

CCC

Consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS OF THE CCC GROUP
for the 12 months from February 1st 2021
to January 31st 2022

CCC | GINO ROSSI





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Consolidated statement of comprehensive income

NOTE		February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
		AUDITED	UNAUDITED	AUDITED
	CONTINUING OPERATIONS			
3.1	Revenue	7,591.5	5,247.0	5,638.6
3.2	Cost of sales	-4,016.4	-2,954.1	-3,182.1
	Gross profit	3,575.1	2,292.9	2,456.5
3.2	Costs of points of purchase	-1,343.7	-1,155.8	-1,268.2
3.2	Other distribution costs	-1,902.7	-1,247.1	-1,334.4
3.2	Administrative expenses	-393.0	-246.1	-252.2
3.3	Other income	125.8	56.8	47.8
3.3	Other expenses	-62.7	-199.7	-196.1
3.3	(Recognition) / Reversal of loss allowances (trade receivables)	5.1	-80.1	-80.1
	Operating profit (loss)	3.9	-579.1	-626.7
3.3	Finance income	42.7	99.3	97.7
3.3	(Recognition) / Reversal of loss allowances (loans)	–	-130.2	-130.2
3.3	Finance costs	-200.9	-257.4	-278.4
6.3	Share of profit (loss) of associates	0.4	-20.9	-30.7
	Profit (loss) before tax	-153.9	-888.3	-968.3
3.4	Income tax	-67.1	-20.7	-20.6
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	-221.0	-909.0	-988.9
	DISCONTINUED OPERATIONS			
6.4	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	28.7	-280.3	-291.4
	NET PROFIT (LOSS)	-192.3	-1,189.3	-1,280.3
	Attributable to owners of the parent	-223.4	-1,219.9	-1,279.7
	Attributable to non-controlling interests	31.1	30.6	-0.6
	Other comprehensive income from continuing operations	3.8	15.4	14.3
	Items that may be reclassified to profit or loss:			
	Exchange differences on translating foreign operations	2.6	15.5	14.4
	Items that may not be reclassified to profit or loss:			
	Actuarial gains (losses) on employee benefits	1.2	-0.1	-0.1
	Other comprehensive income from discontinued operations	2.6	-17.2	-18.1
	Items that may be reclassified to profit or loss:			
	Exchange differences on translating foreign operations	–	-3.1	-4.0
	Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	2.6	–	–
	Items that may not be reclassified to profit or loss:			
	Actuarial gains (losses) on employee benefits	–	-14.1	-14.1
	Total other comprehensive income, net	6.4	-1.8	-3.8



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TOTAL COMPREHENSIVE INCOME	-185.9	-1,191.1	-1,284.1
Comprehensive income attributable to owners of the parent from:	-215.5	-1,221.7	-1,283.5
- continuing operations	-246.8	-924.2	-974.0
- discontinued operations	31.3	-297.5	-309.5
Non-controlling interests	29.6	30.6	-0.6
Weighted average number of ordinary shares (million)	54.9	49.9	49.9
Basic earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	-4.07	-24.45	-25.65
Basic earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	-4.60	-18.83	-19.81
Basic earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	0.52	-5.62	-5.84
Diluted earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	-4.07	-24.45	-25.65
Diluted earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	-4.60	-18.83	-19.81
Diluted earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	0.52	-5.62	-5.84



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Consolidated statement of financial position

NOTE		January 31st 2022	January 31st 2021
		AUDITED	AUDITED
5.1	Intangible assets	317.9	308.3
5.2	Goodwill	197.9	197.9
5.3	Property, plant and equipment – leasehold improvements	573.6	541.8
5.3	Property, plant and equipment – manufacturing and distribution	623.6	603.0
5.3	Property, plant and equipment – other	91.5	93.1
5.4	Right-of-use assets	1,388.9	1,455.5
3.4	Deferred tax assets	175.5	152.1
5.6	Loans	–	–
6.1	Other financial assets	11.2	10.2
6.1	Derivative financial instruments	5.5	4.3
5.4	Lease receivables	0.2	0.5
6.3	Investments in associates	0.9	0.8
	Investment property	6.1	6.9
5.6	Long-term receivables	1.0	0.7
	Non-current assets	3,393.8	3,375.1
5.5	Inventories	2,625.8	2,192.6
5.6	Trade receivables	226.1	172.3
3.4	Income tax receivable	17.2	1.7
5.6	Loans	–	–
5.6	Other receivables	293.4	234.1
5.7	Cash and cash equivalents	941.1	458.7
6.1	Derivative financial instruments	3.1	1.7
5.4	Lease receivables	0.2	0.3
	Current assets	4,106.9	3,061.4
6.4	Assets classified as held for sale	–	210.9
	TOTAL ASSETS	7,500.7	6,647.4
4.2	Bank borrowings and bonds	1,914.6	472.7
3.4	Deferred tax liabilities	38.9	38.0
5.8	Other non-current liabilities	23.4	0.4
5.9	Provisions	14.4	16.3
5.3	Grants received	15.7	14.0
5.4	Lease liabilities	1,303.9	1,415.4
6.1	Liabilities arising from obligation to purchase non-controlling interests	64.8	828.6
5.8	Other non-current financial liabilities	34.5	–
6.1			
	Non-current liabilities	3,410.2	2,785.4
4.2	Bank borrowings and bonds	545.0	1,196.9
5.8	Trade and other payables	1,480.1	1,269.3



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5.8	Other liabilities	375.9	386.2
3.4	Income tax liabilities	28.2	18.7
5.9	Provisions	17.4	21.2
5.3	Grants received	0.6	3.7
5.4	Lease liabilities	491.6	450.5
6.1	Liabilities arising from obligation to purchase non-controlling interests	0.1	–
	Current liabilities	2,938.9	3,346.5
6.4	Liabilities directly related to assets classified as held for sale	–	205.7
	TOTAL LIABILITIES	6,349.1	6,337.6
	NET ASSETS	1,151.6	309.8
	Equity		
4.1	Share capital	5.5	5.5
	Share premium	1,148.0	1,148.0
	Exchange differences on translating foreign operations	16.9	10.1
	Actuarial valuation of employee benefits	0.5	-12.8
	Measurement of incentive scheme	0.6	–
	Retained earnings	-186.3	-969.1
	Equity attributable to owners of the parent	985.2	181.7
	Non-controlling interests	166.4	128.1
	TOTAL EQUITY	1,151.6	309.8
	TOTAL EQUITY AND LIABILITIES	7,500.7	6,647.4

Consolidated statement of cash flows

NOTE		February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
		AUDITED	UNAUDITED	AUDITED
	Profit (loss) before tax	-125.2	-1,168.4	-1,260.1
	Profit (loss) before tax from continuing operations	-153.9	-888.3	-968.3
	Profit (loss) before tax from discontinued operations	28.7	-280.1	-291.8
3.2	Depreciation	577.3	611.1	683.6
5.1; 5.2; 5.3; 5.4	Impairment losses on property, plant and equipment, right-of-use assets, intangible assets and remeasurement to fair value of disposal group	2.1	324.7	332.0
	(Gain) loss on investing activities	-21.2	14.0	13.9
	Share of profit (loss) of associates	-0.4	30.7	30.7
4.2	Borrowing costs	146.7	78.9	85.6
4.4	Other adjustments to profit before tax	-94.2	368.4	282.9
3.4	Income tax paid	-95.7	-50.4	-56.0
	Cash flow before changes in working capital	389.4	209.0	112.6
	Changes in working capital			
4.4	Change in inventories and inventory write-downs	-433.3	-224.1	-357.3
4.4	Change in receivables and impairment losses on receivables	-100.7	56.0	29.3
4.4	Change in current liabilities, net of borrowings	194.9	232.9	153.3
	Net cash flows from operating activities	50.3	273.8	-62.1
	Proceeds from sale of property, plant and equipment	1.9	9.8	9.9
	Proceeds from settlement of leasehold improvements with landlords	34.8	8.9	8.9
5.1; 5.3	Purchase of intangible assets and property, plant and equipment	-312.9	-194.5	-206.4
6.2	Effect of sale of NG2 s.a.r.l. and Karl Voegelé AG	58.0	–	–
	Payments for non-controlling interests	–	–	-7.0
	Acquisition of financial assets	-1.0	–	–
6.2	Other investing expenditure	–	-23.2	-23.2
6.2	Expenditure on investment in HR Group, associate	–	-44.0	-44.0
	Net cash flows from investing activities	-219.2	-243.0	-261.8
4.2	Proceeds from borrowings	939.3	252.1	252.1
4.2	Bond issue	860.0	–	–
4.1	Dividends and other distributions to non-controlling interests	-10.5	–	–
4.2	Repayment of borrowings	-978.8	-184.1	-77.5
	Lease payments	-346.0	-363.6	-360.5
4.2	Interest paid	-92.7	-73.0	-78.3
4.1	Net proceeds from issue of shares	–	506.9	506.9
6.1	Acquisition of eobuwie.pl shares from MKK3	-720.0	–	–
6.1	Sale of shares to A&R and Polsat	1,000.0	–	–
	Other financing expenditure	–	-2.7	-2.7
	Net cash flows from financing activities	651.3	135.6	240.0
	TOTAL CASH FLOWS	482.4	166.4	-83.9
	Net increase/decrease in cash and cash equivalents	482.4	166.4	-83.9
	Exchange gains (losses) on measurement of cash and cash equivalents	–	–	–
	Cash and cash equivalents at beginning of period	458.7	292.3	542.6
	Cash and cash equivalents at end of period	941.1	458.7	458.7

Consolidated statement of changes in equity

AUDITED	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	MEASUREMENT OF INCENTIVE SCHEME	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT							
As at February 1st 2021	5.5	1,148.0	-969.1	10.1	-12.8	-	128.1	309.8
Net profit (loss) for period	-	-	-192.3	-	-	-	-	-192.3
Net profit (loss) allocated to non-controlling interests	-	-	-31.1	-	-	-	31.1	-
Actuarial valuation of employee benefits	-	-	0.5	-	0.6	-	0.1	1.2
Exchange differences on translation	-	-	-	4.2	-	-	-1.6	2.6
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	-	-	-	2.6	-	-	-	2.6
Total comprehensive income	-	-	-222.9	6.8	0.6	-	29.6	-185.9
Dividend approved	-	-	-	-	-	-	-10.5	-10.5
Measurement of employee option plan	-	-	-	-	-	0.6	0.2	0.8
Transfer of employee benefits actuarial measurement relating to a subsidiary over which control has been lost to retained earnings	-	-	-12.7	-	12.7	-	-	-
Purchase of non-controlling interests*	-	-	-19.0	-	-	-	19.0	-
Extinguishment of liability under option to purchase Modivo S.A. shares (obligation to purchase minority interests in Modivo S.A.)	-	-	749.0	-	-	-	-	749.0
Recognition of option to purchase Modivo S.A. shares (20.0%) from MKK3 – recognition of liability under option to purchase shares in subsidiaries	-	-	-711.6	-	-	-	-	-711.6
Transactions involving 20% of Modivo S.A. shares	-	-	1,000.0	-	-	-	-	1,000.0
Total transactions with owners	-	-	1,005.7	-	12.7	0.6	8.7	1,027.7
As at January 31st 2022	5.5	1,148.0	-186.3	16.9	0.5	0.6	166.4	1,151.6

*Purchase of shares in CCC Russia OOO



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AUDITED	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	MEASUREMEN T OF INCENTIVE SCHEME	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT							
As at January 1st 2020	4.1	645.1	312.8	0.2	1.4	–	126.0	1,089.6
Net profit for period	–	–	-1,280.3	–	–	–	–	-1,280.3
Profit (loss) attributable to non-controlling interests	–	–	0.6	–	–	–	-0.6	–
Actuarial valuation of employee benefits	–	–	–	–	-14.2	–	–	-14.2
Exchange differences on translation	–	–	–	9.9	–	–	0.5	10.4
Total comprehensive income	–	–	-1,279.7	9.9	-14.2	–	-0.1	-1,284.1
Issue of shares	1.4	502.9	–	–	–	–	–	504.3
Purchase of non-controlling interests	–	–	-2.2	–	–	–	2.2	–
Total transactions with owners	1.4	502.9	-2.2	–	–	–	2.2	504.3
As at January 31st 2021	5.5	1,148.0	-969.1	10.1	-12.8	–	128.1	309.8

UNAUDITED	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	MEASUREMEN T OF INCENTIVE SCHEME	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT							
As at February 1st 2020	4.1	645.1	249.9	-2.1	1.4	–	98.2	996.6
Net profit (loss) for period	–	–	-1,189.3	–	–	–	–	-1,189.3
Profit (loss) attributable to non-controlling interests	–	–	-30.6	–	–	–	30.6	–
Actuarial valuation of employee benefits	–	–	–	–	-14.2	–	–	-14.2
Exchange differences on translation	–	–	–	13.1	–	–	-0.7	12.4
Total comprehensive income	–	–	-1,219.9	13.1	-14.2	–	29.9	-1,191.1
Issue of shares	1.4	502.9	–	–	–	–	–	504.3
Purchase of non-controlling interests	–	–	–	–	–	–	–	–
Total transactions with owners	1.4	502.9	–	–	–	–	–	504.3
As at January 31st 2021	5.5	1,148.0	-970.0	11.0	-12.8	–	128.1	309.8



NOTES

1. GENERAL INFORMATION

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

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

As at January 31st 2022, the CCC Group (the "CCC Group", the "Group") comprised the parent CCC S.A. of Poland, registered at ul. Strefowa 6 in Polkowice, and its subsidiaries.

On March 29th 2021, the Supervisory Board passed resolutions to increase the number of members of the Management Board to six persons and to appoint Adam Holewa as Vice President of the Management Board, with effect from April 1st 2021, Igor Matus as Vice President of the Management Board, with effect from June 7th 2021, and Kryspin Derejczyk as Vice President of the Management Board, with effect from July 1st 2021.

On September 16th 2021, the Supervisory Board resolved to increase the number of Management Board members to seven persons and to appoint Adam Marciniak as Vice President of the Management Board for Technology and Digitalisation of the CCC Group as of September 16th 2021.

On January 11th 2022, Mariusz Gnych resigned as Vice President of the Company's Management Board, with effect from January 31st 2022. As at the date of issue of these financial statements, the change was not yet entered in the National Court Register. As at the date of authorisation of these financial statements, the Management Board was composed of the persons specified above.

These consolidated financial statements of the CCC Group cover the 12 months ended January 31st 2022 (in this document, the period is referred to as the financial year 2021) and contain comparative data for the 13 months ended January 31st 2021 and as at January 31st 2021 (in this document, the period is referred to as the financial year 2020), as well as additional data for the 12 months ended January 31st 2021 (the period is referred to as the corresponding period of the previous year).

The consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the 12 months ended January 31st 2021 and the notes to the consolidated statement of comprehensive income, the consolidated full-year statement of cash flows and the consolidated full-year statement of changes in equity for the 12 months ended January 31st 2021 have not been audited or reviewed by an auditor.

For more information on changes in the financial year, see 'Statement of accounting policies' below.

These consolidated financial statements of the CCC Group for the 12 months ended January 31st 2022 were authorised for issue by the Management Board on April 20th 2022.



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STRUCTURE OF THE GROUP

The Group consists of CCC S.A. (the parent) and its subsidiaries. In the 12 months ended January 31st 2022, there were changes in the composition of the Group relative to January 31st 2021, as discussed in more detail below.

The structure of the CCC Group is presented below.

SUBSIDIARIES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT JANUARY 31ST 2022	EQUITY INTEREST AS AT JANUARY 31ST 2021
CCC Factory Sp. z o.o.	Polkowice, Poland	manufacturing – logistics	100%	100%
CCC Czech s.r.o.	Prague, Czech Republic	trade	100%	100%
CCC Slovakia s.r.o.	Bratislava, Slovakia	trade	100%	100%
CCC Hungary Shoes Kft.	Budapest, Hungary	trade	100%	100%
CCC Austria Ges.m.b.H	Graz, Austria	trade	100%	100%
CCC Obutev d.o.o.	Maribor, Slovenia	trade	100%	100%
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	100%	100%
CCC Shoes Ayakkabıcylyk Limited Sirketi	Istanbul, Turkey	trade	100%	100%
C-AirOP Ltd. (formerly: CCC Isle of Man) [5]	Douglas, Isle of Man	services	50%	50%
CCC.eu sp. z o.o. [1]	Polkowice, Poland	procurement and sale	100%	100%
CCC Shoes & Bags Sp. z o.o.	Polkowice, Poland	investments	100%	100%
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	trade	100%	100%
Modivo S.A. (formerly: eobuwie. pl S.A.) [2]	Zielona Góra, Poland	trade	75%	75%
Modivo S.R.L. [12]	Alme, Italy	services	n/a	n/a
eobuwie.pl Logistics Sp. z o.o.	Zielona Góra, Poland	logistics	75%	75%
eschuhe.de GmbH	Frankfurt am Oder, Germany	trade	75%	75%
Branded Shoes and Bags sp. z o.o.	Zielona Góra, Poland	services	75%	75%
eschuhe.CH GmbH	Zug, Switzerland	trade	75%	75%
eobuv.cz s.r.o.	Prague, Czech Republic	trade	75%	75%
epantofi.modivo s.r.l [11]	Bucharest, Romania	logistics	75%	n/a
NG2 Suisse s.a.r.l. [7]	Zug, Switzerland	trade	0%	100%
CCC Shoes & Bags d.o.o. Beograd	Belgrade, Serbia	trade	100%	100%
CCC Russia OOO [8]	Moscow, Russia	trade	100%	75%
Shoe Express S.A. [4]	Bucharest, Romania	trade	100%	100%
DeeZee sp. z o.o. [3]	Kraków, Poland	trade	75%	75%
Karl Voegelé AG [7]	Uznach, Switzerland	trade	0%	70%
Gino Rossi S.A.	Słupsk, Poland	trade	100%	100%
Gino Rossi s.r.o [10]	Prague, Czech Republic	trade	0%	100%
HalfPrice Sp. z o.o. [6]	Polkowice, Poland	trade	100%	100%
OFP Austria GmbH [9]	Graz, Austria	trade	100%	100%



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ASSOCIATES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT JANUARY 31ST 2022	EQUITY INTEREST AS AT JANUARY 31ST 2021
HR Group Holding s.a.r.l.	Luxembourg	trade	30.55%	30.55%
Pronos Sp. z o.o.	Wrocław, Poland	services	10.00%	10.00%

[1] CCC.eu sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (99.75%) and CCC S.A. (0.25%).

[2] Modivo S.A. (formerly: eobuwie.pl S.A.) is a subsidiary of CCC Shoes & Bags Sp. z o.o. (74.99%). For information on the transactions in Modivo S.A. shares, see Note 6.1.

[3] DeeZee sp. z o.o. is a subsidiary of CCC Shoes & Bags sp. z o.o. (75%).

[4] Shoe Express S.A. is a subsidiary of CCC Shoes & Bags sp. z o.o. (95%) and CCC.eu sp. z o.o. (5%).

[5] C-AirOp Ltd. is a subsidiary of CCC S.A. (50%). Having analysed the functions performed by the company's shareholders, the Management Board is of the opinion that the Group continues to control the operations and management of the company.

[6] HalfPrice Sp. z o.o. (formerly OFP Sp. z o.o. and until June 10th 2021 Garda Sp. z o.o., wholly-owned subsidiary of Gino Rossi S.A.). On May 31st 2021, it became a wholly-owned subsidiary of CCC S.A. The change had not been registered in the National Court Register by the issue date of this Report.

[7] NG2 Suisse s.a.r.l., owner of 100% of shares in Karl Voegele AG, was sold in the reporting period (for more information, see Note 6.4 to these financial statements).

[8] CCC Russia OOO is a subsidiary of CCC Shoes & Bags sp. z o.o. (75%) and CCC.eu Sp. z o.o. (25%). On October 14th 2021, CCC.eu Sp. z o.o. acquired the remaining 25% of shares in CCC Russia OOO for PLN 10 thousand. Following the transaction, the CCC Group became the sole owner of CCC Russia OOO.

[9] On August 19th 2021, the CCC Group established OFP Austria GmbH, making a capital contribution of EUR 2m. The company was registered with the court on October 13th 2021. The company is a subsidiary of HalfPrice Sp. z o.o.

[10] Gino Rossi s.r.o., a company of the Gino Rossi Group, was liquidated on February 2nd 2021.

[11] EPANTOFI MODIVO s.r.l. was established on July 9th 2021 and the share capital was fully paid up on September 6th 2021).

[12] On February 1st 2022, the Modivo Group registered a new subsidiary Modivo S.R.L.

BASIS OF ACCOUNTING

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

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

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

BASIS OF CONSOLIDATION

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

GOING CONCERN

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future, i.e. for a period of at least 12 months from the reporting date.

Below in this note are presented important issues, including uncertainties concerning circumstances that may pose risks to the Company continuing as a going concern.

As at January 31st 2022, current assets exceeded current liabilities by PLN 1,168.0m.

As presented in Notes 4.1, 4.2 and 5.8 to these consolidated financial statements, the Group's operations are financed through financial instruments, including mainly credit facilities and bonds. The debt outstanding under those instruments as at the reporting date was approximately PLN 2,459.6m. The Group also uses reverse factoring in settlements with suppliers, with the debt outstanding as at the reporting date of approximately PLN 441.9m.

As a result of the outbreak of the COVID-19 pandemic and the imposition of temporary restrictions on retail trade in the countries where the Group operates, a priority task faced by the parent's Management Board was to enter into an agreement with the banks financing the Group's operations to ensure a stable level of financing for the duration of the pandemic and beyond.

Following negotiations with the financing institutions, the Group secured long-term financing for its operations through:



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- postponement of the bond redemption date for another five years, i.e. to June 29th 2026, which was approved by the bondholders on May 17th 2021 by adopting relevant resolutions;
- execution, on June 2nd 2021, of a New Financing Agreement by Group companies (CCC S.A., CCC.eu sp. z o.o., CCC Shoes & Bags sp. z o.o., CCC Factory sp. z o.o., OFF sp. z o.o.) with a bank syndicate (Bank Handlowy w Warszawie S.A., Bank Millennium S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Santander Bank Polska S.A. and Santander Factoring sp. z o.o.), with mBank S.A. acting as the agent and Bank Polska Kasa Opieki S.A. as the security agent (the "New Financing Agreement"), which provides for long-term financing of PLN 886.0m, divided into four-year tranche A and three-year tranche B, plus tranche C, which is additional financing that may be used in the future;
- division of joint financing provided to CCC S.A., CCC.eu S.A., Modivo S.A. (formerly eobuwie.pl S.A.) and Gino Rossi S.A. by PKO BP S.A., whereby the limit of PLN 161.6m was separated and allocated exclusively to Modivo S.A., with the maturity date falling on November 21st 2022.

For the New Financing Agreement to be signed and enter into force, the CCC Group was obliged to extend the maturity date of the bonds (described above) and, among other things, prepay its existing debt of PLN 450m (related mainly to a reduction in reverse factoring exposure and repayment of credit facilities at CCC.eu Sp. z o.o.).

In order to secure access to long-term financing for the Group, and to effect ownership changes at Modivo S.A., the Group entered into an agreement on early repurchase of 20% of Modivo S.A. shares from its minority shareholder for a total amount of PLN 720.0m, and then sold the shares to new investors, i.e. Cyfrowy Polsat S.A. and A&R Investments (each of which acquired 10% of the shares) for a total amount of PLN 1,000.0m.

The repurchase of Modivo S.A. shares was partly financed with proceeds from the issue of PLN 360m worth of bonds, subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty, with the subscription divided into two tranches: the first tranche of PLN 170m subscribed for in September 2021 and the second tranche of PLN 190m transferred to an escrow account, to be released to the CCC Group after the conditions precedent are met (which were met in October 2021).

Furthermore, following negotiations, on July 2nd 2021 Modivo S.A. entered into a Subscription and Investment Agreement with a SoftBank Group company, concerning investment in Modivo S.A., which sets out the terms and conditions of the company investing PLN 500.0m in Modivo S.A. by subscribing for unsecured bonds convertible into Modivo S.A. shares.

In August 2021, Modivo S.A. entered into amendments to the financing agreements with PKO BP S.A. and PEKAO S.A., which did not increase the credit limits at those banks, but was only a formal consequence of the division of the available financing between CCC and Modivo. In September 2021, Modivo S.A. increased its reverse factoring limit from PLN 120.0m to PLN 250.0m (Pekao Faktoring Sp. z o.o. – PLN 50.0m, secured by BGK, PKO Faktoring S.A. – PLN 80.0m).

As the final stage of securing new financing, on September 21st 2021 the Group obtained PLN 71.3m in the form of a preferential loan from PFR (Polish Development Fund) under the government programme 'Polish Development Fund's Financial Shield for Micro, Small and Medium-Sized Enterprises'. PLN 51.0m of debt under the loan was forgiven after certain contractual conditions had been met, and the balance of PLN 20.3m was repaid in December 2021.

Execution of the New Financing Agreement and related documents, as well as the additional financing documents referred to above, between CCC S.A., its subsidiaries, Modivo S.A. and financial institutions, was the final stage of the CCC Group's debt refinancing efforts aimed at ensuring a stable long-term financing level for the Group, consistent with the business objectives under the GO.22 strategy and key strategic projects covered by that strategy.

Under the financing agreements concluded by the Group, the Group is required to comply with certain financial covenants, separately for the CCC business unit and for the Modivo business unit, which were complied with in the financial year ended January 31st 2022 and as at that date. Based on the 2022 budget prepared by the Management Board, the Group expects to meet the financial covenants set forth in those agreements, including in particular with respect to the reported EBITDA for individual interim periods, as well as the net debt/EBITDA and DSCR ratios as at the end of the following financial year.

Swiss companies (NG2, KVAG) were restructured and sold on June 3rd 2021, their sale accounted for in these consolidated financial statements.

In response to material developments in the Group's business environment in 2020 and 2021 following the outbreak of the COVID-19 pandemic, the Management Board decided to prepare an update of the CCC Group's GO.22 strategy, first adopted in January 2020. The updated GO.25 Everything Fashion. Omnichannel Platform strategy was adopted and released in November 2021, and its key objectives to be delivered by 2025 are discussed at length in the annual Directors' Report on the Group's operations in the 'CCC Group's strategy' section. Execution and growth plans

The new strategy includes a budget, defined in greater detail for 2022 as the Group's budget, which focuses mainly on:

- sales growth in the CCC and Modivo segments,
- margin improvement in the CCC segment,
- opening of new HalfPrice and CCC stores,



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- cost discipline and optimisation of labour costs,
- improvement of cost efficiency in logistics, marketing and IT,
- strict monitoring of cash flows.

The budget was prepared on the assumption that there would be no closures of shopping malls and no restrictions on retail operations, without factoring in the effect of the war in Ukraine on the operation of stores located in Russia and on sales on the Ukrainian market through franchisees.

Implementation and delivery of all the measures, objectives, plans and financial projections described above are subject to numerous future risks and uncertainties.

In December 2021 and January 2022, the Group saw a decline in its sales performance due to the persistently high COVID-19 incidence rates, which affected footfall rates in shopping malls as well as sales figures generated in the last months of the financial year.

