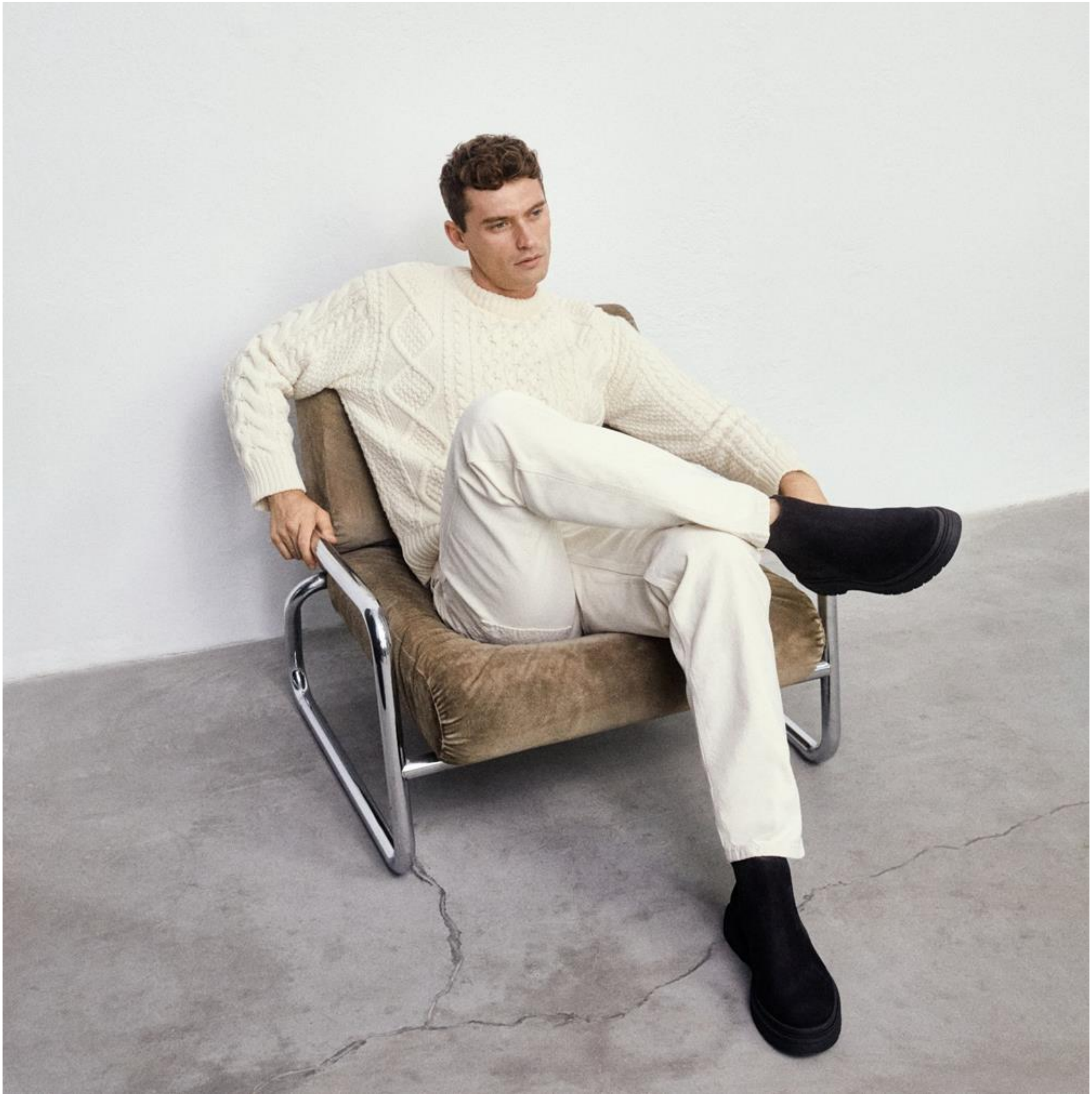
CCC



Interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CCC GROUP

for the six months from February 1st 2021

to July 31st 2021

Contents

[all amounts in PLN million unless stated otherwise]

Interim condensed consolidated statement of comprehensive income

NOTE		February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
		unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
	CONTINUING OPERATIONS						
3.1	Revenue	3,475.6	2,047.7	2,228.7	1,457.0	2,186.1	1,253.1
3.2	Cost of sales	(1,884.0)	(1,074.3)	(1,237.1)	(797.0)	(1,235.6)	(685.4)
	Gross profit	**1,591.6**	**973.4**	**991.6**	**660.0**	**950.5**	**567.7**
3.2	Costs of points of purchase	(594.2)	(314.1)	(529.4)	(249.4)	(570.0)	(238.9)
3.2	Other distribution costs	(822.6)	(452.4)	(569.4)	(308.4)	(572.3)	(319.0)
3.2	Administrative expenses	(199.0)	(125.4)	(106.2)	(50.8)	(94.7)	(45.0)
3.3	Other income	32.2	12.6	35.9	29.2	22.4	8.0
3.3	Other expenses	(21.7)	(6.7)	(181.9)	(152.3)	(169.1)	(141.9)
3.3	Loss allowances (trade receivables)	(7.8)	(7.8)	(58.3)	(58.3)	(63.2)	(63.2)
	Operating profit (loss)	**(21.5)**	**79.6**	**(417.7)**	**(130.0)**	**(496.4)**	**(232.3)**
3.3	Finance income	9.0	2.1	45.5	1.1	38.5	31.5
3.3	Loss allowances	(9.8)	(4.6)	(111.4)	(111.4)	(116.0)	(116.0)
3.3	Finance costs	(66.5)	(31.8)	(95.8)	25.6	(96.9)	(34.1)
6.3	Share of profit (loss) of associates	0.1	(1.5)	(30.3)	(1.2)	(28.3)	(1.1)
	Profit (loss) before tax	**(88.7)**	**43.8**	**(609.7)**	**(215.9)**	**(699.1)**	**(352.0)**
3.4	Income tax	(3.1)	(1.8)	30.1	4.3	33.3	2.2
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(91.8)**	**42.0**	**(579.6)**	**(211.6)**	**(665.8)**	**(349.8)**
	DISCONTINUED OPERATIONS						
6.4	**NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**27.0**	**68.0**	**(277.9)**	**(230.8)**	**(275.4)**	**(237.0)**
	NET PROFIT (LOSS)	**(64.8)**	**110.0**	**(857.5)**	**(442.4)**	**(941.2)**	**(586.8)**
	Attributable to owners of the parent	(86.7)	100.0	(868.9)	(449.6)	(928.0)	(588.1)
	Attributable to non-controlling interests	21.9	10.0	11.4	7.2	(13.2)	1.3
	Other comprehensive income from continuing operations	**(1.0)**	**1.6**	**24.8**	**5.0**	**2.5**	**(7.6)**
	Items that may be reclassified to profit or loss – exchange differences on translating foreign operations	(1.0)	1.6	24.8	5.0	2.5	(7.6)
	Other comprehensive income from discontinued operations	**(1.9)**	**(11.4)**	**1.4**	**4.9**	**(0.6)**	**(0.6)**
	Items that may be reclassified to profit or loss – exchange differences on translating foreign operations	–	–	1.4	4.9	(0.6)	(0.6)
	Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	(1.9)	(11.4)	–	–	–	–
	Total other comprehensive income, net	**(2.9)**	**(9.8)**	**26.2**	**9.9**	**1.9**	**(8.2)**
	TOTAL COMPREHENSIVE INCOME	**(67.7)**	**100.2**	**(831.3)**	**(432.5)**	**(939.3)**	**(595.0)**

Comprehensive income attributable to owners of the parent from:	(88.9)	90.9	(842.7)	(439.7)	(926.1)	(596.3)
- continuing operations	(114.0)	34.3	(566.2)	(213.8)	(650.1)	(320.3)
- discontinued operations	25.1	56.6	(276.5)	(225.9)	(276.0)	(276.0)
Non-controlling interests	21.2	9.3	11.4	7.2	(13.2)	1.3
Weighted average number of ordinary shares (million)	**54.9**	**54.9**	**45.7**	**41.2**	44.0	44.0
Basic earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**(1.58)**	**1.82**	**(19.01)**	**(10.91)**	**(21.09)**	**(13.37)**
Basic earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**(2.06)**	**0.60**	**(12.93)**	**(5.31)**	**(14.83)**	**(7.98)**
Basic earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**0.49**	**1.24**	**(6.08)**	**(5.60)**	**(6.26)**	**(5.39)**
Diluted earnings (loss) per share from profit (loss) for period, attributable to owners of the parent (PLN)	**(1.58)**	**1.82**	**(19.01)**	**(10.91)**	**(21.09)**	**(13.37)**
Diluted earnings (loss) per share from profit (loss) from continuing operations for period, attributable to owners of the parent (PLN)	**(2.06)**	**0.60**	**(12.93)**	**(5.31)**	**(14.83)**	**(7.98)**
Diluted earnings (loss) per share from profit (loss) from discontinued operations for period, attributable to owners of the parent (PLN)	**0.49**	**1.24**	**(6.08)**	**(5.60)**	**(6.26)**	**(5.39)**

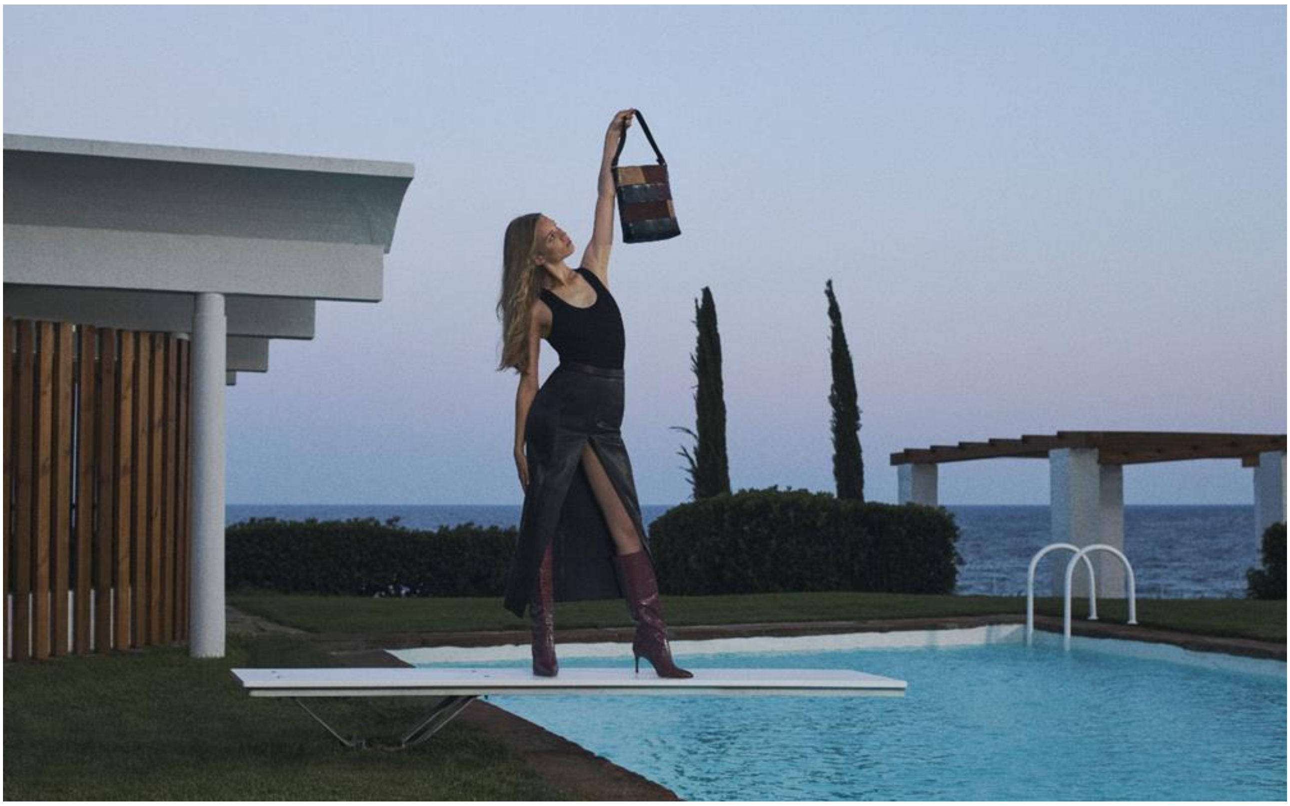
[all amounts in PLN million unless stated otherwise]

