31 Jan 2023	Gross carrying amount	Impairment loss	Net carrying amount	Level
CCC Obutev d.o.o.	1.9	–	1.9	1
CCC Shoes Bulgaria	10.0	-0.3	9.7	1
CCC Shoes & Bags d.o.o. Beograde	1.6	-0.1	1.5	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**	

Impairment losses on loans	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**-196.6**	**-163.7**
Recognised	-1.2	-32.9
Reversed	47.2	–
At end of period	**-150.6**	**-196.6**

Credit sureties provided as at 31 January 2024	Maximum exposure	Level	Provision
CCC.eu Sp. z o.o.	514.2	1	9.7
CCC Hungary Shoes Kft.	6.1	1	0.1
Total	**520.3**		**9.8**

[all amounts in PLN million unless stated otherwise]

Credit sureties provided as at 31 January 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**

Due to a decrease in the PD parameter (probability of default), coupled with the provision of additional loan tranches to HalfPrice Sp. z o.o. amounting to PLN 111.0m and to CCC.eu Sp. z o.o. amounting to PLN 397.2m, along with the offset of loans totalling PLN 682.6m and repayments amounting to PLN 12.4m, the expected credit loss allowance was reduced by PLN 46.0m, to PLN 150.6m. The allowance for loans granted to the entities specified above increased by PLN 1.2m compared with 31 January 2023 (31 January 2024: PLN 2.7m) and decreased by PLN 46.8m compared with 31 January 2023, respectively, resulting in an allowance of PLN 17.7m as of 31 January 2024.

In the reporting period, the value of sureties provided for credit facilities fell by PLN 391.4m, to PLN 520.3m, which, with a concurrent decrease in the PD parameter, led to a decrease in the loss allowance for the sureties by PLN 46.1m, to PLN 9.8m. For information on the Company's maximum exposure under sureties provided in respect of credit facilities, see Note 5.2.

With respect to other loans and sureties, the Company has determined that 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.

The interest rates applicable to the loans are pegged to a variable WIBOR rate plus a margin for loans denominated in PLN, or to fixed interest rates as stipulated in the respective loan agreements. For further analysis of the interest rate risk and credit risk, see Note 7.1.

The loans are exposed to credit risk, interest rate risk, and currency risk.

The table below shows the current terms of loans advanced as at 31 January 2024.

BORROWER	AGREEMENT DATE	MATURITY DATE	LIMIT [MILLION]	CURRENCY	INTEREST RATE
CCC.eu Sp. z o.o.	17 Dec 2014	1 Jun 2026	9.3	USD	1.5%
CCC.eu Sp. z o.o.	22 Jun 2021	1 Jun 2026	1,600.0	PLN	1M WIBOR + 3.54%
CCC Shoes Bulgaria	4 Dec 2014	31 Jan 2025	4.0	BGN	3M EURIBOR + 2.83%
OU CCC Estonia	9 May 2024	10 May 2024	0.3	EUR	3M EURIBOR + 3.08%
SIA CCC Shoes Latvia	19 May 2022	19 May 2024	0.5	EUR	3M EURIBOR + 3.13%
UAB CCC Lithuania	10 May 2022	10 May 2024	0.2	EUR	3M EURIBOR + 3.22%
CCC Obutev d.o.o	18 Feb 2019	29 Feb 2024	0.8	EUR	3M EURIBOR + 2.35%
CCC Obutev d.o.o	21 Apr 2020	30 Apr 2024	0.3	EUR	3M EURIBOR + 2.70%
HR Group GmbH & Co. KG	17 Feb 2020	31 Mar 2023	6.2	EUR	3.0%
HR Group GmbH Holding	31 Jan 2019	31 Dec 2029	35.0	EUR	8.0%
HR Group GmbH Holding	31 Jan 2019	31 Dec 2029	6.5	EUR	8.0%
DeeZee Sp. z o.o.	17 Aug 2021	26 Jul 2026	11.0	PLN	3.6%
HalfPrice Sp. z o.o.	22 Jun 2021	1 Jun 2026	200.0	PLN	3.6%

[all amounts in PLN million unless stated otherwise]

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

BORROWER	AGREEMENT DATE	MATURITY DATE	AMOUNT [MILLION]	CURRENCY	INTEREST RATE
CCC.eu Sp. z o.o.	17 Dec 2014	1 Jun 2026	9.3	USD	1.5%
CCC.eu Sp. z o.o.	22 Jun 2021	1 Jun 2026	1,000.0	PLN	3.6%
CCC Shoes Bulgaria	4 Dec 2014	31 Jan 2024	4.0	BGN	3M EURIBOR + 3.12%
OU CCC Estonia	9 May 2024	10 May 2023	0.3	EUR	2.5%
SIA CCC Shoes Latvia	19 May 2022	19 May 2023	0.5	EUR	2.6%
UAB CCC Lithuania	10 May 2022	10 May 2023	0.2	EUR	2.5%
CCC Shoes & Bags d.o.o. Beograde	22 Sep 2016	31 Jan 2024	0.1	EUR	3M EURIBOR + 3.26%
CCC Shoes & Bags d.o.o. Beograde	18 Nov 2016	31 Jan 2024	0.1	EUR	3M EURIBOR + 3.26%
CCC Shoes & Bags d.o.o. Beograde	9 Dec 2016	31 Jan 2024	0.1	EUR	3M EURIBOR + 3.26%
CCC Obutev d.o.o	18 Feb 2019	28 Feb 2023	0.8	EUR	3M EURIBOR + 3.23%
CCC Obutev d.o.o	21 Apr 2020	30 Apr 2023	0.3	EUR	3M EURIBOR + 3.23%
HR Group GmbH & Co. KG	17 Feb 2020	31 Mar 2023	6.2	EUR	3.0%
HR Group GmbH Holding	31 Jan 2019	31 Dec 2029	35.0	EUR	8.0%
HR Group GmbH Holding	31 Jan 2019	31 Dec 2029	6.5	EUR	8.0%
DeeZee Sp. z o.o.	17 Aug 2021	26 Jul 2026	11.0	PLN	3.6%
HalfPrice Sp. z o.o.	22 Jun 2021	1 Jun 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 31 January 2023.