Moreover, after the reporting date, i.e. on February 24th 2022, Russia's aggression against Ukraine started, leading to a slowdown in sales in February and March 2022.

In Ukraine the Group operates via a franchise model, and hence the Group's assets other than trade receivables allocated to that market as at the reporting date were immaterial. In Russia the Group has 39 stores operated by a subsidiary. In 2021, combined sales in Ukraine and Russia accounted for 2.37% of the CCC Group's overall revenue.

As a result of analyses carried out by the Management Board, a decision was made to discontinue supplies to the Russian market and to suspend further development of the CCC Group's business in Russia by abandoning its expansion plans and consistent downscaling of the planned operations. This event, occurring after the reporting date, does not necessitate any adjustments to be made as at January 31st 2022 and its potential impact on the data for 2022 is disclosed in Note 6.8 to these consolidated financial statements.

The Management Board of the CCC Group has identified the following as factors which may bear on the implementation of the Group's budget for 2022, e.g. in the light of volatility on the financial markets or as a result of possible changes in consumer behaviour:

- further developments in Ukraine and Russia, which could have a significant, yet still difficult to predict, impact on many aspects of the business and its external environment described below;
- macroeconomic risks, including higher commodity prices and higher salaries affecting the purchase prices of goods, capital expenditure amounts, as well as higher operating expenses, in particular 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, etc.), as well as the Group's potential decisions to raise the prices of merchandise;
- higher interest rates due to inflationary trends;
- exchange rate movements affecting the performance of foreign operations and the cost of goods purchase;
- steps taken by the Group's competitors that will adversely affect its performance;
- occurrence of unplanned and/or unforeseen changes in fashion trends and weather conditions;
- changes in consumer behaviour due to the COVID-19 pandemic and the migration crisis, or postponement of purchasing decisions;
- delivery of worse-than-expected results relative to plans and projections, including failure to achieve the assumed levels of sales and margins in individual months,
- materialisation of operational risks;
- occurrence of non-business factors, including further impact of the COVID-19 pandemic;
- volatility on the financial markets, which may prevent the initial public offering of Modivo S.A. shares to be carried out as planned;

In view of these risks affecting the Group, the Management Board prepared a detailed, multi-scenario analysis of the financial model's sensitivity over the next 12 months along with a list of alternative measures to be taken.

The key element of that analysis were parameters that could cause underperformance relative to the objectives set out in the 2022 budget and failure to achieve the financial covenants 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.

As part of the analysis, a list was prepared describing alternative measures that could be taken depending on how the situation develops, including the adoption and implementation of final decisions related to withdrawal from the Russian market, and impact of the geopolitical events on consumer behaviour. The key possible measures include discussions with the Group's lenders about how to eliminate the effect of the intended discontinuation of its Russian operations on the terms of financing provided to the Group. The Management Board expects the first binding arrangements to be made at the end of April 2022.

In the Management Board's opinion, a number of measures are also available to offset the adverse effect of the risks listed above on the Group's financial performance. They may include cost savings in relation to the budget as well as other measures.



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In the Management Board's opinion, they are sufficient to ensure that the financial objectives set out in the budget for 2022 and in the financing agreements for the Group, including the CCC business unit, are duly met, and that the Group and its individual business units (CCC and Modivo) retain liquidity even if their sales and/or margins come in below the target levels.

Should such measures prove insufficient for delivering the objectives set out in the budget, the Management Board may take steps to procure dividend payments from subsidiaries, which would enable the achievement of target performance and compliance with the financial covenants under the credit facility agreements.

In conclusion, despite the risks mentioned above, the Group's Management Board, based on the budget for 2022, including the analyses and list of alternative measures described above, and considering the execution of the New Financing Agreement and other agreements for the financing of the Group's operations, is absolutely convinced that adequate preventive measures have been taken or prepared to ensure that these risks are fully mitigated and the Group's plans are carried out, and has therefore drawn up the attached consolidated financial statements on a going concern basis.

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

1. Impact of COVID-19 on the business of the Group, described in the section below.
2. Agreements with the institutions providing financing to the CCC Group, including to CCC S.A., described in the 'Going concern' section and in Note 4.2.
3. Sale of the subsidiaries NG2 Suisse s.a.r.l. and Karl Voegele AG, described in more detail in Note 6.4.
4. Transactions with MKK3 sp. z o.o. relating to Modivo S.A. shares, described in the 'Going concern' section and in Note 6.1.
5. Issue of bonds convertible into Modivo S.A. shares subscribed for by a Softbank Group company, described in more detail in the 'Going concern' section and in Note 4.2.
6. Issue of non-public ordinary bonds by CCC & Shoes Bags Sp. z o.o. to FIK FIZAN (Polski Fundusz Rozwoju – Polish Development Fund), described in more detail in the 'Going concern' section and in Note 4.2.
7. Securing a loan from PFR and forgiveness of the loan, described in more detail in the 'Going concern' section and in Note 4.2.
8. Russia's military aggression against Ukraine after the reporting date and prior to the issue of these financial statements, described in more detail in Note 6.8.

EFFECT OF THE COVID-19 EPIDEMIC ON THE BUSINESS OF THE GROUP

Since the fourth quarter of 2019 the COVID 19 pandemic has been spreading worldwide. The COVID-19 pandemic had a very significant negative impact on the global economy and the economies of individual countries, including those related to the operations of the Group. In response to the pandemic, governments of individual countries have taken specific countermeasures to mitigate its negative effects

Retail outlets were closed at various times during both previous and current financial year. After the lockdown periods, there was a slow return of customers to shopping in offline stores, with some customers shifting to the digital channel. This was also the time of after-season sales, which involved discounts. Seasonal declines in sales were recorded corresponding to the successive waves of new infections and many people kept in isolation or quarantine.

The COVID-19 pandemic also had a negative impact on the supply chain. Many of the Group's major suppliers are located in Asia. In all phases of the pandemic, the start of production in China was delayed, affecting production levels and delivery. However, COVID-induced disruptions gradually affected other countries, including India and Bangladesh, where the Group's suppliers are located. As a result of the measures taken, during the financial year and as at the date of these financial statements, the Group had secured deliveries of merchandise.

In response to the pandemic, the Group prepared a comprehensive stabilisation plan, covering the operational, financing and strategic aspects of the business. The key measures included steps taken to secure continuity of the Group's operating processes in an environment of widespread remote working, to strengthen digital logistics processes, to accelerate the launch of digital platforms in new markets, to enter into negotiations with landlords to adjust the lease terms to the circumstances and the expected decline in footfall once the stores are reopened, to negotiate payment terms with some suppliers, and to apply for and receive support from available public assistance programmes subsidising labour and other costs.

In terms of financing, the Group held negotiations with bondholders, banks and financing institutions with a view to securing the stability of its long-term funding, and announced the issuance of new shares to raise additional capital to provide financial support for the Group's business (financial year 2020). The Group secured additional financing backed with a guarantee from the BGK Liquidity Guarantee Fund,



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entered into the New Financing Agreement, and raised financing from the investment fund PFR Inwestycje Fundusz Inwestycyjny Zamknięty represented by Polski Fundusz Rozwoju S.A. and from the Softbank Group.

On the strategic level, the Group intends to reduce and reallocate capital expenditure, while upholding and adding to the objectives of the GO.22 strategy under the updated GO.25 *Everything Fashion. Omnichannel Platform* strategy.

In the medium to long term, the Group expects: continuing recovery in the value of the footwear and clothing market in 2022 (assuming no administrative closures of stores are reimposed in 2022), an increase in the share the digital channel in total revenue, and a shift in demand towards goods with the best possible price/quality ratio due to the decline in consumers' disposable incomes.

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

Inventory write-downs

For more information, see Note 5.5.

Expected credit losses (ECL)

As at January 31st 2022, the Group carried out a detailed analysis of the impact of COVID-induced changes in the economic environment on the 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 Group's business involves mainly retail, digital and wholesale activities. Trade receivables relate mainly to the wholesale business and cooperation with franchisees (trade receivables in the retail and digital segments are not material). The general economic situation in the financial year 2021 and efforts made by the Management Board led to an increase in retail sales and wholesale volumes. Allowances were recognised for receivables from entities which, in the Group's opinion, are exposed to the highest risk of default in the short term. In the financial year 2021, the Group reversed a PLN 5.1m impairment loss on trade receivables.

The Group has not observed any material deterioration in collection rates or an increase in bankruptcies or restructurings among its other customers and does not expect such deterioration in the future, except in the Ukrainian and Russian markets, which are being monitored on an ongoing basis. Accordingly, the Group expects that the recoverability of the receivables disclosed in the statement of financial position as at January 31st 2022, maturing in the coming months, will remain substantially unchanged.

Another group of assets exposed to credit losses are loans. A credit loss allowance covering 100% of the exposure was recognised with respect to these assets in 2020.

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

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

As at January 31st 2022, the Group made a detailed assessment (taking into account material changes in the operating and economic conditions caused by the COVID-19 pandemic) whether there are any indications that any of the items of property, plant and equipment, intangible assets with finite useful lives, goodwill and right-of-use assets could be impaired. Where such indications were found to exist, the Group tested the assets for impairment.

The Group also carried out an annual impairment test for goodwill and intangible assets with indefinite useful lives (trademarks).

For details of the assessment and tests performed, see Notes 5.2, 5.3 and 5.4.

Renegotiation of commercial space lease contracts

The COVID-19 pandemic has significantly affected the retail property market. As a result of renegotiation of lease contracts, the value of right-of-use assets and lease liabilities changed – for more information, see Note 5.4.

Other accounting matters and issues

As at the date of these consolidated financial statements, the Group did not identify any material risks related to potential breach of the terms of its existing trade and supply contracts, with the exception of those pertaining to the Ukrainian and Russian markets, which are being monitored on an ongoing basis.

As a result of the execution of financing agreements with banks, bondholders and other institutions, the Group is required to meet a number of covenants, which will be calculated and tested in subsequent reporting periods, as described in detail in the Directors' Report on the Group's operations in the section entitled 'Management of financial resources and liquidity'. As at January 31st 2022, in the opinion of the Management Board none of the covenants were breached during the reporting period and until the date of authorisation of the financial statements for issue.



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

During the financial year, the Group received subsidies to salaries and employee benefits of PLN 40.9m, as described in Note 3.2.

During the financial year, the Group obtained PLN 71.3m in the form of a preferential loan from PFR (Polish Development Fund) under the government programme 'Polish Development Fund's Financial Shield for Micro, Small and Medium-Sized Enterprises'. PLN 51.0m of debt under the loan was forgiven after certain contractual conditions had been met, and the balance of PLN 20.3m was repaid in December 2021.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

STATEMENT OF ACCOUNTING POLICIES

The accounting policies applied by the CCC Group companies did not change relative to those applied in the full-year financial statements for the financial year January 1st 2020 – January 31st 2021, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after February 1st 2021.

On September 26th 2019, the Extraordinary General Meeting of CCC S.A. passed a resolution on the basis of which the Company's financial year was changed from the calendar year to a period of 12 consecutive months from February 1st to January 31st of the following calendar year.

The change was prompted by the natural cycle in the fashion industry, where new collections are launched in February and the sales period ends in January.

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Preparation of financial statements in accordance with IFRSs requires using certain significant accounting estimates. It also requires the Management Board to exercise its own judgement in the application of the accounting policies applied 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
1	Consolidation	Y	Y	12
3.1	Revenue	Y	Y	38
3.2	Cost of sales	Y	N	40
3.2	Costs of points of purchase	Y	Y	40
3.2	Other distribution costs	Y	Y	40
3.2	Administrative expenses	Y	Y	40
3.3	Other income and expenses, finance income and costs	Y	Y	45
3.4	Income tax	Y	Y	49
3.4	Deferred tax assets	Y	Y	49
3.4	Income tax liabilities	Y	N	49
4.1	Equity	Y	N	56
4.2	Bank borrowings and bonds	Y	Y	56

5.1	Intangible assets	Y	Y	70
5.3	Property, plant and equipment	Y	Y	75
5.3	Grants received	Y	N	75
5.4	Right-of-use assets and lease liabilities and receivables	Y	Y	82
5.5	Inventories	Y	Y	86
5.6	Loans	Y	Y	89
5.6	Trade receivables	Y	N	89
5.6	Other receivables	Y	N	89
5.7	Cash and cash equivalents	Y	N	91
5.8	Trade and other payables	Y	Y	92
5.8	Other liabilities	Y	N	92
5.9	Provisions	Y	Y	94
6.1	Financial instruments	Y	Y	97
6.2	Acquisition of subsidiaries and associates	Y	Y	108
6.4	Associates	Y	Y	109
6.6	Discontinued operations	Y	Y	111

New and amended accounting standards applied by the Group

The amended standards and interpretations which apply for the first time in 2021 do not have a material impact on the Group's consolidated financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Reference Rate Reform – Phase 2;
- Amendments to IFRS 4: *Insurance Contracts*: Deferral of the Effective Date of IFRS 9;
- Amendments to IFRS 16: COVID-19-related Rent Concessions beyond June 30th 2021 (the Group did not elect to apply the practical expedient introduced as part of the amendments to IFRS 16).

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (IBOR Reform) – Phase 2

As at the date of issue of these consolidated financial statements, the amendments to the standards indicated above were endorsed by the European Union, but they did not affect the Group's accounting policies or its consolidated financial statements for 2021.

The IBOR reform has replaced certain existing rates with new interest rate benchmarks, making it necessary to revise the effective interest rates for floating rate instruments. Entities which apply hedge accounting need to make relevant adjustments to the hedging relationships. The Group analysed the effect of the IBOR reform on its consolidated financial statements. The Group's contracts are mainly based on the WIBOR benchmark, which will not be replaced by any alternative rate (having been deemed compliant with the EU interest rate benchmark regulations). Under reverse factoring the Group uses EURIBOR and LIBOR benchmarks, but the agreements also provide for new reference rates, which is why the reform will not materially affect the existing agreements. Since the Group does not apply hedge accounting, it believes the effect of the IBOR reform on its consolidated financial statements to be immaterial.

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

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

The following are the standards and interpretations that have been issued by the International Accounting Standards Board but are not yet effective. As assessed by the Management Board, they would not have any significant impact on the financial statements if applied by the Company as at the reporting date.

- IFRS 14 Regulatory Deferral Accounts (issued on January 30th 2014) – pursuant to the European Commission's decision, the process leading to the approval of a preliminary version of the standard will not be initiated until the issue of its final version (not endorsed by the EU by the date of authorisation of these financial statements for issue) ; effective for annual periods beginning on or after January 1st 2016;

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on September 11th 2014) – work leading to the approval of the amendments has been deferred by the EU for an indefinite period; effective date has been deferred by the IASB for an indefinite period;
- IFRS 17 *Insurance Contracts* (issued on May 18th 2017), including Amendments to IFRS 17 (issued on June 25th 2020) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current—Deferral of Effective Date* (issued on January 23rd 2020 and July 15th 2020, respectively) – not endorsed by the EU as at the date of authorisation of these financial statements for issue – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IFRS 3: *Reference to the Conceptual Framework* (issued on May 14th 2020); effective for annual periods beginning on or after January 1st 2022;
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (issued on May 14th 2020) – effective for annual periods beginning on or after January 1st 2022;
- Amendments to IAS 37: *Onerous contracts – Cost of Fulfilling a Contract* (issued on May 14th 2020) – effective for annual periods beginning on or after January 1st 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on May 14th 2020); effective for annual periods beginning on or after January 1st 2022;
- Amendments to IAS 1 and IFRS Practice Statement 2: *Disclosure of Accounting Policies* (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 8: *Definition of Accounting Estimates* (issued on February 12th 2021) – effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction* (issued on May 7th 2021) – not yet endorsed by EU as at the date of authorisation of these financial statements; effective for annual periods beginning on or after January 1st 2023;
- Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 – *Comparative Information* (issued on December 9th 2021) – not endorsed by the EU as at the date of authorisation of these financial statements for issue; effective for annual periods beginning on or after January 1st 2023;

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.

As at the reporting date of January 31st 2022, the Group analysed the IFRIC's decision *Costs Necessary to Sell Inventories*, issued in June 2021. This decision indicates that when determining the net realisable value of inventories in accordance with IAS 2 Inventories, an entity estimates the costs necessary to sell them. When estimating the costs necessary to sell inventories, the entity uses its judgement while considering specific facts and circumstances (including the nature of the inventories), but such costs should not be limited to only those that are incremental to the sale. For analysis of the effect of the decision on the inventory measurement policy applied by the Group, see Note 5.5.

2. SEGMENTS AND REVENUE

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

The Management Board analyses the Group's business in terms of geographical markets and distribution channels:

- in terms of the geographical markets, the Management Board differentiates between Poland, Central Europe, and Western Europe;
- in terms of the distribution channels, the Management Board identifies omnichannel (total of the offline and digital channels), digital, retail and other activities, in the three geographical areas.

Financial data prepared for the management reporting purposes is based on the same accounting principles as the principles applied in the preparation of consolidated financial statements.

In view of the development of sales channels and the multi-channel experience (omnichannel), in the reporting period the Group decided to review the approach to operating segments and their aggregation into reportable segments. The individual cash-generating units (stores and related websites) were reaggregated according to business lines/channels. In addition, due to the similarities between the economic characteristics in individual markets, the Group currently presents reportable segments in a breakdown by Poland, Central and Eastern Europe and Western Europe. Other activities include production, wholesale and other types of activity. In the most recent full-year consolidated financial statements, the Group presented operating segments defined in a similar way but aggregated according to the geographical criterion, in a breakdown by retail and digital sales. Due to the different economic characteristics presented by each business line/channel, there was no rationale for maintaining such presentation as the aggregation criteria were not met. The division into reportable segments reflects the Group's strategic business growth directions.

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

Following the change in the composition of the Group's reportable segments, the corresponding information for previous periods was restated.

Reportable segment	Overview of the reportable segment's activities and performance metrics	Reasons for aggregation of operating segments into reportable segments, including economic considerations taken into account in assessing the similarity of the operating segments' economic characteristics
CCC omnichannel sales in Poland – sales via the CCC websites and offline stores operating in the CCC and Gino Rossi chains	Each individual own store and website operating in the country is a separate cash-generating unit. The offline stores and the websites sell footwear, handbags, shoe care accessories and small clothing accessories in their own outlets. The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold, direct distribution costs of the retail network and websites (costs of points of purchase), as well as costs of sales support units.	Financial information was aggregated for the CCC chain by geographical markets because of: - Similarity of long-term average gross margins, - Similar nature of merchandise (e.g. shoes, handbags, shoe care accessories, small clothing accessories), - Similar distribution processes, - Similar customer categories (sales through own stores to retail clients).
CCC omnichannel sales in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria, Romania, Russia, Serbia) – sales via the CCC websites and retail stores operating within the CCC chain		
CCC omnichannel sales in Western Europe (Austria) – sales via the CCC websites and retail stores operating in the CCC chains		
Eobuwie.pl omnichannel sales in Poland – sales via the eobuwie websites and through the offline stores operating in the eobuwie.pl chain.	The activities are carried out by the Modivo Group, which distributes goods through online channels and offline stores.	
Eobuwie omnichannel sales in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria, Romania, Lithuania, Ukraine) – sales via the eobuwie websites	The Group sells footwear, clothing, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. Sales are conducted through the eobuwie.pl websites, as well as at the eobuwie.pl showrooms – revenue from these sales is presented together with revenue from online channels.	



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Eobuwie omnichannel sales in Western Europe (Germany, Greece, Sweden, Italy, Spain, France, Switzerland) – sales through websites	The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).
Modivo digital sales in Poland – sales via the Modivo websites	The activities are carried out by the Modivo Group through the Modivo platform, which distributes goods through online channels.
Modivo digital sales in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Bulgaria, Romania, Lithuania, Ukraine) – sale via the Modivo website	The company sells clothing, footwear, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. Sales are made through the Modivo website.
Modivo digital sales in Western Europe (Germany, Greece, Sweden, Italy, Spain, France) – sales via the Modivo websites	The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).
HalfPrice omnichannel sales in Poland – sales via the HalfPrice websites and through offline retail stores operating within the HalfPrice chain.	The Modivo Group also manufactures premium clothing (the Rage Age brand).
HalfPrice omnichannel sales in Central and Eastern Europe (Czech Republic, Hungary, Croatia) – sales through retail offline stores operating within the HalfPrice chain	The activities are conducted under the HalfPrice brand name, with sales in the first half of 2021 at offline stores only. In the second half of 2021, digital sales were launched on the Polish market.
HalfPrice omnichannel sales in Western Europe (Austria) – sales via retail offline stores operating within the HalfPrice chain	The business comprises sales of clothing, footwear, accessories, cosmetics, toys, and homewares of known brands at attractive prices.
DeeZee digital sales in Poland and Europe (Czech Republic, Slovakia, Hungary, Romania, Ukraine) – sales via the DeeZee online store	The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including costs of rental, salaries and wages, and logistics).
	The activities are carried out by DeeZee sp. z o.o., which distributes merchandise via Internet channels and conducts wholesale distribution of merchandise to and outside the Group.
	The Company sells footwear, clothing, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers.
	The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).
Other activities	The segment includes wholesale, franchise, manufacturing and other activities.
	The distribution activities are conducted by CCC.eu, which distributes merchandise to and outside the Group.
	The Group sells footwear, clothing, handbags, shoe care accessories, and small clothing accessories to Polish and foreign franchisees and other wholesale customers.
	The performance measures are gross profit on external sales and the segment's operating result (segment's profit / (loss)), which is calculated as revenue less cost of goods sold and direct costs of the distribution network (including logistics costs).
Discontinued operations	Operations discontinued in 2020 and 2021 included Karl Voegele AG stores and NG2 Suisse s.a.r.l. stores in Switzerland, sold during the financial year.



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

February 1st 2021–January 31st 2022		CCC	eobuwie	Modivo	HalfPrice	DeeZee	Other companies	CCC Group	Discontinued operations
AUDITED		omnichannel	omnichannel	omnichannel	omnichannel	omnichannel			
Total CCC Group									
Total revenue		3,615.0	2,895.9	540.0	236.9	108.0	2,829.9	10,225.7	89.4
Revenue from inter-segment sales		-5.7	-42.6	–	–	–	-2,636.7	-2,685.0	–
Revenue from sales to external customers		3,609.3	2,853.3	540.0	236.9	108.0	193.2	7,540.7	89.4
Gross profit		1,913.1	1,233.9	216.9	107.8	56.4	47.0	3,575.1	38.2
Gross margin (gross profit on sales/revenue from sales to external customers)		53%	43%	40%	46%	52%	24%	47%	43%
SEGMENT PROFIT OR LOSS		66.4	230.8	46.3	-37.8	2.1	20.9	328.7	38.2
including running costs of start-up stores					-10.4				
Segment assets:		January 31st 2022							
Non-current assets (net of other financial assets and deferred tax assets)		1,948.0	648.2	85.2	300.2	8.3	217.2	3,207.1	–
Deferred tax assets		46.2	69.4	13.3	–	0.9	0.8	130.6	–
Inventories		764.6	751.5	212.3	54.4	27.3	872.2	2,682.3	–
Property, plant and equipment and intangible assets		795.5	429.3	79.5	93.9	5.7	202.7	1,606.6	–
Material income/(expenses):									
Amortisation of costs of points of purchase and other distribution costs		-440.6	-49.9	-5.0	-26.9	-1.1	-1.1	-524.6	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets		-2.2	–	–	–	–	–	-2.2	–
Poland									
Total revenue		2,223.9	1,031.9	186.0	198.4	108.0	2,829.9	6,578.1	–
Revenue from inter-segment sales		-3.6	-42.6	–	–	–	-2,636.7	-2,682.9	–
Revenue from sales to external customers		2,220.3	989.3	186.0	198.4	108.0	193.2	3,895.2	–
Gross profit		1,145.2	391.4	63.0	88.1	56.4	47.0	1,791.1	–
Gross margin (gross profit on sales/revenue from sales to external customers)		52%	40%	34%	44%	52%	24%	46%	–
SEGMENT PROFIT OR LOSS		243.6	12.5	-0.9	-24.8	2.1	20.9	253.4	–
including running costs of start-up stores					-7.6				
Segment assets:		January 31st 2022							
Non-current assets (net of other financial assets and deferred tax assets)		1,102.1	279.1	30.6	223.2	8.3	217.2	1,860.5	–
Deferred tax assets		37.4	25.6	5.2	–	0.9	0.8	69.9	–
Inventories		404.7	290.4	80.8	44.4	27.3	872.2	1,719.8	–

Property, plant and equipment and intangible assets	567.3	170.5	30.3	76.8	5.7	202.7	1,053.3	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-199.2	-32.7	-1.7	-25.8	-1.1	-1.1	-261.6	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	–	–	–	–	–	–	–	–

Central and Eastern Europe								
Total revenue	1,302.8	1,210.0	249.0	20.6	–	–	2,782.4	–
Revenue from inter-segment sales	-2.2	–	–	–	–	–	-2.2	–
Revenue from sales to external customers	1,300.6	1,210.0	249.0	20.6	–	–	2,780.2	–
Gross profit	726.2	543.9	108.7	10.2	–	–	1,389.0	–
Gross margin (gross profit on sales/revenue from sales to external customers)	56%	45%	44%	50%	–	–	50%	–
SEGMENT PROFIT OR LOSS	-124.6	161.3	34.1	-3.1	–	–	67.7	–
<i>including running costs of start-up stores</i>				-1.2				

Segment assets:	January 31st 2022							
Non-current assets (net of other financial assets and deferred tax assets)	845.6	257.1	39.7	23.1	–	–	1,165.5	–
Deferred tax assets	8.8	28.6	5.6	–	–	–	43.0	–
Inventories	359.7	301.2	92.2	5.9	–	–	759.0	–
Property, plant and equipment and intangible assets	228.2	170.3	34.5	10.1	–	–	443.1	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-219.6	-11.1	-2.3	-0.4	–	–	-233.4	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-2.2	–	–	–	–	–	-2.2	–

Western Europe								
Total revenue	88.3	654.0	105.0	17.9	–	–	865.2	89.4
Revenue from inter-segment sales	0.1	–	–	–	–	–	0.1	–
Revenue from sales to external customers	88.4	654.0	105.0	17.9	–	–	865.3	89.4
Gross profit	41.7	298.6	45.2	9.5	–	–	395.0	38.2
Gross margin (gross profit on sales/revenue from sales to external customers)	47%	46%	43%	53%	–	–	46%	43%
SEGMENT PROFIT OR LOSS	-52.6	57.0	13.1	-9.9	–	–	7.6	38.2
<i>including running costs of start-up stores</i>				-1.6				



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Segment assets:		January 31st 2022							
	Non-current assets (net of other financial assets and deferred tax assets)	0.3	112.0	14.9	53.9	–	–	181.1	–
	Deferred tax assets	–	15.2	2.5	–	–	–	17.7	–
	Inventories	0.2	159.9	39.3	4.1	–	–	203.5	–
	Property, plant and equipment and intangible assets	–	88.5	14.7	7.0	–	–	110.2	–
Material income/(expenses):									
	Amortisation of costs of points of purchase and other distribution costs	-21.8	-6.1	-1.0	-0.7	–	–	-29.6	–
	Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	–	–	–	–	–	–	–	–