Interim condensed consolidated statement of financial position

NOTE		July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
		unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
5.1	Intangible assets	305.0	308.3	313.7	313.6
5.2	Goodwill	197.8	197.9	216.4	216.8
5.3	Property, plant and equipment – leasehold improvements	551.6	541.8	611.0	612.4
5.3	Property, plant and equipment – manufacturing and distribution	608.8	603.0	597.9	604.3
5.3	Property, plant and equipment – other	87.2	93.1	103.8	103.8
5.4	Right-of-use assets	1,344.6	1,455.5	1,520.2	1,538.1
3.4	Deferred tax assets	204.7	152.1	156.3	157.1
5.6	Loans	–	–	–	–
6.1	Other financial assets	14.2	14.5	15.4	14.9
5.4	Lease receivables	0.5	0.5	–	–
6.3	Investments in associates	0.7	0.8	0.6	0.6
	Investment property	6.1	6.9	5.3	5.3
5.6	Long-term receivables	0.3	0.7	1.1	1.1
	Non-current assets	**3,321.5**	**3,375.1**	**3,541.7**	**3,568.0**
5.5	Inventories	2,456.9	2,192.6	2,042.4	1,994.6
5.6	Trade receivables	163.7	172.3	174.0	145.8
3.4	Income tax receivable	8.6	1.7	1.8	1.5
5.6	Loans	–	–	–	–
5.6	Other receivables	299.2	234.1	256.1	231.5
5.7	Cash and cash equivalents	792.2	458.7	390.3	505.6
6.1	Derivative financial instruments	3.8	1.7	6.5	7.6
5.4	Lease receivables	0.3	0.3	–	–
	Current assets	**3,724.7**	**3,061.4**	**2,871.1**	**2,886.6**
6.4	**Assets classified as held for sale**	**–**	**210.9**	**264.0**	**288.1**
	TOTAL ASSETS	**7,046.2**	**6,647.4**	**6,676.8**	**6,742.7**
4.2	Bank borrowings and bonds	1,451.1	472.7	319.6	310.5
3.4	Deferred tax liabilities	36.7	38.0	37.4	37.4
5.8	Amounts due to employees	14.6	0.4	0.1	0.3
5.9	Provisions	16.1	16.3	12.9	14.0
5.3	Grants received	15.9	14.0	15.8	16.1
5.4	Lease liabilities	1,288.7	1,415.4	1,435.1	1,446.9
6.1	Liabilities arising from obligation to purchase non-controlling interests	86.8	828.6	786.4	784.3
	Oher non-current liabilities	1.7	–	–	–
	Non-current liabilities	**2,911.6**	**2,785.4**	**2,607.3**	**2,609.5**
4.2	Bank borrowings and bonds	269.2	1,196.9	1,239.0	1,277.9
5.8	Trade and other payables	1,325.3	1,269.3	1,002.7	935.9
5.8	Other liabilities	405.9	386.2	428.4	485.8
5.8	Advance payments received	500.0	–	–	–
3.4	Income tax liabilities	12.8	18.7	16.1	17.5

[all amounts in PLN million unless stated otherwise]

5.9	Provisions	18.4	21.2	17.3	17.4
5.3	Grants received	0.8	3.7	3.7	3.7
5.4	Lease liabilities	474.9	450.5	411.1	440.1
6.1	Liabilities arising from obligation to purchase non-controlling interests	358.0	–	–	–
	Current liabilities	**3,365.3**	**3,346.5**	**3,118.3**	**3,178.3**
6.4	**Liabilities directly related to assets classified as held for sale**	**–**	**205.7**	**281.6**	**300.3**
	TOTAL LIABILITIES	**6,276.9**	**6,337.6**	**6,007.2**	**6,088.1**
	NET ASSETS	**769.3**	**309.8**	**669.6**	**654.6**
	Equity				
4.1	Share capital	5.5	5.5	5.5	5.5
	Statutory reserve funds	490.3	1,148.0	1,148.0	1,148.0
	Translation reserve	7.9	10.1	22.2	2.7
	Actuarial valuation of employee benefits	(0.1)	(12.8)	1.4	1.4
	Retained earnings	126.6	(969.1)	(619.0)	(610.3)
	Equity attributable to owners of the parent	**630.2**	**181.7**	**558.1**	**547.3**
	Non-controlling interests	139.1	128.1	111.5	107.3
	TOTAL EQUITY	**769.3**	**309.8**	**669.6**	**654.6**
	TOTAL EQUITY AND LIABILITIES	**7,046.2**	**6,647.4**	**6,676.8**	**6,742.7**



[all amounts in PLN million unless stated otherwise]

Interim condensed consolidated statement of cash flows

NOTE		February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
		unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
	Profit (loss) before tax	**(63.6)**	**(886.5)**	**(973.2)**
	Profit (loss) before tax from continuing operations	**(88.7)**	**(609.7)**	**(699.1)**
	Profit (loss) before tax from discontinued operations	**25.1**	**(276.8)**	**(274.1)**
3.2	Depreciation and amortisation	287.8	342.0	367.6
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	1.9	271.0	270.3
	(Gain) loss on investing activities	(20.6)	0.2	2.1
	Share of profit (loss) of associates	(0.1)	29.2	29.0
4.2	Borrowing costs	45.4	42.6	41.7
4.4	Other adjustments to profit before tax	(10.2)	236.9	85.9
3.4	Income tax paid	(69.8)	(7.5)	(10.0)
	Cash flow before changes in working capital	**170.8**	**27.9**	**(186.6)**
	Changes in working capital			
4.4	Change in inventories and inventory write-downs	(264.3)	(115.2)	(210.7)
4.4	Change in receivables and impairment losses on receivables	(51.5)	74.7	102.4
4.4	Change in current liabilities, net of borrowings	88.7	68.6	(33.9)
	Net cash flows from operating activities	**(56.3)**	**56.0**	**(328.8)**
	Proceeds from sale of property, plant and equipment	1.0	2.4	0.5
	Proceeds from settlement of leasehold improvements with landlords	10.4	–	–
5.1; 5.3	Purchase of intangible assets and property, plant and equipment	(129.3)	(157.0)	(32.4)
6.2	Effect of sale of NG2 s.a.r.l. and Karl Voegele AG	51.5	–	–
	Payments for non-controlling interests	–	–	(7.0)
6.2	Other investing expenditure	–	(34.8)	(31.6)
	Net cash flows from investing activities	**(66.4)**	**(189.4)**	**(70.5)**
4.2	Proceeds from borrowings	919.8	2.1	84.9
4.1	Dividends and other distributions to non-controlling interests	(10.2)	–	–
4.2	Repayment of borrowings	(878.9)	(50.1)	–
	Lease payments	(172.7)	(187.1)	(198.4)
4.2	Interest paid	(41.8)	(38.3)	(29.2)
4.1	Net proceeds from issue of shares	–	506.9	506.9
6.1	Acquisition of eobuwie.pl shares from MKK3	(360.0)	–	–
6.1	Advance payment from A&R Investments Limited and payment from Cyfrowy Polsat for the sale of eobuwie.pl shares	1,000.0	–	–
	Other financing expenditure	–	(2.7)	(2.6)
	Net cash flows from financing activities	**456.2**	**230.8**	**361.6**
	TOTAL CASH FLOWS	**333.5**	**97.4**	**(37.7)**
	Net increase/decrease in cash and cash equivalents	333.5	98.0	(37.0)
	Exchange gains (losses) on measurement of cash and cash equivalents	–	0.6	0.7
	Cash and cash equivalents at beginning of period	**458.7**	**292.3**	**542.6**
	Cash and cash equivalents at end of period	**792.2**	**389.7**	**504.9**

[all amounts in PLN million unless stated otherwise]

Interim condensed consolidated statement of changes in equity

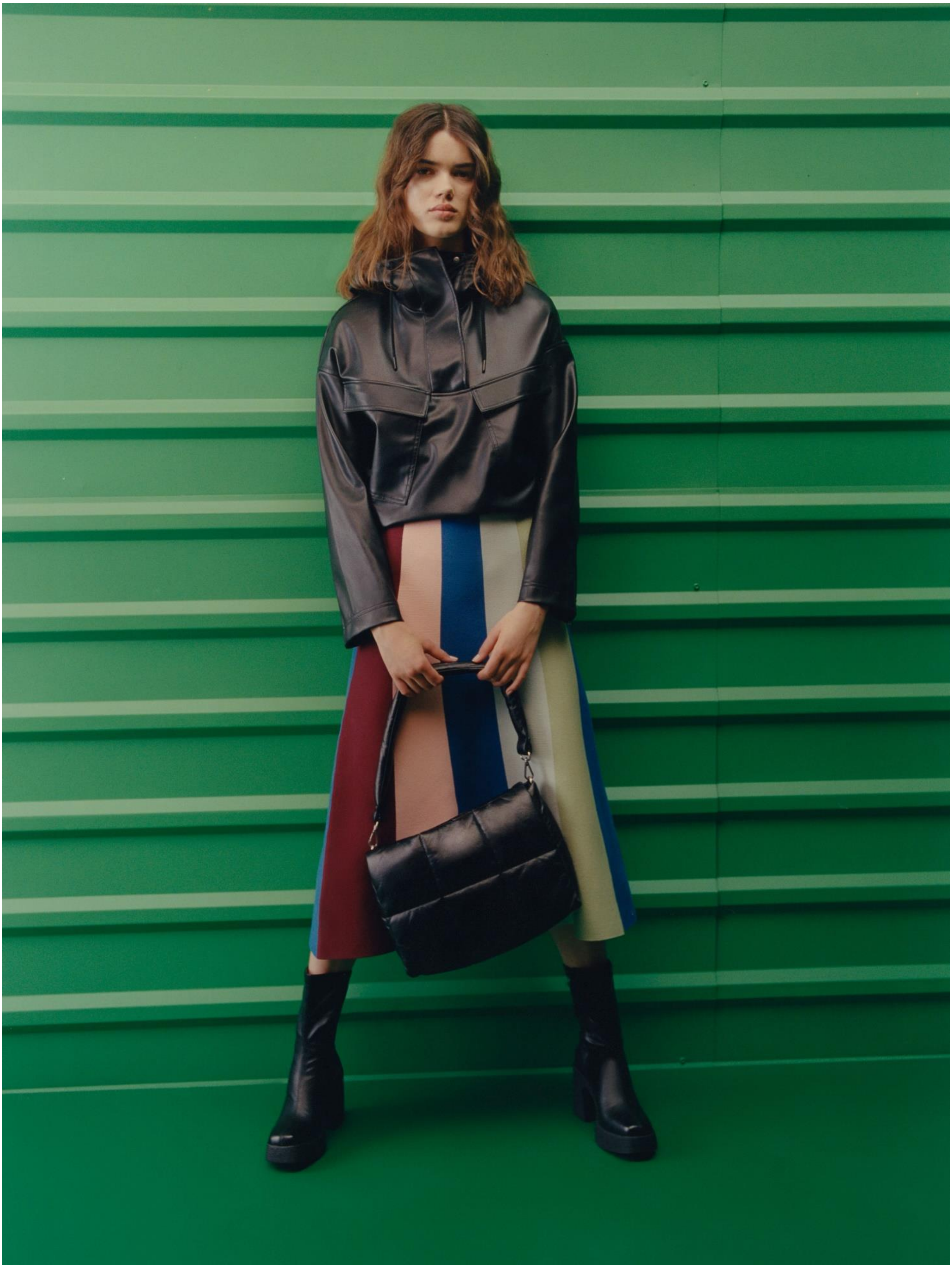
unaudited, reviewed	SHARE CAPITAL	STATUTORY RESERVE FUNDS	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO OWNERS OF THE PARENT						
As at February 1st 2021	**5.5**	**1,148.0**	**(969.1)**	**10.1**	**(12.8)**	**128.1**	**309.8**
Net profit (loss) for period	–	–	(64.8)	–	–	–	(64.8)
Net profit (loss) attributable to non-controlling interests	–	–	(21.9)	–	–	21.9	–
Exchange differences on translation	–	–	–	(0.3)	–	(0.7)	(1.0)
Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	–	–	–	(1.9)	–	–	(1.9)
Total comprehensive income	**–**	**–**	**(86.7)**	**(2.2)**	**–**	**21.2**	**(67.7)**
Dividend approved	–	–	–	–	–	(10.2)	(10.2)
Coverage of loss	–	(657.7)	657.7	–	–	–	–
Transfer of employee benefits actuarial measurement relating to a subsidiary over which control has been lost to retained earnings	–	–	(12.7)	–	12.7	–	–
Extinguishment of liability under option to purchase eobuwie.pl shares (obligation to purchase minority interests in eobuwie.pl)	–	–	749.0	–	–	–	749.0
Recognition of option to purchase eobuwie.pl shares (20.0%) from MKK3 – recognition of liability under option to purchase shares in subsidiaries	–	–	(711.6)	–	–	–	(711.6)
Transactions involving 10% of eobuwie.pl S.A. shares	–	–	500.0	–	–	–	500.0
Total transactions with owners	**–**	**(657.7)**	**1,182.4**	**–**	**12.7**	**(10.2)**	**527.2**
As at July 31st 2021	**5.5**	**490.3**	**126.6**	**7.9**	**(0.1)**	**139.1**	**769.3**