[all amounts in PLN million unless stated otherwise]

4.3. 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)
	31 Jan 2024	31 Jan 2024	1 Feb 2023–31 Jan 2024	1 Feb 2023–31 Jan 2024
CCC Czech s.r.o.	0.7	–	–	0.5
CCC Factory Sp. z o.o.	–	–	0.1	14.9
CCC Hungary Shoes Kft.	–	–	0.1	–
CCC Obutev d.o.o.	–	1.9	0.1	–
CCC Shoes & Bags d.o.o. Beograde	–	0.4	–	–
CCC Shoes & Bags Sp. z o.o.	362.7	–	0.8	52.8
CCC Shoes Bulgaria EOOD	–	8.9	0.7	–
CCC.eu Sp. z o.o.	94.3	813.8	209.7	1,851.5
Modivo Group	7.4	17.9	44.4	35.6
Shoe Express S.A.	–	–	0.5	–
HalfPrice Sp. z o.o.	–	173.6	6.6	1.6
UAB CCC Lithuania	–	0.8	0.1	–
OU CCC Estonia	–	1.2	0.1	–
SIA CCC Shoes Latvia	–	2.0	0.1	–
Total	**465.1**	**1,020.5**	**263.3**	**1,956.9**

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)
	31 Jan 2023	31 Jan 2023	1 Feb 2022–31 Jan 2023	1 Feb 2022–31 Jan 2023
CCC Czech s.r.o.	0.4	–	–	–
CCC Factory Sp. z o.o.	4.4	–	0.4	2.4
CCC Hungary Shoes Kft.	–	–	0.1	–
CCC Obutev d.o.o.	–	1.9	0.1	–
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]

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)
	31 Jan 2024	31 Jan 2024	1 Feb 2023–31 Jan 2024	1 Feb 2023–31 Jan 2024
Pronos Sp. z o.o.	0.5	0.3	0.4	0.3
Total	**0.5**	**0.3**	**0.4**	**0.3**

ASSOCIATES	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	31 Jan 2023	31 Jan 2023	1 Feb 2022–31 Jan 2023	1 Feb 2022–31 Jan 2023
Pronos Sp. z o.o.	0.6	–	0.2	0.5
Total	**0.6**	**–**	**0.2**	**0.5**

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)
	31 Jan 2024	31 Jan 2024	1 Feb 2023–31 Jan 2024	1 Feb 2023–31 Jan 2024
Forum Kielce	0.1	–	–	1.3
Forum Lubin	-0.1	–	–	1.5
ULTRO sarl	–	–	0.1	–
Astrum sarl	0.4	–	–	3.7
GP Sp. z o.o.	0.1	–	–	1.0
Total	**0.5**	**–**	**0.1**	**7.5**

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	31 Jan 2023	31 Jan 2023	1 Feb 2022–31 Jan 2023	1 Feb 2022–31 Jan 2023
MGC INWEST Sp. z o.o.	–	–	–	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**

As described in section 5.1 of these financial statements, in 2023 Ultro s.a.r.l., a subsidiary of Dariusz Miłek, made a PLN 212.3m payment for subscription of new shares.

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

[all amounts in PLN million unless stated otherwise]

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

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

5. DEBT; CAPITAL AND LIQUIDITY MANAGEMENT

5.1. 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. Under the New Financing Agreement, dividend may be paid on satisfaction of certain conditions, including: The Net Exposure / EBITDA ratio for the CCC Business Unit (i.e., the CCC Group excluding Modivo S.A. and its subsidiaries) lower than 2.5, with the proviso that the dividend may not be paid earlier than two years after the execution of the said agreement – details of the covenants are described in the Directors' Report on the Group's operations in the 'Management of financial resources and liquidity' section.

For detailed information on the dividend policy, see 'Dividend policy' in the full-year Directors' Report on the Group's operations. To maintain or adjust the capital structure, the 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

[all amounts in PLN million unless stated otherwise]

As at 31 January 2024, the Company's share capital comprised 68.9 million shares with a par value of PLN 0.10, including 62.2 million ordinary shares and 6.65 million shares with voting preference. Pursuant to resolutions of the Extraordinary General Meeting of CCC S.A. of 17 November 2022, on 9 May 2023 the share capital of CCC S.A. was increased through the issue of 14 million shares with a par value of PLN 0.1 and an issue price of PLN 36.11. The issue proceeds of PLN 505.5m were reduced by the issue costs of PLN 3.9m. The share capital was increased by PLN 1.4m, while the balance raised was allocated to the Company's statutory reserve funds. 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, President of the Management Board of CCC S.A. Other shareholder information is presented in the Directors' Report.

SHARE PREMIUM

Statutory reserve funds comprise mainly share premium and amounts from accounting for equity-settled share-based employee benefit plans. As at 31 January 2024, statutory reserve funds were PLN 1,648.2m (as at 31 January 2023: PLN 1,148.0m).

RETAINED EARNINGS

Retained earnings include: retained earnings (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 31 January 2024, retained earnings were positive at PLN 292.4m. As at 31 January 2023, retained earnings were positive at PLN 71.6m.

EARNINGS PER SHARE

Earnings per share is calculated as the quotient of net profit for the reporting period attributable to holders of ordinary shares of the Company and the weighted average number of ordinary shares outstanding in the period. Diluted earnings per share is 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 31 January 2024, basic and diluted loss per share was PLN 3.34. In the 12 months ended 31 January 2023, basic and diluted loss per share was PLN 0.42.

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Weighted average number of shares	66,195,959	54,868,000
TOTAL	**66,195,959**	**54,868,000**
Net profit (loss)	220.8	-22.9
Basic earnings (loss) per share (PLN)	3.34	-0.42
Diluted earnings (loss) per share (PLN)	3.34	-0.42

DIVIDEND

In the current and previous years, the Company did not declare or pay any dividend.

5.2. 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 have 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 based on a qualitative assessment in the following cases:

a) reclassification of a financial liability, unless specified in advance in the terms of the contract,
b) change of the lender,
c) significant extension of the financing period from the original financing period,
d) change in the interest rate, from variable to fixed 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.

LIABILITIES UNDER BORROWINGS AND BONDS

The following note presents data on the Company's borrowings from financial institutions.

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

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

On 30 June 2023 and 28 December 2023, interest repayments were made on the loan received from CCC Shoes & Bags Sp. z o.o., totalling PLN 84.3m.

For information on lease liabilities, see Note 6.3.

