

Report of the Supervisory Board of CCC S.A.

on the results of the assessment of the standalone and consolidated financial statements and the report of the Management Board on the activities of CCC S.A. Capital Group.

For the fiscal year from February 1, 2021 to January 31, 2022.



1. Introduction

Acting pursuant to Article 382 § 3 of the Code of Commercial Companies and § 16 point 2 sub-point 2 of the Articles of Association of CCC S.A. Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and § 16 point 2 sub-point 2 of the Articles of Association of CCC S.A.:

- 1) standalone financial statements of the Company CCC S.A. for the financial year beginning on 1 February 2021 and ending on 31 January 2022;
- 2) the consolidated financial statements of CCC S.A. Capital Group and the consolidated report of the Management Board on the activities of CCC S.A. Capital Group for the financial year beginning on 1 February 2021 and ending on 31 January 2022;
- 3) non-financial report of CCC S.A. Capital Group for the period from 01 February 2021 to 31 January 2022;
- 4) the independent auditor's report on the audit of the annual financial statements;
- 5) the independent auditor's report on the audit of the annual consolidated financial statements;
- 6) the Management Board's proposal concerning the distribution of profit for the financial year commencing on 1 February 2021 and ending on 31 January 2022.

The Supervisory Board presents the results of its assessment in this report and in the statement issued prior to the publication of the statements for the financial year ended 31 January 2022, in which it concluded that the report on the Group's activities for the financial year ended 31 January 2022 complies in all material respects with the requirements set out in Articles 49 and 55 item 2a of the Accounting Act and the Regulation of the Minister of Finance of 29 March 2018. on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of non-member states, and the information contained therein is consistent with the information contained in the audited separate financial statements of the Company and the consolidated financial statements of CCC Group S.A. for the financial year ended January 31, 2022.

In addition, the Supervisory Board assessed that the standalone financial statements of CCC S.A. for the financial year beginning on 1 February 2021 ended 31 January 2022, the consolidated financial statements of the Capital Group of CCC S.A. and the report on the activities of the Capital Group of CCC S.A. for the financial year beginning on 1 February 2021 ended 31 January 2022, presented by the Management Board of the Company, give a true and fair view of all the necessary and relevant information to assess the financial position of the Company and the Capital Group as at 31 January 2022, and are in accordance with the books, documents and the facts.

The Supervisory Board made a positive assessment of the standalone financial statements of CCC S.A. for the financial year beginning on 1 February 2021 and ended 31 January 2022, the consolidated financial statements of the CCC S.A. Capital Group for the financial year beginning on 1 February 2021 and ended 31 January 2022 and the Management Board's report on the activity of the CCC S.A. Capital Group for the financial year beginning on 1 February 2021 and ended 31 January 2022 on the basis of

- the contents of the aforementioned reports submitted by the Company's Management Board;
- the reports of the independent auditor, i.e. Ernst & Young Audyt Polska sp. z o.o. sp. k., based in Warsaw, on the audit of the standalone financial statements of the Company and the consolidated financial statements of the CCC S.A. Capital Group as at 31.01.2022, as well as the additional report for the Audit Committee prepared pursuant to Art. 11 of the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of public interest entities, repealing Commission Decision 2005/909 and in accordance with the provisions of the Act of 11 May 2017 on auditors, audit firms and public supervision;

- meetings with representatives of the aforementioned audit firm, including the key auditor;
- the Audit Committee's information about the conduct, results and significance of the audit to the integrity of the Company's financial reporting and the Committee's role in the financial statement audit process;
- results of other verification activities performed in selected financial and operational areas.

2. Evaluation of the standalone financial statements of CCC S.A. for the fiscal year beginning on February 01, 2021 ended January 31, 2022; the consolidated financial statements for the fiscal year beginning on February 01, 2021 ended January 31, 2022; and the report of the Management Board on the activities of the CCC S.A. Capital Group for the fiscal year beginning on February 01, 2021 ended January 31, 2022;

The Supervisory Board has read and analyzed the annual **financial statements of CCC S.A.** prepared in accordance with International Financial Reporting Standards for the financial year ended January 31, 2022, as well as the independent auditor's report on the audit of the annual standalone financial statements and made an economic and financial analysis of the Company's operations. The certified auditor acting on behalf of Ernst&Young Audyt Polska sp. z o.o. sp. k. issued an audit report covering the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes.

At the same time, the expert stated in his report that the key statutory auditor and the audit firm, during the course of the audit, remained independent of the Company in accordance with the provisions of the Act on Statutory Auditors and the principles of professional ethics, and did not provide non-audit services which are prohibited under Article 136 of the Act on Statutory Auditors. The auditor Ernst&Young Audyt Polska sp. z o.o. sp. k. was first appointed to audit the annual reports by resolution of the Supervisory Board dated May 10, 2017 and again by resolution dated February 28, 2019. On 24 May 2021. The Supervisory Board adopted a resolution to extend the cooperation with the auditing company Ernst & Young Audyt Polska Sp. z o.o. Sp. k. with its registered office in Warsaw, entered on the list of entities authorised to audit financial statements, with respect to the audit of financial statements for the years ending on 31 January 2023 and 31 January 2024.