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February 1st 2020–January 31st 2021	CCC	eobuwie	Modivo	HalfPrice	DeeZee	Other companies	CCC Group	Discontinued operations
UNAUDITED	omnichannel	omnichannel	omnichannel	omnichannel	omnichannel			
Total CCC Group								
Total revenue	2,634.2	2,038.7	240.0	–	69.8	1,810.5	6,793.2	391.7
Revenue from inter-segment sales	-5.9	-19.0	–	–	–	-1,682.1	-1,707.0	-74.7
Revenue from sales to external customers	2,628.3	2,019.7	240.0	–	69.8	128.4	5,086.2	317.0
Gross profit	1,294.1	875.6	89.3	–	35.1	-1.2	2,292.9	153.1
Gross margin (gross profit on sales/revenue from sales to external customers)	49%	43%	37%	–	50%	-1%	45%	48%
SEGMENT PROFIT OR LOSS	-299.3	184.5	5.5	–	9.6	-10.3	-110.0	-42.7
Segment assets:	January 31st 2021							
Non-current assets (net of other financial assets and deferred tax assets)	2,366.3	606.9	35.2	–	9.6	194.8	3,212.8	–
Deferred tax assets	29.8	64.9	7.0	–	–	2.0	103.7	–
Inventories	698.1	471.6	74.0	–	9.2	990.1	2,243.0	–
Property, plant and equipment and intangible assets	878.1	435.6	33.5	–	5.7	193.3	1,546.2	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-476.8	-42.8	-2.4	–	-0.9	-4.8	-527.7	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-93.5	–	–	–	–	–	-93.5	-226.8
Poland								
Total revenue	1,618.9	752.0	105.0	–	69.8	1,810.5	4,356.2	–
Revenue from inter-segment sales	-0.6	-19.0	–	–	–	-1,682.1	-1,701.7	–
Revenue from sales to external customers	1,618.3	733.0	105.0	–	69.8	128.4	2,654.5	–
Gross profit	769.0	289.4	36.1	–	35.1	-1.2	1,128.4	–
Gross margin (gross profit on sales/revenue from sales to external customers)	48%	39%	34%	–	50%	-1%	43%	–
SEGMENT PROFIT OR LOSS	-6.2	32.1	-3.7	–	9.6	-10.3	21.5	–
Segment assets:	January 31st 2021							
Non-current assets (net of other financial assets and deferred tax assets)	1,257.7	280.0	16.1	–	9.6	194.8	1,758.2	–
Deferred tax assets	24.4	25.7	3.5	–	–	2.0	55.6	–
Inventories	371.6	194.6	29.0	–	9.2	990.1	1,594.5	–
Property, plant and equipment and intangible assets	604.4	180.8	15.3	–	5.7	193.3	999.5	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-218.2	-30.1	-1.0	–	-0.9	-4.8	-255.0	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-33.8	–	–	–	–	–	-33.8	–



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Central and Eastern Europe									
Total revenue	915.6	841.5	101.1	-	-	-	1,858.2	-	-
Revenue from inter-segment sales	-5.2	-	-	-	-	-	-5.2	-	-
Revenue from sales to external customers	910.4	841.5	101.1	-	-	-	1,853.0	-	-
Gross profit	470.1	383.7	40.3	-	-	-	894.1	-	-
Gross margin (gross profit on sales/revenue from sales to external customers)	52%	46%	40%	-	-	-	48%	-	-
SEGMENT PROFIT OR LOSS	-233.4	131.1	6.7	-	-	-	-95.6	-	-
January 31st 2021									
Segment assets:									
Non-current assets (net of other financial assets and deferred tax assets)	947.4	216.5	14.2	-	-	-	1,178.1	-	-
Deferred tax assets	5.4	27.2	2.8	-	-	-	35.4	-	-
Inventories	293.5	159.0	29.0	-	-	-	481.5	-	-
Property, plant and equipment and intangible assets	269.6	168.3	13.5	-	-	-	451.4	-	-
Material income/(expenses):									
Amortisation of costs of points of purchase and other distribution costs	-219.5	-8.2	-1.0	-	-	-	-228.7	-	-
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-18.2	-	-	-	-	-	-18.2	-	-
Western Europe									
Total revenue	99.7	445.2	33.9	-	-	-	578.8	391.7	-
Revenue from inter-segment sales	-0.1	-	-	-	-	-	-0.1	-74.7	-
Revenue from sales to external customers	99.6	445.2	33.9	-	-	-	578.7	317.0	-
Gross profit	55.0	202.5	12.9	-	-	-	270.4	153.1	-
Gross margin (gross profit on sales/revenue from sales to external customers)	55%	45%	38%	-	-	-	47%	48%	-
SEGMENT PROFIT OR LOSS	-59.7	21.3	2.5	-	-	-	-35.9	-42.7	-
January 31st 2021									
Segment assets:									
Non-current assets (net of other financial assets and deferred tax assets)	156.9	110.4	4.9	-	-	-	272.2	-	-
Deferred tax assets	-	12.0	0.7	-	-	-	12.7	-	-
Inventories	33.0	118.0	16.0	-	-	-	167.0	-	-
Property, plant and equipment and intangible assets	4.1	86.5	4.7	-	-	-	95.3	-	-
Material income/(expenses):									
Amortisation of costs of points of purchase and other distribution costs	-39.1	-4.5	-0.4	-	-	-	-44.0	-	-
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-41.5	-	-	-	-	-	-41.5	-226.8	-



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AUDITED	omnichannel	omnichannel	omnichannel	omnichannel	omnichannel			
Total CCC Group								
Total revenue	2,854.8	2,155.5	259.4	–	72.5	2,039.4	7,381.6	344.0
Revenue from inter-segment sales	-1.7	-29.0	–	–	–	-1,886.7	-1,917.4	-0.1
Revenue from sales to external customers	2,853.1	2,126.5	259.4	–	72.5	152.7	5,464.2	343.9
Gross profit	1,377.0	924.1	94.7	–	36.1	24.6	2,456.5	171.1
Gross margin (gross profit on sales/revenue from sales to external customers)	48%	43%	37%	–	50%	16%	45%	50%
SEGMENT PROFIT OR LOSS	-358.3	185.9	4.2	–	12.4	9.7	-146.1	-41.4

Segment assets:	January 31st 2021							
Non-current assets (net of other financial assets and deferred tax assets)	2,366.3	606.9	35.2	–	9.6	194.8	3,212.8	–
Deferred tax assets	29.8	64.9	7.0	–	–	2.0	103.7	–
Inventories	698.1	471.6	74.0	–	9.2	990.1	2,243.0	–
Property, plant and equipment and intangible assets	878.1	435.6	33.5	–	5.7	193.3	1,546.2	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-540.9	-45.5	-2.4	–	-1.0	-5.2	-595.0	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-93.5	–	–	–	–	–	-93.5	-226.8

Poland								
Total revenue	1,747.1	793.0	112.6	–	72.5	2,039.4	4,764.6	–
Revenue from inter-segment sales	0.1	-29.0	–	–	–	-1,886.7	-1,915.6	–
Revenue from sales to external customers	1,747.2	764.0	112.6	–	72.5	152.7	2,849.0	–
Gross profit	814.6	309.1	38.2	–	36.1	24.6	1,222.6	–
Gross margin (gross profit on sales/revenue from sales to external customers)	47%	40%	34%	–	50%	16%	43%	–
SEGMENT PROFIT OR LOSS	-55.9	28.1	-5.5	–	12.4	9.7	-11.2	–

Segment assets:	January 31st 2021							
Non-current assets (net of other financial assets and deferred tax assets)	1,257.7	280.0	16.1	–	9.6	194.8	1,758.2	–
Deferred tax assets	24.4	25.7	3.5	–	–	2.0	55.6	–
Inventories	371.6	194.6	29.0	–	9.2	990.1	1,594.5	–
Property, plant and equipment and intangible assets	604.4	180.8	15.3	–	5.7	193.3	999.5	–
Material income/(expenses):								
Amortisation of costs of points of purchase and other distribution costs	-257.5	-32.8	-1.0	–	-1.0	-5.2	-297.5	–
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-33.8	–	–	–	–	–	-33.8	–

Central and Eastern Europe									
Total revenue	999.4	890.9	108.9	-	-	-	1,999.2	-	-
Revenue from inter-segment sales	-1.7	-	-	-	-	-	-1.7	-	-
Revenue from sales to external customers	997.7	890.9	108.9	-	-	-	1,997.5	-	-
Gross profit	503.8	403.2	42.7	-	-	-	949.7	-	-
Gross margin (gross profit on sales/revenue from sales to external customers)	50%	45%	39%	-	-	-	48%	-	-
SEGMENT PROFIT OR LOSS	-239.4	135.4	7.4	-	-	-	-96.6	-	-

Segment assets:	January 31st 2021								
Non-current assets (net of other financial assets and deferred tax assets)	947.4	216.5	14.2	-	-	-	1,178.1	-	-
Deferred tax assets	5.4	27.2	2.8	-	-	-	35.4	-	-
Inventories	293.5	159.0	29.0	-	-	-	481.5	-	-
Property, plant and equipment and intangible assets	269.6	168.3	13.5	-	-	-	451.4	-	-
Material income/(expenses):									
Amortisation of costs of points of purchase and other distribution costs	-241.2	-8.2	-1.0	-	-	-	-250.4	-	-
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-18.2	-	-	-	-	-	-18.2	-	-

Western Europe									
Total revenue	108.3	471.6	37.9	-	-	-	617.8	344.0	
Revenue from inter-segment sales	-0.1	-	-	-	-	-	-0.1	-0.1	
Revenue from sales to external customers	108.2	471.6	37.9	-	-	-	617.7	343.9	
Gross profit	58.6	211.8	13.8	-	-	-	284.2	171.1	
Gross margin (gross profit on sales/revenue from sales to external customers)	54%	45%	36%	-	-	-	46%	50%	
SEGMENT PROFIT OR LOSS	-63.0	22.4	2.3	-	-	-	-38.3	-41.4	

Segment assets:	January 31st 2021								
Non-current assets (net of other financial assets and deferred tax assets)	156.9	110.4	4.9	-	-	-	272.2	-	-
Deferred tax assets	-	12.0	0.7	-	-	-	12.7	-	-
Inventories	33.0	118.0	16.0	-	-	-	167.0	-	-
Property, plant and equipment and intangible assets	4.1	86.5	4.7	-	-	-	95.3	-	-
Material income/(expenses):									
Amortisation of costs of points of purchase and other distribution costs	-42.2	-4.5	-0.4	-	-	-	-47.1	-	-
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-41.5	-	-	-	-	-	-41.5	-226.8	



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	February 1st 2021–January 31st 2022			February 1st 2020–January 31st 2021			January 1st 2020–January 31st 2021		
	AUDITED			UNAUDITED			AUDITED		
	AGGREGATE D SEGMENT DATA	CONSOLIDA TION ADJUSTMEN TS	CONSOLIDA TED FINANCIAL STATEMENT S	AGGREGATE D SEGMENT DATA	CONSOLIDA TION ADJUSTMEN TS	CONSOLIDA TED FINANCIAL STATEMENT S	AGGREGATE D SEGMENT DATA	CONSOLIDA TION ADJUSTMEN TS	CONSOLIDA TED FINANCIAL STATEMENT S
Total revenue	10,225.7	-2,685.0	7,540.7	6,793.2	-1,707.0	5,086.2	7,381.6	-1,917.4	5,464.2
Revenue not allocated to segments	–	50.9	50.9	–	160.8	160.8	–	174.4	174.4
Revenue disclosed in financial statements	–	–	7,591.5	–	–	5,247.0	–	–	5,638.6
Cost of sales disclosed in financial statements	–	–	-4,016.4	–	–	-2,954.1	–	–	-3,182.1
Cost of sales not allocated to segments (discontinued operations)	–	-50.9	-50.9	–	-160.8	-160.8	–	-174.4	-174.4
Gross profit (loss)	3,575.1	–	3,575.1	2,292.9	–	2,292.9	2,456.5	–	2,456.5
Gross profit (loss) disclosed in financial statements	3,575.1	–	3,575.1	2,292.9	–	2,292.9	2,456.5	–	2,456.5
Costs of points of purchase and other distribution costs	-3,246.4	–	-3,246.4	-2,402.9	–	-2,402.9	-2,602.6	–	-2,602.6
SEGMENT PROFIT (LOSS)	328.7	–	328.7	-110.0	–	-110.0	-146.1	–	-146.1
Administrative expenses	-393.0	–	-393.0	-246.1	–	-246.1	-252.2	–	-252.2
Other income	125.8	–	125.8	56.8	–	56.8	47.8	–	47.8
Other expenses	-62.7	–	-62.7	-199.7	–	-199.7	-196.1	–	-196.1
Loss allowances (trade receivables)	5.1	–	5.1	-80.1	–	-80.1	-80.1	–	-80.1
Finance income	42.7	–	42.7	99.3	–	99.3	97.7	–	97.7
Loss allowances	–	–	–	-130.2	–	-130.2	-130.2	–	-130.2
Other finance costs	-200.9	–	-200.9	-257.4	–	-257.4	-278.4	–	-278.4
Share of profit (loss) of associates	0.4	–	0.4	-20.9	–	-20.9	-30.7	–	-30.7
Profit (loss) before tax	-153.9	–	-153.9	-888.3	–	-888.3	-968.3	–	-968.3
	January 31st 2022			January 31st 2021			January 31st 2021		
Segment assets:									
Non-current assets (net of other financial assets and deferred tax assets)	3,207.1	–	3,207.1	3,212.8	–	3,212.8	3,212.8	–	3,212.8
Deferred tax assets	130.6	44.9	175.5	103.7	48.4	152.1	103.7	48.4	152.1
Inventories	2,682.3	-56.5	2,625.8	2,243.0	-50.4	2,192.6	2,243.0	-50.4	2,192.6
Property, plant and equipment and intangible assets	1,606.6	–	1,606.6	1,546.2	–	1,546.2	1,546.2	–	1,546.2
Material income (expenses):									
Amortisation of costs of points of purchase and other distribution costs	-524.6	–	-524.6	-527.7	–	-527.7	-595.0	–	-595.0
Impairment losses on property, plant and equipment, intangible assets, and right-of-use assets	-2.2	–	-2.2	-93.5	–	-93.5	-93.5	–	-93.5
Discontinued operations									
Total revenue	89.4	-50.9	38.5	391.7	-160.8	230.9	344.0	-174.4	169.6
Cost of sales	-51.2	38.5	-12.7	-238.6	-0.1	-238.7	-172.9	–	-172.9
Gross profit (loss)	38.2	-12.4	25.8	153.1	-160.8	-7.7	171.1	-174.4	-3.3



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Geographical information

Revenue from sales to external customers:

February 1st 2021– January 31st 2022		Offline			Digital					Other	Total CCC Group	Discontin ued operation s	
AUDITED		CCC	HalfPrice	Total	CCC	Modivo		DeeZee	HalfPrice				Total
Markets / Segments						eobuwie	Modivo						
Poland	Poland	1,832.5	196.9	2,029.4	387.8	989.3	186.0	108.0	1.5	1,672.6	193.2	3,895.2	–
Central and Eastern Europe	Czech Republic	223.9	8.2	232.1	35.9	229.0	40.0	–	–	304.9	–	537.0	–
	Slovakia	145.2	–	145.2	26.7	132.0	32.0	–	–	190.7	–	335.9	–
	Hungary	223.2	10.0	233.2	41.3	195.0	27.0	–	–	263.3	–	496.5	–
	Romania	239.6	–	239.6	30.1	289.0	68.0	–	–	387.1	–	626.7	–
	Bulgaria	44.3	–	44.3	2.9	148.0	36.0	–	–	186.9	–	231.2	–
	Slovenia	53.9	–	53.9	2.3	13.0	–	–	–	15.3	–	69.2	–
	Croatia	84.3	2.4	86.7	1.4	54.0	7.0	–	–	62.4	–	149.1	–
	Lithuania	–	–	–	–	102.0	20.0	–	–	122.0	–	122.0	–
	Russia	104.7	–	104.7	0.7	–	–	–	–	0.7	–	105.4	–
	Serbia	40.2	–	40.2	–	–	–	–	–	–	–	40.2	–
	Ukraine	–	–	–	–	48.0	19.0	–	–	67.0	–	67.0	–
	Total		1,159.3	20.6	1,179.9	141.3	1,210.0	249.0	–	–	1,600.3	–	2,780.2
Western Europe	Austria	83.7	17.9	101.6	3.8	–	–	–	–	3.8	–	105.4	–
	Switzerland	–	–	–	–	41.0	–	–	–	41.0	–	41.0	89.4
	Germany	–	–	–	–	187.0	23.0	–	–	210.0	–	210.0	–
	France	–	–	–	–	52.0	8.0	–	–	60.0	–	60.0	–
	Spain	–	–	–	–	17.0	–	–	–	17.0	–	17.0	–
	Italy	–	–	–	–	124.0	14.0	–	–	138.0	–	138.0	–
	Sweden	–	–	–	–	7.0	–	–	–	7.0	–	7.0	–
	Greece	–	–	–	0.9	226.0	60.0	–	–	286.9	–	286.9	–
	Total		83.7	17.9	101.6	4.7	654.0	105.0	–	–	763.7	–	865.3
CCC Group	Total	3,075.5	235.4	3,310.9	533.8	2,853.3	540.0	108.0	1.5	4,036.6	193.2	7,540.7	89.4



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February 1st 2020–January 31st 2021		Offline			Digital					Other	Total CCC Group	Discontinued operations
UNAUDITED		CCC	HalfPrice	Total	CCC	Modivo		DeeZee	Total			
Markets / Segments						eobuwie	Modivo					
Poland	Poland	1,380.9	–	1,380.9	237.4	733.0	105.0	69.8	1,145.2	128.4	2,654.5	–
Central and Eastern Europe	Czech Republic	167.2	–	167.2	24.5	154.0	18.9	–	197.4	–	364.6	–
	Slovakia	117.9	–	117.9	18.0	100.5	16.7	–	135.2	–	253.1	–
	Hungary	166.4	–	166.4	20.3	145.8	11.2	–	177.3	–	343.7	–
	Romania	158.8	–	158.8	17.6	230.5	30.9	–	279.0	–	437.8	–
	Bulgaria	25.6	–	25.6	–	105.8	15.1	–	120.9	–	146.5	–
	Slovenia	31.3	–	31.3	–	–	–	–	–	–	31.3	–
	Croatia	60.0	–	60.0	–	20.4	0.1	–	20.5	–	80.5	–
	Lithuania	–	–	–	–	64.2	8.2	–	72.4	–	72.4	–
	Russia	73.6	–	73.6	–	–	–	–	–	–	73.6	–
	Serbia	29.2	–	29.2	–	–	–	–	–	–	29.2	–
	Ukraine	–	–	–	–	20.3	–	–	20.3	–	20.3	–
	Total	830.0	–	830.0	80.4	841.5	101.1	–	1,023.0	–	1,853.0	–
Western Europe	Austria	96.8	–	96.8	2.8	–	–	–	2.8	–	99.6	–
	Switzerland	–	–	–	–	29.1	–	–	29.1	–	29.1	317.0
	Germany	–	–	–	–	124.0	10.3	–	134.3	–	134.3	–
	France	–	–	–	–	28.9	2.7	–	31.6	–	31.6	–
	Spain	–	–	–	–	14.7	–	–	14.7	–	14.7	–
	Italy	–	–	–	–	83.3	4.0	–	87.3	–	87.3	–
	Sweden	–	–	–	–	11.3	–	–	11.3	–	11.3	–
	Greece	–	–	–	–	153.9	16.9	–	170.8	–	170.8	–
	Total	96.8	–	96.8	2.8	445.2	33.9	–	481.9	–	578.7	317.0
CCC Group	Total	2,307.7	–	2,307.7	320.6	2,019.7	240.0	69.8	2,650.1	128.4	5,086.2	317.0



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January 1st 2020–January 31st 2021		Offline			Digital					Other	Total CCC Group	Discontinued operations
AUDITED		CCC	HalfPrice	Total	CCC	Modivo		DeeZee	Total			
Markets / Segments						eobuwie	Modivo					
Poland	Poland	1,505.2	–	1,505.2	242.0	764.0	112.6	72.5	1,191.1	152.7	2,849.0	–
Central and Eastern Europe	Czech Republic	188.0	–	188.0	24.9	164.2	20.0	–	209.1	–	397.1	–
	Slovakia	129.3	–	129.3	18.3	105.5	18.2	–	142.0	–	271.3	–
	Hungary	180.0	–	180.0	20.5	155.2	12.3	–	188.0	–	368.0	–
	Romania	174.0	–	174.0	17.7	243.6	32.8	–	294.1	–	468.1	–
	Bulgaria	29.1	–	29.1	–	112.8	16.7	–	129.5	–	158.6	–
	Slovenia	34.7	–	34.7	–	–	–	–	–	–	34.7	–
	Croatia	66.4	–	66.4	–	20.4	0.1	–	20.5	–	86.9	–
	Lithuania	–	–	–	–	68.1	8.8	–	76.9	–	76.9	–
	Russia	83.3	–	83.3	–	–	–	–	–	–	83.3	–
	Serbia	31.5	–	31.5	–	–	–	–	–	–	31.5	–
	Ukraine	–	–	–	–	21.1	–	–	21.1	–	21.1	–
	Total	916.3	–	916.3	81.4	890.9	108.9	–	1,081.2	–	1,997.5	–
Western Europe	Austria	105.5	–	105.5	2.7	–	–	–	2.7	–	108.2	–
	Switzerland	–	–	–	–	29.5	–	–	29.5	–	29.5	343.9
	Germany	–	–	–	–	125.7	12.9	–	138.6	–	138.6	–
	France	–	–	–	–	31.9	3.1	–	35.0	–	35.0	–
	Spain	–	–	–	–	17.2	–	–	17.2	–	17.2	–
	Italy	–	–	–	–	89.2	4.0	–	93.2	–	93.2	–
	Sweden	–	–	–	–	12.7	–	–	12.7	–	12.7	–
	Greece	–	–	–	–	165.4	17.9	–	183.3	–	183.3	–
		Total	105.5	–	105.5	2.7	471.6	37.9	–	512.2	–	617.7
CCC Group	Total	2,527.0	–	2,527.0	326.1	2,126.5	259.4	72.5	2,784.5	152.7	5,464.2	343.9

The revenue data presented above is based on:

- the offline segment – store location,
- for the digital (e-commerce) segment – the country to which purchased goods are shipped.



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Reconciliation of reportable segments' total assets with the Group's total assets:

NON-CURRENT ASSETS (NET OF OTHER FINANCIAL ASSETS AND DEFERRED TAX)	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Poland	1,860.1	1,762.2
Switzerland	5.9	5.6
Czech Republic	252.3	225.5
Hungary	222.9	213.8
Romania	250.5	247.9
Slovakia	99.8	115.8
Austria	54.2	156.9
Russia	68.2	86.6
Croatia	68.8	65.3
Slovenia	45.0	54.3
Serbia	53.1	61.3
Bulgaria	75.0	82.1
Greece	47.2	43.8
Lithuania	20.6	20.1
Italy	23.4	20.0
Germany	36.1	33.0
Other	24.0	18.7
Total non-current assets (excluding other financial assets and deferred tax)	3,207.1	3,212.8
Deferred tax	175.5	152.1
Other financial assets	11.2	10.2
Total non-current assets	3,393.8	3,375.1



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Segment assets:	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
CCC omnichannel	2,758.8	3,094.2
eobuwie omnichannel	1,469.1	1,143.4
Modivo omnichannel	310.8	116.2
Halfprice omnichannel	354.6	–
DeeZee	36.5	18.8
Other companies	1,090.2	1,186.8
TOTAL AGGREGATED SEGMENT DATA	6,020.0	5,559.4
DISCONTINUED OPERATIONS	–	210.9
Eliminations between segments	-56.5	-50.4
Unallocated:		
Deferred tax assets	44.9	48.4
Other financial assets	11.2	10.2
Trade receivables	226.1	172.3
Income tax receivable	17.2	1.7
Other receivables	293.4	234.1
Cash and cash equivalents	941.1	458.7
Derivative financial instruments	3.1	1.7
Lease receivables	0.2	0.3
Total assets as disclosed in statement of financial position	7,500.7	6,647.4

3. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1. REVENUE

ACCOUNTING POLICY

Revenue

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

In accordance with the standard, revenue is recognised at the amount of consideration to which the entity is entitled in exchange for the transfer of promised goods or services to the customer.

The Group recognises revenue at the moment of handing over the goods to the customer in the value reflecting the price expected by the entity in return for the handover of those goods and services.

Revenue includes revenue from sales of merchandise and products generated in the ordinary course of business. Revenue is recognised at the fair value of the consideration received or due from sale of merchandise, finished goods and services in the ordinary course of the Group's business. Revenue is presented net of value added tax, refunds, rebates and discounts, as well as after elimination of intra-Group sales.

Revenue from the sale of gift cards is recognised at the time when goods paid for with such card are delivered to the customer. Until that time, gift cards paid but not realised are recognised in the statement of financial position as liabilities under contracts with customers.

Revenue – wholesale

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

The Group, through its subsidiaries, bears all risks related to the aging of merchandise and after-sales service for retail customers, i.e. the Group is obliged to cover the costs thereof and to accept faulty goods. The principles for provisioning for warranty repairs are presented in Note 5.9.

Revenue – retail

The Group sells footwear, clothing, handbags, shoe care accessories, cosmetics and homewares through its own chain of stores in Poland and abroad. Revenue is recognised when the goods are released to the customer in the store. Retail sales are usually made for cash or using payment cards. The Group operates a 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.

Revenue from sales of merchandise – digital

The Group sells footwear, handbags, shoe care accessories, clothing and accessories as well as homewares through online stores operating in the Polish and foreign markets. Revenue from sales is recognised at the time of release of goods to the courier and adjusted accordingly as at the reporting date taking into account the date of receipt of the delivery by the customer. The Group operates a customer return policy. As at the reporting date, the amount of potential returns resulting from the consumer's right of withdrawal in distance and off-premises contracts was also estimated.

Loyalty Programme

The Group operates the 'CCC Club' Loyalty Programme aimed at promoting and advertising the CCC Group and the CCC Group companies by making them more widely known and encouraging customers to buy their products and use their services. In accordance with the Programme rules, after joining the CCC Club the Group's customers are entitled to dedicated benefits during a one-year period, with the value of the benefits depending on how much they have spent on their purchases. The one-year period is counted from the date of making a purchase or exceeding a fixed value threshold for a particular group of benefits ('Standard' for purchases of up to PLN 399, 'Silver' for purchases worth between PLN 400 and PLN 899, and 'Gold' for purchases of more than PLN 899). The Group's customers participating in the Programme are offered discounts for their next purchases. Detailed rules of the Programme are available on the Group's website.