[all amounts in PLN million unless stated otherwise]

	LIABILITIES UNDER BORROWINGS AND BONDS			TOTAL
	BANK BORROWINGS	OTHER BORROWINGS	BONDS	
As at 1 Feb 2023	**249.2**	**401.7**	**211.3**	**862.2**
Short-term	0.1	33.0	21.9	55.0
Long-term	249.1	368.7	189.4	807.2
As at 1 Feb 2023	**249.2**	**401.7**	**211.3**	**862.2**
Proceeds from debt contracted				
Interest accrued	22.5	71.8	23.4	117.7
Modification	–	-6.0	–	-6.0
Debt-related payments				
- principal payments	–	–	-20.6	-20.6
- interest paid	-21.9	-85.6	-23.6	-131.1
Other non-cash changes	0.1	-31.2	–	-31.1
As at 31 Jan 2024	**249.9**	**350.7**	**190.5**	**791.1**
Short-term	**249.9**	**1.8**	**1.8**	**253.5**
Credit facility with surety from BGK	*249.7*	–	–	*249.7*
CCC0626 bond	–	–	*1.8*	*1.8*
Borrowings from subsidiaries	–	*1.8*	–	*1.8*
Other	*0.2*	–	–	*0.2*
Long-term	**–**	**348.9**	**188.7**	**537.6**
CCC0626 bond	–	–	*188.7*	*188.7*
Borrowings from subsidiaries	–	*348.9*	–	*348.9*

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 1 Feb 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 1 Feb 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 31 Jan 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*

[all amounts in PLN million unless stated otherwise]

Long-term	**249.1**	**368.7**	**189.4**	**807.2**
Credit facility with surety from BGK	*249.1*	*–*	*–*	*249.1*
CCC0626 bond	*–*	*–*	*189.4*	*189.4*
Borrowings from subsidiaries	*–*	*368.7*	*–*	*368.7*

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 7.1.

Collateral and other security for the liabilities are presented below.

	31 Jan 2024	31 Jan 2023
	AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL OR OTHER SECURITY	
Sureties	2,231.3	2,231.3
Security mortgages on real estate	1,913.7	1,913.7
Registered pledge over movable property	2,228.7	2,228.7
Blank promissory notes	3.0	3.0

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

5.3. 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). Based on historical financial data, the volumes of merchandise retailed enabled the Company to meet its financial liabilities in a timely manner. Moreover, the projected future cash flows from retail and wholesale activities typically enable the Company to entirely cover the anticipated future financing obligations throughout the periods included in the liquidity risk analyses conducted by the Company.

Another systemic factor that mitigates the liquidity risk associated with servicing financial liabilities is the CCC Group's practice of utilising deferred payment terms in transactions with suppliers of merchandise and goods. Such arrangement allows the Group in each period to accumulate inventory of merchandise the sale of which primarily serves to service almost the entire amount of the financial liabilities contracted to finance the trading activities and sales of the CCC Group. The seasonality of purchases of merchandise which is material to the CCC Group's liquidity (i.e. liquid assets required to service its financial liabilities) may affect the Group's liquidity risk. Especially, changeable weather conditions which may affect consumer purchasing decisions. Excluding extraordinary events or circumstances that cannot be foreseen in the standard business risk assessment processes, the CCC Group, through the deferred payment mechanism for purchased goods, can maintain a liquidity buffer that safely exceeds the total of current payments for servicing its financial liabilities.

Liquidity management also implies that the CCC Group maintains sufficient cash and cash equivalents to cover all maturing current liabilities at their due dates and to take pre-emptive action to secure availability of further financing in the form of lines of credit and revolving lines of credit and to monitor the timing of their availability to CCC Group companies. The macroeconomic environment impacts consumer sentiment and the outlook for all players in the retail sector, including the Group, chiefly by generating widespread uncertainty among consumers and businesses. In the opinion of the Management Board, these factors are having and may continue to have a negative impact on the Group's standing in the short to medium term.

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. Simultaneously, within the considered scenarios, the Company is in the process of refinancing its debt or acquiring new financing (either debt or equity) or proceeding with the initial public offering (IPO) of Modivo shares. However, no assurance can be given that the execution of the projects mentioned above will not require a longer timeframe or prove to be inadequate in scenarios where market conditions deteriorate.

[all amounts in PLN million unless stated otherwise]

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.

As at 31 Jan 2024	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	5.1	260.2	–	–	–	265.3	249.9
Other borrowings	4.6	17.8	37.3	576.0	–	635.7	350.7
Bonds	1.8	19.6	218.5	–	–	239.9	190.5
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	–	6.6	–	6.6	6.6
Trade and other payables	161.5	2.5	–	–	–	164.0	164.0
Credit sureties provided	520.3	–	–	–	–	520.3	–
Returns liabilities	13.2	–	–	–	–	13.2	13.2
Lease liabilities	66.5	128.2	271.1	135.5	59.1	660.4	596.6
Total financial liabilities	**773.0**	**428.3**	**526.9**	**718.1**	**59.1**	**2,505.4**	**1,571.5**

As at 31 Jan 2023	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1–3 YEARS	3–5 YEARS	OVER 5 YEARS		
Bank borrowings	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**	**777.5**	**496.1**	**465.6**	**3,191.6**	**1,771.1**

The sureties issued concerning credit facilities, as detailed in the preceding notes, pertain to off-balance-sheet liabilities for which an expected credit loss allowance of PLN 9.8m was recognised. For more information on the sureties, see Notes 4.2 and 7.1 and the Directors' Report.

[all amounts in PLN million unless stated otherwise]

5.4. 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 1 Feb 2023	117.4	292.8
As at 31 Jan 2024	113.9	265.5
Change in statement of financial position	**3.5**	**-27.3**
Difference due to:		
Changes in sureties issued	-0.3	0.5
Changes in investment liabilities/receivables	-3.1	0.5
Netting of receivables against Gino Rossi loan	-19.4	–
Accounting for receivables in connection with acquisition of CCC Ukraina Sp. z o.o.	-12.2	–
Liquidation of CCC Austria Ges.m.b.H	2.5	48.4
Netting of liabilities against loan to CCC.eu Sp. z o.o.	–	32.6
Netting of settlements as part of OPE spin off	-16.9	26.3
Change in expected credit loss allowances	0.4	–
Other	-0.2	-13.6
Change recognised in statement of cash flows	**-45.7**	**67.4**

Other adjustments to profit before tax	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
Change in provisions	-5.1	4.4
Change in provisions for credit sureties and guarantees	–	11.6
Change in expected credit loss allowances	-94.0	36.4
Embedded derivative instruments – Equity Kicker	0.1	6.5
Sureties	-0.1	-7.3
Interest accrued on loans	-109.6	-33.3
Exchange differences on measurement of lease liabilities	-35.8	18.2
Gain/(loss) on liquidation of CCC Austria Ges.m.b. H	-50.9	–
Late payment interest	–	-21.8
Other	1.6	13.5
Total	**-293.8**	**28.2**

[all amounts in PLN million unless stated otherwise]

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1. INTANGIBLE ASSETS

ACCOUNTING POLICY

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

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

- patents and licences – from 2 to 5 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 6.2.