In the opinion prepared, the certified auditor stated that the statements were prepared, in all material aspects, in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of the European Commission regulations and the adopted accounting principles (policy). The statements are consistent in form and content with the applicable legal regulations and give a true and fair view of all material information, financial position and assets, as well as the entity's financial result, free from material misstatement, whether due to fraud or error. The financial statements were prepared on the basis of properly kept accounting records and their form and content complies with the legal regulations binding on the Company and its Articles of Association.

The auditor in his report drew attention to the explanatory note to the financial statements, which indicated a number of risks and circumstances associated with the implementation of the financial plans of the Company and the CCC S.A. Capital Group, and the actions taken and planned in connection with this. The auditor pointed out that the circumstances described in it, point to a significant uncertainty that may raise serious doubts about the ability of the Company and the Group to continue as a going concern.

Among the key audit matters, the auditor identified impairment of assets related to retail sales (stores) and inventories, the value of which as at January 31, 2022 indicated in the separate financial statements amounted to PLN 404.9 million, while the inventory write-down as at that date amounted to PLN 3.4 million.

The Company reported a 44% year-on-year growth in revenue from CCC's retail business in FY2021. The Company reported robust (79%) revenue growth in CCC's digital channel in FY2021 as compared to the same period last year.

Cost of sales increased by 72.25% year-on-year, while revenue increased by 50%. This increase is mainly due to the recovery of sales in CCC's retail channel, the development of CCC's digital channel and the launch of HalfPrice sales, as well as a shorter period of forced store closures during lockdown periods in the current year.

The increase in general administrative expenses as compared with the corresponding period last year resulted from higher costs of other external services (by PLN 31.9 million) as a consequence of higher costs of outsourcing and consulting services as well as higher salaries and employee benefits expenses (by PLN 31.3 million).

The Supervisory Board has reviewed and analyzed the **annual consolidated financial statements of CCC Group S.A.** prepared in accordance with International Financial Reporting Standards for the financial year ended January 31, 2022, and the auditor's report on the audit of the annual consolidated financial statements, including the consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and explanatory notes. The auditor stated in his report that the key auditor and the auditing firm remained independent of the Group entities during the audit in accordance with the provisions of the Act on Auditors and the rules of professional conduct, and that they did not provide non-audit services that are prohibited by the provisions of Article 136 of the Act on Auditors.

In his opinion, the auditor stated that the report presents a true and fair view a true and fair view of the Group's economic and financial position and its financial result for the year ended 31 January 2022 in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission as well as the adopted accounting principles (policy). The statements conform in form and content to the legal regulations applicable to the Group and to the Company's Articles of Association.

In addition, the statutory auditor has stated that the report on the Group's activities has been prepared in accordance with the applicable accounting and other laws and is consistent with the information contained in the consolidated financial statements. The auditor also stated that to the best of his knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, he has not identified any material misstatements in the consolidated management report.

With respect to the statement on corporate governance included in the in the Group management report, the statutory auditor concluded in his opinion that the information contained therein is consistent with the applicable regulations and the information contained in the consolidated financial statements.

The auditor's report includes information that the Company has included in the report on the Group's activities, information on the preparation of a separate report on non-financial information referred to in Article 49b section 9 of the Accounting Act on accounting.

The auditor in his report drew attention to the explanatory note to the financial statements, which indicated a number of risks and circumstances associated with the implementation of the financial plans of the Company and the CCC S.A. Capital Group, and the actions taken and planned in connection with this. The auditor pointed out that the circumstances described in it, point to a significant uncertainty that may raise serious doubts about the ability of the Company and the Group to continue as a going concern.

Among the key audit matters, the auditor identified:

- impairment of assets related to retail sales (stores), as at the balance sheet date the total book value of investments in stores amounted to PLN 573.6 million and the right of use amounted to PLN 1,388.9 million;
- inventories, whose value as at January 31, 2022 indicated in the consolidated financial statements amounted to PLN 2,625.8 million, while the inventory write-down as at that date amounted to PLN 37.8 million;
- valuation and recognition of embedded derivatives related to bonds issued by subsidiaries, in the bond instrument identified embedded derivative related to the potential liability depending on the change in value of Modivo (formerly eObuwie.pl S.A.) share price, valued and recognized in the consolidated financial statements at PLN 19.9 million.

In FY2021, the Group recorded a year-on-year increase of 28.65% in revenue from retail operations. While assessing the revenue growth rate, the effect of low base from the previous year due to periodic closure of outlets due to the spread of COVID-19 pandemic should be kept in mind.

Cost of sales relating to continuing operations increased by 35.96% year-on-year, while revenue increased by 44.68%. This increase is mainly due to the recovery of sales in the retail channel, the development of the digital channel and the omnichannel model, the expansion of the available assortment and the launch of sales in the HalfPrice segment, and the shorter period of forced store closures during lockdown periods in the current year. The decrease in consumption of materials and energy and in salaries and employee benefits is due to the reduction of production in Gino Rossi S.A. and CCC Factory Sp. z o.o.