The Group 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 Group and are therefore their disclosure in the Group's financial statements is not subject to IFRS 15. The 'priority to buy dedicated collections' is not a 'substantial right' of a Programme participant, as the Programme rules do not guarantee the right to purchase dedicated collections at preferential prices.



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Revenue from contracts with customers by category is presented below.

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Revenue			
Footwear	2,677.5	2,097.4	2,298.6
Bags	189.2	124.4	133.8
Other [1]	208.8	168.8	183.6
Retail	3,075.5	2,390.6	2,616.0
Footwear	3,151.2	1,822.0	1,896.0
Bags	255.2	450.1	498.9
Other [1]	628.7	295.1	301.4
Digital	4,035.1	2,567.2	2,696.3
Footwear	42.4	–	–
Clothing	142.9	–	–
Other [2]	51.6	–	–
HalfPrice	236.9	–	–
Wholesale	243.9	289.2	326.3
Total	7,591.5	5,247.0	5,638.6

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

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

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

In the financial year 2021, the Group's retail revenue rose 28.65% year on year. In assessing the revenue growth, note should be taken of the low base effect of the previous year, caused by the temporary closure of offline stores due to the spread of the COVID-19 pandemic. In 2021 the total lockdown period (during which retail locations remained closed) was shorter than in 2020. After the lockdown periods, customers slowly returned to shopping in offline stores (retail traffic recovery), with some customers moving to the digital channel. This was also the time of after-season sales, which involved discounts.

Also, in the financial year 2021, the Group began to roll out a new off-price format (the project was officially launched on May 4th 2021) by expanding its chain of offline stores and deploying an online platform under the HalfPrice brand. The stores offer branded products at attractive prices. The sales mix includes fashion as well as cosmetics, sports equipment, home accessories and much more.

The Group reported a strong (57.18%) year-on-year increase in digital channel revenue in the financial year 2021. The growth was driven, among other things, by the roll-out of the omnichannel model at the Group and the expansion of the range of products available.

In the financial year 2021, the Group implemented a new CCC Club Loyalty Programme, whose rules are available at <https://ccc.eu/pl/klub-ccc>. The Programme is aimed at promoting and advertising the Company and the CCC Group companies by making them more widely known and encouraging customers to buy their products and use their services. In view of the above, the Group reduced its revenue by PLN 14.5m, recognising liabilities under contracts with customers being the CCC Club members.

3.2 COSTS BY NATURE OF EXPENSE

ACCOUNTING POLICY

Cost of sales

The Group recognises as cost of sales:

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

Costs of points of purchase

Costs of points of purchase include costs of operating the stores and other retail facilities as well as websites. This item includes mainly:

- salaries and wages of in-store personnel,
- depreciation of property, plant and equipment (leasehold improvements),
- depreciation of right-of-use assets,
- costs of services (including utility costs),
- variable lease payments (sales-based rents),
- retail tax.

Other distribution costs

Other distribution costs include distribution costs which cannot be directly allocated to store operations and are incurred by sales support functions. This item includes mainly:

- costs of salaries of employees of sales support units,
- depreciation of property, plant and equipment,
- cost of services,
- other expenses,
- low value and short-term leases.

Administrative expenses

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

Grants

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



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February 1st 2021–January 31st 2022	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
AUDITED					
Cost of merchandise sold	-3,924.3	–	–	–	-3,924.3
discontinued operations	–	–	–	–	–
Raw material and consumables used	-44.9	-63.9	-100.2	-24.6	-233.6
discontinued operations	–	–	-0.3	-0.1	-0.4
Inventory write-downs	-8.0	–	–	–	-8.0
discontinued operations	–	–	–	–	–
Salaries, wages and employee benefits	-26.8	-507.8	-318.5	-142.9	-996.0
discontinued operations	–	-22.4	-6.1	-1.1	-29.6
Transport services	-0.5	-5.2	-402.2	-1.7	-409.6
discontinued operations	–	–	-0.1	–	-0.1
Other rental costs – utilities and other variable costs	–	-207.7	-30.4	-24.2	-262.3
discontinued operations	–	-5.0	-0.4	-0.6	-6.0
Other services	-2.1	-86.3	-643.2	-132.1	-863.7
discontinued operations	–	-1.1	-1.7	-3.1	-5.9
Depreciation	-0.5	-472.7	-51.9	-52.2	-577.3
discontinued operations	–	–	–	–	–
Taxes and charges	–	-19.8	-17.6	-9.2	-46.6
discontinued operations	–	–	–	-0.5	-0.5
Other expenses	–	-9.0	-353.0	-12.2	-374.2
discontinued operations	–	-0.2	-5.7	-0.7	-6.6
Change in products and work in progress	-9.3	–	–	–	-9.3
Total	-4,016.4	-1,372.4	-1,917.0	-399.1	-7,704.9
continuing operations	-4,016.4	-1,343.7	-1,902.7	-393.0	-7,655.8
discontinued operations	–	-28.7	-14.3	-6.1	-49.1



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February 1st 2020–January 31st 2021	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
UNAUDITED					
Cost of merchandise sold	-2,718.2	–	–	–	-2,718.2
discontinued operations	1.2	–	–	–	1.2
Raw material and consumables used	-145.2	-55.8	-68.0	-16.7	-285.7
discontinued operations	–	-0.1	-0.8	-0.2	-1.1
Inventory write-downs	-33.3	–	–	–	-33.3
discontinued operations	-4.4	–	–	–	-4.4
Salaries, wages and employee benefits	-54.2	-447.4	-220.4	-87.0	-809.0
discontinued operations	–	-96.7	-9.1	-3.9	-109.7
Transport services	-1.1	-4.5	-284.0	-0.3	-289.9
discontinued operations	–	–	-3.8	–	-3.8
Other rental costs – utilities and other variable costs	-0.3	-200.8	-36.1	-21.6	-258.8
discontinued operations	–	-15.7	-7.9	-2.1	-25.7
Other services	-3.8	-70.6	-402.6	-79.6	-556.6
discontinued operations	–	-3.3	-2.3	-8.3	-13.9
Depreciation	-4.8	-525.4	-44.5	-36.2	-610.9
discontinued operations	–	-41.8	-0.4	-2.0	-44.2
Taxes and charges	-1.0	-3.8	-16.3	-9.1	-30.2
discontinued operations	–	-0.1	–	-0.1	-0.2
Other expenses	-0.4	-5.9	-212.8	-13.0	-232.1
discontinued operations	–	-0.5	-13.3	-0.5	-14.3
Change in products and work in progress	5.0	0.2	–	0.3	5.5
Total	-2,957.3	-1,314.0	-1,284.7	-263.2	-5,819.2
continuing operations	-2,954.1	-1,155.8	-1,247.1	-246.1	-5,603.1
discontinued operations	-3.2	-158.2	-37.6	-17.1	-216.1



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January 1st 2020–January 31st 2021	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
AUDITED					
Cost of merchandise sold	-2,927.8	–	–	–	-2,927.8
discontinued operations	–	–	–	–	–
Raw material and consumables used	-160.0	-61.1	-70.8	-17.2	-309.1
discontinued operations	–	-0.1	-0.9	-0.3	-1.3
Inventory write-downs	-33.4	–	–	–	-33.4
discontinued operations	-4.4	–	–	–	-4.4
Salaries, wages and employee benefits	-59.6	-501.2	-234.6	-86.5	-881.9
discontinued operations	–	-106.5	-10.7	-4.5	-121.7
Transport services	-1.2	-5.3	-300.5	-0.3	-307.3
discontinued operations	–	–	-4.0	–	-4.0
Other rental costs – utilities and other variable costs	-0.3	-193.8	-38.1	-22.2	-254.4
discontinued operations	–	-17.2	-8.6	-2.3	-28.1
Other services	-4.1	-76.1	-444.7	-81.9	-606.8
discontinued operations	–	-3.8	-2.3	-8.8	-14.9
Depreciation	-5.3	-591.7	-46.7	-39.9	-683.6
discontinued operations	–	-43.0	-0.4	-2.3	-45.7
Taxes and charges	-1.1	-4.3	-17.0	-9.7	-32.1
discontinued operations	–	-0.1	-0.1	-0.1	-0.3
Other expenses	-0.3	-6.1	-223.1	-13.6	-243.1
discontinued operations	–	-0.7	-14.1	-0.8	-15.6
Change in products and work in progress	6.6	–	–	–	6.6
Total	-3,186.5	-1,439.6	-1,375.5	-271.3	-6,272.9
continuing operations	-3,182.1	-1,268.2	-1,334.4	-252.2	-6,036.9
discontinued operations	-4.4	-171.4	-41.1	-19.1	-236.0

Cost of sales related to continuing operations grew 35.96% year on year, while revenue rose 44.68%. The increase was due mainly to the revival of sales in the retail channel, development of the digital channel and the omnichannel model, expansion of the product portfolio, and the launch of sales in the HalfPrice segment, as well as a shorter period of forced store closures during the lockdown in the current year. The decrease in raw material and consumables used, and in salaries, wages and employee benefits, is attributable to the scaling down of production at Gino Rossi S.A. and CCC Factory Sp. z o.o.

Costs of points of purchase under continuing operations increased by 16.26% year on year, Driven mainly by:

- PLN 134.7m increase in salaries, wages and employee benefits expense, attributable to:
 - longer store closures during the lockdown periods in 2020 than in 2021;
 - government subsidies to salaries, wages and employee benefits, which were higher in 2020 than in 2021; and
 - expansion of the sales channels;
- PLN 17.6m increase in other rental costs (turnover rents and variable costs: utilities, electricity, etc.) attributable to longer store closures during the lockdown periods in 2020 than in 2021, renegotiation of lease contracts, expansion of the sales channels and lower rent subsidies provided by the government to ease the impact of COVID-19 restrictions compared with 2020;
- PLN 16.1m increase in taxes and charges, mainly due to retail tax (PLN 15.7m), which has been levied since January 2021.
- lower depreciation expense (down PLN 10.9m) due to renegotiation of lease contracts (including the switch to turnover rents).

The 52.57% year-on-year growth in other distribution costs related to continuing operations was mainly an effect of the rapidly growing digital business across the Group. The most significant changes occurred the following types of costs:

- raw material and consumables used, as a result of an increase in the scale of the Modivo Group's business relative to the corresponding period of the previous year;
- other services (up 60.25% year on year, mainly on higher costs of logistics services and warehouse services, as well as higher costs of IT maintenance);
- other expenses, due to higher advertising and marketing spending;
- transport costs, as a result of the launch of the digital channel in further markets in 2021 (including in Russia) and the dynamic development of the digital channel in Poland through CCC S.A., Modivo S.A. and DeeZee;
- salaries, wages and employee benefits, as a result of higher government subsidies in 2020 than in 2021 and expansion of the sales channels.

The year-on-year increase in administrative expenses related to continuing operations was led by a rise in other services (up PLN 57.7m), reflecting higher costs of outsourcing and advisory services, and an increase in salaries and wages and employee benefits (up PLN 58.7m), mainly driven by bonuses for the Management Board, as described in detail in Note 6.6 to these financial statements.

In the reporting period, the total amount of public aid subsidising salaries, wages and employee benefit expense was PLN 40.9m, of which PLN 9.3m was attributable to discontinued operations (in 2020 the figure was PLN 67.8m, of which PLN 16.6m was reclassified to discontinued operations).

Components of employee benefits are presented below.

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Wages and salaries	-801.9	-665.2	-725.1
including discontinued operations	-28.5	-95.4	-105.8
Social security contributions	-136.7	-119.7	-130.5
including discontinued operations	-1.0	-13.7	-15.2
Retirement benefit costs	–	-0.8	-0.9
Other post-employment benefits	-5.8	-1.6	-1.7
Other employee benefit expenses	-22.3	-20.5	-22.4
including discontinued operations	-0.1	-0.6	-0.7
Costs of contributions to PPK	-2.7	-1.2	-1.3
Costs of incentive scheme	-26.6	–	–
Total:	-996.0	-809.0	-881.9
including continuing operations	-966.4	-699.3	-760.2
including discontinued operations	-29.6	-109.7	-121.7

3.3 OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

ACCOUNTING POLICY

Other income and expenses

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

Finance income and costs

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

Grants

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

	February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Other expenses			
Loss on disposal of property, plant and equipment	-13.7	-15.5	-13.9
discontinued operations	0.0	-2.6	-2.6
Impairment losses on property, plant and equipment and on intangible assets	-2.1	-115.5	-115.5
discontinued operations	–	-31.0	-31.0
Impairment loss on goodwill (Gino Rossi)	–	-21.8	-21.8
Provisions recognised for costs of store closures	–	-36.4	-36.4
Prepayments written off	–	-12.6	-12.6
Other expenses	-16.9	-37.7	-35.5
discontinued operations	-2.2	-6.2	-6.1
Foreign exchange losses on items other than debt	-32.2	–	–
Total other expenses	-64.9	-239.5	-235.8
continuing operations	-62.7	-199.7	-196.1
discontinued operations	-2.2	-39.8	-39.7

	February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
	AUDITED	UNAUDITED	AUDITED
(Recognition) / Reversal of loss allowances (trade receivables)			
Impairment losses on trade receivables	5.1	-80.1	-80.1
including discontinued operations	–	–	–
(Recognition) / Reversal of loss allowances (trade receivables), total	5.1	-80.1	-80.1
including continuing operations	5.1	-80.1	-80.1
including discontinued operations	–	–	–

Due to a deterioration of the financial condition of an associate company HRG caused by COVID-19, the Group's credit exposure to HRG was analysed, and then the amount of the exposure was compared with the present value of projected cash flows that the Group expects to receive.

In the previous year, following a deterioration of the financial condition of the associate company caused by COVID-19, the Group analysed its credit exposure to HRG and then recognised an impairment loss on all trade receivables of PLN 47.5m. Gross carrying amount of trade receivables from HRG as at January 31st 2022 was PLN 44.8m, compared with PLN 47.5m as at January 31st 2021. The Group reversed PLN 2.7m of the impairment loss on trade receivables from HRG as those accounts receivable were collected in the reporting period. Impairment losses recognised in the previous and current periods cover 100% of the gross carrying amount of the trade receivables from the HRG Group and loans extended to the HRG Group (as specified below).

	February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Other income			
Gain on disposal of property, plant and equipment	7.1	–	–
discontinued operations	7.1	–	–
Foreign exchange gains on items other than debt	–	13.7	9.7
discontinued operations	–	0.2	0.5
Compensation	2.5	10.7	11.3
discontinued operations	–	2.8	2.8
PFRON wage subsidies	3.6	3.3	3.6
Gain on settlement of leasehold improvements with landlords	15.7	–	–
Gain on settlement of lease contracts	25.2	–	–
Grants	1.7	5.0	5.0
Forgiven PFR loan	51.0	–	–
Other income	37.4	35.0	29.4
discontinued operations	11.3	7.9	7.9
Total other income	144.2	67.7	59.0
continuing operations	125.8	56.8	47.8
discontinued operations	18.4	10.9	11.2
Total other operating income and expenses	79.3	-171.8	-176.8
continuing operations	63.1	-142.9	-148.3
discontinued operations	16.2	-28.9	-28.5

In the reporting period, the conditions for forgiveness of the preferential loan extended by Polski Fundusz Rozwoju Spółka Akcyjna to the subsidiary CCC.eu Sp. z o.o. were met, and the Group disclosed the resulting operating income of PLN 51.0m.



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	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Finance costs			
Interest on borrowings and bonds	-109.0	-28.1	-30.8
discontinued operations	-1.5	-2.2	-2.1
Interest of leases	-50.5	-49.4	-52.5
discontinued operations	-2.0	-7.5	-8.2
Foreign exchange gains (losses)	-7.8	-50.6	-61.4
discontinued operations	-6.3	6.5	7.7
Commission fees paid	-16.6	-11.1	-11.8
Valuation of options to purchase non-controlling interests	-17.7	-93.9	-96.1
Valuation of HRG option	–	-13.3	-13.3
Gain (loss) on modification of credit facility agreement	-5.6	–	–
Costs of bank guarantees	-2.9	-5.4	-5.4
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	-0.6	–	–
Other finance costs	–	-9.9	-9.7
discontinued operations	–	-1.1	–
Total finance costs	-210.7	-261.7	-281.0
continuing operations	-200.9	-257.4	-278.4
discontinued operations	-9.8	-4.3	-2.6

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Finance income			
Interest income on cash in current account and other interest income	-0.4	18.3	18.4
discontinued operations	–	0.4	0.5
Foreign exchange gains (losses)	2.6	–	–
Measurement of derivative financial instruments (embedded derivatives)	0.8	5.7	5.7
Measurement of derivative financial instruments (forwards)	2.1	–	–
Gain on modification of credit facility agreement	–	5.6	5.6
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	4.7	–	–
Other finance income	12.0	8.3	6.7
discontinued operations	3.0	–	–
Valuation of options to purchase non-controlling interests	23.9	61.8	61.8
Total finance income	45.7	99.7	98.2
continuing operations	42.7	99.3	97.7
discontinued operations	3.0	0.4	0.5



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	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
(Recognition) / Reversal of loss allowances (loans)	–	-130.2	-130.2
(Recognition) / Reversal of loss allowances (loans), total	–	-130.2	-130.2

Gross carrying amount of loans advanced to HRG as at January 31st 2022 was PLN 130.2m, compared with PLN 130.2m as at January 31st 2021. Impairment losses recognised in the previous and current periods cover 100% of the gross carrying amount of the loans, as described above in the comment on changes in other expenses.

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

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

3.4 TAXATION

Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent changes, with the effect being lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents which could be followed. Furthermore, the applicable tax laws lack clarity, which leads to differences in opinions and diverse interpretations of tax regulations, both between various public authorities and between public authorities and businesses.

Tax settlements and other areas of activity (e.g. customs or foreign exchange control) may be subject to inspections by the authorities that are entitled to impose high fines and penalties, and any additional tax liabilities resulting from such inspections must be paid with high interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.

The amounts presented and disclosed in the financial statements may therefore change in the future as a result of a final decision by a tax inspection authority.

Whenever there is uncertainty as to whether and to what extent a tax authority would accept a tax settlement, the Company discloses such settlement taking into consideration the assessed uncertainty.

On January 7th 2021, the Management Board of CCC S.A. made a decision to establish the CCC Tax Group (the "CCC Tax Group"). The CCC Tax Group consists of the following companies:

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

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

ACCOUNTING POLICY

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

Uncertainty over recognition of income tax

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

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

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

Temporary differences also arise in intra-Group acquisitions and reorganisations. In the case of acquisitions of third parties, temporary differences arise from the measurement of assets and liabilities to their fair value without affecting the tax base of those assets and liabilities – the deferred tax liability or assets arising from those differences adjust goodwill (gain from bargain purchase). In the case of intra-Group reorganisations, deferred tax assets or liabilities arise as a result of recognition of change in the carrying amount of assets or liabilities for tax purposes (e.g. trademark) without their simultaneous recognition in the statement of financial position due to the elimination of the result on intra-group transactions – the effects of recognising the related deferred tax assets and liabilities are taken to profit or loss for the period, unless the related transactions affected other comprehensive income or equity. Taxable temporary differences relating to goodwill are excluded, but if the tax base of goodwill arising in a transaction is higher than its carrying amount then deferred tax assets are recognised on initial recognition of goodwill if it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.



Deferred tax assets and liabilities are calculated using current (or practically effective) tax rates. Deferred tax assets and liabilities are offset at individual units that have the right to settle current tax on a net basis.

Deferred tax assets are recognised to the extent that it is highly probable that taxable profit will be available to realise deductible temporary differences and tax losses, or when taxable temporary differences are expected to be realised simultaneously. Only amounts in excess of this amount are disclosed.

The Group carefully evaluates the nature and extent of evidence supporting the conclusion that it is highly probable that sufficient future taxable profit will be available to allow the deduction of unused tax losses, unused tax credits or other deductible temporary differences.

When assessing whether it is highly probable that future taxable profit will be achieved (probability above 50%), the Group takes into account all available evidence, both that supporting the existence of probability and that supporting the absence of probability.

TAX ON TRANSACTIONS ON CIVIL LAW

On April 11th 2019, CCC.eu sp. z o.o. received a decision of tax authorities to initiate tax proceedings to determine the amount of tax liability arising from acquisition of an organised part of business. On August 23rd 2019, the Company received a decision from the tax office stating that the Company, in calculating and paying the tax on civil law transactions, understated its amount by PLN 21,160,496.00. The decision was upheld by a higher instance authority. The Company appealed against the decision. Although the proceedings were not closed, the Company recognised a tax liability in the 2019 accounts of PLN 21,160,496.00 plus interest of PLN 7,040,050.00. The Company filed a complaint against the decision of the Director of the Tax Administration Chamber with the Provincial Administrative Court in Wrocław. The Court overturned the decision of the Tax Chamber. The parties filed cassation complaints. The case is currently being examined by the Supreme Administrative Court. The amount of the provision as at the reporting date was PLN 28.0 (January 31st 2021: PLN 28.0m), and it was disclosed in the line item 'Other liabilities'.

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

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Current income tax expense	-82.5	-62.6	-61.4
discontinued operations	–	–	–
Adjustments to current income tax for prior years	-7.2	–	–
Deferred tax	22.6	42.3	41.2
discontinued operations	–	0.4	0.4
Income tax recognised in statement of comprehensive income	-67.1	-20.3	-20.2
discontinued operations	–	0.4	0.4
Current tax recognised in profit or loss	89.7	63.7	61.8
Balance of CIT liabilities/(receivables) at beginning of period	17.0	11.4	11.4
Balance of CIT receivables/(liabilities) at end of period	-11.0	-17.0	-17.0
Other changes	–	-7.7	-0.2
Tax paid recognised in statement of cash flows	95.7	50.4	56.0
discontinued operations	–	–	–

TAX RATES APPLIED AND RECONCILIATION OF INCOME TAX EXPENSE

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

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Poland	19.00%	19.00%	19.00%
Czech Republic	19.00%	19.00%	19.00%
Hungary	10.00%	10.00%	10.00%
Slovakia	22.00%	22.00%	22.00%
Other countries	8.47% - 25%	8.47% - 25%	8.47% - 25%
Weighted average rate of income tax	19.00%	18.93%	18.93%

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



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	February 1st 2021– January 31st 2022	February 1st 2020– January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Profit (loss) before tax	-145.9	-1,168.4	-1,260.1
including profit (loss) from continuing operations	-153.9	-888.3	-968.3
including losses from discontinued operations	8.0	-280.1	-291.8
Weighted average tax rate	19.00%	18.93%	18.93%
Tax calculated at weighted average tax rate	27.7	221.2	238.6
Tax effects of the following items:			
non-taxable income	1.9	24.6	24.6
other non-deductible expenses (permanent differences)	-3.4	-66.3	-66.3
recognition of deferred tax on special economic zone relief	–	22.0	22.0
fair value measurement of Karl Voegelé AG	–	-36.4	-36.4
realisation of the temporary difference for which no deferred tax was recognised	53.9	–	–
tax relating to previous year	-7.2	–	–
transaction involving 20% of Modivo S.A. shares	-53.2	–	–
tax losses with respect to which no deferred tax assets were recognised	-77.2	-202.6	-202.7
other adjustments	-9.6	–	–
Income tax expense	-67.1	-37.5	-20.2
including continuing operations	-67.1	-20.7	-20.6
including discontinued operations	–	-0.2	0.4

BALANCES OF AND CHANGES IN DEFERRED TAX

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

AUDITED	January 31st 2022	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2021
Assets				
Trademarks	13.4	–	-4.1	17.5
Inventories – adjustment of margin on intra-group sales	10.2	–	-1.0	11.2
Impairment of assets: inventories and receivables	1.3	–	0.3	1.0
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	2.0	–	-0.7	2.7
Provisions for liabilities	30.7	–	14.3	16.4
Special economic zone relief	53.3	–	-4.9	58.2
Other	22.6	–	15.5	7.1
Tax losses	0.3	–	0.3	–
Measurement of lease contracts	47.0	–	-2.6	49.6
Total before offset	180.8	–	17.1	163.7
Liabilities	–	–	–	–
Accelerated tax depreciation of property, plant and equipment	4.1	–	-1.4	5.5
Accrued interest	-0.1	–	-4.1	4.0
Other	3.0	–	0.5	2.5
Purchase of intangible assets disclosed on acquisition of subsidiaries	37.1	–	-0.5	37.6
Total before offset	44.1	–	-5.5	49.6
Offset	5.3	–	-6.3	11.6
Deferred tax balances as disclosed in statement of financial position	–	–	–	–
Assets	175.5	–	23.4	152.1
Liabilities	38.9	–	0.8	38.0



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AUDITED	January 31st 2021	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2020
Assets				
Trademarks	17.5	–	-3.0	20.5
Inventories – adjustment of margin on intra-group sales	11.2	–	0.4	10.8
Impairment of assets: inventories and receivables	1.0	–	-2.8	3.8
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	2.7	–	2.7	–
Provisions for liabilities	16.4	–	-10.2	26.6
Special economic zone relief	58.2	–	19.1	39.1
Other	7.1	–	2.1	5.0
Tax losses	–	-17.9	–	17.9
Measurement of lease contracts	49.6	–	39.2	10.4
Total before offset	163.7	-17.9	47.5	134.1
Liabilities				
Accelerated tax depreciation of property, plant and equipment	5.5	-12.7	4.6	13.6
Accrued interest	4.0	–	4.0	–
Other	2.5	-5.2	-0.2	7.9
Purchase of intangible assets disclosed on acquisition of subsidiaries	37.6	–	-2.1	39.7
Total before offset	49.6	-17.9	6.3	61.2
Offset	11.6	–	-12.2	23.8
Deferred tax balances as disclosed in statement of financial position	–	–	–	–
Assets	152.1	-17.9	59.7	110.3
Liabilities	38.0	-17.9	18.5	37.4

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

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

Periods when the recognised deferred tax assets and liabilities are expected to be realised are presented below.

PERIODS WHEN RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES ARE EXPECTED TO BE REALISED	January 31st 2022		January 31st 2021	
	AUDITED		AUDITED	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	63.2	8.1	43.6	8.5
1-2 years	22.0	4.2	20.1	2.0
2-3 years	20.4	2.0	16.9	2.0
3-5 years	33.7	4.0	28.5	4.9
over 5 years	36.2	20.6	43.0	20.6
Total	175.5	38.9	152.1	38.0
Unrecognised	198.6	–	121.5	–
Deferred tax assets related to tax losses	198.6	–	121.5	–

The Management Board of CCC S.A. estimated the recoverable amount of deferred tax assets in the current and previous years. The assessment primarily included an analysis of taxable profit based on from historical data and an analysis of the growth forecasts for the Group companies. Following an assessment of the potential use of tax losses at CCC.eu Sp. z o.o., Gino Rossi S.A., CCC Shoes & Bags d.o.o. Beograd and CCC Russia OOO, the Management Board decided not to recognise deferred tax assets on tax losses incurred by the companies in the current year and in previous years. In the reporting period, the amount of unrecognised tax loss asset increased by PLN 77.1m. The amount of tax loss incurred in the current period by CCC.eu Sp. z o.o. was PLN 286.5m, by CCC Shoes & Bags d.o.o. Beograd – PLN 3.4m, and by CCC Russia OOO – PLN 3.9m. The total amount of unrecognised tax loss asset was PLN 198.6m, relating to CCC.eu Sp. z o.o. (PLN 158.9m), Gino Rossi S.A. (PLN 26m), CCC Shoes & Bags d.o.o. Beograd (PLN 3.9m) and CCC Russia OOO (PLN 9.8m). Under the applicable tax laws, the tax losses of these companies can be used over the period of five years.