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	TOTAL
Gross carrying amount as at 1 Feb 2023	**17.5**	**17.5**
Accumulated amortisation as at 1 Feb 2023	**-12.4**	**-12.4**
Net carrying amount as at 1 Feb 2023	**5.1**	**5.1**
Amortisation	-1.2	-1.2
Retirement and disposal	-1.5	-1.5
Retirement and disposal (accumulated depreciation)	0.8	0.8
Gross carrying amount as at 31 Jan 2024	**16.8**	**16.8**
Accumulated amortisation as at 31 Jan 2024	**-13.6**	**-13.6**
Net carrying amount as at 31 Jan 2024	**3.2**	**3.2**

	TRADEMARKS, PATENTS, LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at 1 Feb 2022	**13.5**	**2.7**	**16.2**
Accumulated amortisation as at 1 Feb 2022	**-11.5**	**–**	**-11.5**
Net carrying amount as at 1 Feb 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 31 Jan 2023	**17.5**	**–**	**17.5**
Accumulated amortisation as at 31 Jan 2023	**-12.4**	**–**	**-12.4**
Net carrying amount as at 31 Jan 2023	**5.1**	**–**	**5.1**

As of 31 January 2024, the net carrying amount of trademarks, patents, and licenses primarily consisted of: rights to the online store and BADURA marketing materials acquired in previous years, valued at PLN 0.8m; rights to the Gino Rossi online store and database, valued at PLN 1.1m; and the AMERICANOS trademark, valued at PLN 0.6m.

[all amounts in PLN million unless stated otherwise]

6.1.1. GOODWILL

ACCOUNTING POLICY

Goodwill recognised in the financial statements was recognised on acquisition of an organised part of enterprise (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 1 Feb 2023	As at 31 Jan 2024
Adler International Sp. z o.o. sp. k.	Jul 2018	48.8	48.8

As at 31 January 2024, 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 calculated for individual cash-generating units or groups of cash-generating units to which assets had been allocated was determined based on the value in use calculated using a cash flow projection derived from the Annual Budget for 2024, and for subsequent years – from growth forecasts resulting from the strategic directions outlined in the Group's GO.25 Strategy. The assumptions used in preparing the Annual Budget for 2024 are detailed further in the 'Going concern' note. These assumptions include, in addition to the elements discussed below, the level of inflation and the exchange rates for the main foreign currencies (EUR and USD).

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

- average EBITDA margin,
- expected revenue CAGR during the forecast period (five years),
- residual growth rate,
- 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 amounts assigned to each of these parameters reflect the Company's experience adjusted for expected changes in the period covered by the forecast.

In the test carried out for the Adler International Sp. z o.o. sp.k. project (OPE), the base for calculating EBITDA changed – the year 2023 showed a significant improvement compared to the previous year. This translated into cumulative EBITDA growth. The test revealed that the excess of the discounted cash flows over the tested value was PLN 600m. Accordingly, no need was identified to recognise an impairment loss on the goodwill.

[all amounts in PLN million unless stated otherwise]

The underlying assumptions of the impairment test are presented below.

	31 Jan 2024	31 Jan 2023
Discount rate	11.0%	12.9%
Average EBITDA margin	38.4%	34.1%
Expected revenue CAGR	5.5%	4.7%
Residual growth rate	2.0%	2.0%

6.2. 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 (typically up to 15 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 10 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.

Given that the carrying amount of corporate assets (including real property) 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).

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:

- the 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 (for example, stores that are in operation for less than 30 months are tested if their results are coming in significantly below expectations and no positive trend reversal is expected, with additional market acquisition considerations taken into account in the case of stores operating in new markets).

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

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. Their useful lives are not always linked to the lease term as lease contracts may contain a lease extension option. The adopted useful lives are described above. Accordingly, the amount of depreciation expense may not correspond with the estimated term of the store lease contract. Changes in lease duration may affect the amount of impairment losses.

For information on property, plant and equipment pledged as security for borrowings, see Note 5.2.

On 23 December 2009, CCC S.A. and Polska Agencja Rozwoju Przedsiębiorczości signed an agreement for the co-financing of investments in property, plant and equipment. The Company applied for a subsidy from the Innovative Economy Operational Programme for the investment in the construction of a high-bay warehouse in Polkowice. The final amount of the subsidy was PLN 38.5m. Following the transfer of logistics operations as an organised part of the enterprise to CCC.eu, the subsidy amount recorded at the reporting date for CCC S.A. was PLN 0m. As of 31 January 2023, the value of the outstanding subsidy was PLN 15.7m.

[all amounts in PLN million unless stated otherwise]

	LEASEHOLD IMPROVEMENTS	DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at 1 Feb 2023	**581.9**	**233.1**	**123.1**	**2.9**	**359.1**	**79.0**	**2.3**	**7.3**	**88.6**	**1,029.6**
Accumulated depreciation as at 1 Feb 2023	**-307.3**	**-45.1**	**-108.9**	**–**	**-154.0**	**-14.4**	**-1.4**	**-3.6**	**-19.4**	**-480.7**
Net carrying amount as at 1 Feb 2023	**274.6**	**188.0**	**14.2**	**2.9**	**205.1**	**64.6**	**0.9**	**3.7**	**69.2**	**548.9**
Acquisition	33.0	–	–	0.8	0.8	3.1	–	-1.7	1.4	35.2
Depreciation	-40.1	-3.1	-6.4	–	-9.5	2.3	-0.1	-0.5	1.7	-47.9
Retirement and disposal	-10.3	–	–	–	–	-0.6	-0.3	–	-0.9	-11.2
Retirement and disposal (accumulated depreciation)	9.0	–	–	–	–	-0.5	0.1	–	-0.4	8.6
Transfer of assets as organised part of enterprise	–	-214.3	-139.4	–	-353.7	-38.1	-0.3	-1.0	-39.4	-393.1
Transfer of assets as organised part of enterprise (accumulated depreciation)	–	45.6	117.3	–	162.9	4.0	0.1	0.7	4.8	167.7
Other (gross carrying amount)	0.1	-14.8	16.5	-1.7	–	–	-0.7	0.4	-0.3	–
Other (accumulated depreciation)	-0.1	2.0	-2.0	–	–	4.6	0.3	–	4.9	–
Gross carrying amount as at 31 Jan 2024	**604.6**	**4.0**	**0.2**	**2.0**	**6.2**	**43.4**	**1.0**	**5.0**	**49.7**	**660.5**
Accumulated depreciation as at 31 Jan 2024	**-338.7**	**-0.6**	**–**	**–**	**-0.6**	**-8.6**	**-1.0**	**-3.4**	**-13.3**	**-352.3**
Net carrying amount as at 31 Jan 2024	**266.2**	**3.4**	**0.2**	**2.0**	**5.6**	**34.8**	**–**	**1.6**	**36.4**	**308.2**