[all amounts in PLN million unless stated otherwise]

audited	SHARE CAPITAL	STATUTORY RESERVE FUNDS	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	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, unreviewed	SHARE CAPITAL	STATUTORY RESERVE FUNDS	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	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	–	–	(857.5)	–	–	–	(857.5)
Profit (loss) attributable to non-controlling interests	–	–	(11.4)	–	–	11.4	–
Exchange differences on translation	–	–	–	24.3	–	1.9	26.2
Total comprehensive income	**–**	**–**	**(868.9)**	**24.3**	**–**	**13.3**	**(831.3)**
Issue of shares	1.4	502.9	–	–	–	–	504.3
Total transactions with owners	**1.4**	**502.9**	**–**	**–**	**–**	**–**	**504.3**
As at July 31st 2020	**5.5**	**1,148.0**	**(619.0)**	**22.2**	**1.4**	**111.5**	**669.6**

unaudited, reviewed	SHARE CAPITAL	STATUTORY RESERVE FUNDS	RETAINED EARNINGS	TRANSLATION RESERVE	ACTUARIAL VALUATION OF EMPLOYEE BENEFITS	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 (loss) for period	–	–	(941.2)	–	–	–	(941.2)
Profit (loss) attributable to non-controlling interests	–	–	13.2	–	–	(13.2)	–
Exchange differences on translation	–	–	–	2.5	–	(0.6)	1.9
Total comprehensive income	**–**	**–**	**(928.0)**	**2.5**	**–**	**(13.8)**	**(939.3)**
Issue of shares	1.4	502.9	–	–	–	–	504.3
Purchase of non-controlling interests	–	–	4.9	–	–	(4.9)	–
Total transactions with owners	**1.4**	**502.9**	**4.9**	**–**	**–**	**(4.9)**	**504.3**
As at June 30th 2020	**5.5**	**1,148.0**	**(610.3)**	**2.7**	**1.4**	**107.3**	**654.6**



[all amounts in PLN million unless stated otherwise]

NOTES

1. GENERAL INFORMATION

Company name:	CCC Spółka Akcyjna	
Registered office:	ul. Strefowa 6, 59-101 Polkowice, Poland	
Registry court:	District Court for Wrocław-Fabryczna in Wrocław, 9th Commercial Division of the National Court Register	
KRS No.:	211692	
Principal business:	The Company's principal business activity according to the European Classification of Business Activities is wholesale and retail trade in clothing and footwear (EKD 5142).	
Management Board:	President and CEO: Vice President: Vice President: Vice President: Vice President: Vice President: Vice President:	Marcin Czyczerski Karol Półtorak Mariusz Gnych Adam Holewa Igor Matus Kryspin Derejczyk 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 July 31st 2021, the CCC Group (the "CCC Group", the "Group") comprised CCC S.A. of Polkowice as the Parent 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.

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

These interim condensed consolidated financial statements of the CCC Group cover the six months ended July 31st 2021 and contain comparative data for the six months ended June 30th 2020 and as at January 31st 2021 as well as additional data for the six months ended July 31st 2020. The interim condensed consolidated statement of comprehensive income and notes to the statement of comprehensive income contain data for the three months ended July 31st 2021 and comparative data for the three months ended June 30th 2020 as well as additional data for the three months ended July 31st 2020, which has not been audited or reviewed by an auditor.

The interim condensed consolidated statement of financial position as at July 31st 2020 and the accompanying notes, as well as the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six months ended July 31st 2020 and the respective accompanying notes have not been reviewed or audited by an auditor.

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

These interim condensed consolidated financial statements of the CCC Group for the six months ended July 31st 2021 were authorised for issue by the Management Board on October 13th 2021.

The interim financial results of the CCC Group may not be indicative of the Group's potential full-year financial results.

[all amounts in PLN million unless stated otherwise]

STRUCTURE OF THE GROUP

The Group consists of CCC S.A. (the parent) and its subsidiaries. In the six months ended July 31st 2021, 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 July 31ST 2021	EQUITY INTEREST AS AT JANUARY 31ST 2021	EQUITY INTEREST AS AT JULY 31ST 2020 AND JUNE 30TH 2020
CCC Factory sp. z o.o.	Polkowice, Poland	manufacturing	100%	100%	100%
CCC Czech s.r.o.	Prague, Czech Republic	trade	100%	100%	100%
CCC Slovakia s.r.o.	Bratislava, Slovakia	trade	100%	100%	100%
CCC Hungary Shoes Kft.	Budapest, Hungary	trade	100%	100%	100%
CCC Austria Ges.m.g.H	Graz, Austria	trade	100%	100%	100%
CCC Obutev d.o.o.	Maribor, Slovenia	trade	100%	100%	100%
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	100%	100%	100%
CCC Shoes Ayakkabycylyk Limited Sirketi	Istanbul, Turkey	trade	100%	100%	100%
C-AirOp Ltd (formerly: CCC Isle of Man Ltd) [5]	Douglas, Isle of Man	services	50%	50%	100%
CCC.eu sp. z o.o. [1]	Polkowice, Poland	procurement and sale	100%	100%	100%
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investments	100%	100%	100%
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	trade	100%	100%	100%
eobuwie. pl S.A. [2]	Zielona Góra, Poland	trade	75%	75%	75%
eobuwie.pl Logistics sp. z o.o.	Zielona Góra, Poland	logistics	75%	75%	75%
eschuhe.de GmbH	Frankfurt am Oder, Germany	trade	75%	75%	75%
Branded Shoes and Bags sp. z o.o.	Zielona Góra, Poland	services	75%	75%	75%
eschuhe.CH GmbH	Zug, Switzerland	trade	75%	75%	75%
eobuv.cz s.r.o.	Prague, Czech Republic	trade	75%	75%	75%
EPANTOFI MODIVO s.r.l. [8]	Bucharest, Romania	trade	75%	0%	0%
NG2 Suisse s.a.r.l. [7]	Zug, Switzerland	trade	0%	100%	100%
CCC Shoes & Bags d.o.o. Beograd	Belgrade, Serbia	trade	100%	100%	100%
CCC Russia OOO	Moscow, Russia	trade	75%	75%	75%
Shoe Express S.A. [4]	Bucharest, Romania	trade	100%	100%	100%
DeeZee sp. z o.o. [3]	Kraków, Poland	trade	75%	75%	75%
Karl Voegele AG [7]	Uznach, Switzerland	trade	0%	70%	70%
Gino Rossi S.A.	Słupsk, Poland	trade	100%	100%	100%
OFP sp. z o.o. (formerly Garda sp. z o.o.) [6]	Polkowice, Poland	trade	100%	100%	100%

ASSOCIATES	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	EQUITY INTEREST AS AT July 31ST 2021	EQUITY INTEREST AS AT JANUARY 31ST 2021	EQUITY INTEREST AS AT JULY 31ST 2020 AND JUNE 30TH 2020
HR Group	Berlin, Germany	trade	30.55%	30.55%	30.55%
Pronos sp. z o.o.	Wrocław, Poland	services	10.00%	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] eobuwie.pl S.A. is a subsidiary of CCC Shoes & Bags sp. z o.o. (74.99%).
[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] OFP sp. z o.o. (formerly: 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.
[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] (EPANTOFI MODIVO s.r.l. was established on July 9th 2021 and the share capital was fully paid up on September 6th 2021).

BASIS OF ACCOUNTING

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as endorsed by the EU ("IAS 34").

Interim condensed consolidated financial statements do not include all the information and disclosures required in full-year financial statements and should be read in conjunction with the consolidated financial statements of the CCC Group for the year ended January 31st 2021, which were authorised for issue on May 18th 2021.

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The data contained in these interim condensed consolidated financial statements is presented in millions of Polish złoty, unless more accurate information is provided in specific cases. The functional and reporting currency is the Polish złoty (PLN).

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 Parent and the Group companies will continue as going concerns in the foreseeable future, i.e. for a period of at least 12 months from the reporting date, with the exception of Gino Rossi S.A., whose assets and liabilities have been measured without this assumption.
Below in this Note are presented important issues, including uncertainties concerning circumstances that may indicate risks to the Group continuing as a going concern.

As at July 31st 2021, the Group's statement of financial position showed:
- current assets of PLN 3,724.7m, including inventories of PLN 2,456.9m, cash of PLN 792.2m, trade receivables of PLN 163.7m, and other receivables of PLN 299.2m, as well as income tax receivable of PLN 8.6m, and
- current liabilities of PLN 3,365.3m, including trade payables of PLN 1,325.3m and other liabilities of PLN 405.9m, as well as advance payments received of PLN 500.0m and lease liabilities (IFRS 16) of PLN 474.9m.

As at the reporting date, current assets exceeded current liabilities by PLN 359.4m.

As presented in Notes 4.1, 4.2 and 5.8 to these financial statements, the Group's operations are financed with financial instruments, including mainly credit facilities, bonds and reverse factoring. The debt balance under those instruments as at the reporting date was approximately PLN 2,100.9m.

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:

- 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., OFP 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 886.0 thousand, 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., eobuwie.pl S.A. and Gino Rossi S.A. by PKO BP S.A., whereby the limit of PLN 161,6 thousand was separated and allocated exclusively to eobuwie.pl 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 raise funds for debt repayment, the CCC Group entered into an agreement on early repurchase of 20% of eobuwie.pl 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 (each of which acquired 10% of the shares) for a total amount of PLN 1,000m. As at the reporting date, the Group received PLN 500.0m from each of the investors. At the same time, it repurchased the first tranche of eobuwie.pl shares (10%) and then sold them to Cyfrowy Polsat SA. Repurchase of the second tranche of 10% of eobuwie.pl shares and their subsequent sale to A&R Investment Ltd. were completed after the reporting date.

Repurchase of the second part of eobuwie.pl 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 Group after the conditions precedent are met.

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

As the final stage of securing new financing, after the reporting date 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'. Seventy-five per cent of debt under the loan may be extinguished provided that certain contractual conditions are met. The agreement was signed on September 2nd 2021 and the funds were received by the subsidiary CCC.eu sp. z o.o. on September 21st 2021.

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

For the purposes of the new financing (refinancing) process and to prepare the Group for post-pandemic recovery, the Management Board also prepared a financial plan for 2021 and subsequent years. The plan assumes:

- further dynamic growth of e-commerce, both on the existing platforms and markets as well as through opening of new channels and expansion into other markets;
- gradual recovery of sales and margins in the Retail sector;
- launch of off-price stores under the new HalfPrice concept;
- restructuring of Gino Rossi to sell the brand's products at CCC stores and via online channels and discontinuing the production and transfer of operating assets and functions from Gino Rossi to other CCC companies;
- restructuring and sale of Swiss companies (NG2, KVAG), which took place on June 3rd 2021 and was accounted for in these financial statements;
- further restructuring of CCC Austria GmbH (on June 16th 2021, a framework agreement was concluded with Pepco Poland sp. z o.o. of Poznań concerning the takeover of 29 out of 46 commercial space lease contracts concluded by CCC Austria Ges.m.b.H.);
- a number of other measures to improve the Group's performance.