The 52.57% increase in other cost of sales relating to continuing operations compared to the same period last year is primarily due to the Group's rapidly growing digital business.

The increase in general administrative expenses related to continuing operations as compared with the corresponding period last year resulted from higher costs of other external services (by PLN 57.7 million) as a consequence of higher costs of outsourcing and consulting services as well as higher salaries and employee benefits expenses (by PLN 58.7 million).

CCC Group ended the financial year 2021 with revenue of 7.6 billion PLN (+45% year on year), half of which was the result of e-commerce sales (51%). The fastest growing was revenues of MODIVO, which in the analyzed period reached a level of 540 million PLN, which translates into an increase of as much as 125% year-on-year. The second brand of MODIVO capital group - (formerly eObuwie.pl) - generated revenue of nearly PLN 2.9 billion (+41% year on year). CCC turnover grew at 37% y/y, and revenue of this signboard in 2021 amounted to 3.6 billion PLN. The HalfPrice concept, which debuted in May 2021, achieved sales of PLN 237 million. It is also worth noting that DeeZee, for the first time in its history, exceeded the PLN 100 million mark in annual revenues, growing by 55% y-o-y. The Group ended 2021 with EBITDA at PLN 581.2m (EBITDA margin at 7.7%, up 7.9pp y/y) and operating profit at PLN 3.9m, improving y/y results by PLN 593.6m and PLN 583.0m respectively.

MODIVO Group (eObuwie.pl and MODIVO) reported dynamic, 51% y-o-y sales growth. Revenue amounted to PLN 3.4 billion compared to PLN 2.2 billion in 2020. Gross margin of the MODIVO Group reached nearly PLN 1.5 billion in the analyzed period (an increase of

49% year-on-year). In the entire financial year, MODIVO Group generated an operating profit of PLN 207.6 million and achieved EBITDA of PLN 269.4 million. These results are better by 46.6% and 39.3%, respectively, compared to the same period of 2020.

The report on the activities of the Management Board of CCC S.A. Capital Group for the financial year ended 31 January 2022 includes information on the economic and financial situation of the Group and describes the major events having a significant impact on its activities during the reporting period. The report was prepared in accordance with the books and documents of the Company and the facts and contains the necessary synthetic information on the operation of the Group. Furthermore, the statutory auditor stated that the report on operations was prepared in accordance with the regulations applicable to the Company and is consistent with the information contained in the financial statements. The certified auditor also stated that to the best of his knowledge of the Company and its environment obtained during the audit of the financial statements, he did not identify any material misstatements in the Directors' Report. As regards the corporate governance statement included in the report, the auditor stated in his opinion that the information contained therein is consistent with the applicable regulations and the information contained in the financial statements. The auditor's report includes information that the Company included in the report on operations information on the preparation of a separate report on non-financial information referred to in Article 49b section 9 of the Accounting Act.

The report on the Management Board's activities gives a true picture of the development, achievements and situation of the Group, including a description of the main risks and threats.

The Board considers the reports described as correctly reflecting the actual state of affairs and presenting the situation of the Group during the reporting period.

3. Conclusions from analysis of reports and recommendations for the General Meeting

The Supervisory Board, after analysis of the submitted reports and results of CCC S.A. and CCC S.A. Capital Group for the financial year ended on January 31st, 2022 Acting in accordance with the principles of the Best Practices of WSE Listed Companies, taking into account the existing challenges at the beginning and during the year, as well as external conditions, the Supervisory Board positively evaluates the activity and financial position of the Company in the period from 1 February 2021 to 31 January 2022.

In the Board's opinion, a number of actions indicated by the Management Board to offset the negative impact of risks on the Group's financial performance should adequately ensure the Group's liquidity in the event of lower than planned sales or margins.

In view of the above, the Supervisory Board, after evaluation, decides to propose to the Annual General Meeting of Shareholders to adopt the following resolutions on:

1. to approve the standalone financial statements of the Company CCC S.A. for the year beginning on 1 February 2021 and ending on 31 January 2022;
2. to approve the consolidated financial statements of CCC S.A. Capital Group and the annual consolidated report on the activities of the Management Board of CCC S.A. Capital Group for the financial year beginning on 01 February 2021 and ending on 31 January 2022;
3. distribution of profit for the financial year commencing 01 February 2021 and ending 31 January 2022.
4. to grant a discharge to the Company's Management Board for the performance of its duties in the financial year commencing 01 February 2021 and ending 31 January 2022.

Polkowice, April 28, 2022

Chairman of the Supervisory Board - Dariusz Miłek

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Vice Chairman of the Supervisory Board - Wiesław Oleś

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Member of the Supervisory Board - Waldemar Jurkiewicz

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Member of the Supervisory Board - Zofia Dzik

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Member of the Supervisory Board - Filip Gorczyca

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