	LEASEHOLD IMPROVEMENTS	DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at 1 Feb 2022	**530.4**	**232.1**	**121.3**	**2.7**	**356.1**	**77.6**	**4.9**	**4.1**	**86.6**	**973.1**
Accumulated depreciation as at 1 Feb 2022	**-272.1**	**-39.1**	**-103.8**	**–**	**-142.9**	**-11.5**	**-1.3**	**-3.4**	**-16.2**	**-431.2**
Net carrying amount as at 1 Feb 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 31 Jan 2023	**581.9**	**233.1**	**123.1**	**2.9**	**359.1**	**79.0**	**2.3**	**7.3**	**88.6**	**1,029.6**
Accumulated depreciation as at 31 Jan 2023	**-307.3**	**-45.1**	**-108.9**	**–**	**-154.0**	**-14.4**	**-1.4**	**-3.6**	**-19.4**	**-480.7**
Net carrying amount as at 31 Jan 2023	**274.6**	**188.0**	**14.2**	**2.9**	**205.1**	**64.6**	**0.9**	**3.7**	**69.2**	**548.9**

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

As of 31 January 2024, apart from one store, the Company did not identify any indications of impairment of assets, including store assets and the right-of-use assets for the stores. Accordingly, an impairment test was conducted for one store, which did not indicate the necessity to recognise an impairment loss. The estimated WACC discount rate was 11.1%.

6.3. 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 Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- 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:

- allocates the consideration in the modified contract,
- determines the lease term of the modified lease, and
- 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 Company accounts for the remeasurement of the lease liability by:

- 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 Company recognises any profit or loss related to the partial or total termination of the lease,
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The 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:

- 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;
- 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 1 Feb 2023	**1,020.4**	**2.2**	**7.7**	**28.9**	**1,059.2**
Accumulated depreciation as at 1 Feb 2023	**-627.0**	**-1.4**	**-5.2**	**-6.6**	**-640.2**
Net carrying amount as at 1 Feb 2023	**393.4**	**0.8**	**2.5**	**22.3**	**419.0**
New lease contracts	16.1	0.1	0.4	–	16.6
Depreciation in period	-104.2	-0.3	-1.7	-4.1	-110.3
Changes resulting from contract modifications	48.2	0.2	0.4	9.1	57.9
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-30.3	-0.3	-1.4	–	-32.0
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	25.3	0.2	1.3	–	26.8
Gross carrying amount as at 31 Jan 2024	**1,054.4**	**2.2**	**7.1**	**38.0**	**1,101.7**
Accumulated depreciation as at 31 Jan 2024	**-705.9**	**-1.5**	**-5.6**	**-10.7**	**-723.7**
Net carrying amount as at 31 Jan 2024	**348.5**	**0.7**	**1.5**	**27.3**	**378.0**

	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS				
	Stores	Warehouse	Vehicles	Offices	Total
Gross carrying amount as at 1 Feb 2022	**1,042.1**	**2.9**	**8.5**	**26.2**	**1,079.7**
Accumulated depreciation as at 1 Feb 2022	**-571.9**	**-1.6**	**-5.6**	**-6.1**	**-585.2**
Net carrying amount as at 1 Feb 2022	**470.2**	**1.3**	**2.9**	**20.1**	**494.5**
New lease contracts	45.9	-0.1	1.5	3.2	50.5
Depreciation in period	-112.4	-0.3	-2.0	-0.5	-115.2
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
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	57.3	0.5	2.4	-0.0	60.2
Gross carrying amount as at 31 Jan 2023	**1,020.4**	**2.2**	**7.7**	**28.9**	**1,059.2**
Accumulated depreciation as at 31 Jan 2023	**-627.0**	**-1.4**	**-5.2**	**-6.6**	**-640.2**
Net carrying amount as at 31 Jan 2023	**393.4**	**0.8**	**2.5**	**22.3**	**419.0**

As at 31 January 2024, the Company identified indications necessitating the testing of right-of-use assets for impairment, as discussed in more detail in Note 5.3 to these financial statements.

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

	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**720.6**	**756.8**
Accrued interest	24.9	15.3
Lease payments	-182.8	-168.8
Exchange differences	-46.8	15.6
New lease contracts	29.3	128.5
Modification of contract terms	50.1	8.6
Change of scope	1.3	-35.4
At end of period	**596.6**	**720.6**

The amount of interest paid on lease contracts was PLN 25.8m in the period 1 February 2023 – 31 January 2024, compared with PLN 14.1m in the previous financial year.

[all amounts in PLN million unless stated otherwise]

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	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**138.1**	**92.7**
New lease contracts	12.7	21.4
Modification	2.8	44.4
Interest	5.7	2.8
Repayment of receivables	-32.8	-22.7
Impairment losses	1.7	-3.0
Exchange differences	-10.0	2.5
Other	-2.2	–
At end of period	**116.0**	**138.1**

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

Undiscounted lease payments	31 Jan 2024	31 Jan 2023
up to 1 year	33.8	28.4
1 to 2 years	31.7	29.5
2 to 3 years	28.4	28.2
3 to 4 years	22.1	23.8
4 to 5 years	11.4	15.1
over 5 years	24.1	21.4
Total undiscounted lease payments	**151.5**	**146.4**
Unrealised finance income	**-35.5**	**-8.2**
Total	**116.0**	**138.2**

No discounted unguaranteed residual value was recognised.

6.4. INVENTORIES

ACCOUNTING POLICY

Inventories are stated at the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less variable costs necessary to make the sale.

The 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:

[all amounts in PLN million unless stated otherwise]

- – 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 arise from an analysis of historical data, as well as the Company's current situation and its micro- and macroeconomic environment, which may contribute to the level of uncertainty in determining these forecasts.