Implementation and delivery of all the measures, objectives, plans and financial projections described above are subject to numerous risks and uncertainties, the most important of which are:

- 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;
- failure to build an appropriate product mix that would reflect changes in fashion trends and weather conditions, and failure to achieve the assumed level of development of the new retail chain in the HalfPrice channel;
- changes in consumer behaviour due to the COVID-19 pandemic;
- delivery of worse-than-expected results originally assumed in plans and projections, including failure to achieve the assumed levels of sales and margins in the individual months of recovery from the pandemic,
- materialisation of certain operational risks, including risks pertaining to timely deliveries of ordered goods;
- 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;
- higher interest rates due to inflationary trends;
- exchange rate movements affecting the performance of foreign operations and the cost of goods purchase;
- non-business factors, including the continued spread of the COVID-19 pandemic, which could have a significant, yet difficult to predict at this time, impact on many aspects of the business.

In preparing these consolidated financial statements, the Company's Management Board identified the above risks and circumstances which could affect the Company's and the Group's results and liquidity position.
Despite the risks mentioned above, the Management Board of the Company, based on the current financial results which are in line with the plans or even in some areas better than planned, and considering the execution of the New Financing Agreement and other agreements for the financing of the Group's operations described above, is of the opinion that appropriate measures have been and are being taken to ensure that the Company's and the CCC Group's plans are carried out, and has therefore prepared the attached 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 CCC S.A., described in section 'Going concern'.
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 eobuwie.pl shares, described in setion 'Going concern'.

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

The offline stores 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 moving the e-commerce channel. This was also the time of after-season sales, which involved discounts.

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 e-commerce logistics processes, to accelerate the launch of e-commerce 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, 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. The Company secured additional financing backed with a guarantee from the BGK Liquidity Guarantee Fund, entered into a New Financing Agreement, and raised financing from the investment fund PFR Inwestycje Fundusz Inwestycyjny Zamknięty represented by Polski Fundusz Rozwoju S.A.

On the strategic level, the Group intends to reduce and reallocate capital expenditure, while maintaining the objectives of the GO.22 strategy.

In the medium to long term, the Group expects: continuing recovery in the value of the footwear market in 2021 (assuming no administrative closures of stores are reimposed in 2021), an increase in the share the e-commerce 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 July 31st 2021, 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, e-commerce, and wholesale activities. Trade receivables relate mainly to the wholesale business and cooperation with franchisees (trade receivables in the retail and e-commerce segments are not material). The general economic situation in the financial year 2020 and 2021 resulted in a significant decline in sales in the retail and wholesale segments. 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 recognised a PLN (7.8)m impairment loss on trade receivables.

The Group has not observed any material deterioration in repayment rates or an increase in bankruptcies or restructurings among its other customers and does not expect such deterioration in the future. Accordingly, the Group expects that the recoverability of the receivables disclosed in the statement of financial position as at July 31st 2021, maturing in the coming months, will remain unchanged.

Another group of assets exposed to credit losses are loans. In the reporting period, the Group recognised a loss allowance for these assets of PLN 9.8m.

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

As at July 31st 2021, 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, 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 reviewed indicators that could point to the need to carry out an impairment test of goodwill and intangible assets with indefinite useful lives (trademarks).

For details of the review, see Notes 5.1, 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.

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. As at July 31st 2021, 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. In accordance with the abovementioned agreements, the parent and the CCC Group are required to maintain certain financial ratios, which will be calculated and verified 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'.

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

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.

[all amounts in PLN million unless stated otherwise]

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	13
3.1	Revenue	Y	Y	47
3.2	Cost of sales	Y	N	50
3.2	Costs of points of purchase	Y	N	50
3.2	Other distribution costs	Y	N	50
3.2	Administrative expenses	Y	N	50
3.3	Other income and expenses, finance income and costs	Y	Y	57
3.4	Income tax	Y	Y	61
3.4	Deferred tax assets	Y	Y	61
3.4	Income tax liabilities	Y	N	61
4.1	Equity	Y	N	70
4.2	Financing liabilities	Y	N	75
5.1	Intangible assets	Y	Y	85
5.3	Property, plant and equipment	Y	Y	91
5.3	Grants received	Y	N	91
5.4	Right-of-use assets and lease liabilities and receivables	Y	Y	97
5.5	Inventories	Y	Y	104
5.6	Loans	Y	Y	106
5.6	Trade receivables	Y	N	106
5.6	Other receivables	Y	N	106
5.7	Cash and cash equivalents	Y	N	109
5.8	Trade and other payables	Y	Y	110
5.8	Other liabilities	Y	N	110
5.9	Provisions	Y	Y	112
6.1	Financial instruments	Y	Y	115
6.2	Acquisition of subsidiaries and associates	Y	Y	128
6.4	Associates	Y	Y	129
6.6	Discontinued operations	Y	Y	130

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).

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.

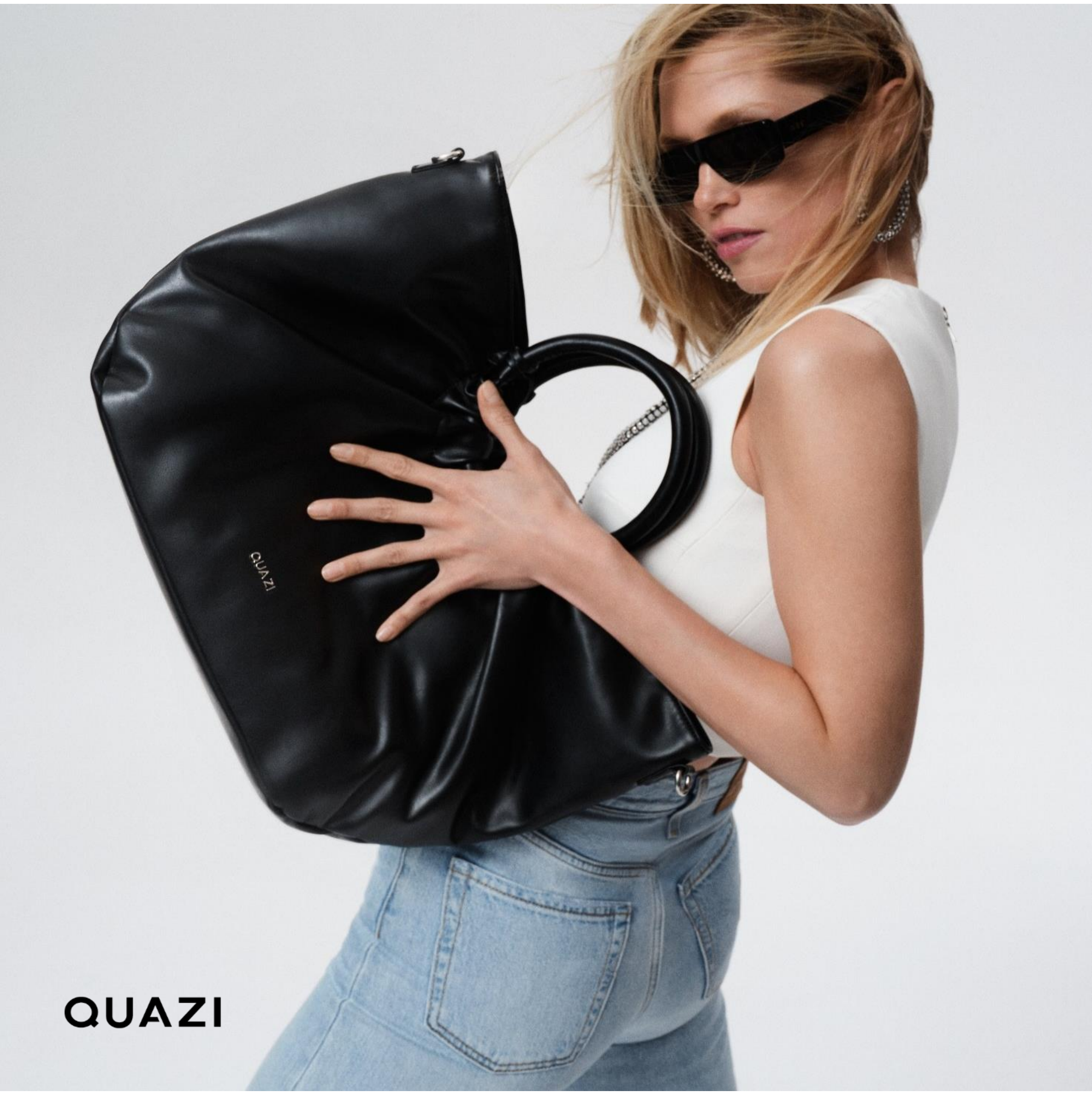
Issued standards and interpretations which are not yet effective and have not been adopted by the Group early

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) – 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 IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of the Effective Date (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) – 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 IAS 8: Definition of Accounting Estimates (issued on February 12th 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;
- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on March 31st 2021); effective for annual periods beginning on or after April 1st 2021;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 6th 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.

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 July 31st 2021, 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. As at the date of authorisation of these interim condensed consolidated financial statements for issue, an analysis of the effect of the decision on the inventory measurement policy applied by the Group (as described in Note 5.5) was not completed. The effect of the decision will be accounted for in the Group's consolidated financial statements for the year ended January 31st 2022.



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 reaggragated according to brands/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 and other activities. In the most recent full-year 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 e-commerce sales. Due to the different economic characteristics presented by each brand/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.

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

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

<table>
<tr><th>Reportable segment</th><th>Overview of the reportable segment's activities and performance metrics</th><th>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</th></tr>
<tr><td>CCC omnichannel sales in Poland – sales via the CCC websites and offline stores operating in the CCC and Gino Rossi chains</td><td rowspan="3">Each individual own store and the website operating in the country is an operating segment. 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, which is calculated as revenue less cost of goods sold, direct distribution costs (costs of pints of purchase) and costs of sales support units.</td><td rowspan="3">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).</td></tr>
<tr><td>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</td></tr>
<tr><td>CCC omnichannel sales in Western Europe (Austria) – sales via the CCC websites and retail stores operating in the CCC chains</td></tr>
<tr><td>eobuwie.pl omnichannel sales in Poland – sales via the eobuwie.pl websites and through the offline stores operating in the eobuwie.pl chain.</td><td colspan="2">The activities are carried out by eobuwie.pl S.A., which distributes goods through online channels and offline stores.</td></tr>
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<tr><td>Eobuwie.pl omnichannel sales in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Slovenia, Bulgaria, Romania, Lithuania, Ukraine) – sales via the eobuwie.pl websites</td><td rowspan="2">The Company 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.

The performance measures are gross profit on external sales and the segment's operating result, which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).

eobuwie.pl also manufactures premium clothing (the Rage Age brand).</td></tr>
<tr><td>Eobuwie.pl omnichannel sales in Western Europe (Germany, Greece, Sweden, Italy, Spain, France, Switzerland) – sales through the eobuwie.pl websites</td></tr>
<tr><td>Modivo digital sales in Poland – sales via the Modivo websites</td><td rowspan="3">The activities are carried out by eobuwie.pl S.A., through the Modivo platform, which distributes goods through online channels.

The Company sells footwear, clothing, handbags, shoe care accessories and small clothing accessories to Polish and foreign retail customers. Sales are made through the Modivo website.

The performance measures are gross profit on external sales and the segment's operating result, which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).</td></tr>
<tr><td>Modivo digital sales in Central and Eastern Europe (Czech Republic, Slovakia, Hungary, Croatia, Bulgaria, Romania, Lithuania, Ukraine) – sale via the Modivo website</td></tr>
<tr><td>Modivo digital sales in Western Europe (Germany, Greece, Sweden, Italy, Spain, France) – sales via the Modivo websites</td></tr>
<tr><td>HalfPrice retail sales in Poland – sales at retail stores operating in the HalfPrice chain</td><td>The activities are conducted under the HalfPrice brand, with sales in the first half of 2021 at offline stores only.

The business comprises sales of clothing, footwear, accessories, cosmetics, toys, and home equipment and accessories of known brands at attractive prices.