4. DEBT; CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

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

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

EQUITY

SHARE CAPITAL

As at January 31st 2022 and January 31st 2021, the parent's share capital comprised 54.9m shares with a par value of PLN 0.10, including 48.22m ordinary shares and 6.65m shares with voting preference. As at January 31st 2022 and January 31st 2021, the share capital was PLN 5.5m. As at the reporting date, the share capital was fully paid up and registered. Shareholders have the pre-emptive right to acquire registered preference shares intended for sale.

ULTRO s.a.r.l. of Luxembourg controls the parent, with a 31.13% equity interest and a 38.33% voting interest. This entity is dependent on Dariusz Miłek, Chairman of the Supervisory Board of CCC S.A. Other shareholder information is presented in the Directors' Report.

SHARE PREMIUM

Capital reserves comprise mainly share premium and amounts from settlement of equity-settled share-based employee benefit plans. As at January 31st 2022, statutory reserve funds were PLN 1,148.0m (as at January 31st 2021: PLN 1,148.0m).

RETAINED EARNINGS

Retained earnings include: retained earnings (loss) from previous years (including amounts transferred to statutory reserve funds as required under the Code Commercial Companies) and net profit of the year. As at January 31st 2022, retained earnings were negative at PLN -186.3m. As at January 31st 2021, retained earnings were negative at PLN -969.1m.

EARNINGS (LOSS) PER SHARE

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

For the 12 months ended January 31st 2022, basic and diluted loss per share was PLN 4.07. For the 13 months ended January 31st 2021, basic and diluted loss per share was PLN 25.65. For the 12 months ended January 31st 2021, basic and diluted loss per share was PLN 24.45.



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DIVIDEND

On June 22nd 2021, the Annual General Meeting of CCC S.A. passed Resolution No. 5/ZWZA/2021 on set-off of loss for the financial year from January 1st 2020 to January 31st 2021 of PLN 657.7m against statutory reserve funds.

On June 24th 2020, the Annual General Meeting of CCC S.A. passed Resolution No. 5/AGM/2020 on set-off of loss for the financial year 2019 of PLN 51.0m against statutory reserve funds.

On April 23rd 2021, the Extraordinary General Meeting of Modivo S.A. passed Resolution No. 1/04/2021 on the following appropriation of the PLN 46.8m net profit for the financial year 2019:

- PLN 42.1m to be distributed as dividend (of which PLN 10.5m to non-controlling interests);
- PLN 4.7m to be contributed to Modivo S.A.'s statutory reserve funds.



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SUBSIDIARIES WHERE NON-CONTROLLING INTERESTS ARE MATERIAL

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

Name	Place of business	January 31st 2022	January 31st 2021
CCC Russia OOO	Russia	n/a*	25.0%
Modivo Group	Poland	25.01%	25.01%
DeeZee Sp. z o.o.	Poland	25.0%	25.0%
Karl Voegelé AG	Switzerland	n/a**	30.0%
C-AirOP Ltd.	Isle of Man	50.0%	50.0%

* On October 14th 2021, the Group acquired the remaining 25% of shares in CCC Russia OOO. Following the transaction, the Group became the sole owner of CCC Russia OOO (value of transaction: PLN 10 thousand).

** The disposal of Karl Voegelé AG is described in Note 6.4.

FINANCIAL HIGHLIGHTS OF SUBSIDIARIES WHOSE NON-CONTROLLING INTERESTS ARE MATERIAL:

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	Modivo Group	DeeZee sp. z o.o.	C-AirOP Ltd.
AUDITED	February 1st 2021–January 31st 2022		
Revenue	3,435.9	112.2	26.8
Cost of sales	-1,959.9	-56.7	–
Gross profit (loss)	1,476.0	55.5	26.8
Costs of points of purchase	-68.7	–	–
Other distribution costs	-1,155.4	-54.1	–
Administrative expenses	-51.2	-4.5	-27.0
Other income and expenses	6.1	8.9	-0.8
Operating profit (loss)	206.8	5.8	-1.0
Finance income	4.8	–	–
Finance costs	-43.5	-0.2	-0.2
Profit (loss) before tax	168.1	5.6	-1.2
Income tax	-39.8	-2.3	–
Net profit (loss)	128.3	3.3	-1.2
Total comprehensive income	129.2	3.2	0.2
Attributable to non-controlling interests	32.3	0.8	0.1
Dividends paid to non-controlling interests	-10.5	–	–



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Statement of comprehensive income	CCC Russia OOO	Modivo Group	DeeZee sp. z o.o.	Karl Voegelé AG	C-AirOP Ltd.
UNAUDITED	February 1st 2020–January 31st 2021				
Revenue	74.6	1,518.3	69.9	317.0	21.3
Cost of sales	-40.9	-855.4	-36.5	-163.8	–
Gross profit (loss)	33.7	662.9	33.4	153.2	21.3
Costs of points of purchase	-39.6	-34.1	0.1	-204.2	–
Other distribution costs	-1.1	-498.0	-25.5	-39.7	–
Administrative expenses	-6.5	-32.3	-2.9	-17.1	-20.1
Other income and expenses	-6.0	15.8	6.3	-29.7	0.7
Operating profit (loss)	-19.5	114.3	11.4	-137.5	1.9
Finance income	0.5	5.2	–	5.7	–
Finance costs	-22.6	-8.6	–	-10.1	-0.1
Profit (loss) before tax	-41.6	110.9	11.4	-141.9	1.8
Income tax	5.4	-13.5	-0.4	1.6	–
Net profit (loss)	-36.2	97.4	11.0	-140.3	1.8
Total comprehensive income	-36.2	97.4	11.0	-140.3	1.8

Statement of comprehensive income	CCC Russia OOO	Modivo Group	DeeZee sp. z o.o.	Karl Voegelé AG	C-AirOP Ltd.
AUDITED	January 1st 2020–January 31st 2021				
Revenue	83.3	2,414.8	73.6	343.9	23.2
Cost of sales	-47.4	-1,373.6	-38.8	-177.7	–
Gross profit (loss)	35.9	1,041.2	34.9	166.2	23.2
Costs of points of purchase	-44.9	-56.8	0.1	-224.6	–
Other distribution costs	-1.3	-799.7	-26.8	-43.2	–
Administrative expenses	-7.2	-39.7	-3.2	-19.0	-20.9
Other income and expenses	-6.0	4.4	6.3	-29.6	0.5
Operating profit (loss)	-23.5	149.5	11.3	-150.3	2.9
Finance income	0.5	5.0	0.1	8.6	–
Finance costs	-24.5	-22.1	–	-11.0	-0.1
Profit (loss) before tax	-47.4	132.4	11.4	-152.8	2.8
Income tax	6.1	0.3	-0.4	1.4	–
Net profit (loss)	-41.2	132.7	11.0	-151.4	2.8
Total comprehensive income	-41.2	132.7	11.0	-151.4	2.8



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STATEMENT OF FINANCIAL POSITION

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

Statement of financial position	CCC Russia OOO	Modivo Group	DeeZee sp. z o.o.	Karl Voegelé AG	C-AirOP Ltd.
AUDITED	January 31st 2021				
Non-current assets	93.8	612.3	10.1	265.8	–
Current assets	54.3	836.3	28.0	114.3	22.2
Non-current liabilities	67.6	206.0	2.2	152.3	–
Current liabilities	142.4	730.0	10.3	332.7	5.2
Net assets	-62.0	514.6	25.6	-104.9	17.0
Total non-controlling interests	-15.5	128.7	6.4	–	8.5

4.2 BANK BORROWINGS AND BONDS

ACCOUNTING POLICY

Financing liabilities consist mainly of bank and non-bank borrowings and bonds in issue. Financing liabilities are initially recognised at fair value less transaction costs incurred to obtain financing. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. Finance costs are recognised in profit or loss except for costs of financing production/development of non-current assets (as per the policy described in Note 5.3).

Cash flows relating to financial liabilities may change as a result of a modification of contractual terms and conditions or expectations regarding estimated cash flows for the purposes of measurement of financial liabilities at amortised cost.

A) Change in contract terms

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

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

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

B) Change in expected cash flows

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

BANK BORROWINGS AND BONDS

AUDITED	BANK BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/RE VOLVING FACILITY	LIABILITIES UNDER BONDS	TOTAL
As at February 1st 2021	472.7	270.0	716.5	210.4	1,669.6
Proceeds from debt contracted					
- financing received	551.6	207.6	–	860.0	1,619.2
Interest accrued	–	42.5	7.0	53.3	102.8
Debt-related payments					
- principal payments	-172.6	-352.7	-453.5	–	-978.8
- interest paid	–	-37.7	-4.8	-6.7	-49.2
Increase due to change in overdraft/revolving facility amount	–	–	180.1	–	180.1
Change in presentation from current to non-current	-311.3	311.3	–	–	–
Other non-cash changes	7.3	-48.6	0.3	-43.1	-84.1
As at January 31st 2022	547.7	392.4	445.6	1,073.9	2,459.6
short-term	–	392.4	149.3	3.3	545.0
long-term	547.7	–	296.3	1,070.6	1,914.6

AUDITED	BANK BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/REV OLVING FACILITY	LIABILITIES UNDER BONDS	TOTAL
As at January 1st 2020	473.0	28.4	802.0	210.0	1,513.4
Proceeds from debt contracted					
- financing received	252.1	–	–	–	252.1
Interest accrued	2.2	14.2	11.5	5.2	33.1
Debt-related payments					
- interest paid	-2.2	-14.6	-8.9	-4.8	-30.5
Decrease due to change in overdraft/revolving facility amount	–	–	-77.5	–	-77.5
Change in presentation from non-current to current	-243.6	243.6	–	–	–
Other non-cash changes	-8.8	-1.6	-10.6	–	-21.0
As at January 31st 2021	472.7	270.0	716.5	210.4	1,669.6
current	–	270.0	716.5	210.4	1,196.9
non-current	472.7	–	–	–	472.7

As at January 31st 2022, the Group classified the PLN 296.3m liability under overdraft/revolving credit facilities as non-current – the Group's overdraft/revolving credit facility agreements have been concluded with a prepayment option. However, the Group is not exercising that option and – seeing that the scheduled repayment falls more than 12 months after the reporting date – the related liabilities are presented in the non-current portion.

As a result of the coronavirus pandemic, the CCC Group entered into agreements with the Group's financing institutions; for details, see 'Going concern' in Note 1 to these financial statements and 'Management of financial resources and liquidity' in the Directors' Report on the Group's operations.

Following negotiations with the financing institutions, the CCC Group secured long-term financing for its operations through:

- postponement of the bond redemption date for another five years, i.e. to June 29th 2026, which was approved by the bondholders on May 17th 2021 by adopting relevant resolutions (for details, see 'Management of financial resources and liquidity' in the Directors' Report on the Group's operations) – the Group is of the opinion that the changes to the contractual terms of those financial liabilities were significant given material extension of the financing term and an increase in the rate of interest. The Group derecognised the existing liability and recognised a new liability; PLN 6.3m fee related to the change of the terms and conditions of the bonds was charged to finance costs;
- execution, on June 2nd 2021, of a new financing agreement by Group companies (CCC S.A., CCC.eu Sp. z o.o., CCC Shoes & Bags Sp. z o.o., CCC Factory Sp. z o.o., HalfPrice Sp. z o.o.) with a bank syndicate (Bank Handlowy w Warszawie S.A., Bank Millennium S.A., BNP Paribas Bank Polska S.A., Bank Polska Kasa Opieki S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Santander Bank Polska S.A. and Santander Factoring sp. z o.o.), with mBank S.A. acting as the agent and Bank Polska Kasa Opieki S.A. as the security agent (the "New Financing Agreement"), which provides for long-term financing of PLN 886.0m, divided into four-year tranche A and three-year tranche B, plus tranche C, which is additional financing that may be used in the future – the Group is of the opinion that the changes to the contractual terms (described above) of tranche A financial liabilities were material and resulted in the derecognition of existing liabilities and recognition of a new liability;
- division of joint financing provided to CCC S.A., CCC.eu S.A., Modivo S.A. and Gino Rossi S.A. by PKO BP S.A., whereby the limits allocated to Modivo S.A. were separated. At the same time, an agreement was signed between Modivo S.A. and PKO BP S.A. under which a multi-purpose credit facility of PLN 161.6m was granted (maturing on November 21st 2022). The amount drawn under the facility as at the reporting date was PLN 103.2m. Following the division of joint financing, as at the reporting date CCC S.A. and CCC eu Sp. z o.o. are using the sub-limits granted under the agreement for an overdraft facility of up to PLN 107.2m and bank guarantees and letters of credit of up to PLN 38.5m.

The execution of the New Financing Agreement was conditional on partial repayment of the Group's existing debt, for the amount of PLN 415.0m. As a result, the Group repaid PLN 278.7m of credit facilities and PLN 136.3m of liabilities under reverse factoring agreements. Next, once the new financing was made available, the debt structure changed as follows:

- PLN 524.7m of existing credit facilities was repaid;
- reverse factoring liabilities of PLN 137.5m were repaid;
- tranche A proceeds of PLN 437.6m were received;
- tranche B proceeds of PLN 292.9m were received;
- tranche A of PLN 35.0m was prepaid;
- reverse factoring of PLN 5.5m was used.

PLN 35.0m was prepaid under tranche A, therefore the amount drawn down under that tranche as at the time of refinancing is PLN 402.6m.

The refinancing mechanism consisted in repayment and contracting of debt liabilities by two tranches: Tranche A and Tranche B.

Tranche A – credit facility maturing on June 30th 2025 The facility is made available for up to PLN 437.6m and repayable in instalments. Payments are made on a quarterly basis starting from October 31st 2021.

Tranche B – a working capital facility with the final repayment date falling on June 30th 2024 of up to PLN 448.4m, with the possibility of being drawn in the form of sub-limits under reverse factoring (up to PLN 5.5m), guarantee, and overdraft facility.

Under the New Financing Agreement, the Group may take out an additional (optional) credit facility (Tranche C) which may be advanced by the Group's financing institutions and other approved entities under certain conditions in the future. As at the reporting date and the issue date, the Group did not request disbursement of Tranche C.

Tranches A and B refinanced the debt balances as at June 2nd 2021 according to balances with the banks participating in the syndicate, as shown in the table below:

Credit facilities	Pre-refinancing structure as at June 2nd 2021	Repayments before refinancing	Repayments on refinancing	Proceeds from TRANCHE A	Prepayments under TRANCHE A	Proceeds from TRANCHE B	Balance at end of refinancing transaction
Bank Polska Kasa Opieki S.A.	300.0	-67.8	-133.1	67.9	-5.7	65.2	226.5
Bank Handlowy w Warszawie S.A.	259.7	-62.5	-112.3	62.7	-5.3	73.1	215.4
mBank S.A.	150.0	-44.4	-56.1	45.8	-3.7	10.3	101.9
Powszechna Kasa Oszczędności Bank Polski S.A.	280.0	-77.6	-202.4	106.7	-6.6	95.7	195.8
BNP Paribas Bank Polska S.A.	70.4	-26.4	-20.8	34.6	-2.2	13.3	68.9
Santander Bank Polska S.A.	-	-	-	86.4	-8.7	35.3	113.0
Bank Millennium S.A.	-	-	-	33.5	-2.8	-	30.7
Total credit facilities	1,060.1	-278.7	-524.7	437.6	-35.0	292.9	952.2

Factoring	Pre-refinancing structure as at June 2nd 2021	Repayments before refinancing	Repayments on refinancing	Amount drawn under TRANCHE A	Amount drawn under TRANCHE B	Balance at end of refinancing transaction
Bank Handlowy w Warszawie S.A.	24.2	-	-24.2	-	-	-
Santander Factoring sp. z o.o.	179.9	-103.3	-76.6	-	-	-
Bank Millennium S.A.	69.7	-33.0	-36.7	-	5.5	5.5
Total factoring	273.8	-136.3	-137.5	-	5.5	5.5

Guarantees / Letters of credit	Pre-refinancing structure as at June 2nd 2021	Closing on refinancing	Amount drawn under TRANCHE B	Balance at end of refinancing transaction
mBank S.A.	34.0	-34.0	34.0	34.0
Powszechna Kasa Oszczędności Bank Polski S.A.	50.0	-50.0	50.0	50.0
BNP Paribas Bank Polska S.A.	50.0	-50.0	23.0	23.0
Santander Bank Polska S.A.	82.0	-82.0	43.0	43.0
Total guarantees / letters of credit	216.0	-216.0	150.0	150.0

The interest rate on both tranches is based on WIBOR plus a margin whose level depends on the ratio of net debt to EBITDA: if the ratio is lower, the margin applied will also be lower.

The facility (Tranche A and Tranche B) is secured by the creation over selected Group companies of joint repayment security and individual security interests under separate financing agreements. The security includes:

- registered pledges over sets of assets and rights forming an organised whole with variable composition, comprised in a business, as well as selected assets, trademarks and inventories of selected Group companies;
- registered and financial pledges over shares in CCC subsidiaries and shares in Modivo S.A.;
- registered and financial pledges over bank accounts maintained for Group companies (including powers of attorney over such accounts);
- assignments to secure the rights of the Group companies under selected insurance contracts and significant trade contracts;
- mortgages over property of CCC S.A. and CCC Factory Sp. z o.o., and
- notarial representations on submission to enforcement submitted by CCC S.A. and selected Group companies.

In order to secure access to long-term financing for the Group, and to effect ownership changes at Modivo S.A., the Group entered into an agreement on early repurchase of 20% of Modivo S.A. shares from its minority shareholder for a total amount of PLN 720.0m, and then sold the shares to new investors, i.e. Cyfrowy Polsat S.A. and A&R Investment Ltd. (each of which acquired 10% of the shares) for a total amount of PLN 1,000.0m. As at the reporting date, the CCC Group received PLN 500.0m from each of the investors. At the same time,



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it repurchased the first and second tranche of Modivo S.A. shares (10% each) and then sold them to Cyfrowy Polsat S.A. and A&R Investment Ltd. For more information, see Note 6.1.

The Modivo S.A. shares were repurchased partially with proceeds raised from a PLN 360.0m bond issue subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty (on October 15th 2021, a merger of Fundusz Inwestycji Infrastrukturalnych – Kapitałowy FIZAN ("FIK FIZAN") and the fund PFR Inwestycje FIZ ("PFRI FIZ") was registered under Art. 208zzi et seq. of the Act on Investment Funds and Management of Alternative Investment Funds of May 27th 2004 (consolidated text: Dz.U. of 2021, item 605, as amended) (the "Act")). FIK FIZAN was the acquiring fund for the purposes of the merger, which means that, pursuant to Art. 208 zzq of the Act, FIK FIZAN assumed the rights and obligations of PFRI FIZ, including the rights and obligations arising under bonds issued by CCC & Shoes Bags Sp. z o.o., which were subscribed for in two tranches: the first tranche of PLN 170.0m subscribed for in September 2021 and the second tranche of PLN 190.0m transferred to an escrow account and then released in favour of the CCC Group upon satisfaction of the relevant conditions precedent.

The bond redemption date is seven years from the issue date (September 22nd 2028). Interest on the bonds comprises semi-annual interest and deferred interest. The semi-annual interest is calculated for periods ending June 30th and December 31st of each year. As at the bonds issue date, the base rate of the semi-annual interest was 4.5% per annum. From January 1st 2022, the rate will be increased on the terms and conditions set out in the relevant agreement. The increased rate of the semi-annual interest will cease to apply from the first full interest period following the first date of listing of Modivo S.A. shares on the regulated market. Deferred interest is calculated semi-annually and payable on the date on which a bond is redeemed, with the proviso that the issuer has a prepayment option. The deferred interest rate is WIBOR plus a margin. Repayment of debt under the bonds is secured by a surety, civil-law pledges, registered pledges and a declaration of voluntary submission to enforcement. Also, a subordination agreement was signed between PFR, CCC Shoes & Bags Sp. z o.o. and CCC.eu Sp. z o.o. to subordinate debt owed by the issuer to CCC.eu Sp. z o.o. to debt under the bonds.

On initial recognition, debt under bonds issued to PFR of PLN 340.7m was recognised under non-current liabilities as liabilities under borrowings and bonds, and is carried at amortised cost. An embedded derivative instrument containing a potential obligation under an 'equity kicker' was identified in the bond instrument, which is initially measured at fair value and separated (bifurcated) from the host contract, and then subsequently measured at fair value through profit or loss on the basis of gains/losses as at each subsequent reporting date. On initial recognition, it was carried at PLN 19.3m (January 31st 2022: PLN 19.9m) and recognised under other non-current financial liabilities (in the above tables showing movements, the item is disclosed as 'Other non-cash changes' in the column 'Liabilities under bonds') – for more information on this financial instrument, see Note 6.1 to these financial statements.

Furthermore, following negotiations, on July 2nd 2021 CCC Shoes & Bags Sp. z o.o. entered into a Subscription and Investment Agreement with a Softbank Group company, which sets out the terms and conditions of the company investing PLN 500m in Modivo S.A. by subscribing for unsecured bonds convertible into Modivo S.A. shares. The issue date was October 5th 2021. The amount was transferred to Modivo S.A.'s account on September 1st 2021.

Under the terms and conditions of the bonds, the bonds will be automatically converted into Modivo S.A. shares in the event of Modivo S.A.'s initial public offering (IPO) or any similar transaction specified in the terms and conditions of the bonds (mandatory conversion) at the market price adjusted for a premium.

The bonds will mature on August 23rd 2024 unless the bondholder exercises an early redemption option or unless the bonds are converted into Modivo S.A. shares. The bonds bear interest at a fixed rate of 6.99% per annum. Interest is compounded quarterly and will be settled on redemption of the bonds or their conversion into shares.

An embedded derivative instrument (voluntary conversion option) was identified in the bond instrument. At any time during the term of the issue agreement, the voluntary conversion option gives the bondholder the right to convert the value of the bonds acquired, together with interest accrued until the conversion date, at a price of PLN 600. If, in the event of an initial public offering, the bondholder chooses to exercise the voluntary conversion option, the option will replace the mandatory conversion described above. For this reason, the conversion factor varies (i.e. takes one value in the event of IPO and another in other situations), and the voluntary conversion option is an embedded derivative instrument, which is initially measured at fair value and separated (bifurcated) from the host contract, and then subsequently measured at fair value through profit or loss on the basis of gains/losses as at each subsequent reporting date.

In the case of conversion of the bonds into shares, derecognition of the liability under the bonds issue will be a non-cash item, as it will involve delivery of Modivo S.A. shares. Accordingly, interest expense related to the separation and settlement of embedded financial instruments will also be a non-cash item.

On initial recognition, it was carried at PLN 19.3m (January 31st 2022: PLN 14.6m) and recognised under other non-current financial liabilities. In the above tables showing movements, they are reported as 'Other non-cash changes', in the 'Liabilities under bonds' column. The prepayment option was classified as an embedded liability derivative instrument, but its value was deemed immaterial.

For more information on these financial instruments (i.e. voluntary conversion), see Note 6.1 to these financial statements.

As a result, on initial recognition, debt outstanding under the bonds of PLN 480.7m (January 31st 2022: PLN 513.0m) was recognised under non-current liabilities as liabilities under borrowings and bonds, and is subsequently measured at amortised cost as at subsequent reporting dates.



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As the final stage of raising new financing, funds of PLN 71.3m were secured in the form of a loan from PFR, as described in the 'Going concern' note. On satisfaction of the contractual conditions, the loan was partially forgiven and disclosed under operating income in the amount of PLN 51.0m (in the above tables showing movements, the item is disclosed as 'Other non-cash changes' in the column 'Liabilities under short-term bank borrowings') on December 20th 2021, while the remaining amount of PLN 20.3m was repaid in December 2021.

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

Collateral and other security for the liabilities are presented below.

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL		
Sureties	3,604.5	360.0
Security mortgages on real estate	2,474.2	2,189.7
Registered pledge over movable property	3,440.0	928.7
Blank promissory notes	1,355.3	1,447.6

4.3 CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

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

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

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

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

Liquidity management also implies that the CCC Group maintains sufficient cash and cash equivalents to cover all maturing current liabilities at their due dates and to take pre-emptive action to secure availability of further financing in the form of lines of credit and revolving lines of credit and to monitor the timing of their availability to CCC Group companies.

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



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

January 31st 2022	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
AUDITED							
Bank borrowings	167.7	419.3	828.4	147.4	–	1,562.8	1,385.7
Bonds	–	38.5	717.8	261.0	498.8	1,516.1	1,073.9
Trade payables	966.6	69.2	2.2	0.2	–	1,038.2	1,038.2
Factoring liabilities	296.6	145.3	–	–	–	441.9	441.9
Returns liabilities	64.3	–	–	–	–	64.3	64.3
Liabilities arising from obligation to purchase non-controlling interests	–	0.1	–	73.0	–	73.1	64.9
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	–	–	–	19.9	19.9	19.9
Lease liabilities	152.0	341.0	714.5	476.4	221.9	1,905.8	1,795.5
Total financial liabilities	1,647.2	1,013.4	2,262.9	958.0	740.6	6,622.1	5,884.3

January 31st 2021	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		
AUDITED							
Bank borrowings	902.9	86.9	482.8	–	–	1,472.6	1,459.2
Bonds	–	212.9	–	–	–	212.9	210.4
Trade payables	1,214.4	58.2	–	–	–	1,272.6	1,269.3
Returns liabilities	57.8	–	–	–	–	57.8	57.8
Liabilities arising from obligation to purchase non-controlling interests	–	–	792.3	96.5	–	888.8	828.6
Lease liabilities	154.2	339.2	726.5	484.3	248.3	1,952.5	1,865.9
Total financial liabilities	2,329.3	697.2	2,001.6	580.8	248.3	5,857.2	5,691.2

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

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

Change recognised in statement of cash flows		
As at January 1st 2020	442.3	1,536.2
As at January 31st 2021	406.4	1,655.5
Change in statement of financial position	35.9	119.3
Difference due to:		
Changes in investment liabilities / receivables	-5.4	2.2
Obligation to pay to associate	-	32.7
Other	-1.2	-0.9
Change recognised in statement of cash flows	29.3	153.3

	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Other adjustments to profit before tax:			
Accrued interest and exchange differences	1.4	13.1	8.6
Change in provisions	-5.7	-7.9	-7.6
Valuation of options to buy non-controlling interests in eObuwie, Karl Voegele and DeeZee	-6.2	32.0	34.3
Valuation of HRG option	-	13.3	13.3
Loss allowances	-	130.3	130.3
Measurement of derivative instruments	-2.8	20.7	-5.8
Forgiven PFR loan	-51.0	-	-
Changes in right-of-use asset and lease liability	-23.2	161.1	130.7
Other	-6.7	5.9	-20.9
Total	-94.2	368.5	282.9

5. NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 INTANGIBLE ASSETS

ACCOUNTING POLICY

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

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

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

If events or changes have occurred that indicate that the carrying amount of intangible assets may not be recoverable, the assets are reviewed for impairment in accordance with the policy described in Note 5.2.