Significant estimates and judgments primarily involve analysis of the achievable sales margin, projected future selling prices, inventory turnover, additional selling expenses required to complete the sale of inventories and the effectiveness of marketing activities conducted. As part of its day-to-day management of inventories, the Company monitors current stocks by age and proactively supports sales through appropriate sales campaigns.

In analysing the level and value of inventories, the 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 anticipated sales volumes, expected margins, planned discounts, product lifespan, alignment with fashion trends and customer needs, and the level of additional costs needed to adapt the products for sale 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:

- 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 inventory less attractive to customers;
- discount campaigns are structured for entire collections or product groups, to strengthen the expected effect;
- 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;
  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.

	31 Jan 2024	31 Jan 2023
Merchandise	350.8	381.3
Returns assets	4.4	7.7
Total (gross)	**355.2**	**389.0**
Impairment losses	-3.9	-7.3
Total (net)	**351.3**	**381.7**

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

Inventory write-downs	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**-7.3**	**-3.4**
Expensed to cost of sales	–	-7.9
Used	1.9	4.0

[all amounts in PLN million unless stated otherwise]

Reversed to cost of sales	1.5	–
At end of period	**-3.9**	**-7.3**

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 4.4m, and the amount of the liability was PLN 13.2m.

6.5. 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 or realised as part of the normal operating cycle, 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.

	31 Jan 2024	31 Jan 2023
Gross trade receivables	80.1	74.0
Impairment losses on receivables	-12.9	-1.9
Total net receivables	**67.2**	**72.1**
Prepaid deliveries	3.7	0.8
Prepayments	2.1	9.0
Tax receivables other than under corporate income tax	0.4	1.2
Receivables from sale of property, plant and equipment	1.6	5.6
Other financial receivables	–	0.3
Other receivables from sale of shares in subsidiaries	–	21.9
Other	38.9	6.5
Total other receivables	**46.7**	**45.3**

Trade receivables primarily consist of amounts due from the subsidiary CCC.eu Sp. z o.o. and HalfPrice Sp. z o.o., totalling PLN 59.9m (31 January 2023: PLN 8.6m).

The increase in other receivables by PLN 1.4m over 31 January 2023 primarily stemmed from offsetting a loan received from Gino Rossi and trade payables amounting to PLN 21.9m against the receivable from Gino Rossi's repurchase of its own shares from CCC S.A. Concurrently, there was an increase in additional receivables of PLN 32.4m. Other receivables included customs deposits of PLN 6m, bank guarantee deposits of PLN 10.3m, and receivables from the recharge of utilities costs for premises sublet to Modivo, amounting to PLN 19.3m.

For details of the risks, see Note 7.1.

For information on the terms of related-party transactions, see Note 4.3.

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	1 Feb 2023–31 Jan 2024	1 Feb 2022–31 Jan 2023
At beginning of period	**-1.9**	**-1.1**
a) increase	-12.1	-2.1
b) decrease – use	–	0.2
b) decrease – reversal	1.1	1.1
At end of period	**-12.9**	**-1.9**
Total trade receivables, net	**67.2**	**72.1**

Aging of trade receivables	31 Jan 2024	31 Jan 2023
a) current	52.3	55.1
b) up to 1 month	6.2	1.3
c) over 1 month to 3 months	8.6	2.3
d) over 3 months to 6 months	5.8	8.5
e) over 6 months	7.2	6.8
Total trade receivables, gross	**80.1**	**74.0**

As at 31 January 2024 and 31 January 2023, the Company's trade receivables were primarily from subsidiaries with verified creditworthiness. In the Company’s opinion, its past due receivables were not materially impaired. For the methodology for calculating the expected credit loss allowances for trade receivables, see Note 7.1.

6.6. 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.

	31 Jan 2024	31 Jan 2023
Cash in hand	8.6	6.6
Cash at bank	18.5	29.7
Cash in transit	3.5	1.8
Cash in VAT accounts (split payment)	2.8	–
Total	**33.4**	**38.1**

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.

6.7. 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.

[all amounts in PLN million unless stated otherwise]

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 PPK contributions 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'.

	31 Jan 2024	31 Jan 2023
Trade and other payables		
• trade payables – net of reverse factoring	142.1	148.5
• investment liabilities	21.9	22.6
Total trade and other payables	**164.0**	**171.1**
Indirect taxes, customs duties and other public charges payable	15.0	22.2
Amounts due to employees	20.8	28.8
Accrued expenses	31.2	42.8
Sureties received	–	0.5
Returns liabilities	13.2	10.7
Liabilities under contracts with customers	19.8	13.9
Other liabilities	1.5	2.8
Total other current liabilities	**101.5**	**121.7**

	31 Jan 2024	31 Jan 2023
Other non-current liabilities – security deposits	1.3	2.1
Amounts due to employees	–	0.2
Total other non-current liabilities	**1.3**	**2.3**

As of 31 January 2024 and 31 January 2023, most of the Company's trade payables were liabilities to CCC Group companies, notably to CCC.eu Sp. z o.o. at PLN 94.3m (31 January 2023: PLN 57.3m).

Accruals included, among other items, settlements of leasehold improvements with store landlords of PLN 24.5m, a provision for costs of the period of PLN 3.7m, and a provision for holiday entitlements at PLN 3.0m. In the current period, a provision of PLN 9.1m for the future costs of stores closed in Germany was reversed. This was related to lease guarantees granted by CCC S.A. to certain landlords in that market, and conditions outlined in the agreement executed during the sale of CCC Germany between the Company and HRG. Specifically, it included provisions for CCC S.A. to compensate HRG for incurred losses.

The Company implements a long-term bonus programme for management staff covering the period 2021–2025; eligibility for the programme's benefits is post-period, contingent on the fulfilment of the programme's objectives. As of the reporting date, the Company estimated the expected amount of bonuses to be paid and recognised a short-term employee benefit obligation PLN 0.7m (31 January 2023: PLN 7.1m). Additionally, employee benefit obligations included the liability for employee bonuses of PLN 2.3m (31 January 2023: PLN 3.6m), and the value of the scheme detailed further in Note 7.2.

Trade payables and other liabilities are exposed to currency risk. For information on currency risk management and the sensitivity analysis, see Note 7.1.

Liabilities also involve liquidity risk (for further information, see Note 5.2 and 7.1).