The performance measures are gross profit on external sales and the segment's operating result, 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).</td></tr>
<tr><td>DeeZee digital sales in Poland and Europe (Czech Republic, Slovakia, Hungary, Romania, Ukraine) – sales via the DeeZee online store and wholesale</td><td>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, which is calculated as revenue less cost of goods sold and direct costs of operating the channel (including logistics costs).</td></tr>
<tr><td>Other activities</td><td>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, which is calculated as revenue less cost of goods sold and direct costs of the distribution network (including logistics costs).</td></tr>
<tr><td>Discontinued operations</td><td>Operations discontinued in 2020 and 2021 involved Karl Voegele stores and NG2 stores in Switzerland held for sale.</td></tr>
</table>

[all amounts in PLN million unless stated otherwise]

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

February 1st–July 31st 2021 **unaudited, reviewed**	**CCC** omnichannel	**eobuwie.pl** omnichannel	**Modivo** omnichannel	**HalfPrice**	**DeeZee**	**Other companies**	**CCC Group**	**Discontinued operations**
Total CCC Group								
Total revenue	1,696.6	1,394.0	191.6	40.2	55.1	1,401.8	4,779.3	89.4
Revenue from inter-segment sales	–	(20.3)	–	–	–	(1,334.3)	(1,354.6)	–
Revenue from sales to external customers	1,696.6	1,373.7	191.6	40.2	55.1	67.5	3,424.7	89.4
Gross profit	865.2	597.0	75.2	21.4	31.3	1.5	1,591.6	38.2
Gross margin (gross profit on sales/revenue from sales to external customers)	*51%*	*43%*	*39%*	*53%*	*57%*	*2%*	*46%*	*43%*
SEGMENT PROFIT OR LOSS	**30.9**	**138.2**	**10.9**	**(2.9)**	**6.4**	**(8.7)**	**174.8**	**38.2**
including running costs of start-up stores				*(4.9)*				
Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	2,134.9	613.3	40.0	101.9	8.8	203.7	3,102.6	–
Deferred tax assets	67.9	71.6	10.5	–	1.0	2.1	153.1	–
Inventories	736.6	689.2	120.2	72.8	25.0	881.8	2,525.6	–
Property, plant and equipment and intangible assets	834.4	445.2	39.0	38.1	5.8	190.1	1,552.6	–
Material income/(expenses):								
Depreciation and amortisation	(225.4)	(25.2)	(1.9)	(9.2)	(0.4)	–	(262.1)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Poland						
Total revenue	1,049.2	513.1	71.2	40.2	55.1	1,401.8	3,130.6	–
Revenue from inter-segment sales	–	(20.3)	–	–	–	(1,334.3)	(1,354.6)	–
Revenue from sales to external customers	1,049.2	492.8	71.2	40.2	55.1	67.5	1,776.0	–
Gross profit	518.8	189.7	25.2	21.4	31.3	1.5	787.9	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*49%*	*38%*	*35%*	*53%*	*57%*	*2%*	*44%*	-
SEGMENT PROFIT OR LOSS	**110.0**	**19.2**	**2.4**	**(2.9)**	**6.4**	**(8.7)**	**126.4**	**–**
including running costs of start-up stores				*(4.9)*				
Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	1,116.7	282.0	16.0	101.9	8.8	203.7	1,729.1	–
Deferred tax assets	60.6	27.9	4.2	–	1.0	2.1	95.8	–
Inventories	347.6	283.3	47.5	72.8	25.0	881.8	1,658.0	–
Property, plant and equipment and intangible assets	585.0	184.9	15.4	38.1	5.8	190.1	1,019.3	–
Material income/(expenses):								
Depreciation and amortisation	(103.2)	(16.5)	(0.7)	(9.2)	(0.4)	–	(130.0)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Central and Eastern Europe						
Total revenue	582.5	582.3	82.1	–	–	–	1,246.9	–
Revenue from inter-segment sales	–	–	–	–	–	–	–	–
Revenue from sales to external customers	582.5	582.3	82.1	–	–	–	1,246.9	–
Gross profit	312.8	265.6	33.7	–	–	–	612.1	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*54%*	*46%*	*41%*	-	-	-	*49%*	-

[all amounts in PLN million unless stated otherwise]

SEGMENT PROFIT OR LOSS	**(48.7)**	**87.8**	**5.7**	**–**	**–**	**–**	**44.8**	**–**
Segment assets:				July 31st 2021				
Non-current assets (net of other financial assets and deferred tax assets)	888.5	222.3	16.3	–	–	–	1,127.1	–
Deferred tax assets	7.3	29.2	4.3	–	–	–	40.8	–
Inventories	367.9	271.4	50.0	–	–	–	689.3	–
Property, plant and equipment and intangible assets	245.7	174.7	16.2	–	–	–	436.6	–
Material income/(expenses):								
Depreciation and amortisation	(109.1)	(5.7)	(0.8)	–	–	–	(115.6)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Western Europe						
Total revenue	64.9	298.6	38.3	–	–	–	401.8	89.4
Revenue from inter-segment sales	–	–	–	–	–	–	–	–
Revenue from sales to external customers	64.9	298.6	38.3	–	–	–	401.8	89.4
Gross profit	33.6	141.7	16.3	–	–	–	191.6	38.2
Gross margin (gross profit on sales/revenue from sales to external customers)	*52%*	*48%*	*43%*	-	-	-	*43.3%*	*43%*
SEGMENT PROFIT OR LOSS	**(30.4)**	**31.2**	**2.8**	**–**	**–**	**–**	**3.6**	**38.2**
Segment assets:				July 31st 2021				
Non-current assets (net of other financial assets and deferred tax assets)	129.7	109.0	7.7	–	–	–	246.4	–
Deferred tax assets	–	14.5	2.0	–	–	–	16.5	–
Inventories	21.1	134.5	22.7	–	–	–	178.3	–
Property, plant and equipment and intangible assets	3.7	85.6	7.4	–	–	–	96.7	–
Material income/(expenses):								
Depreciation and amortisation	(13.1)	(3.0)	(0.4)	–	–	–	(16.5)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–

May 1st–July 31st 2021 **unaudited, unreviewed**	**CCC** omnichannel	**eobuwie.pl** omnichannel	**Modivo** omnichannel	**HalfPrice**	**DeeZee**	**Other companies**	**CCC Group**	**Discontinued operations**
Total CCC Group								
Total revenue	1,129.1	722.5	94.9	39.1	30.0	860.6	2,876.2	30.3
Revenue from inter-segment sales	1.4	(12.3)	–	–	–	(836.0)	(846.9)	–
Revenue from sales to external customers	1,130.5	710.2	94.9	39.1	30.0	24.6	2,029.3	30.3
Gross profit	589.2	309.4	36.2	20.8	16.7	1.2	973.5	6.8
Gross margin (gross profit on sales/revenue from sales to external customers)	*52%*	*44%*	*38%*	*53%*	*56%*	*5%*	*48%*	*22%*
SEGMENT PROFIT OR LOSS	**130.7**	**73.4**	**5.5**	**(0.1)**	**2.8**	**(5.3)**	**207.0**	**6.8**
including running costs of start-up stores				*(2.7)*				
Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	2,134.9	613.3	40.0	101.9	8.8	203.7	3,102.6	–
Deferred tax assets	67.9	71.6	10.5	–	1.0	2.1	153.1	–
Inventories	736.6	689.2	120.2	72.8	25.0	881.8	2,525.6	–
Property, plant and equipment and intangible assets	834.4	445.2	39.0	38.1	5.8	190.1	1,552.6	–
Material income/(expenses):								
Depreciation and amortisation	(98.9)	(13.5)	(1.4)	(9.2)	(0.3)	–	(123.3)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Poland						
Total revenue	673.9	278.1	36.5	39.1	30.0	860.6	1,918.2	–
Revenue from inter-segment sales	1.4	(12.3)	–	–	–	(836.0)	(846.9)	–
Revenue from sales to external customers	675.3	265.8	36.5	39.1	30.0	24.6	1,071.3	–
Gross profit	346.1	103.1	12.2	20.8	16.7	1.2	500.1	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*51%*	*39%*	*33%*	*53%*	*56%*	*5%*	*47%*	-
SEGMENT PROFIT OR LOSS	**128.5**	**15.5**	**1.1**	**(0.1)**	**2.8**	**(5.3)**	**142.5**	**–**
including running costs of start-up stores				*(2.7)*				
Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	1,116.7	282.0	16.0	101.9	8.8	203.7	1,729.1	–
Deferred tax assets	60.6	27.9	4.2	–	1.0	2.1	95.8	–
Inventories	347.6	283.3	47.5	72.8	25.0	881.8	1,658.0	–
Property, plant and equipment and intangible assets	585.0	184.9	15.4	38.1	5.8	190.1	1,019.3	–
Material income/(expenses):								
Depreciation and amortisation	(46.4)	(7.0)	(0.5)	(9.2)	(0.3)	–	(63.4)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Central and Eastern Europe						
Total revenue	409.7	291.3	40.0	–	–	–	741.0	–
Revenue from inter-segment sales	–	–	–	–	–	–	–	–
Revenue from sales to external customers	409.7	291.3	40.0	–	–	–	741.0	–
Gross profit	223.6	132.4	16.0	–	–	–	372.0	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*55%*	*45%*	*40%*	-	-	-	*50%*	-
SEGMENT PROFIT OR LOSS	**28.4**	**43.9**	**3.1**	**–**	**–**	**–**	**75.4**	**–**

[all amounts in PLN million unless stated otherwise]

Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	888.5	222.3	16.3	–	–	–	1,127.1	–
Deferred tax assets	7.3	29.2	4.3	–	–	–	40.8	–
Inventories	367.9	271.4	50.0	–	–	–	689.3	–
Property, plant and equipment and intangible assets	245.7	174.7	16.2	–	–	–	436.6	–
Material income/(expenses):								
Depreciation and amortisation	(50.7)	(4.3)	(0.6)	–	–	–	(55.6)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–
		Western Europe						
Total revenue	45.5	153.1	18.4	–	–	–	217.0	30.3
Revenue from inter-segment sales	–	–	–	–	–	–	–	–
Revenue from sales to external customers	45.5	153.1	18.4	–	–	–	217.0	30.3
Gross profit	19.5	73.9	8.0	–	–	–	101.4	6.8
Gross margin (gross profit on sales/revenue from sales to external customers)	*43%*	*48%*	*43%*	-	-	-	*47%*	*22%*
SEGMENT PROFIT OR LOSS	**(26.2)**	**14.0**	**1.3**	**–**	**–**	**–**	**(10.9)**	**6.8**
Segment assets:				**July 31st 2021**				
Non-current assets (net of other financial assets and deferred tax assets)	129.7	109.0	7.7	–	–	–	246.4	–
Deferred tax assets	–	14.5	2.0	–	–	–	16.5	–
Inventories	21.1	134.5	22.7	–	–	–	178.3	–
Property, plant and equipment and intangible assets	3.7	85.6	7.4	–	–	–	96.7	–
Material income/(expenses):								
Depreciation and amortisation	(1.8)	(2.2)	(0.3)	–	–	–	(4.3)	–
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	–	–

February 1st–July 31st 2020 unaudited, unreviewed	CCC omnichannel	eobuwie.pl omnichannel	Modivo omnichannel	HalfPrice	DeeZee	Other companies	CCC Group	Discontinued operations
Total CCC Group								
Total revenue	1,180.4	865.8	83.2	–	30.8	796.4	2,956.6	141.4
Revenue from inter-segment sales	(8.0)	–	–	–	–	(788.0)	(796.0)	(0.3)
Revenue from sales to external customers	1,172.4	865.8	83.2	–	30.8	8.4	2,160.6	141.1
Gross profit	552.0	388.1	32.1	–	16.0	3.4	991.6	66.2
Gross margin (gross profit on sales/revenue from sales to external customers)	*47%*	*45%*	*39%*	-	*52%*	*40%*	*46%*	*47%*
SEGMENT PROFIT OR LOSS	**(204.7)**	**88.4**	**2.2**	**–**	**6.5**	**0.4**	**(107.2)**	**(50.4)**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	2,532.7	600.0	28.3	–	6.4	202.6	3,370.0	115.2
Deferred tax assets	20.4	40.0	4.3	–	–	19.8	84.5	–
Inventories	769.8	471.1	71.2	–	6.4	776.2	2,094.7	147.9
Property, plant and equipment and intangible assets	965.1	428.7	27.0	–	5.6	200.0	1,626.4	101.0
Material income/(expenses):								
Depreciation and amortisation	(245.2)	(26.4)	(1.4)	–	(0.3)	(2.5)	(275.8)	–
Impairment losses on property, plant and equipment and intangible assets	(64.2)	–	–	–	–	–	(64.2)	(30.5)
		Poland						
Total revenue	737.2	336.5	40.0	–	30.8	796.4	1,940.9	–
Revenue from inter-segment sales	(2.6)	–	–	–	–	(788.0)	(790.6)	–
Revenue from sales to external customers	734.6	336.5	40.0	–	30.8	8.4	1,150.3	–
Gross profit	331.8	144.9	14.4	–	16.0	3.4	510.5	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*45%*	*43%*	*36%*	-	*52%*	*40%*	*44%*	–
SEGMENT PROFIT OR LOSS	**(39.2)**	**29.4**	**(0.3)**	**–**	**6.5**	**0.4**	**(3.2)**	**–**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	1,385.9	278.7	14.2	–	6.4	202.6	1,887.8	–
Deferred tax assets	17.2	15.8	2.2	–	–	19.8	55.0	–
Inventories	425.8	212.7	35.2	–	6.4	776.2	1,456.3	–
Property, plant and equipment and intangible assets	646.8	179.9	13.5	–	5.6	200.0	1,045.8	–
Material income/(expenses):								
Depreciation and amortisation	(109.1)	(17.3)	(0.7)	–	(0.3)	(2.5)	(129.9)	–
Impairment losses on property, plant and equipment and intangible assets	(21.3)	–	–	–	–	–	(21.3)	–
		Central and Eastern Europe						
Total revenue	397.0	365.1	35.0	–	–	–	797.1	–
Revenue from inter-segment sales	(5.3)	–	–	–	–	–	(5.3)	–
Revenue from sales to external customers	391.7	365.1	35.0	–	–	–	791.8	–
Gross profit	194.5	166.6	14.5	–	–	–	375.6	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*50%*	*46%*	*41%*	-	-	-	*47%*	–
SEGMENT PROFIT OR LOSS	**(134.2)**	**53.1**	**2.4**	**–**	**–**	**–**	**(78.7)**	**–**