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.

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

In the reporting period, the Group made expenditure on the development of intangible assets, in particular in the area of IT systems used and developed across the Group to support its operations, in the amount of PLN 22.8m. The expenditure was related to enhancing the existing systems with new functionalities, increasing the expected future economic benefits, which meet the definition of an intangible asset and the recognition criteria for intangible assets.

As at January 31st 2022, intangible assets under development included expenditure incurred on projects continued from 2021. The Group expects these projects to be completed in the next financial year. The Group did not identify any indications of impairment of those assets.

AUDITED	PATENTS AND LICENCES	TRADEMARKS	CUSTOMER RELATIONS	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at January 1st 2020	123.8	196.6	19.5	19.4	359.3
Accumulated amortisation as at January 1st 2020	-16.6	-	-16.3	-	-32.9
Net carrying amount as at January 1st 2020	107.2	196.6	3.2	19.4	326.4
Exchange differences on translation – gross carrying amount	1.7	0.5	-	-	2.2
Amortisation	-28.1	-	-0.2	-	-28.3
Acquisition	1.8	-	-	22.4	24.2
Sale, retirement	-5.6	-	-	-	-5.6
Accumulated amortisation (retirement and disposal)	1.0	-	-	-	1.0
Impairment losses	-1.6	-8.4	-2.9	-	-12.9
Transfer between groups	28.8	-	-	-27.5	1.3
Reclassification to assets held for sale (gross carrying amount)	-25.2	-8.4	-8.3	-	-41.9
Reclassification to assets held for sale (accumulated amortisation)	23.6	-	5.4	-	29.0
Reclassification to assets held for sale (impairment losses)	1.6	8.4	2.9	-	12.9
Gross carrying amount as at January 31st 2021	125.3	188.7	11.2	14.3	339.5
Accumulated amortisation as at January 31st 2021	-20.1	-	-11.1	-	-31.2
Net carrying amount as at January 31st 2021	105.2	188.7	0.1	14.3	308.3

The Group recognises trademarks with indefinite useful lives under intangible assets. The Group considers that its trademarks are recognisable on the market and intends to use them for an indefinite period.

Therefore, the Group assumes that trademarks have an indefinite useful life and are not amortised. All trademarks are tested for impairment annually.

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

As at January 31st 2022, net carrying amount of other trademarks comprised mainly the AMERICANOS trademark worth PLN 0.9m that was acquired in the previous year, the BADURA trademark worth PLN 1.7m acquired in the current period, and the Simple trademark worth PLN 1.8m.

AUDITED	eobuwie.pl	Karl Voegelé	DeeZee	Gino Rossi	Other	TOTAL
Useful life/amortisation method	Indefinite	Indefinite	Indefinite	Indefinite	Indefinite	
Gross carrying amount as at January 1st 2020	161.2	7.9	4.7	22.8	–	196.6
Accumulated amortisation as at January 1st 2020	–	–	–	–	–	–
Net carrying amount as at January 1st 2020	161.2	7.9	4.7	22.8	–	196.6
Exchange differences on translation – gross carrying amount	–	0.5	–	–	–	0.5
Impairment losses	–	-8.4	–	–	–	-8.4
Reclassification to assets held for sale (gross carrying amount)	–	-8.4	–	–	–	-8.4
Reclassification to assets held for sale (impairment losses)	–	8.4	–	–	–	8.4
Gross carrying amount as at January 31st 2021	161.2	–	4.7	22.8	–	188.7
Accumulated amortisation as at January 31st 2021	–	–	–	–	–	–
Net carrying amount as at January 31st 2021	161.2	–	4.7	22.8	–	188.7

For details of impairment tests for DeeZee, see Note 5.2 below.

The recoverable amount of cash-generating units to which trademarks with indefinite useful lives (i.e. Gino Rossi and eobuwie.pl) have been allocated was determined based on the value in use calculated on the basis of a cash flow forecast derived from five-year financial budgets approved by the senior management.

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

- the level of merchandise distribution costs,
- impact of changes in revenue on direct costs,
- the amount of investment expenditure,
- 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.

The assumptions are consistent with the Management Board's knowledge as at the test date. The increase in average EBITDA margin and expected sales growth (CAGR) were revised in line with the CCC Group's GO.25 strategy.

The underlying assumptions of the impairment test are presented below.

January 31st 2022	eobuwie.pl	Gino Rossi S.A.
Discount rate	11.1%	11.1%
Average EBITDA margin	9.5%	4.6%
Expected EBITDA CAGR	31.3%	51.3%
Residual growth rate	2.0%	2.0%

The tests did not indicate any need to recognise impairment losses on the eobuwie.pl S.A. and Gino Rossi S.A. trademarks. Management believes that no reasonably possible change to any of the key assumptions of the tests will result in the carrying amount of the tested trademarks exceeding significantly their recoverable amount.

5.2 GOODWILL

ACCOUNTING POLICY

Goodwill arising on acquisition is initially recognised at cost, equal to the excess of:

- the consideration paid,
- the amount of any non-controlling interest in the acquiree, and
- in the case of a step acquisition – the fair value at the acquisition date of the share in the equity of the acquiree previously held by the acquirer over the net amount determined at the acquisition date of the amount of identifiable assets acquired and liabilities assumed.

Following initial recognition, goodwill is carried at cost less cumulative impairment losses. Goodwill is tested for impairment annually, or more frequently if there is any indication of impairment. Goodwill is not amortised.

As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies of the business combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which goodwill is monitored for internal management purposes and is not larger than one operating segment defined in accordance with IFRS 8 Operating Segments.

An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated.

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

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

Company	Acquisition date	As at February 1st 2020	Impairment	Negative adjustments – final settlement	Acquisition	Exchange differences on translation	As at January 31st 2021
Modivo Group	January 2016	106.2	–	–	–	–	106.2
Shoe Express S.A.	April 2018	40.5	–	–	–	1.8	42.3
Adler International Sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8
DeeZee Sp. z o.o.	October 2018	0.6	–	–	–	–	0.6
Gino Rossi S.A.	February 2019	21.8	-21.8	–	–	–	–
Goodwill		217.9	-21.8	–	–	1.8	197.9

As at January 31st 2022, the Group tested for impairment the cash-generating units to which material goodwill or a trademark with indefinite useful life has been allocated, i.e. the subsidiaries Modivo S.A., Shoe Express S.A., the Adler International Sp. z o.o. sp.k. project (OPE), and DeeZee Sp. z o.o. The tests did not indicate any need to recognise impairment loss on goodwill. Management believes that no reasonably possible change to any of the key assumptions of the tests will result in the carrying amount of the tested units exceeding significantly its recoverable amount.

The recoverable amount was determined based on the value in use calculated on the basis of a cash flow forecast derived from five-year financial budgets approved by the senior management.

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

- the level of distribution costs,
- impact of changes in revenue on direct costs,
- the amount of investment expenditure,
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash-generating unit.

The amounts assigned to each of these parameters reflect the Group's experience adjusted for expected changes in the forecast period. The Modivo Group and the subsidiary DeeZee Sp. z o.o. operate in the digital segment, which is the main source of revenue for those entities. The COVID-19 pandemic resulted in a change in consumer behaviour, with customers moving away from offline shopping to digital channels. As the Modivo Group and DeeZee Sp. z o.o. generate a significant part of their revenue in the digital segment, the pandemic has not adversely affected their operations. It was assumed that these entities will increase their share in total revenue as their profitability increases.

In the case of the Modivo Group, the projected EBITDA CAGR decreased compared with results of the tests carried out at January 31st 2021 due to the higher-than-expected results in 2021, which translated into lower growth dynamics. Results in 2022–2026 were revised in line with the CCC Group's GO.25 strategy.

The average margin for DeeZee Sp. z o.o. changed due to changes in projected EBITDA levels in the successive years of the forecast.

In the tests carried out for Shoe Express S.A. and the Adler International Sp. z o.o. sp.k. project (OPE), the base for calculating EBITDA changed as follows: 2021 saw a major year-on-year improvement, with demand recovering and performance improving on the previous year, which was hit particularly hard by the pandemic. This translated into cumulative EBITDA growth. The increase in average EBITDA margin and expected EBITDA CAGR were revised in line with the CCC Group's GO.25 strategy.

The underlying assumptions of the impairment test are presented below.

January 31st 2022	Modivo	Shoe Express	Adler	DeeZee
Discount rate	11.1%	13.4%	11.1%	11.1%
Average EBITDA margin	8.4%	29.6%	33.6%	11.1%
Expected EBITDA CAGR	34.8%	32.9%	7.3%	54.5%
Residual growth rate	2.0%	2.0%	2.0%	2.0%

January 31st 2021	Modivo	Shoe Express	Adler	DeeZee
Discount rate	7.7%	10.2%	7.7%	7.7%
Average EBITDA margin	10.2%	23.0%	27.8%	12.8%
Expected EBITDA CAGR	35.9%	43.3%	13.5%	66.1%
Residual growth rate	2.0%	2.0%	2.0%	2.0%

The growth rate used to extrapolate cash flows beyond the five-year period is 2% (2020: 2%).

An impairment loss was recognised in 2020 on Gino Rossi S.A.'s goodwill. In accordance with the announced strategy for Gino Rossi S.A., the CCC Group decided to close down the subsidiary's footwear factories and the production was phased out in the first half of 2021. The CCC Group has implemented a number of changes to optimise the Gino Rossi retail chain, including building-up the brand's presence in online sales and increasing its product offering. The Gino Rossi brand products will be marketed in CCC stores, through the digital CCC channels and eobuwie.pl.

5.3 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

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

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

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

Borrowing costs are capitalized 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 LIFE	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 10 years) * duration of the lease contract for the store in which the leasehold improvement was made (usually 10 years)		
Manufacturing and distribution	* buildings * machinery and equipment * vehicles * other property, plant and equipment	* from 10 to 40 years * from 10 to 40 years * from 5 to 10 years * from 5 to 10 years	
Other	* machinery and equipment * vehicles * other property, plant and equipment	* from 3 to 15 years * from 5 to 10 years * from 5 to 10 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 Group 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. In accordance with the principles described above, as at each reporting date the Group analyses its leasehold improvements 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 Group, the following conditions must be met:

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

If an asset is considered unrecoverable, the Group recognises an impairment loss equal to the excess of the capital expenditure incurred over the recoverable amount. The impairment loss is recognised in other expenses. For Group companies that start or conduct business in developed economies, additional market acquisition considerations are taken into account.

Grants received

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

Certain assets relating to individual outlets may be permanently attached to the leased premises (leasehold improvements), which makes it impossible to use them for other purposes or to sell them. Their useful lives are not always linked to the lease term as lease contracts may contain a lease extension option. The adopted useful lives are described above.

Accordingly, the amount of depreciation expense may not correspond with the estimated term of the store lease contract. Changes in lease duration may affect the amount of impairment losses.

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

On December 23rd 2009, CCC S.A. and Polska Agencja Rozwoju Przedsiębiorczości signed an agreement for the co-financing of investments in property, plant and equipment. The Company applied for a subsidy from the Operational Program Innovative Economy for the investment in the construction of a high storage warehouse in Polkowice. The final amount of the subsidy was PLN 38.5m. As at the reporting date, the unsettled subsidy amount was PLN 16.3m (January 31st 2021: PLN 17.7m). In accordance with the Group's accounting policy, this grant is presented in the line item 'Grants received' in the statement of financial position.

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

AUDITED	LEASEHOLD IMPROVEMENTS	MANUFACTURING AND DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at February 1st 2021	1,027.7	457.1	384.5	37.7	879.2	59.4	68.1	36.8	164.2	2,071.0
Accumulated depreciation as at February 1st 2021	-443.8	-58.9	-215.3	-2.0	-276.2	-9.4	-45.1	-16.7	-71.1	-791.0
Impairment losses as at February 1st 2021	-42.1	-	-	-	-	-	-	-	-	-42.1
Net carrying amount as at February 1st 2021	541.8	398.2	169.2	35.7	603.0	50.0	23.0	20.1	93.1	1,237.9
Exchange differences on translation	4.4	-	0.1	-0.1	-	-	0.7	0.3	1.0	5.4
Acquisition	162.7	1.0	32.2	61.2	94.4	0.5	7.8	7.2	15.5	272.6
Depreciation	-125.0	-17.9	-46.2	-	-64.1	-2.6	-9.1	-5.5	-17.2	-206.3
Retirement and disposal	-105.3	-	-14.5	-	-14.5	-1.3	-3.0	-7.1	-11.4	-131.2
Retirement and disposal (accumulated depreciation)	56.2	3.0	6.9	-	9.9	0.4	2.4	7.3	10.1	76.2
Transfer between groups (gross carrying amount)	5.3	38.4	30.0	-73.5	-5.1	-0.1	0.1	0.5	0.5	0.7
Impairment losses	-2.6	-	-	-	-	-	-	-0.1	-0.1	-2.7
Reversal of impairment losses	2.9	-	-	-	-	-	-	-	-	2.9
Use of impairment losses	33.2	-	-	-	-	-	-	-	-	33.2
Gross carrying amount as at January 31st 2022	1,094.8	496.5	432.3	25.2	954.0	58.5	73.7	37.7	169.9	2,218.7
Accumulated depreciation as at January 31st 2022	-512.6	-73.8	-254.6	-2.0	-330.4	-11.6	-51.8	-14.9	-78.3	-921.3
Impairment losses as at January 31st 2022	-8.6	-	-	-	-	-	-	-0.1	-0.1	-8.7
Net carrying amount as at January 31st 2022	573.6	422.7	177.7	23.2	623.6	46.9	21.9	22.7	91.5	1,288.7

In the first half of 2021, the Group discontinued the production activities conducted through the subsidiary Gino Rossi S.A. CCC Factory Sp. z o.o. will scale down production while developing value added services in the process to prepare products for sale to other Group companies. The Group assessed the value of assets related to manufacturing activities for recoverable amounts and did not identify any indications of impairment. Property, plant and equipment of Gino Rossi S.A. and CCC Factory Sp. z o.o. include mainly buildings which will be used further in the Group's operations.

Both assets allocated to the manufacturing segment and to the distribution segment are related to the operations of points of purchase and sales in the digital channel, which reported significant revenue growth.

The assets of the 'Other' segment include mainly land and buildings where the head office of CCC S.A. is located.

As at January 31st 2022, the Group identified indications of impairment of store assets and right-of-use assets for those stores that were loss making in 2020 and 2021. Each store is a separate cash-generating unit and was tested for impairment separately. A total of 104 stores were tested for impairment.

A projection period corresponding to the duration of the respective lease contract was adopted for each store. The following parameters were used to calculate the value in use:

- revenue and distributions costs,
- impact of changes in revenue on direct costs,
- a discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash-generating unit.

The revenue growth rate in 2022 was derived from the budget officially approved by the Supervisory Board for each market. Revenue levels in the following years, i.e. 2023–2026, were determined based on the assumptions of the GO.25 strategy. The assumptions included

gradual recovery of sales after the lifting of pandemic-related restrictions in individual countries, improvement of profit margins and more efficient store operations.

The growth rates for individual cost items were estimated based on the projected inflation rates for a given country included in the strategy as well as benefits obtained through the delivery of strategic initiatives.

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

Chain	Number of tested stores	Number of stores with recognised impairment	Impairment loss charged to right-of-use asset	Impairment loss charged to leasehold improvements	Total	Estimate of WACC discount rate
Russia	9	–	–	–	–	13.4%
Hungary	19	2	–	0.2	0.2	13.1%
Czech Republic	16	1	–	0.2	0.2	10.1%
Croatia	7	3	–	0.6	0.6	9.3%
Serbia	7	1	0.2	0.0	0.2	12.2%
Modivo	4	–	–	–	–	11.1%
Romania	27	16	4.4	1.6	6.0	17.1%
Slovakia	6	–	–	–	–	7.4%
Poland	2	–	–	–	–	11.1%
Slovenia	7	–	–	–	–	8.0%
Total	104	23	4.6	2.6	7.2	

The Group analysed the sensitivity of impairment losses on stores to changes in the key assumptions. The analysis assumed a 5 pp decrease in revenue. The change in these assumptions did not lead to a material change in impairment losses on the tested stores.

The table below presents the value of property, plant and equipment as at January 31st 2021:

audited	LEASEHOLD IMPROVEMENTS	MANUFACTURING AND DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL
		LAND, BUILDINGS AND STRUCTURES	MACHINE RY AND EQUIPMENT	PROPERTY , PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINE RY AND EQUIPMENT	OTHER	TOTAL	
Gross carrying amount as at January 1st 2020	1,169.0	426.1	300.0	65.6	791.6	55.7	137.0	52.3	245.0	2,205.6
Accumulated depreciation as at January 1st 2020	-501.2	-43.7	-129.5	-2.7	-175.8	-6.6	-100.7	-28.3	-135.6	-812.6
Impairment losses as at January 1st 2020	-11.9	-	-	-	-	-	-	-1.1	-1.1	-13.0
Net carrying amount as at January 1st 2020	655.9	382.4	170.5	62.9	615.8	49.1	36.3	22.9	108.3	1,380.0
Exchange differences on translation	10.4	-	-	-	-	0.2	1.5	-1.7	-	10.4
Acquisition	114.4	20.3	73.2	2.5	96.0	0.1	2.7	4.7	7.5	217.9
Depreciation	-141.7	-15.0	-82.8	-	-97.8	-5.7	-11.5	-6.5	-23.7	-263.2
Retirement and disposal	-73.0	-2.7	-3.3	-	-6.0	-0.2	-16.7	-16.7	-33.6	-112.6
Retirement and disposal (accumulated depreciation)	56.1	0.3	2.8	0.8	3.9	-	16.1	14.8	30.9	90.9
Transfer between groups (gross carrying amount)	13.0	13.5	14.5	-30.5	-2.5	3.6	-20.1	1.2	-15.3	-4.8
Transfer between groups (accumulated depreciation)	-11.3	-0.5	-5.8	-	-6.3	2.9	17.3	0.9	21.1	3.5
Impairment losses	-51.0	-	-	-	-	-	-	-3.3	-3.3	-54.3
Reversal of impairment losses	1.1	-	-	-	-	-	-	-	-	1.1
Use of impairment losses	7.6	-	-	-	-	-	-	1.1	1.1	8.7
Reclassification to assets held for sale (gross carrying amount)	-206.1	-	-	-	-	-	-36.4	-3.0	-39.4	-245.5
Reclassification to assets held for sale (accumulated depreciation)	154.3	-	-	-	-	-	33.7	2.4	36.1	190.4
Reclassification to assets held for sale (impairment losses)	12.1	-	-	-	-	-	-	3.3	3.3	15.4
Gross carrying amount as at January 31st 2021	1,027.7	457.1	384.5	37.7	879.2	59.4	68.1	36.8	164.2	2,071.0
Accumulated depreciation as at January 31st 2021	-443.8	-58.9	-215.3	-2.0	-276.2	-9.4	-45.1	-16.7	-71.1	-791.0
Impairment losses as at January 31st 2021	-42.1	-	-	-	-	-	-	-	-	-42.1
Net carrying amount as at January 31st 2021	541.8	398.2	169.2	35.7	603.0	50.0	23.0	20.1	93.1	1,237.9

The value of impairment losses estimated as at January 31st 2021 is presented in the table below:

Chain	Number of tested stores	Number of stores with recognised impairment	Impairment loss charged to right-of-use asset	Impairment loss charged to leasehold improvements	Total	Estimate of WACC discount rate
Austria	46	40	16.7	24.8	41.5	5.4%
Russia	14	5	2.4	2.7	5.1	12.9%
Hungary	13	6	3.9	3.5	7.4	9.6%
Czech Republic	8	3	0.1	1.3	1.4	7.3%
Croatia	7	2	1.4	0.7	2.1	8.1%
Serbia	6	–	–	–	–	10.8%
Eobuwie	5	–	–	–	–	7.7%
Romania	5	1	0.5	–	0.5	10.2%
Slovakia	4	3	0.3	1.0	1.3	5.9%
Poland	2	1	–	–	–	7.7%
Slovenia	2	2	0.1	0.4	0.5	6.5%
Bulgaria	1	–	–	–	–	7.4%
Gino Rossi*	37	37	15.7	8.9	24.6	7.2%
KVAG**	39	21	8.2	7.7	15.9	4.8%
Total	189	121	49.3	51.0	100.3	

* In the case of Gino Rossi S.A., as at June 30th 2020 the Group identified indications of impairment of all stores (including material losses and negative operating cash flows) and carried out impairment tests. The recoverable amount was determined based on the value in use calculated on the basis of a cash flow forecast derived from financial budgets approved by the senior management. As a result of the tests, an impairment loss of PLN 24.6m was recognised (the carrying amount of the tested assets as at that date was PLN 26.7m). A portion of Gino Rossi assets were liquidated by January 31st 2021, resulting in a write-down of PLN 12.7m. The carrying amount of the Gino Rossi stores assets as at January 31st 2021 was PLN 0.0m. As at January 31st 2021, the unused impairment loss was PLN 12.0m (of which PLN 7.7m related to leasehold improvements) (it was used in 2021). In the opinion of the Management Board, this situation is permanent and there are no prospects for improvement in the foreseeable future. The Management Board has not identified any indication that the impairment no longer exists or that the impaired amount has decreased.

** In the case of KVAG, as at June 1st 2020, the Group identified impairment indications for all stores due to their classification as a disposal group, and tested the assets for impairment. The recoverable amount was determined based on the value in use calculated on the basis of a cash flow forecast derived from financial budgets approved by the senior management. As a result of the conducted tests, an impairment charge of PLN 15.8m was recognised. As at January 31st 2021, the KVAG assets were classified as held for sale and measured at fair value less costs to sell. For details, see Note 6.4.



CCC GROUP FINANCIAL REPORT
Consolidated financial statements for the 12 months
from February 1st 2021 to January 31st 2022
[all amounts in PLN million unless stated otherwise]

The table below presents movements in impairment losses on property, plant and equipment and right-of-use assets :

Chain	Impairment loss as at January 31st 2021	Increase in impairment loss	Use of impairment loss	Reversal of impairment loss	Exchange differences	Impairment loss as at January 31st 2022
Austria	41.5	–	-32.0	–	0.4	9.9
Russia	5.1	–	–	-1.6	0.5	4.0
Hungary	7.4	0.2	–	-0.7	0.1	7.0
Czech Republic	1.4	0.2	–	-1.2	–	0.4
Croatia	2.1	0.6	–	–	–	2.7
Serbia	–	0.2	–	–	–	0.2
Romania	0.5	6.0	–	–	0.1	6.6
Slovakia	1.3	–	–	-1.1	-0.1	0.1
Poland	–	–	–	–	–	–
Modivo	–	–	–	–	–	–
Slovenia	0.5	–	–	-0.5	0.1	0.1
GinoRossi	12.0	–	-12.0	–	–	–
Total	71.8	7.2	-44.0	-5.1	1.1	31.0

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

ACCOUNTING POLICY

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

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

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

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

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

The Group recognises the above costs as expenses in the line item 'Other distribution costs' (low-value and short-term leases) and in the line item 'Costs of points of purchase' (contracts concluded for an indefinite period and sales-based rent).

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

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

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

The measurement of the lease liability is periodically offset against the lease payments.

Costs of the use of leased assets are disclosed in the line item 'Depreciation' and in finance costs as interest expense.

Right-of-use assets are depreciated on a straight-line basis, while lease liabilities are accounted for using the effective interest rate.

The Group measures lease contracts that meet the criteria defined in IFRS 16. The Group recognises the following items as current expenses:

- Depreciation of right-of-use assets
- Interest expense
- Foreign exchange gains (losses).

The Group accounts for a lease modification as a separate lease if both:

- a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the modification (i.e. the date of signing an annex/agreement by the last party concerned) the Group:

- a) allocate the consideration in the modified contract,
- b) determine the lease term of the modified lease, and
- c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. As a result, the Group recognises any profit or loss related to the partial or total termination of the lease,
- b) adjustments to the right-of-use asset for all other lease modifications.

The Group as the lessor

At the lease commencement date, the Group 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 Group subleases office, retail and warehouse space to other entities and recognises such sublets as finance leases.

In classifying a sublease, an intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

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

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

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

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

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



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AUDITED	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS					
	Stores	Warehouse	Vehicles	Offices	Other	Total
Gross carrying amount as at January 1st 2020	2,759.3	79.2	10.0	37.1	5.5	2,891.1
Accumulated depreciation as at January 1st 2020	-830.0	-51.5	-4.4	-17.0	-1.6	-904.5
Net carrying amount as at January 1st 2020	1,929.3	27.7	5.6	20.1	3.9	1,986.6
Gross carrying amount as at January 1st 2020	2,759.3	79.2	10.0	37.1	5.5	2,891.1
Exchange differences on translation – gross carrying amount	46.1	0.3	–	6.5	0.1	53.0
New lease contracts	119.6	1.4	3.4	3.3	7.1	134.8
Changes resulting from contract modifications	157.3	0.5	0.4	0.7	0.9	159.8
Changes resulting from contract modification – shortening of contract term – gross carrying amount	-195.3	-8.2	-0.3	-5.8	-1.7	-211.3
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	77.0	3.7	0.2	2.2	1.2	84.3
Reclassification of assets to discontinued operations (gross carrying amount)	-434.9	-0.7	–	–	-0.7	-436.2
Gross carrying amount as at January 31st 2021	2,529.1	76.2	13.7	44.0	12.4	2,675.4
Accumulated depreciation as at January 1st 2020	-830.0	-51.5	-4.4	-17.0	-1.6	-904.5
Exchange differences on translation – accumulated depreciation	-19.5	-0.1	–	-1.3	–	-20.9
Depreciation in period	-413.9	-2.9	-3.8	-12.3	-2.6	-435.6
Reclassification of assets to discontinued operations (accumulated depreciation)	170.2	0.2	–	–	0.3	170.7
Accumulated depreciation as at January 31st 2021	-1,093.2	-54.3	-8.2	-30.6	-4.0	-1,190.3
Impairment losses as at January 1st 2020	–	–	–	–	–	–
Recognition of impairment losses during period	-49.3	–	–	–	–	-49.3
Use of impairment losses in period	11.5	–	–	–	–	11.5
Reclassification to discontinued operations	8.2	–	–	–	–	8.2
Impairment losses as at January 31st 2021	-29.7	–	–	–	–	-29.7
Net carrying amount as at January 31st 2021	1,406.3	21.9	5.5	13.4	8.4	1,455.5

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

	February 1st 2021–January 31st 2022	January 1st 2020–January 31st 2021
	AUDITED	AUDITED
At beginning of period	1,865.9	2,085.8
Accrued interest	48.5	52.5
Lease payments	-397.2	-407.3
Exchange differences	29.6	99.4
New lease contracts	311.3	131.4
Modification of contract terms	58.8	208.0
Indexation	–	1.0
Change of scope	-121.4	-99.2
Reclassification to discontinued operations	–	-205.7
At end of period	1,795.5	1,865.9

As at January 31st 2022, the Group identified indications of a need to test for impairment the store assets and rights-of-use assets described in Note 5.3 to these consolidated financial statements.