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

EXPENDITURE COMMITMENTS AND OTHER FUTURE LIABILITIES

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

6.8. PROVISIONS

ACCOUNTING POLICY

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

The provision for warranty repairs is recognised as an estimate of the average level of returns due to complaints based on historical data. Based on results of calculations spanning several periods and on the Company's experience, in order to simplify the estimates the average complaint ratio is calculated. The amount of revenue earned in a given period is used as the variable determining potential returns and, consequently, the amount of potential complaints. Appropriate adjustments to the provision are made in subsequent periods by increasing or reversing the provision, depending on the amount of revenue earned.

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

In accordance with the Company's remuneration systems, employees are entitled to retirement severances. Retirement severances are paid out as a lump sum at the time of retirement. The amount of retirement benefits depends on the employee’s years of service and average remuneration. The 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 SEVERANCES	PROVISION FOR RETURNS AND COMPLAINTS	PROVISION FOR EXPECTED CREDIT LOSSES	TOTAL
As at 1 Feb 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
As at 1 Feb 2023	**7.2**	**5.6**	**55.9**	**68.7**
Recognised	1.7	0.5	–	2.2
Used	-1.9	-5.6	–	-7.5
Reversed	-1.5	–	-46.1	-47.6
As at 31 Jan 2024	**5.5**	**0.5**	**9.8**	**15.8**
short-term	1.9	0.5	9.8	12.2
long-term	3.6	–	–	3.6

	PROVISION FOR JUBILEE AND RETIREMENT SEVERANCES	PROVISION FOR RETURNS AND COMPLAINTS	PROVISION FOR EXPECTED CREDIT LOSSES	TOTAL
As at 1 Feb 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 1 Feb 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 31 Jan 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

The reversal of provisions for expected credit losses mainly pertains to changes in the provisions for credit guarantees of CCC.eu Sp. z o.o. amounting to PLN 44.3m, and for factoring guarantees of CCC.eu Sp. z o.o. amounting to PLN 1.8m, as detailed 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 severances and jubilee benefits.

	31 Jan 2024
Discount rate	5.2%
Mortality tables	pttz2022
Assumed average annual increase in base amount to calculate retirement severances and disability benefits in 2024-2033	2.87%
Average assumed annual increase in base amount to calculate jubilee benefits in 2024-2033	2.87%
Weighted average employee mobility ratio (men)	35.53%
Weighted average employee mobility ratio (women)	36.94%

31 Jan 2024	**Finance discount rate**		**Planned increase in base amount**	
Provision	-1pp	+1pp	-1pp	+1pp
Retirement severances	0.2	0.2	0.2	0.2
Disability severance pay	–	–	–	–
Jubilee benefits	5.4	5.2	5.1	5.4
Death benefits	0.1	0.1	0.1	0.1
Total provisions	**5.7**	**5.5**	**5.4**	**5.7**

[all amounts in PLN million unless stated otherwise]

	31 Jan 2023
Discount rate	5.85%
Mortality tables	pttz2021
Assumed average annual increase in base amount to calculate retirement and disability severances 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%

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

7. OTHER NOTES

7.1. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets

<u>Classification of financial assets</u>

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.

<u>Measurement at initial recognition</u>

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.

<u>Derecognition</u>

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.

<u>Measurement after initial recognition</u>

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

- debt instruments measured at amortised cost,
- debt instruments measured at fair value through other comprehensive income,
- equity instruments measured at fair value through other comprehensive income,

- financial assets measured at fair value through profit or loss.

Debt instruments – financial assets measured at amortised cost

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

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

The 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:

- the financial asset is held within a business model whose objective is both to receive contractual cash flows and to sell the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, exchange differences and gains and losses on impairment are recognised in profit or loss and calculated in the same way as for financial assets carried at amortised cost. Other changes in fair value are recognised in other comprehensive income. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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

Equity instruments – financial assets measured at fair value through other comprehensive income

On initial recognition, the 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 expected credit loss allowances 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 Company 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]

	31 Jan 2024		31 Jan 2023	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	**1,139.6**	**–**	**1,282.9**	**–**
Loans	921.4	–	1,006.9	–
Trade receivables	67.2	–	72.1	–
Other financial receivables	–	–	0.3	–
Receivables from sale of property, plant and equipment	1.6	–	5.6	–
Equity claims	–	–	21.9	–
Lease receivables	116.0	–	138.1	–
Cash and cash equivalents	33.4	–	38.0	–
Financial liabilities at amortised cost	**–**	**1,564.9**	**–**	**1,764.6**
Liabilities under borrowings and bonds	–	791.1	–	862.2
Trade and other payables	–	164.0	–	171.1
Returns liabilities	–	13.2	–	10.7
Lease liabilities	–	596.6	–	720.6
Financial liabilities measured at fair value through profit or loss	**–**	**6.6**	**–**	**6.5**
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	6.6	–	6.5

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).

The Equity Kicker is an obligation of the issuer to pay a premium to PFR based on an algorithm agreed between PFR and the Group. The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value of PLN 6.6m. The change in measurement in the reporting period was PLN 0.1m and was recognised under finance income.

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

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

The fair value measurement of Equity Kicker is classified in Level 3 of the fair value hierarchy.

Financial liabilities measured at fair value through profit or loss	31 Jan 2024	31 Jan 2023
At beginning of period	**6.5**	**19.3**
Remeasurement	0.1	12.8
At end of period	**6.6**	**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.

[all amounts in PLN million unless stated otherwise]

CURRENCY RISK

CCC S.A. operates internationally and, therefore, is exposed to the risk of movements in foreign exchange rates, in particular USD and 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 minimise their adverse impact, e.g. by having the currency movements reflected in prices of offered goods. The Company does not use hedging instruments.