[all amounts in PLN million unless stated otherwise]

Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	999.3	219.2	11.3	–	–	–	1,229.8	–
Deferred tax assets	3.2	16.8	1.7	–	–	–	21.7	–
Inventories	307.5	178.7	28.1	–	–	–	514.3	–
Property, plant and equipment and intangible assets	301.3	170.4	10.8	–	–	–	482.5	–
Material income/(expenses):								
Depreciation and amortisation	(113.8)	(6.3)	(0.6)	–	–	–	(120.7)	–
Impairment losses on property, plant and equipment and intangible assets	(12.7)	–	–	–	–	–	(12.7)	–
		Western Europe						
Total revenue	46.2	164.2	8.2	–	–	–	218.6	141.4
Revenue from inter-segment sales	(0.1)	–	–	–	–	–	(0.1)	(0.3)
Revenue from sales to external customers	46.1	164.2	8.2	–	–	–	218.5	141.1
Gross profit	25.7	76.6	3.2	–	–	–	105.5	66.2
Gross margin (gross profit on sales/revenue from sales to external customers)	*56%*	*47%*	*39%*	-	-	-	*48%*	*47%*
SEGMENT PROFIT OR LOSS	**(31.3)**	**5.9**	**0.1**	**–**	**–**	**–**	**(25.3)**	**(50.4)**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	147.5	102.1	2.8	–	–	–	252.4	115.2
Deferred tax assets	–	7.4	0.4	–	–	–	7.8	–
Inventories	36.5	79.7	7.9	–	–	–	124.1	147.9
Property, plant and equipment and intangible assets	17.0	78.4	2.7	–	–	–	98.1	101.0
Material income/(expenses):								
Depreciation and amortisation	(22.3)	(2.8)	(0.1)	–	–	–	(25.2)	–
Impairment losses on property, plant and equipment and intangible assets	(30.2)	–	–	–	–	–	(30.2)	(30.5)

[all amounts in PLN million unless stated otherwise]

May 1st–July 31st 2020 **unaudited, unreviewed**	**CCC** omnichannel	**eobuwie.pl** omnichannel	**Modivo** omnichannel	**HalfPrice**	**DeeZee**	**Other companies**	**CCC Group**	**Discontinued operations**
Total CCC Group								
Total revenue	848.3	470.9	48.7	–	16.7	583.8	1,968.4	107.5
Revenue from inter-segment sales	13.4	0.9	–	–	–	(579.3)	(565.0)	(0.3)
Revenue from sales to external customers	861.7	471.8	48.7	–	16.7	4.5	1,403.4	107.2
Gross profit	395.7	225.5	19.2	–	8.5	11.1	660.0	49.6
Gross margin (gross profit on sales/revenue from sales to external customers)	*46%*	*48%*	*39%*	-	*51%*	*247%*	*47%*	*46%*
SEGMENT PROFIT OR LOSS	**31.8**	**58.8**	**0.5**	**–**	**3.0**	**8.1**	**102.2**	**(5.2)**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	2,532.7	600.0	28.3	–	6.4	202.6	3,370.0	115.2
Deferred tax assets	20.4	40.0	4.3	–	–	19.8	84.5	–
Inventories	769.8	471.1	71.2	–	6.4	776.2	2,094.7	147.9
Property, plant and equipment and intangible assets	965.1	428.7	27.0	–	5.6	200.0	1,626.4	101.0
Material income/(expenses):								
Depreciation and amortisation	(120.6)	(14.7)	(0.9)	–	(0.2)	(0.6)	(137.0)	–
Impairment losses on property, plant and equipment and intangible assets	(64.2)	–	–	–	–	–	(64.2)	(30.5)
		Poland						
Total revenue	525.5	181.8	24.7	–	16.7	583.8	1,332.5	–
Revenue from inter-segment sales	18.8	0.9	–	–	–	(579.3)	(559.6)	–
Revenue from sales to external customers	544.3	182.7	24.7	–	16.7	4.5	772.9	–
Gross profit	245.8	84.6	9.0	–	8.5	11.1	359.0	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*45%*	*46%*	*36%*	-	*51%*	*247%*	*46%*	-
SEGMENT PROFIT OR LOSS	**70.8**	**22.3**	**(0.4)**	**–**	**3.0**	**8.1**	**103.8**	**–**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	1,385.9	278.7	14.2	–	6.4	202.6	1,887.8	–
Deferred tax assets	17.2	15.8	2.2	–	–	19.8	55.0	–
Inventories	425.8	212.7	35.2	–	6.4	776.2	1,456.3	–
Property, plant and equipment and intangible assets	646.8	179.9	13.5	–	5.6	200.0	1,045.8	–
Material income/(expenses):								
Depreciation and amortisation	(54.2)	(7.8)	(0.5)	–	(0.2)	(0.6)	(63.3)	–
Impairment losses on property, plant and equipment and intangible assets	(21.3)	–	–	–	–	–	(21.3)	–
		Central and Eastern Europe						
Total revenue	287.0	197.7	20.2	–	–	–	504.9	–
Revenue from inter-segment sales	(5.3)	–	–	–	–	–	(5.3)	–
Revenue from sales to external customers	281.7	197.7	20.2	–	–	–	499.6	–
Gross profit	130.9	94.2	8.6	–	–	–	233.7	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*53%*	*51%*	*42%*	-	-	-	*51%*	–
SEGMENT PROFIT OR LOSS	**(30.7)**	**32.5**	**1.3**	**–**	**–**	**–**	**3.1**	**–**

[all amounts in PLN million unless stated otherwise]

Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	999.3	219.2	11.3	–	–	–	1,229.8	–
Deferred tax assets	3.2	16.8	1.7	–	–	–	21.7	–
Inventories	307.5	178.7	28.1	–	–	–	514.3	–
Property, plant and equipment and intangible assets	301.3	170.4	10.8	–	–	–	482.5	–
Material income/(expenses):								
Depreciation and amortisation	(55.4)	(4.9)	(0.4)	–	–	–	(60.7)	–
Impairment losses on property, plant and equipment and intangible assets	(12.7)	–	–	–	–	–	(12.7)	–

			Western Europe					
Total revenue	35.8	91.4	3.8	–	–	–	131.0	107.5
Revenue from inter-segment sales	(0.1)	–	–	–	–	–	(0.1)	(0.3)
Revenue from sales to external customers	35.7	91.4	3.8	–	–	–	130.9	107.2
Gross profit	19.0	46.7	1.6	–	–	–	67.3	49.6
Gross margin (gross profit on sales/revenue from sales to external customers)	*53%*	*51%*	*42%*	-	-	-	*51%*	*46%*
SEGMENT PROFIT OR LOSS	**(8.3)**	**4.0**	**(0.4)**	**–**	**–**	**–**	**(4.7)**	**(5.2)**
Segment assets:				**July 31st 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	147.5	102.1	2.8	–	–	–	252.4	115.2
Deferred tax assets	–	7.4	0.4	–	–	–	7.8	–
Inventories	36.5	79.7	7.9	–	–	–	124.1	147.9
Property, plant and equipment and intangible assets	17.0	78.4	2.7	–	–	–	98.1	101.0
Material income/(expenses):								
Depreciation and amortisation	(11.0)	(2.0)	–	–	–	–	(13.0)	–
Impairment losses on property, plant and equipment and intangible assets	(30.2)	–	–	–	–	–	(30.3)	(30.5)

[all amounts in PLN million unless stated otherwise]

January 1st 2020–June 30th 2020 unaudited, reviewed	CCC omnichannel	eobuwie.pl omnichannel	Modivo omnichannel	HalfPrice	DeeZee	Other companies	CCC Group	Discontinued operations
Total CCC Group								
Total revenue	1,139.6	839.9	86.4	–	29.1	823.3	2,918.3	132.1
Revenue from inter-segment sales	(2.0)	–	–	–	–	(791.8)	(793.8)	(0.3)
Revenue from sales to external customers	1,137.6	839.9	86.4	–	29.1	31.5	2,124.5	131.8
Gross profit	522.1	372.5	31.9	–	15.2	8.8	950.5	63.6
Gross margin (gross profit on sales/revenue from sales to external customers)	*46%*	*44%*	*37%*	-	*52%*	*28%*	*45%*	*48%*
SEGMENT PROFIT OR LOSS	**(280.1)**	**76.8**	**2.1**	**–**	**8.9**	**0.5**	**(191.8)**	**(53.1)**
Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	2,558.8	598.4	30.1	–	6.3	202.4	3,396.0	128.4
Deferred tax assets	19.8	40.2	4.7	–	–	17.6	82.3	–
Inventories	764.1	463.3	72.0	–	5.6	746.6	2,051.6	158.5
Property, plant and equipment and intangible assets	973.9	425.7	28.6	–	5.5	200.4	1,634.1	98.9
Material income/(expenses):								
Depreciation and amortisation	(273.9)	(24.3)	(1.3)	–	(0.7)	(2.8)	(303.0)	(33.5)
Impairment losses on property, plant and equipment and intangible assets	(64.2)	–	–	–	–	–	(64.2)	(30.5)
		Poland						
Total revenue	715.3	321.0	39.8	–	29.1	823.3	1,928.5	–
Revenue from inter-segment sales	–	–	–	–	–	(791.8)	(791.8)	–
Revenue from sales to external customers	715.3	321.0	39.8	–	29.1	31.5	1,136.7	–
Gross profit	316.9	138.7	13.9	–	15.2	8.8	493.5	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*44%*	*43%*	*35%*	-	*52%*	*28%*	*43%*	-
SEGMENT PROFIT OR LOSS	**(105.3)**	**18.9**	**(0.4)**	**–**	**8.9**	**0.5**	**(77.4)**	**–**
Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	1,385.6	276.5	14.3	–	6.3	202.4	1,885.1	–
Deferred tax assets	17.2	15.7	2.2	–	–	17.6	52.7	–
Inventories	408.9	204.1	34.2	–	5.6	746.6	1,399.4	–
Property, plant and equipment and intangible assets	650.6	176.6	13.6	–	5.5	200.4	1,046.7	–
Material income/(expenses):								
Depreciation and amortisation	(130.9)	(15.8)	(0.6)	–	(0.7)	(2.8)	(150.8)	–
Impairment losses on property, plant and equipment and intangible assets	(21.3)	–	–	–	–	–	(21.3)	–
		Central and Eastern Europe						
Total revenue	381.8	354.1	36.6	–	–	–	772.5	–
Revenue from inter-segment sales	(1.9)	–	–	–	–	–	(1.9)	–
Revenue from sales to external customers	379.9	354.1	36.6	–	–	–	770.6	–
Gross profit	181.9	158.8	14.5	–	–	–	355.2	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*48%*	*45%*	*40%*	-	-	-	*46%*	-
SEGMENT PROFIT OR LOSS	**(141.4)**	**50.3**	**2.7**	**–**	**–**	**–**	**(88.4)**	**–**