Variable lease payments are presented in Note 3.2 in the line item 'Other rental costs – utilities and other variable costs'. Expenses related to short-term leases and leases of low-value assets totalled PLN 44.8m in the current period.

The Group sub-leases retail and warehouse space to other entities outside the CCC Group. Finance income on the net investment in the lease is not material. As at the reporting date, the amount of lease receivables was PLN 0.4m.

5.5 INVENTORY

ACCOUNTING POLICY

Inventories are stated at the lower of cost or net realisable value. Cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and related manufacturing overheads (based on normal operating capacity), excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less variable costs necessary to make the sale.

The CCC Group analysed, in the light of the IFRIC's decision *Costs Necessary to Sell Inventories*, which additional costs incurred in the sale process would be eligible under IAS 2 for inclusion in the calculation of the write-down to net realisable value (NRV). In order to determine costs necessary to make the sale, the Group took into account the type of inventories held and its sales channels, and analysed the cost structure. The incurred costs necessary to make the sale vary by sales channel, which means that the Group has different cost levels for the digital channel and for offline stores. In determining costs necessary to make the sale through the digital channel, the Group included the costs of courier service, packaging materials and payment intermediaries. In the case of sales through offline stores, logistics costs of transporting and repackaging goods at the central warehouse as well as employee overheads were included.

The IFRIC's decision did not materially affect the manner in which the Company determines net realisable value in accordance with IAS 2.

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

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

If circumstances arise which result in a decrease in the carrying amount of inventories, inventory write-downs are recognised and charged to cost of sales. If the circumstances cease to exist, the write-down is reversed by reducing the cost of sales.

In order to determine the amount of inventory write-downs, the Group applies a calculation model based on inventory aging, taking into account forecast sales of particular products. These forecasts are the result of analysis of historical data as well as the current situation of the Company and its micro- and macroeconomic environment, which may affect the level of uncertainty in determining these forecasts.

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

In analysing the level and value of inventories, the Group distinguishes the main category of merchandise, i.e. footwear, and the category of other products (mainly handbags and accessories). For the main category of products, the Group verifies the factors affecting its value, such as the expected level of sales, expected margins, planned discounts, product life span, compatibility with fashion trends and customers' needs, and the level of additional costs required to adapt the goods to sales in subsequent seasons. For the other products, the Group analyses primarily the product life cycle and planned discounts. Average discounts for non-footwear products are typically lower than for footwear; moreover, this product category does not require additional costs to adapt it for sale in subsequent periods.

Results of the analyses are reflected in the estimation of inventory write-downs. For the main product category, inventory write-downs are higher mainly due to faster obsolescence of footwear than is the case for non-footwear merchandise. Moreover, the process of replacing merchandise in the main product group between seasons (i.e. cyclical transfers from central warehouses and stores and

from stores to central warehouses) generates additional service costs and increases the amount of inventory write-downs on footwear. No such transfers are made in the non-footwear category. Moreover, the rotation of non-footwear inventories is faster which justifies lower write-downs.

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

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

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

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Materials	2.4	21.1
Work in progress	–	10.7
Merchandise	2,546.8	2,043.3
Finished goods	76.7	117.4
Returns assets	37.7	37.2
Total (gross)	2,663.6	2,229.7
Impairment losses	-37.8	-37.1
Total (net)	2,625.8	2,192.6

Net inventories increased by 19.76% relative to January 31st 2021, driven by higher exchange rates, which translate into the value of merchandise purchased from abroad, as well as development of the HalfPrice network.

The CCC Group'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 Group calculates returns liabilities and returns assets. Deliveries made after the reporting date are allocated to revenue of the next period, while returns reduce revenue in the current period. The amount of the asset is disclosed in inventories, while the liability is presented in other liabilities. As at the reporting date, the amount of the asset was PLN 37.7m, and the amount of the liability was PLN 64.3m.

Inventory write-downs and changes thereof are presented below.

	February 1st 2021– January 31st 2022	January 1st 2020– January 31st 2021
	AUDITED	AUDITED
At beginning of period	37.1	21.1
Expensed to cost of sales	13.6	33.4
Used	-9.7	-8.3
Reversed to cost of sales	-3.2	-9.1
At end of period	37.8	37.1



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During the financial year 2021, the Group recognised and reversed net inventory write-downs of PLN 10.4m. The additional inventory write-downs were recognised and reversed with respect to merchandise. Changes in the amount of write-downs result from the development of the Group's business and its sales policy.

Inventory aging is presented in the table below.

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
up to 1 year	2,380.8	1,774.7
1 to 2 years	253.6	363.7
2 to 3 years	27.4	77.1
over 3 years	1.8	14.2
Total gross carrying amount	2,663.6	2,229.7

5.6 TRADE RECEIVABLES, OTHER RECEIVABLES, AND LOANS

ACCOUNTING POLICY

Trade receivables

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

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

Other receivables

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

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Gross trade receivables	286.5	253.1
Impairment losses on receivables	-60.4	-80.8
Total net receivables	226.1	172.3
Prepaid deliveries	113.3	97.7
Prepayments	38.8	39.0
Tax receivables other than under corporate income tax	91.5	78.1
Receivables from sale of property, plant and equipment	20.4	2.2
Other	29.4	17.1
Total other receivables	293.4	234.1

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Long-term security deposits	–	0.3
Other long-term receivables	1.0	0.4
Total other long-term receivables	1.0	0.7

Impairment losses on trade receivables	February 1st 2021– January 31st 2022	January 1st 2020– January 31st 2021
	AUDITED	AUDITED
At beginning of period	-80.8	-2.3
a) increase	-2.4	-80.1
b) decrease – use	15.3	1.6
c) decrease – reversal	7.5	–
At end of period	-60.4	-80.8

Trade receivables increased by PLN 53.8m relative to January 31st 2021, due mainly to growth of the wholesale business and a reduction of impairment loss on receivables by PLN 20.4m.

Other receivables primarily included prepaid deliveries, which rose as a result of advance payments made for the spring-summer 2022 collection stock deliveries. Another major item of other receivables was tax receivables (mainly VAT receivables).

Other receivables also include receivables under discounts received, calculated on the volume of purchases of merchandise under agreements with suppliers (PLN 6.2m) and receivables under various types of security deposits (PLN 10.6m).

Prepayments are mainly related to costs of advertising, marketing, insurance policies, and licence fee to be incurred in future periods.

For information on the terms of related-party transactions, see Note 6.5. Trade receivables are non-interest bearing and typically have a market-based payment term. The Group follows a policy of trading with verified customers only. Accordingly, in the opinion of the Management Board there is no additional credit risk that would exceed the allowance for expected credit losses recognised with respect to the trade receivables of the Group.

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Short-term loans	–	–
Long-term loans	–	–
Total loans	–	–

The Group classified loans as financial assets, which as at the reporting date were credit-impaired due to credit risk – for details, see Notes 3.3 and 6.1 (an impairment loss for the entire amount of the loans has been recognised).

Loss allowances:

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

Loans advanced as at January 31st 2021	Gross carrying amount	Impairment losses	Net carrying amount	Level
audited				
HR Group Holding s.a.r.l.	130.2	-130.2	–	3
Total	130.2	-130.2	–	

The table below presents movements in loans:

	January 1st 2020– January 31st 2022	January 1st 2020– January 31st 2021
	AUDITED	AUDITED
At beginning of period	–	82.6
Granting of loans	–	–
Interest accrued	–	16.2
Impairment losses	–	-130.2
Foreign exchange gains (losses)	–	3.2
Other changes	–	28.2
At end of period	–	–
- short-term	–	–
- long-term	–	–



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In the current period, the Company recognised a PLN 17.5m impairment loss on loans advanced to HRG, with most of that amount representing accrued interest. Gross carrying amount of loans advanced to HRG as at January 31st 2022 was PLN 147.8m, compared with PLN 130.2m as at January 31st 2021. Impairment losses on the entire gross carrying amount of the loans were recognised in the previous and current periods as impairment of trade receivables from and loans to the GRG Group was identified as a result of the deterioration in HRG's financial condition caused by COVID-19.

5.7 CASH

ACCOUNTING POLICY

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

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Cash in hand and in transit [1]	42.9	7.3
Cash at bank	896.1	436.5
Short-term deposits (up to 3 months)	–	15.0
Cash in VAT accounts (split payment)	2.1	–
Total	941.1	458.7

[1] As at the reporting date, cash in hand and in transit comprised cash in hand of PLN 6.7m and cash in transit of PLN 36.2m.

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.

5.8 TRADE PAYABLES AND OTHER LIABILITIES

ACCOUNTING POLICY

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

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

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

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Trade payables:		
• trade payables – net of balances covered by reverse factoring	1,014.4	643.5
• trade payables – covered by reverse factoring	441.9	609.6
• investment liabilities	23.8	16.2
Total trade and other payables	1,480.1	1,269.3
Indirect taxes, customs duties and other public charges payable	103.3	133.3
Amounts due to employees	75.7	44.8
Accrued expenses	86.3	97.0
Returns liabilities	64.3	57.8
Liabilities under contracts with customers	14.5	–
Other liabilities	31.8	53.3
Total other liabilities	375.9	386.2

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Amounts due to employees	20.7	0.4
Construction security deposits	2.5	–
Other	0.2	–
Total other non-current liabilities	23.4	0.4



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	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	19.9	–
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	14.6	–
Total other non-current financial liabilities	34.5	–

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

The Group uses the reverse factoring service, under which, upon presentation of an invoice for the purchases made, the factor's bank pays the Group's liabilities to suppliers within seven business days. The Group pays its liabilities towards the factor's bank within the time limit originally specified in the invoices, therefore, from the Group's perspective, there is no extension of payment terms, which usually range from 60 to 187 days. Early repayment of liabilities by the factor is made at the expense of the Group's suppliers. In the reporting period, under the New Financing Agreement, the components used to calculate the net exposure to operating profit (loss) before depreciation and amortisation (EBITDA), which include liabilities covered by factoring, i.e. the balance of reverse factoring liabilities, affect the calculation of bank covenants. At the same time, the Group's liabilities towards the factor are secured as described in Note 4.2 to these financial statements.

The presentation of balances of liabilities covered by reverse factoring in the statement of financial position and statement of cash flows required the application of material judgement. In the assessment, the parent's Management Board also considered the content of the IFRIC's decision Supply Chain Financing of December 2020. In particular, the parent's Management Board concluded that these balances formed part of working capital used in the normal course of the Group's operations and corresponded in fact to trade payables, being directly attributable to the Group's arrangements with suppliers.

Given the terms of reverse factoring described above and taking into account the contents of the above decision, the Group treats trade payables transferred to reverse factoring as a separate class of financial liabilities, presenting them under 'Trade and other payables'. At the same time, payments to the factor are presented in the statement of cash flows under net cash flows from operating activities, as they in fact represent payments for deliveries of goods. As at the reporting date, the undrawn amount under the reverse factoring agreement was PLN 92.7m (this includes, under Tranche B of the financing described in Note 4.2, reverse factoring of up to PLN 5.5m, which as at the reporting date was not used).

Accrued expenses included:

- A provision for future costs of store closures in Germany of PLN 10.4m (January 31st 2021: PLN 23.3m), with the change caused by the provision being used. The need to recognise the provision resulted from COVID-19 and worse-than-expected results of the stores, lease guarantees demanded by certain lessors from CCC S.A., the terms and conditions of an agreement concluded between the Company and HRG at the time of disposal of CCC Germany, including provisions concerning compensation by CCC S.A. of losses incurred by HRG. As a result of the COVID-19 pandemic, and thus worse-than-expected results of the stores, CCC S.A. expects HRG, the owner of CCC Germany, to take steps to accelerate early closure of some of the stores and terminate respective lease contracts. Therefore, a provision was recognised for what, in the opinion of CCC, would be the maximum amount of uncovered losses due to landlords' claims. These claims are related to the early closure of the stores. CCC S.A. and HRG will cooperate to minimise the actual amount used under the provision.
- The remaining accrued expenses comprise a provision for the period's expenses of PLN 38.3m, a provision for accrued holiday entitlements of PLN 17.3m, as well as settlement of leasehold improvements with landlords of PLN 20.3m.

In 'Other liabilities', the main item is a PLN 28.0m provision for tax risk related to a tax audit at CCC.eu sp. z o.o, as described in detail in Note 3.4 to these financial statements.

The note on other non-current financial liabilities under 'Amounts due to employees' include wages and salaries of PLN 1.4m, as described in detail in Note 6.6 to these financial statements. In addition, the Group operates a long-term bonus programme for the management staff for 2021–2025; the employees will be entitled to the programme benefits after the end of that period, depending on the achievement of the programme objectives. As at the reporting date, the Group measured the expected bonuses to be paid and recognised long-term amounts due to employees of PLN 19.3m.

Trade payables and other liabilities are exposed to currency risk. For information on currency risk management and the sensitivity analysis, see Note 6.1.

Liabilities also involve liquidity risk (for further information, see Note 6.1).

The fair value of trade payables approximates their carrying value.

EXPENDITURE COMMITMENTS AND OTHER FUTURE LIABILITIES

As at January 31st 2022 and January 31st 2021, the Group had no commitments to incur expenditure or other future liabilities.

5.9 PROVISIONS

ACCOUNTING POLICY

Provisions include mainly provisions for jubilee and retirement benefits, warranty repairs and litigation.

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

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

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

Long-term defined benefits plan during employment

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

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

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

AUDITED	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISIONS FOR GUARANTEE REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at January 1st 2020	15.5	14.5	1.8	0.5	32.3
short-term	2.0	14.5	1.8	–	18.3
long-term	13.5	–	–	0.5	14.0
As at January 1st 2020	15.5	14.5	1.8	0.5	32.3
Recognised	2.9	6.0	0.3	0.3	9.5
Used	1.2	-1.5	-1.9	–	-2.2
Reversed	-0.2	-1.4	–	-0.4	-2.0
Exchange differences	0.1	–	-0.2	–	-0.1
As at January 31st 2021	19.5	17.6	0.0	0.4	37.5
short-term	3.3	17.6	–	0.3	21.2
long-term	16.2	–	–	0.1	16.3

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

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

AUDITED	January 31st 2022
Discount rate	3.8%
Mortality tables	pttz2020
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2022–2031	2.9%
Average assumed annual increase in base amount to calculate jubilee benefits in 2022–2031	2.9%
Weighted average employee mobility ratio (male employees) – value range for the Group	12.81% - 38.04%
Weighted average employee mobility ratio (female employees) – value range for the Group	12.49% - 37.00%
Average duration of post-employment benefits (years) – value range for the Group	0.15 - 6.43

Sensitivity analysis of provisions for employee benefits:

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

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



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AUDITED	January 31st 2021
Discount rate	1.5%
Mortality tables	pttz2019
Assumed average annual increase in base amount to calculate retirement and disability benefits in 2018-2027	2.8%
Average assumed annual increase in base amount to calculate jubilee benefits in 2018-2027	2.8%
Weighted average employee mobility ratio (value range for the Group)	20.0% - 80.0%
Average duration of post-employment benefits (years) – value range for the Group	5.1

January 31st 2021	Finance discount rate		Planned increase in base amount	
AUDITED				
Provision	-1pp	+1pp	-1pp	+1pp
Retirement benefits	0.6 - 0.7	0.6 - 0.6	0.3 - 0.5	0.4 - 0.6
Disability severance pay	–	–	–	–
Jubilee benefits	8.4 - 11.0	7.8 - 10.6	3.8 - 5.2	4.4 - 5.6
Death benefits	0.4 - 0.6	0.4 - 0.8	0.2 - 0.2	0.2 - 0.3
Total provisions	9.4 - 12.3	8.8 - 12.0	4.3 - 5.9	5.0 - 6.5

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets

Classification of financial assets

Financial assets are classified into the following categories:

- measured at amortised cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Group classifies financial assets based on its business model of financial asset management and the assets' contractual cash flow characteristics (the SPPI test). The Group reclassifies investments in debt instruments if, and only if, the management model for such assets changes.

Measurement at initial recognition

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

Derecognition

Financial assets are derecognised when:

- the contractual rights to the cash flows from the financial assets expire, or
- the rights to cash flows from the financial assets have been transferred and the Group has transferred substantially all risks and rewards incidental to the ownership of the assets.

Measurement after initial recognition

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

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

Debt instruments – financial assets measured at amortised cost

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

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

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

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

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

Debt instruments – financial assets at fair value through other comprehensive income

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

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

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

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

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

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

Financial assets measured at fair value through profit or loss

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

Offsetting of financial assets and financial liabilities

If the Group:

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

Impairment of financial assets

The Group assesses expected credit losses ("ECL") associated with debt instruments measured at amortised cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.

For trade receivables, the simplified approach is applied and the expected credit loss allowance is measured at an amount equal to the expected credit losses over the life of the loan using a simplified model based on a case-by-case approach. The Group uses its historical data on credit losses, adjusted where appropriate for the impact of forward-looking information.

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

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

- time past due exceeds 60 days;
- the creditor's rating has changed significantly;
- the creditor's financial results have deteriorated;
- credit facilities granted to the creditor have been terminated or the creditor has breached facility covenants

- the creditor has lost a significant market or key trading partners, has experienced legislative changes adversely affecting the business, has experienced significant changes in sales and supply markets (including as a result of changes in foreign exchange rates or adverse changes in commodity markets), or has experienced any fortuitous events that could adversely affect the business;
- material litigation proceedings are pending against the creditor which may adversely affect the recovery of the claim;
- there has been a significant decrease in the value/amount of the collateral.

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

The Group recognises an impairment loss on financial assets in the amount of the difference between the carrying amount those assets as at the measurement date and the recoverable amount

Fair value of financial assets and liabilities

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

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

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



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	January 31st 2022		January 31st 2021	
	AUDITED		AUDITED	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	1,188.0	–	633.5	–
Loans	–	–	–	–
Trade receivables	226.1	–	172.3	–
Lease receivables	0.4	–	0.3	–
Receivables from sale of property, plant and equipment	20.4	–	2.2	–
Cash and cash equivalents	941.1	–	458.7	–
Financial assets measured at fair value through profit or loss	19.8	–	16.2	–
Other financial assets (shares)	11.2	–	10.2	–
Other financial assets (derivative financial instruments – forwards)	2.1	–	4.3	–
Derivative financial instruments (embedded derivatives)	6.5	–	1.7	–
Financial liabilities at amortised cost	–	5,799.5	–	4,862.6
Financing liabilities	–	2,459.6	–	1,669.6
Trade and other payables	–	1,480.1	–	1,269.3
Returns liabilities	–	64.3	–	57.8
Lease liabilities	–	1,795.5	–	1,865.9
Financial liabilities measured at fair value through profit or loss	–	99.4	–	828.6
Liabilities arising from obligation to purchase non-controlling interests	–	64.9	–	828.6
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	–	19.9	–	–
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	–	14.6	–	–

January 31st 2022	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
AUDITED		
Financial assets measured at fair value through profit or loss	19.8	
Other financial assets (shares)	11.2	2
Other financial assets (derivative financial instruments – forwards)	2.1	2
Derivative financial instruments (embedded derivatives)	6.5	2
Financial liabilities measured at fair value through profit or loss	34.5	
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	19.9	3
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	14.6	3

January 31st 2021	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
AUDITED		
Financial assets measured at fair value through profit or loss	16.2	
Other financial assets (shares)	10.2	2
Other financial assets (derivative financial instruments – forwards)	4.3	2
Derivative financial instruments (embedded derivatives)	1.7	2
Financial liabilities measured at fair value through profit or loss	–	
Derivative financial instruments	–	2

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

Company	Amount as at February 1st 2021	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Extinguishment of option	Recognition of new option	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Exercise of option	Amount as at January 31st 2022 before fair value measurement	Effect of measurement at fair value	Amount as at January 31st 2022	Exercise date (possibility to exercise option on the initial date)
Modivo Group	743.7	5.4	-749.0	711.6	8.4	-720.0	–	–	–	N/A
Karl Voegelé AG	–	–	–	–	–	–	–	–	–	N/A
DeeZee Sp. z o.o.	84.9	3.9	–	–	–	–	88.8	-23.9	64.9	September 30th 2022 September 30th 2024
Summary	828.6	9.3	-749.0	711.6	8.4	-720.0	88.8	-23.9	64.9	

Company	Amount as at January 1st 2020	Effect of fair value measurement of options to purchase non-controlling interests (amortised cost)	Exercise / abandonment of option	Amount as at January 31st 2021 before fair value measurement	Effect of measurement at fair value	Amount as at January 31st 2021	Exercise date (possibility to exercise option on the initial date)
Modivo Group	755.4	27.3	–	782.7	-39.0	743.7	February 28th 2023
Karl Voegelé AG	22.8	–	–	22.8	-22.8	–	May 31st 2022
DeeZee Sp. z o.o.	22.9	0.7	-7.0	16.6	68.3	84.9	September 30th 2022 September 30th 2024
Summary	801.1	28.0	-7.0	822.1	6.5	828.6	

The fair value measurement of the DeeZee Sp. z o.o. options was recognised in liabilities arising from the obligation to purchase non-controlling interests.

On March 31st 2021, CCC S.A. and its subsidiary CCC Shoes & Bags Sp. z o.o. entered into a share purchase commitment agreement with MKK3 Sp. z o.o. ("MKK3", minority shareholder of Modivo S.A.) and its shareholders, with the participation of CCC S.A. to purchase from MKK3 2,000,000 ordinary and preference shares in Modivo S.A., representing 20% of the share capital of Modivo S.A., for a total price of PLN 720.0m, to be effected by September 30th 2021. At the same time, the Group made an irrevocable offer to MKK3 to purchase the remaining 5.01% of Modivo S.A. shares held by MKK3 (the "Put Option") for a total price of PLN 180.0m, substantially valid from January 1st 2023 to December 31st 2025, with the option expiring if Modivo S.A. carries out an initial public offering of its shares. The agreement also grants the right of first refusal to acquire the remaining 5.01% of shares in Modivo S.A. from MKK3 Sp. z o.o.

In addition, on March 31st 2021, the Group concluded two conditional preliminary share purchase agreements for shares in Modivo S.A. with Cyfrowy Polsat S.A. ("CPSA") and A&R Investments Limited ("A&R"), a shareholder in the company organised under Luxembourg law InPost S.A., setting out the terms and conditions for the sale to each Investor of two minority holdings of Modivo S.A. shares, each representing 10% of the share capital, for a price of PLN 500m per shareholding, that is for a total amount of PLN 1,000m for both shareholdings.

On June 22nd 2021, CCC acquired from MKK3 Modivo S.A. shares representing 10% of the share capital for PLN 360.0m, which it subsequently sold to CPSA for PLN 500.0m. At the same time, CCC and A&R entered into a conditional disposal agreement for the transfer to A&R of the ownership of Modivo S.A. shares representing 10% of the share capital for PLN 500.0m. On the date of the conditional disposal agreement, A&R paid PLN 500.0m to CCC towards the purchase price. The transaction was completed on September 23rd 2021.

In connection with the agreements referred to above, on March 31st 2021 the option to buy a 25.01% minority interest in Modivo S.A. was extinguished, and the transaction was recognised in equity (under retained earnings) (PLN 749.0m). At the same time, the option to buy a 20.0% minority interest in Modivo S.A. was recognised in correspondence with equity (retained earnings) for the amount of PLN 711.6m. The liability was measured as at the date of recognition at fair value using a discount rate of 3.5%. The option was partly exercised (10% for PLN 360.0m) when shares were purchased from MKK3 and delivered to Cyfrowy Polsat. The transactions to buy and sell non-controlling interests in Modivo S.A. were recognised as equity transactions, increasing retained earnings by a total of PLN 500.0m. The option was partly exercised (10% for PLN 360.0m) when shares were purchased from MKK3 and delivered to A&R Investments Limited. The transactions to buy and sell non-controlling interests in Modivo S.A. were recognised as equity transactions, increasing retained earnings by a total of PLN 500.0m.

Given that the exercise of the option for the remaining 5.01% of Modivo shares referred to above is subject to the condition that there is no initial public offering of Modivo shares, and considering the Group's plans and activities undertaken to carry out such offering, the probability of the option being assessed was assessed as very low and therefore the Group did not recognise in its financial statements a liability corresponding to the option price (PLN 180m), considering the fair value of the liability as immaterial.

The main factor determining the valuation of options to purchase non-controlling interests in DeeZee sp. z o.o. is the projected level of EBITDA and net debt at the option exercise dates. The relevant EDITDA multipliers provided for in the investment agreements were used to determine the value of the future liability. Following a review of the forecasts received from that company, which are used as the main parameter affecting the measurement of financial instruments under the option to buy shares, the value of the financial instrument from option measurement was remeasured and recognised in the statement of comprehensive income under finance income in the amount of PLN 23.9m. The liability was measured at fair value as at the reporting date using a discount rate of 4.5% (4.5% and 4.5% for the respective reference periods).

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

Company	Initial value of the option	+10% change in EBITDA	Difference	-10% change in EBITDA	Difference
DeeZee Sp. z o.o.	64.9	71.3	6.4	58.3	-6.4

The Group measures at fair value the derivative instrument containing a potential obligation under an 'Equity Kicker' related to the issue of bonds subscribed for by PFR Inwestycje Fundusz Inwestycyjny Zamknięty, as described in Note 4.2.

The Equity Kicker is an obligation of the issuer to pay a premium to PFR based on an algorithm agreed between PFR and the Group. The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value amounting to PLN 19.3m. The difference between the fair value of the embedded instrument at initial recognition and its value as at the reporting date was PLN 0.4m and was recognised under finance income.

The value of the Equity Kicker depends on the investor's average annual return on the bonds. As long as the investor's average annual return is lower than 13% (Equity Kicker threshold), the Equity Kicker will amount to 30% of the gain on the disposal of up to 720,000 shares. If the average annual return exceeds the amount determined based on the Equity Kicker threshold, the amount of the Equity Kicker going beyond that amount will be reduced to 10% of the gain on the disposal of shares calculated and payable only in respect of the excess amount.

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

- Number of shares covered by the Equity Kicker option – 0.72m
- Initial valuation date – bond issue date – September 22nd 2021
- Expiry date of the Equity Kicker option – September 22nd 2028
- Risk-free rate – 4.00%
- Expected share price volatility – 31%
- Maximum duration of the option – 7 years
- Base rate (3M WIBOR) for the first interest period – 0.24%



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- Early payment of deferred interest – no

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
At beginning of period	19.3	–
Measurement at fair value	0.6	–
At end of period	19.9	–

The Group measures at fair value the derivative instrument embedded in the agreement for the issue of bonds convertible into shares subscribed for by a Softbank Group company, as described in Note 4.2.