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

31 Jan 2024	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	**1,139.6**	**32.7**	**389.2**	**0.7**	**717.0**
Loans	921.4	32.3	268.4	–	620.7
Trade receivables	67.2	–	0.3	0.3	66.6
Receivables from sale of property, plant and equipment	1.6	–	–	–	1.6
Lease receivables	116.0	–	116.0	–	–
Cash and cash equivalents	33.4	0.4	4.5	0.4	28.1
Financial liabilities at amortised cost	**1,564.9**	**–**	**441.7**	**0.8**	**1,122.4**
Liabilities under borrowings and bonds	791.1	–	–	–	791.1
Trade and other payables	164.0	–	2.0	0.8	161.2
Returns liabilities	13.2	–	–	–	13.2
Lease liabilities	596.6	–	439.7	–	156.9

31 Jan 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
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]

The analysis of sensitivity to foreign exchange risk of exposures as at the reporting date is presented in the table below. If as at 31 January 2024 the exchange rates of financial assets/liabilities denominated in foreign currencies, in particular USD and EUR, were PLN 0.05 higher/lower, the effect of such currency movements on profit before tax would be as follows:

31 Jan 2024	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**	**0.4**	**-0.4**	**389.2**	**4.5**	**-4.5**
Loans	32.3	0.4	-0.4	268.4	3.1	-3.1
Trade receivables	–	–	–	0.3	–	–
Lease receivables	–	–	–	116.0	1.3	-1.3
Cash and cash equivalents	0.4	–	–	4.5	0.1	-0.1
Financial liabilities at amortised cost	**–**	**–**	**–**	**441.7**	**-5.1**	**5.1**
Trade and other payables	–	–	–	2.0	–	–
Lease liabilities	–	–	–	439.7	-5.1	5.1

31 Jan 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	–	–
Lease receivables	–	–	–	138.1	1.6	-1.5
Cash and cash equivalents	0.6	–	–	1.5	–	–
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

INTEREST RATE RISK

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

A part of the debt bears interest at floating rates based on WIBOR. An increase in interest rates leads to higher debt service costs, which is partially offset by cash deposits. 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.

[all amounts in PLN million unless stated otherwise]

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 1 Feb 2023–31 Jan 2024		Effect 1 Feb 2022–31 Jan 2023	
	31 Jan 2024	31 Jan 2023	+1pp	-1pp	+1pp	-1pp
Cash at banks	33.4	38.0	0.3	-0.3	0.4	-0.4
Loans	780.9	13.1	7.8	-7.8	0.1	-0.1
Financing liabilities	-791.1	-850.4	-7.9	7.9	-8.5	8.5
Effect on net profit (loss)			**-7.6**	**7.6**	**-8.0**	**8.0**

If the interest rates on debt were 1pp higher/lower in the current period, the profit or loss for the period would be PLN 7.6m lower/higher (1 February 2022 – 31 January 2023: PLN 8.0m 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 exposure to credit risk as at the reporting dates of 31 January 2024 and 31 January 2023 is presented in the table below:

	31 Jan 2024	31 Jan 2023
Loans	1072.0	1,203.5
Trade receivables	80.1	74.0
Other receivables	23.3	52.0
Cash and cash equivalents	33.4	38.0
Lease receivables	117.1	141.2
Total	**1,326.2**	**1,508.7**

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

	31 Jan 2024					31 Jan 2023				
	Trade and leasing receivables	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total	Trade and leasing receivables	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Estimated rating										
AAA to BB+ (Aaa to Ba1)	5.3	33.4	–	–	38.7	4.4	38.0	6.3	–	48.7
BB to B+ (Ba2 to B1)	146.4	158.1	–	–	304.5	142.5	49.3	–	–	191.8
B to B- (B2 to B3)	33.2	783.7	–	–	816.9	66.9	1,024.0	–	–	1,090.9
Trade partners without specific rating	12.6	–	1.7	151.8	166.1	1.5	21.9	–	153.9	177.3
Gross carrying amount	**197.5**	**975.2**	**1.7**	**151.8**	**1,326.2**	**215.3**	**1,133.2**	**6.3**	**153.9**	**1,508.7**
Impairment losses	-14.3	-20.4	-0.1	-151.8	-186.6	-5.1	-66.4	-0.4	-153.9	-225.8
Net carrying amount	**183.2**	**954.8**	**1.6**	**–**	**1,139.6**	**210.2**	**1,066.8**	**5.9**	**–**	**1,282.9**

Under Stage 3, the Company presented loan receivables of PLN 130.2m (as at 31 January 2023: PLN 130.2m), and other receivables of PLN 21.6m (as at 31 January 2023: PLN 23.8m). An impairment loss was recognised for the entire amount of items presented under Stage 3.

[all amounts in PLN million unless stated otherwise]

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

	31 Jan 2024	31 Jan 2023
	Stage 1 (12-month ECL)	Stage 1 (12-month ECL)
Estimated rating		
BB to B+ (Ba2 to B1)	6.1	23.4
B to B- (B2 to B3)	514.2	888.2
Gross carrying amount	**520.3**	**911.6**
Impairment losses	9.8	-55.9

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 31 January 2024, the Company recognised an expected credit loss allowance under sureties provided in respect of credit facilities of PLN 46.1m. For more information, see Note 3.2.

The table below presents the maximum limits of collateral or other security provided by CCC S.A. to its subsidiaries.

	31 Jan 2024	31 Jan 2023
	AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL OR OTHER SECURITY	
Sureties	3,022.4	3,022.4
Security mortgages on real estate	1,538.7	1,538.7
Registered pledge over movable property	2,316.8	2,316.8
Blank promissory notes	60.6	60.6

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

	31 Jan 2024	31 Jan 2023
AAA-rated banks	–	0.1
AA-rated banks	0.7	–
A-rated banks	17.4	26.1
BAA-rated banks	0.3	–
Other – not classified [1]	0.1	3.5
Total cash at banks	**18.5**	**29.7**

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 across a large number of relationship banks and customers.

7.2. 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 Company measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Company 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 Company 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 Company reviews its estimates of the number of options expected to vest as a result of such non-market vesting conditions. The Company presents the effect of a potential revision to the original estimates in the statement of profit or loss for a given period under administrative expenses, with a corresponding adjustment to equity.

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

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

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

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

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

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

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

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

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

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

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

The long-term bonus for period two was valued by an external expert using the Black-Scholes model. The number of rights to benefit from share appreciation (number of options) used in the valuation was 200,000, with 22 June 2021 – 31 July 2024 as the vesting period. The value of a single right to benefit from share appreciation (value of a single option) used in the valuation was PLN 0.15. The assumed risk-free rate was 4.61% and the expected volatility of the share price was 45.5%. The duration of the options is 0.5 years.

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

[all amounts in PLN million unless stated otherwise]

7.3. EVENTS AFTER REPORTING DATE

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

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

7.4. 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 31 January 2024 and the year ended 31 January 2023, by type of service.

AUDITOR'S FEES	1 Feb 2023–31 Jan 2024	1 Jan 2022–31 Jan 2023
Audit and reviews of financial statements	0.9	0.9
SUBSIDIARIES		
Audit and reviews of financial statements	1.3	0.9
TOTAL	**2.2**	**1.8**

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

Polkowice, 5 April 2024