[all amounts in PLN million unless stated otherwise]

Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	1,016.4	218.3	12.2	–	–	–	1,246.9	–
Deferred tax assets	2.6	16.8	1.9	–	–	–	21.3	–
Inventories	318.7	178.5	30.2	–	–	–	527.4	–
Property, plant and equipment and intangible assets	305.5	169.3	11.6	–	–	–	486.4	–
Material income/(expenses):								
Depreciation and amortisation	(120.4)	(5.9)	(0.6)	–	–	–	(126.9)	–
Impairment losses on property, plant and equipment and intangible assets	(12.7)	–	–	–	–	–	(12.7)	–

		Western Europe						
Total revenue	42.5	164.8	10.0	–	–	–	217.3	132.1
Revenue from inter-segment sales	(0.1)	–	–	–	–	–	(0.1)	(0.3)
Revenue from sales to external customers	42.4	164.8	10.0	–	–	–	217.2	131.8
Gross profit	23.3	75.0	3.5	–	–	–	101.8	63.6
Gross margin (gross profit on sales/revenue from sales to external customers)	*55%*	*46%*	*35%*	-	-	-	*47%*	*48%*
SEGMENT PROFIT OR LOSS	**(33.4)**	**7.6**	**(0.2)**	**–**	**–**	**–**	**(26.0)**	**(53.1)**

Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	156.8	103.6	3.6	–	–	–	264.0	128.4
Deferred tax assets	–	7.7	0.6	–	–	–	8.3	–
Inventories	36.5	80.7	7.6	–	–	–	124.8	158.5
Property, plant and equipment and intangible assets	17.8	79.8	3.4	–	–	–	101.0	98.9
Material income/(expenses):								
Depreciation and amortisation	(22.6)	(2.6)	(0.1)	–	–	–	(25.3)	(33.5)
Impairment losses on property, plant and equipment and intangible assets	(30.2)	–	–	–	–	–	(30.2)	(30.5)

[all amounts in PLN million unless stated otherwise]

April 1st–June 30th 2020 unaudited, unreviewed	**CCC** omnichannel	**eobuwie.pl** omnichannel	**Modivo** omnichannel	**HalfPrice**	**DeeZee**	**Other companies**	**CCC Group**	**Discontinued operations**
Total CCC Group								
Total revenue	628.4	487.2	49.8	–	19.6	433.0	1,618.0	71.5
Revenue from inter-segment sales	24.9	–	–	–	–	(422.5)	(397.6)	(0.3)
Revenue from sales to external customers	653.3	487.2	49.8	–	19.6	10.5	1,220.4	71.2
Gross profit	297.7	236.0	18.5	–	10.6	4.9	567.7	33.9
Gross margin (gross profit on sales/revenue from sales to external customers)	*46%*	*48%*	*37%*	-	*54%*	*47%*	*47%*	*48%*
SEGMENT PROFIT OR LOSS	**(64.9)**	**66.4**	**2.4**	**–**	**4.3**	**1.6**	**9.8**	**33.9**
Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	2,558.8	598.4	30.1	–	6.3	202.4	3,396.0	128.4
Deferred tax assets	19.8	40.2	4.7	–	–	17.6	82.3	–
Inventories	764.1	463.3	72.0	–	5.6	746.6	2,051.6	158.5
Property, plant and equipment and intangible assets	973.9	425.7	28.6	–	5.5	200.4	1,634.1	98.9
Material income/(expenses):								
Depreciation and amortisation	(150.1)	(12.9)	(0.8)	–	(0.6)	(1.1)	(165.5)	(33.5)
Impairment losses on property, plant and equipment and intangible assets	(63.7)	–	–	–	–	–	(63.7)	(30.5)
		Poland						
Total revenue	404.3	190.5	23.9	–	19.6	433.0	1,071.3	–
Revenue from inter-segment sales	26.9	–	–	–	–	(422.5)	(395.6)	–
Revenue from sales to external customers	431.2	190.5	23.9	–	19.6	10.5	675.7	–
Gross profit	194.8	91.3	8.3	–	10.6	4.9	309.9	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*45%*	*48%*	*35%*	-	*54%*	*47%*	*46%*	-
SEGMENT PROFIT OR LOSS	**14.2**	**22.5**	**0.1**	**–**	**4.3**	**1.6**	**42.7**	**–**
Segment assets:				**June 30th 2020**				
Non-current assets (net of other financial assets and deferred tax assets)	1,385.6	276.5	14.3	–	6.3	202.4	1,885.1	–
Deferred tax assets	17.2	15.7	2.2	–	–	17.6	52.7	–
Inventories	408.9	204.1	34.2	–	5.6	746.6	1,399.4	–
Property, plant and equipment and intangible assets	650.6	176.6	13.6	–	5.5	200.4	1,046.7	–
Material income/(expenses):								
Depreciation and amortisation	(66.7)	(6.6)	(0.4)	–	(0.6)	(1.1)	(75.4)	–
Impairment losses on property, plant and equipment and intangible assets	(21.3)	–	–	–	–	–	(21.3)	–
		Central and Eastern Europe						
Total revenue	200.4	202.9	21.0	–	–	–	424.3	–
Revenue from inter-segment sales	(1.9)	–	–	–	–	–	(1.9)	–
Revenue from sales to external customers	198.5	202.9	21.0	–	–	–	422.4	–
Gross profit	90.2	97.2	8.5	–	–	–	195.9	–
Gross margin (gross profit on sales/revenue from sales to external customers)	*45%*	*48%*	*40%*	-	-	-	*46%*	-
SEGMENT PROFIT OR LOSS	**(63.5)**	**36.8**	**2.1**	**–**	**–**	**–**	**(24.6)**	**–**

[all amounts in PLN million unless stated otherwise]

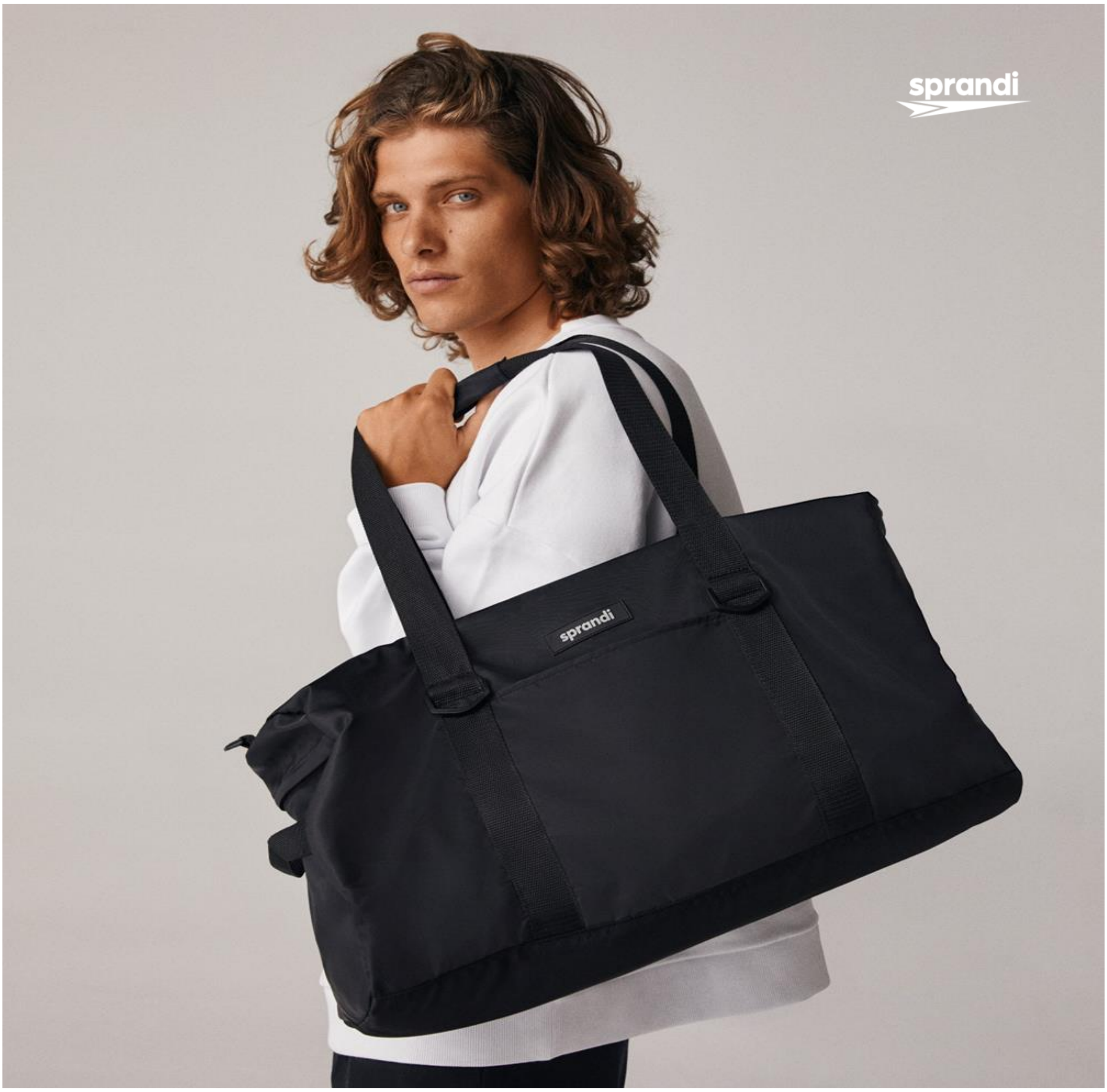
Segment assets:				June 30th 2020				
Non-current assets (net of other financial assets and deferred tax assets)	1,016.4	218.3	12.2	–	–	–	1,246.9	–
Deferred tax assets	2.6	16.8	1.9	–	–	–	21.3	–
Inventories	318.7	178.5	30.2	–	–	–	527.4	–
Property, plant and equipment and intangible assets	305.5	169.3	11.6	–	–	–	486.4	–
Material income/(expenses):								
Depreciation and amortisation	(60.8)	(4.5)	(0.4)	–	–	–	(65.7)	–
Impairment losses on property, plant and equipment and intangible assets	(12.7)	–	–	–	–	–	(12.7)	–

			Western Europe					
Total revenue	23.7	93.8	4.9	–	–	–	122.4	71.5
Revenue from inter-segment sales	(0.1)	–	–	–	–	–	(0.1)	(0.3)
Revenue from sales to external customers	23.6	93.8	4.9	–	–	–	122.3	71.2
Gross profit	12.7	47.5	1.7	–	–	–	61.9	33.9
Gross margin (gross profit on sales/revenue from sales to external customers)	*54%*	*51%*	*35%*	-	-	-	*51%*	*48%*
SEGMENT PROFIT OR LOSS	**(15.6)**	**7.1**	**0.2**	**–**	**–**	**–**	**(8.3)**	**33.9**

Segment assets:				June 30th 2020				
Non-current assets (net of other financial assets and deferred tax assets)	156.8	103.6	3.6	–	–	–	264.0	128.4
Deferred tax assets	–	7.7	0.6	–	–	–	8.3	–
Inventories	36.5	80.7	7.6	–	–	–	124.8	158.5
Property, plant and equipment and intangible assets	17.8	79.8	3.4	–	–	–	101.0	98.9
Material income/(expenses):								
Depreciation and amortisation	(22.6)	(1.8)	–	–	–	–	(24.4)	(33.5)
Impairment losses on property, plant and equipment and intangible assets	(29.7)	–	–	–	–	–	(29.7)	(30.5)

[all amounts in PLN million unless stated otherwise]