The derivative instrument based on the valuation of Modivo shares was therefore separated (bifurcated) and measured at fair value amounting to PLN 19.3m. The difference between the fair value of the embedded instrument at initial recognition and its value as at the reporting date was PLN 4.7m 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:

- Initial valuation date – bond issue date – October 5th 2021
- Option expiry date – August 23rd 2024
- Risk-free rate – 3.24%
- Expected share price volatility – 31%
- Maximum duration of the option – 3 years
- Base rate (3M WIBOR) for the first interest period – 0.24%
- Repayment of contractual interest at a fixed rate of 6.99% per annum – no

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
At beginning of period	19.3	–
Measurement at fair value	-4.7	–
At end of period	14.6	–

According to the Group's assessment, the fair value of loans, trade receivables, receivables due from sale of property, plant and equipment, lease receivables, cash and cash equivalents, derivative financial instruments, other financial assets, current financing liabilities, trade and other payables, as well as returns liabilities does not differ materially from the respective carrying amounts due to the short maturities. In the case of long-term financing liabilities and lease liabilities, the fair value does not differ materially from their carrying amounts. In the opinion of the Group, the variable interest rates correspond to market interest rates.

FINANCIAL RISK MANAGEMENT

The business of the CCC Group involves a number of different financial risks. The main risks identified by the Management Board are: currency risk, interest rate risk, credit risk (described below) and liquidity risk (see Note 4.3).

The policy for managing these risks and further information on the risks (including credit quality assessment, maximum credit risk exposures, exchange rate sensitivity analysis) are presented below.

CURRENCY RISK

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

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

January 31st 2022	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
AUDITED					
Financial assets at amortised cost	1,188.0	38.2	351.2	323.2	475.4
Loans	–	–	–	–	–
Trade receivables	226.1	6.4	100.4	63.5	55.8
Receivables from sale of property, plant and equipment	20.4	–	–	–	20.4
Lease receivables	0.4	–	0.4	–	–
Cash and cash equivalents	941.1	31.8	250.4	259.7	399.2
Financial assets measured at fair value through profit or loss	8.6	–	–	8.6	–
Other financial assets (derivative financial instruments – forwards)	2.1	–	–	2.1	–
Derivative financial instruments (embedded derivatives)	6.5	–	–	6.5	–
Financial liabilities at amortised cost	5,799.5	29.7	1,661.5	232.5	3,875.8
Financing liabilities	2,459.6	–	–	–	2,459.6
Trade and other payables	1,480.1	15.3	149.0	121.4	1,194.4
Returns liabilities	64.3	–	–	–	64.3
Lease liabilities	1,795.5	14.4	1,512.5	111.1	157.5
Financial liabilities measured at fair value through profit or loss	99.4	–	–	–	99.4
Liabilities arising from obligation to purchase non-controlling interests	64.9	–	–	–	64.9
Derivative financial instruments embedded in bonds issued to PFR – Equity Kicker	19.9	–	–	–	19.9
Derivative financial instruments embedded in bonds convertible into Modivo shares – voluntary conversion option	14.6	–	–	–	14.6

January 31st 2021	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
AUDITED					
Financial assets at amortised cost	634.0	8.7	113.8	205.3	306.2
Loans	–	–	–	–	–
Trade receivables	172.3	7.8	48.3	80.0	36.2
Receivables from sale of property, plant and equipment	2.2	–	–	–	2.2
Lease receivables	0.8	–	0.8	–	–
Cash and cash equivalents	458.7	0.9	64.7	125.3	267.8
Financial assets measured at fair value through profit or loss	6.0	–	–	6.0	–
Other financial assets (derivative financial instruments – forwards)	4.3	–	–	4.3	–
Derivative financial instruments (embedded derivatives)	1.7	–	–	1.7	–
Financial liabilities at amortised cost	4,862.6	510.0	1,808.9	315.0	2,228.7
Financing liabilities	1,669.6	33.8	–	127.7	1,508.1
Trade and other payables	1,269.3	447.1	199.8	89.7	532.7
Returns liabilities	57.8	–	–	–	57.8
Lease liabilities	1,865.9	29.1	1,609.1	97.6	130.1
Financial liabilities measured at fair value through profit or loss	828.6	–	–	–	828.6
Liabilities arising from obligation to purchase non-controlling interests	828.6	–	–	–	828.6

The table below presents sensitivity to the currency risk. If as at January 31st 2022 the exchange rates of financial assets/liabilities denominated in foreign currencies, in particular USD and EUR, were PLN 0.05 higher/lower, the effect on profit before tax would be as follows:

January 31st 2022	Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate		
	Value in PLN corresponding to exposure in USD	0.05	-0.05	Value in PLN corresponding to exposure in EUR	0.05	-0.05
AUDITED						
Financial assets at amortised cost	38.2	0.5	-0.5	351.2	3.8	-3.8
Loans	–	–	–	–	–	–
Trade receivables	6.4	0.1	-0.1	100.4	1.1	-1.1
Lease receivables	–	–	–	0.4	0.0	-0.0
Cash and cash equivalents	31.8	0.4	-0.4	250.4	2.7	-2.7
Financial liabilities at amortised cost	-29.7	-0.4	0.4	-1,661.5	-18.0	18.0
Financing liabilities	–	–	–	–	–	–
Trade and other payables	-15.3	-0.2	0.2	-149.0	-1.6	1.6
Lease liabilities	-14.4	-0.2	0.2	-1,512.5	-16.4	16.4
Effect on net profit (loss)		0.1	-0.1		-14.2	14.2

January 31st 2021	Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate		
AUDITED	Value in PLN corresponding to exposure in USD	0.05	-0.05	Value in PLN corresponding to exposure in EUR	0.05	-0.05
Financial assets at amortised cost	8.7	0.1	-0.1	113.8	1.3	-1.3
Loans	–	–	–	–	–	–
Trade receivables	7.8	0.1	-0.1	48.3	0.5	-0.5
Lease receivables	–	–	–	0.8	0.0	-0.0
Cash and cash equivalents	0.9	0.0	-0.0	64.7	0.7	-0.7
Financial liabilities at amortised cost	-510.0	-6.8	6.8	1,808.9	-19.9	19.9
Financing liabilities	-33.8	-0.5	0.5	–	–	–
Trade and other payables	-447.1	-6.0	6.0	199.8	-2.2	2.2
Lease liabilities	-29.1	-0.4	0.4	1,609.1	-17.7	17.7
Effect on net profit (loss)	–	-6.7	6.7	–	-18.7	18.7

INTEREST RATE RISK

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

The entire debt bears interest at floating interest rates based on WIBOR and LIBOR. An increase in interest rates leads to higher debt service costs, which is partially offset by cash deposits and loans bearing interest at variable rates. The Group does not apply hedging instruments that would limit the impact of cash flow changes resulting from interest rate movements on its profit or loss. The table below presents an analysis of sensitivity to the interest rate risk, which in the Group's opinion would be reasonably possible as at the reporting date.

	AMOUNT EXPOSED TO INTEREST RATE RISK %		Effect February 1st 2021–January 31st 2022		Effect January 1st 2020–January 31st 2021	
	January 31st 2022	January 31st 2021	+1pp	-1pp	+1pp	-1pp
	AUDITED	AUDITED	AUDITED		AUDITED	
Cash at banks	896.1	451.5	9.0	-9.0	4.5	-4.5
Loans	–	–	–	–	–	–
Other financial assets (derivative financial instruments)	2.1	4.3	0.0	-0.0	0.0	-0.0
Derivative financial instruments	6.5	1.7	0.1	-0.1	0.0	-0.0
Financing liabilities	-2,459.6	-1,669.6	-24.6	24.6	-16.7	16.7
Effect on net profit (loss)			-15.5	15.5	-12.1	12.1

If the interest rates on debt were 1 pp higher/lower in the current period, the profit or loss for the period would be PLN 15.5m lower/higher (January 1st 2020 – January 31st 2021: PLN 12.1m lower/higher).



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CREDIT RISK

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

The maximum exposure to credit risk as at the reporting dates of January 31st 2022 and January 31st 2021 is presented in the table below:

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
Loans	–	–
Trade receivables	226.1	172.3
Receivables from sale of property, plant and equipment	20.4	2.2
Lease receivables	0.4	0.8
Cash and cash equivalents	941.1	458.7
Long-term receivables	1.0	0.7
Total	1,189.0	634.7

As no external credit ratings are assigned to the Group's wholesale customers, the Group independently monitors the exposures by periodically analysing the financial condition of the trading partners, setting credit limits, and demanding security in the form of enforceable promissory notes.

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

	January 31st 2022	January 31st 2021
	AUDITED	AUDITED
AAA-rated banks	108.3	–
AA-rated banks	–	12.0
A-rated banks	625.2	304.5
BAA-rated banks	72.5	36.5
BA-rated banks	–	–
B-rated banks	17.2	18.2
CAA-rated banks	–	–
CA-rated banks	9.7	–
C-rated banks	–	–
Other – not classified [1]	63.2	56.7
Total cash at banks	896.1	427.9

[1] Banks not rated by international rating agencies

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

6.2 ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

ACCOUNTING POLICY

Basis of consolidation

Subject to adjustments made to ensure compliance with IFRS, the financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of a similar nature. Adjustments are made to eliminate any discrepancies in the applied accounting policies.

Any balances and transactions of significant value between Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealized losses are eliminated unless they are indicative of impairment.

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

The excess of the acquisition price and non-controlling interests over the fair value of the acquired net assets is recognised as goodwill. Transaction costs are recognised in profit or loss as incurred.

Where the Group has not acquired 100% of the shares in a subsidiary and there is an option to purchase non-controlling interests, the option is considered in the context of IFRS 9. If the liability for the buy-out of a non-controlling interests in a subsidiary is a variable consideration, calculated based on EBITDA of that company, it is considered that due to such structure of the price it is highly probable that risks and benefits have not been transferred to the parent as at the option origination date, and therefore the financial liability under the put option reduces the amount of equity.

Any subsequent changes in the carrying amount of a financial liability that result from remeasurement of the current amount due upon exercise of the option to sell non-controlling interests are recognised in profit or loss attributable to the parent.

No subsidiaries or associates were acquired during the current period.

6.3 ASSOCIATES

ACCOUNTING POLICY

Associates are those entities over which the parent has significant influence, either directly or indirectly through its subsidiaries, but which are not its subsidiaries.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, an investment in an associate is recognised initially at cost and subsequently adjusted to reflect the Group's share in the associate's profit or loss and other comprehensive income. If the Group's share in the losses of an associate exceeds its interest in that entity, the Group ceases to recognise its share in further losses. Any further losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is recognised using the equity method starting from the date on which the entity becomes an associate. At the date of making an investment in an associate, the amount by which costs of the investment exceed the Group's share in the net fair value of the identifiable assets and liabilities of that entity is recognised as goodwill and included in the carrying amount of the investment. The amount by which the Group's share of the net fair value of the identifiable assets and liabilities exceeds the cost of the investment is recognised directly in profit or loss in the period in which the investment is made.

After applying the equity method, including recognising the associate's losses, the entity applies paragraphs 41A-41C of IAS 28 *Investments in Associates and Joint Ventures* to determine whether there is objective evidence that its net investment in an associate is impaired.

Where necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount. Any impairment loss recognised is included in the carrying amount of the investment. A reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group ceases to apply the equity method on the date when the investee ceases to be its associate and when the investment is classified as held for sale. The difference between the carrying amount of the associate or joint venture as at the date of ceasing to apply the equity method and the fair value of retained shares and proceeds from disposal of a part of shares in this entity is taken into account when calculating the profit or loss on disposal of the associate.

The financial year of the associates and the parent is different for the HR Group (ending on September 30th) and for Pronos sp. z o.o. (ending on December 31st).

For the purposes of valuation of shares in HR Group, additional financial statements were prepared for the period ended December 31st 2021.

The time difference between the reporting date of the Group and the date of the financial data prepared by HR Group does not exceed three months. Appropriate adjustments were made to reflect significant transactions or events that occurred between the Group's reporting date and the date of HR Group's financial statements.

The length of the reporting periods and any time difference between the reporting dates will be the same in the future.



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Selected financial data of Pronos Sp. z o.o.

	January 1st–December 31st 2021	January 1st–December 31st 2020
	UNAUDITED	UNAUDITED
Revenue	11.4	7.6
Operating costs	-9.8	-5.8
Other income and expenses	0.8	–
Profit (loss) before tax	2.4	1.9
Income tax	-0.4	-0.4
Profit (loss) for the year	2.0	1.6
Other comprehensive income	–	–
Total comprehensive income	2.0	1.6
Share of the CCC Group in profit (loss)	0.2	0.2

	December 31st 2021	December 31st 2020
Carrying amount of investment in the associate, determined using the equity method	UNAUDITED	UNAUDITED
Current assets	11.9	10.1
Non-current assets	0.1	0.1
Current liabilities	1.2	0.7
Non-current liabilities	0.2	1.1
Equity	10.6	8.4
Share	1.1	0.8

Associate	OWNERSHIP INTERESTS AS AT FEBRUARY 1ST 2021	Share of net profit (loss) of associates in period	OWNERSHIP INTERESTS AS AT JANUARY 31ST 2022
AUDITED			
HR Group	–	–	–
Pronos Sp. z o.o.	0.8	0.1	0.9
Total	0.8	0.1	0.9

Associate	OWNERSHIP INTERESTS AS AT JANUARY 1ST 2020	Share of net profit (loss) of associates in period	OWNERSHIP INTERESTS AS AT JANUARY 31ST 2021
AUDITED			
HR Group	29.2	-29.2	–
Pronos Sp. z o.o.	0.6	0.2	0.8
Total	29.8	-29.0	0.8

6.4 DISCONTINUED OPERATIONS

ACCOUNTING POLICY

Discontinued operations and assets held for sale

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

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

In the statement of financial position as at January 31st 2021 the Group presented the assets and liabilities of the consolidated company NG2 Suisse s.a.r.l. ("NG2") and Karl Voegelé AG ("KVAG") as 'Assets classified as held for sale' and 'Liabilities directly related to assets classified as held for sale'. The disposal group includes the assets and liabilities of NG2 and KVAG, excluding cash and liabilities under credit facilities, trade payables and other payables to third parties. NG2's and KVAG's income and expenses were classified as discontinued operations. Intra-group transactions were eliminated from discontinued operations, hence revenue represents the margin earned by KVAG and the cost of sales represents only costs unrelated to the intra-group transactions.

In the opinion of the Management Board, the business of NG2 and KVAG represents a separate and important geographical area of operations.

In accordance with Current Report No. 33/2021 of June 3rd 2021, the Group sold 100% of shares in NG2 Suisse s.a.r.l. to cm.shoes GmbH and GA Europe Coöperatief U.A. with effect from May 31st 2021. Following execution of relevant agreements, cm.shoes GmbH became indirect owner of all shares in Karl Voegelé AG. At the time of the sale, the parties entered into an agreement whereby CCC may continue to provide selected services and supply goods to Karl Voegelé for up to two years, with the balance of trade receivables towards CCC capped at EUR 8.5m. The abovementioned agreements were executed as a result of a review of strategic options for Karl Voegelé. The transaction is an element of the Group's efforts to restructure its presence in Western Europe, maintain strategic focus on operations in Central and Eastern Europe, and develop the digital segment.

The agreements contain earn-out clauses for the benefit of CCC in case the new owners sell Karl Voegelé shares to another entity in the future (additional contingent payment to the Company as consideration for the shares). Since the probability of the earn-out clauses being performed is low, the Group did not recognise any assets in relation to this payment.

Prior to the sale, 30% of Karl Voegelé AG shares were acquired from PhiRam Holding AG for CHF 1. Following this transaction, NG2 Suisse s.a.r.l. owned 100% of Karl Voegelé AG shares.

As at the reporting date, the Group received cash of PLN 58.0m (CHF 14.2m), of which PLN 49.3m was paid directly to the CCC.eu bank account by the buyer, GA Europe Coöperatief U.A., for goods acquired by Karl Voegelé and NG2 from CCC.eu, as well as cash to cover transaction costs. The final selling price (cash received) depends, among other things, on settlements of actual balances between the entities, costs of store closure, certain litigations, and the value and quantity of inventories determined based on inventory-taking after the transaction date.

Financial information on the discontinued operations for the period from February 1st 2021 to the disposal date (May 31st 2021) is presented below.

NOTE		February 1st 2021– May 31st 2021	February 1st 2020– January 31st 2021	January 1st 2020– January 31st 2021
		AUDITED	UNAUDITED	AUDITED
	DISCONTINUED OPERATIONS			
3.1	Revenue	47.7	156.3	169.5
3.2	Cost of sales	–	-3.2	-4.4
	Gross profit	47.7	153.1	165.1
3.2	Stores' operating costs	-28.7	-158.2	-171.4
3.2	Other distribution costs	-14.3	-37.6	-41.1
3.2	Administrative expenses	-6.1	-17.1	-19.1
3.3	Other income	18.4	10.9	11.2
3.3	Other expenses	-2.2	-39.8	-39.7
	Operating profit (loss)	14.8	-88.7	-95.0
3.3	Finance income	3.0	0.4	0.5
3.3	Other finance costs	-9.8	-4.4	-2.6
	Profit (loss) before tax	8.0	-92.7	-97.1
	Loss on measurement to fair value less cost to sell	–	-187.4	-194.7
	Profit (loss) before tax from discontinued operations	8.0	-280.1	-291.8
3.4	Income tax on profit (loss) before tax	–	-0.2	0.4
	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	8.0	-280.3	-291.4
Other comprehensive income from discontinued operations				
	Items that may be reclassified to profit or loss – exchange differences on translating foreign operations	–	-3.1	-4.0
	Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	2.6	–	–
	Actuarial gains (losses) on employee benefits	–	-14.2	-14.1
	Total other comprehensive income, net	2.6	-17.3	-18.1
	TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	10.6	–	-309.5
	Total comprehensive income from discontinued operations attributable to owners of the parent	10.6	-297.6	-309.5

The financial information relating to financial results covers the 4 months ended May 31st 2021 and the 12 and 13 months from January 1st 2020 to January 31st 2021 and from February 1st 2020 to January 31st 2021.



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Net profit from discontinued operations in the reporting period included:

Amounts received	58.0
Fair value of contingent consideration	–
Net carrying amount of assets sold	-37.3
Gain (loss) on transaction	20.7
Profit (loss) on discontinued operations until the transaction date	8.0
Net profit from discontinued operations disclosed in the consolidated statement of comprehensive income	28.7
Other comprehensive income from discontinued operations – reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	2.6

Cash flows from discontinued operations	February 1st 2021–May 31st 2021	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	UNAUDITED	AUDITED
Net cash flows from operating activities	24.7	-125.6	121.0
Net cash flows from investing activities	58.0	6.6	-24.0
Net cash flows from financing activities	-25.4	-90.8	-52.8
TOTAL NET CASH FLOWS FROM DISCONTINUED OPERATIONS	57.3	-209.8	44.2

6.5 RELATED-PARTY TRANSACTIONS

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

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2022	January 31st 2022	February 1st 2021–January 31st 2022	February 1st 2021–January 31st 2022
	AUDITED	AUDITED	AUDITED	AUDITED
MGC INWEST Sp. z o.o.	1.5	–	–	3.3
ULTRO sarl	–	–	0.1	–
Astrum sarl	–	–	0.1	1.8
Forum Kielce	0.1	–	0.9	–
Forum Lubin	0.1	–	–	1.4
GP Sp. z o.o.	–	–	–	0.9
Total	1.7	–	1.1	7.4

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2021	January 31st 2021	January 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	AUDITED	AUDITED	AUDITED
MGC INWEST Sp. z o.o.	–	–	–	–
ULTRO sarl	–	–	–	–
Astrum sarl	1.0	–	–	0.8
Forum Kielce	1.4	–	–	1.1
Forum Lubin	0.8	–	–	0.6
GP Sp. z o.o.	–	–	–	–
Total	3.2	–	–	2.5



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ASSOCIATES

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

ASSOCIATES

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	January 31st 2021	January 31st 2021	January 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
	AUDITED	AUDITED	AUDITED	AUDITED
HR Group	11.5	168.2	63.5	13.2
CCC Germany GmbH	0.1	116.1	0.9	–
Pronos Sp. z o.o.	0.7	–	–	6.7
Total	12.2	284.3	64.4	19.9

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	FIXED REMUNERATION	OTHER (BONUSES)	TOTAL
February 1st 2021–January 31st 2022			
AUDITED			
Members of Management Board	4.7	26.0	30.7
Supervisory Board	0.7	0.0	0.7
Total	5.4	26.0	31.4
February 1st 2020–January 31st 2021			
UNAUDITED			
Members of Management Board	3.2	0.3	3.5
Supervisory Board	0.5	0.0	0.5
Total	3.7	0.3	4.0
January 1st 2020–January 31st 2021			
AUDITED			
Members of Management Board	3.2	0.3	3.5
Supervisory Board	0.5	–	0.5
Total	3.7	0.3	4.0

6.6 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- b) non-appointment of an existing Management Board member for another term of office before the lapse of a half of the period for which such bonus is awarded.

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

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

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

The long-term bonus for period two was valued by an external expert using the Black-Scholes model. The number of rights to benefit from share appreciation (number of options) used in the valuation was 600,000, with the vesting period for 400,000 rights (options) being June 22nd 2021 – July 31st 2024, for 100,000 rights (options) being July 1st 2021 – July 31st 2024, and for the remaining 100,000 rights (options) being September 16th 2021 – July 31st 2024. The value of a single right to benefit from share appreciation (value of a single option) used in the valuation was PLN 12.07. The assumed risk-free rate was 3.61% and the expected volatility of the share price was 43.6%. The duration of the options is two and a half years.

The Group recognised cost of PLN 24.4m to account for the payment of the bonus for period one and a PLN 1.4m provision for period two. The total amount recognised in administrative expenses under salaries, wages and employee benefits expense was PLN 25.8m. In the statement of financial position, the amount recognised in non-current liabilities under amounts due to employees was PLN 1.4m.

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

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

Valuation of the incentive scheme was performed by an independent expert. Key assumptions adopted in the model:

- The valuation model used: Monte Carlo;
- Number of rights (number of shares / stock options): 663,238;
- Valuation date: January 14th 2022;
- (Options) exercise period: two years from February 28th 2025 to February 28th 2027;
- Expected share price volatility: 31.0%;
- Vesting period and period for recognition of scheme-related costs: January 14th 2022 – August 31st 2024;

The total estimated cost of the scheme is PLN 46.5m.

The value determined in the valuation allocated to the period covered by these financial statements was PLN 0.8m and was recognised under administrative expenses (under employee benefits expense) and also under a separate corresponding item of equity (under 'Measurement of incentive scheme').



6.7 AUDITOR'S FEES

AUDITOR'S FEES	February 1st 2021–January 31st 2022	February 1st 2020–January 31st 2021	January 1st 2020–January 31st 2021
CCC Group and CCC S.A.	AUDITED	UNAUDITED	AUDITED
Audit and reviews of financial statements	0.5	0.6	0.6
SUBSIDIARIES			
Audit and reviews of financial statements	0.3	0.6	0.6
TOTAL	0.8	1.2	1.2

6.8 EVENTS AFTER REPORTING DATE

The Group operates through franchisees in Ukraine, which fell victim to Russia's armed invasion on February 24th 2022. As at the reporting date, assets other than trade receivables attributable to the Ukrainian market (approximately PLN 7.6m) did not represent any material value. Trade receivables from intermediaries in deliveries to franchisees amounted to approximately PLN 20.0m. After the reporting date, an agreement was concluded extending the due date of these receivables and, in the Management Board's opinion, they can be collected.

In Russia the Group has 39 stores operated by a subsidiary. As at the reporting date, the Group's net assets in Russia amounted to approximately PLN 17.6m. As a result of analyses carried out by the Management Board, a decision was made to discontinue supplies to the Russian market and to suspend further development of the CCC Group's business in Russia by abandoning its expansion plans and consistent downscaling of the planned operations.

In 2021, combined sales in Ukraine and Russia accounted for 2.37% of the CCC Group's overall revenue.

The Group is taking steps to exit the Russian market, including through sale of its shareholding in the Russian company. In the event of discontinuation of Russian operations and complete exit from that market, the estimated loss would be in the range of PLN 30–50m (effect on net profit or loss). Depending on the scenario, this amount includes loss on disposal of the subsidiary or costs related to its liquidation, including, but not limited to, potential costs related to penalties for early termination of lease contracts and termination of employment, as well as impairment losses on assets.

Having occurred after the reporting date, the event did not result in any adjustments as at January 31st 2022 but it does require disclosure and assessment of its impact on the CCC Group's business, although it will not affect the CCC Group's going concern basis of accounting.

On March 31st 2022, the Management Board of CCC S.A., representing the majority shareholder of Modivo S.A., announced that CCC S.A. executed an amendment to the agreement with the President of the Management Board of Modivo S.A., Mr Damian Zapłata, under which CCC S.A. agreed to enable Mr Zapłata to invest PLN 100m in Modivo shares, with the value of 100% of Modivo shares equal to PLN 6bn. The investment will consist in the acquisition of existing shares or subscription for new shares, at the discretion of CCC S.A. and subject to obtaining relevant approvals, including corporate approvals and approvals from the General Meeting of Modivo S.A. and the entities financing CCC S.A. At the same time, Damian Zapłata agreed to acquire the shares on the terms and conditions set out above. The amendment to the agreement was executed following CCC's failure to obtain, until the annex date, the necessary approvals from financial institutions to enable Mr Zapłata to invest in new Modivo shares with the value and based on the valuation initially specified in the agreement. The failure to obtain the necessary approvals from the financial institutions could pose a risk of a breach of financing agreements and related collateral agreements binding on the CCC Group. Accordingly, the investment date specified in the agreement, i.e. March 30th 2022, was changed to May 30th 2022.

After the reporting date, the parent registered new subsidiaries in Lithuania, Latvia and Estonia, each of them wholly owned by the parent. In March 2022, a document was signed setting out general terms of the acquisition of assets from the Group's existing franchisees (i.e. Sabiedrība ar ierobežotu atbildību CCC Baltija of Latvia, OÜ CCC Baltija of Estonia and UAB CCC Baltija of Lithuania). Their assets would be acquired by the newly established local subsidiaries so as to enable the new CCC entities to continue to operate the existing stores at the same locations on a continuous basis. The transaction would involve a total of 12 stores and the business model of the new subsidiaries would be similar to that of the other trade companies of the CCC Group. The purpose of the transaction is to simplify the structure of the CCC Group's business in Lithuania, Latvia and Estonia. Assets to be acquired include primarily inventories, retail space lease contracts, contracts with employees and other assets necessary to conduct the business. The Group estimates the acquisition price at approximately EUR 650 thousand (the price for the acquired assets may be revised following an inventory count).



CCC GROUP FINANCIAL REPORT
**Consolidated financial statements for the 12 months
from February 1st 2021 to January 31st 2022**
[all amounts in PLN million unless stated otherwise]

**These consolidated financial statements were authorised for issue by the Management Board on April 20th 2022
and signed on behalf of the Management Board by:**

Edyta Skrzypiec - Rychlik	Chief Accountant
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Signatures of all Management Board members:

Marcin Czyczerski	President and CEO
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Karol Półtorak	Vice President
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Adam Holewa	Vice President
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Igor Matus	Vice President
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Kryspin Derejczyk	Vice President
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Adam Marciniak	Vice President
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Polkowice, April 20th 2022