	February 1st–July 31st 2021 unaudited, reviewed			February 1st–July 31st 2020 unaudited, unreviewed			January 1st 2020–June 30th 2020 unaudited, reviewed		
	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS	AGGREGATED SEGMENT DATA	CONSOLIDATION ADJUSTMENTS	CONSOLIDATED FINANCIAL STATEMENTS
Total revenue	4,779.3	(1,354.6)	3,424.7	2,956.6	(796.0)	2,160.6	2,918.3	(793.8)	2,124.5
Revenue not allocated to segments	–	50.9	50.9	–	68.1	68.1	–	61.6	61.6
Revenue disclosed in financial statements	–	–	3,475.6	–	–	2,228.7	–	–	2,186.1
Cost of sales disclosed in financial statements	–	–	(1,884.0)	–	–	(1,237.1)	–	–	(1,235.6)
Cost of sales not allocated to segments (discontinued operations)	–	(50.9)	(50.9)	–	(68.1)	(68.1)	–	(61.6)	(61.6)
Gross profit (loss)	**1,591.6**	**–**	**1,591.6**	**991.6**	**–**	**991.6**	**950.5**	**–**	**950.5**
Gross profit (loss) disclosed in financial statements	1,591.6	–	1,591.6	991.6	–	991.6	950.5	–	950.5
Costs of points of purchase and other distribution costs	(1,416.8)	–	(1,416.8)	(1,098.8)	–	(1,098.8)	(1,142.3)	–	(1,142.3)
SEGMENT PROFIT (LOSS)	**174.8**	**–**	**174.8**	**(107.2)**	**–**	**(107.2)**	**(191.8)**	**–**	**(191.8)**
Administrative expenses	(199.0)	–	(199.0)	(106.2)	–	(106.2)	(94.7)	–	(94.7)
Other income	32.2	–	32.2	35.9	–	35.9	22.4	–	22.4
Other expenses	(21.7)	–	(21.7)	(181.9)	–	(181.9)	(169.1)	–	(169.1)
Loss allowances (trade receivables)	(7.8)	–	(7.8)	(58.3)	–	(58.3)	(63.2)	–	(63.2)
Finance income	9.0	–	9.0	45.5	–	45.5	38.5	–	38.5
Loss allowances	(9.8)	–	(9.8)	(111.4)	–	(111.4)	(116.0)	–	(116.0)
Other finance costs	(66.5)	–	(66.5)	(95.8)	–	(95.8)	(96.9)	–	(96.9)
Share of profit (loss) of associates	0.1	–	0.1	(30.3)	–	(30.3)	(28.3)	–	(28.3)
Profit (loss) before tax	**(88.7)**	**–**	**(88.7)**	**(609.7)**	**–**	**(609.7)**	**(699.1)**	**–**	**(699.1)**
	July 31st 2021			July 31st 2020			June 30th 2020		
Segment assets:									
Non-current assets (net of other financial assets and deferred tax assets)	3,102.6	–	3,102.6	3,370.0	–	3,370.0	3,396.0	–	3,396.0
Deferred tax assets	153.1	51.6	204.7	84.5	71.8	156.3	82.3	74.8	157.1
Inventories	2,525.6	(68.7)	2,456.9	2,094.7	(52.3)	2,042.4	2,051.6	(57.0)	1,994.6
Property, plant and equipment and intangible assets	1,552.6	–	1,552.6	1,626.4	–	1,626.4	1,634.1	–	1,634.1
Material income (expenses):									
Depreciation and amortisation	(262.1)	–	(262.1)	(275.8)	–	(275.8)	(303.0)	–	(303.0)
Impairment losses on property, plant and equipment and intangible assets	–	–	–	–	–	–	(201.8)	–	(201.8)
Discontinued operations									
Total revenue	89.4	(50.9)	38.5	141.4	(68.1)	73.3	132.1	(61.6)	70.5
Cost of sales	(51.2)	38.5	(12.7)	(75.2)	73.3	(1.9)	(68.5)	70.5	2.0
Gross profit (loss)	**38.2**	**(12.4)**	**25.8**	**66.2**	**5.2**	**71.4**	**63.6**	**8.9**	**72.5**



Geographical information

Revenue from sales to external customers:

February 1st–July 31st 2021	Offline			Digital							
unaudited, reviewed					eobuwie.pl						
Markets / Segments	CCC	HalfPrice	Total	CCC	eobuwie.pl	Modivo	DeeZee	Total	Other	Total CCC Group	Discontinued operations

[all amounts in PLN million unless stated otherwise]

Poland	**Poland**	**896.9**	**40.2**	**937.1**	**152.3**	**492.8**	**71.2**	**55.1**	**771.4**	**67.5**	**1,776.0**	**–**
Central and Eastern Europe	Czech Republic	79.2	–	79.2	19.8	111.5	14.4	–	145.7	–	224.9	–
	Slovakia	63.9	–	63.9	15.5	70.3	12.4	–	98.2	–	162.1	–
	Hungary	98.7	–	98.7	19.1	93.6	8.9	–	121.6	–	220.3	–
	Romania	119.6	–	119.6	12.5	131.8	22.6	–	166.9	–	286.5	–
	Bulgaria	21.5	–	21.5	0.5	71.7	11.9	–	84.1	–	105.6	–
	Slovenia	27.1	–	27.1	0.8	2.1	–	–	2.9	–	30.0	–
	Croatia	39.6	–	39.6	–	23.7	1.6	–	25.3	–	64.9	–
	Lithuania	–	–	–	–	55.9	7.8	–	63.7	–	63.7	–
	Russia	47.1	–	47.1	–	–	–	–	–	–	47.1	–
	Serbia	17.6	–	17.6	–	–	–	–	–	–	17.6	–
	Ukraine	–	–	–	–	21.7	2.5	–	24.2	–	24.2	–
	Total	**514.3**	**–**	**514.3**	**68.2**	**582.3**	**82.1**	**–**	**732.6**	**–**	**1,246.9**	**–**
Western Europe	Austria	62.9	–	62.9	2.0	–	–	–	2.0	–	64.9	–
	Switzerland	–	–	–	–	18.2	–	–	18.2	–	18.2	89.4
	Germany	–	–	–	–	86.3	6.7	–	93.0	–	93.0	–
	France	–	–	–	–	20.8	1.9	–	22.7	–	22.7	–
	Spain	–	–	–	–	5.7	–	–	5.7	–	5.7	–
	Italy	–	–	–	–	52.8	3.6	–	56.4	–	56.4	–
	Sweden	–	–	–	–	4.0	–	–	4.0	–	4.0	–
	Greece	–	–	–	–	110.8	26.1	–	136.9	–	136.9	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**62.9**	**–**	**62.9**	**2.0**	**298.6**	**38.3**	**–**	**338.9**	**–**	**401.8**	**89.4**
CCC Group	**Total**	**1,474.1**	**40.2**	**1,514.3**	**222.5**	**1,373.7**	**191.6**	**55.1**	**1,842.9**	**67.5**	**3,424.7**	**89.4**

[all amounts in PLN million unless stated otherwise]

May 1st–July 31st 2021 unaudited, unreviewed		Offline			Digital					Other	Total CCC Group	Discontinued operations
						eobuwie.pl						
Markets / Segments		CCC	HalfPrice	Total	CCC	eobuwie.pl	Modivo	DeeZee	Total			
Poland	**Poland**	**609.1**	**39.1**	**648.2**	**66.3**	**265.8**	**36.5**	**30.0**	**398.6**	**24.6**	**1,071.4**	**–**
Central and Eastern Europe	Czech Republic	78.6	–	78.6	6.7	49.7	6.1	–	62.5	–	141.1	–
	Slovakia	55.3	–	55.3	4.9	30.5	5.5	–	40.9	–	96.2	–
	Hungary	71.3	–	71.3	9.4	49.0	4.6	–	63.0	–	134.3	–
	Romania	75.1	–	75.1	7.1	70.0	11.7	–	88.8	–	163.9	–
	Bulgaria	15.3	–	15.3	0.5	38.4	5.9	–	44.8	–	60.1	–
	Slovenia	16.9	–	16.9	0.8	2.1	–	–	2.9	–	19.8	–
	Croatia	25.7	–	25.7	–	12.9	1.1	–	14.0	–	39.7	–
	Lithuania	–	–	–	–	26.8	3.3	–	30.1	–	30.1	–
	Russia	29.1	–	29.1	–	–	–	–	–	–	29.1	–
	Serbia	13.0	–	13.0	–	–	–	–	–	–	13.0	–
	Ukraine	–	–	–	–	11.9	1.8	–	13.7	–	13.7	–
	Total	**380.3**	**–**	**380.3**	**29.4**	**291.3**	**40.0**	**–**	**360.7**	**–**	**741.0**	**–**
Western Europe	Austria	44.7	–	44.7	0.8	–	–	–	0.8	–	45.5	–
	Switzerland	–	–	–	–	8.6	–	–	8.6	–	8.6	30.3
	Germany	–	–	–	–	46.2	3.6	–	49.8	–	49.8	–
	France	–	–	–	–	11.2	0.9	–	12.1	–	12.1	–
	Spain	–	–	–	–	2.4	–	–	2.4	–	2.4	–
	Italy	–	–	–	–	28.8	1.9	–	30.7	–	30.7	–
	Sweden	–	–	–	–	1.9	–	–	1.9	–	1.9	–
	Greece	–	–	–	–	54.0	12.0	–	66.0	–	66.0	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**44.7**	**–**	**44.7**	**0.8**	**153.1**	**18.4**	**–**	**172.3**	**–**	**217.0**	**30.3**
CCC Group	**Total**	**1,034.1**	**39.1**	**1,073.2**	**96.5**	**710.2**	**94.9**	**30.0**	**931.6**	**24.6**	**2,029.4**	**30.3**

[all amounts in PLN million unless stated otherwise]

February 1st–July 31st 2020 unaudited, unreviewed Markets / Segments		Offline			Digital					Other	Total CCC Group	Discontinued operations
		CCC	HalfPrice	Total	CCC	eobuwie.pl		DeeZee	Total			
						eobuwie.pl	Modivo					
Poland	**Poland**	**646.7**	**–**	**646.7**	**87.9**	**336.5**	**40.0**	**30.8**	**495.2**	**8.4**	**1,150.3**	**–**
Central and Eastern Europe	Czech Republic	87.5	–	87.5	9.3	64.2	4.6	–	78.1	–	165.6	–
	Slovakia	52.0	–	52.0	7.7	44.3	5.4	–	57.4	–	109.4	–
	Hungary	72.7	–	72.7	7.9	70.7	4.4	–	83.0	–	155.7	–
	Romania	53.3	–	53.3	8.8	104.4	11.4	–	124.6	–	177.9	–
	Bulgaria	10.3	–	10.3	–	44.3	6.0	–	50.3	–	60.6	–
	Slovenia	18.1	–	18.1	–	–	–	–	–	–	18.1	–
	Croatia	24.8	–	24.8	–	1.8	–	–	1.8	–	26.6	–
	Lithuania	–	–	–	–	26.6	3.2	–	29.8	–	29.8	–
	Russia	26.6	–	26.6	–	–	–	–	–	–	26.6	–
	Serbia	12.7	–	12.7	–	–	–	–	–	–	12.7	–
	Ukraine	–	–	–	–	8.8	–	–	8.8	–	8.8	–
	Total	**358.0**	**–**	**358.0**	**33.7**	**365.1**	**35.0**	**–**	**433.8**	**–**	**791.8**	**–**
Western Europe	Austria	45.3	–	45.3	0.8	–	–	–	0.8	–	46.1	–
	Switzerland	–	–	–	–	15.0	–	–	15.0	–	15.0	141.1
	Germany	–	–	–	–	48.2	3.7	–	51.9	–	51.9	–
	France	–	–	–	–	7.8	0.6	–	8.4	–	8.4	–
	Spain	–	–	–	–	5.3	–	–	5.3	–	5.3	–
	Italy	–	–	–	–	30.2	0.5	–	30.7	–	30.7	–
	Sweden	–	–	–	–	4.9	–	–	4.9	–	4.9	–
	Greece	–	–	–	–	52.8	3.4	–	56.2	–	56.2	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**45.3**	**–**	**45.3**	**0.8**	**164.2**	**8.2**	**–**	**173.2**	**–**	**218.5**	**141.1**
CCC Group	**Total**	**1,050.0**	**–**	**1,050.0**	**122.4**	**865.8**	**83.2**	**30.8**	**1,102.2**	**8.4**	**2,160.6**	**141.1**

[all amounts in PLN million unless stated otherwise]

May 1st–July 31st 2020 unaudited, unreviewed Markets / Segments		Offline			Digital					Other	Total CCC Group	Discontinued operations
		CCC	HalfPrice	Total	CCC	eobuwie.pl		DeeZee	Total			
						eobuwie.pl	Modivo					
Poland	**Poland**	**499.1**	**–**	**499.1**	**45.2**	**182.7**	**24.7**	**16.7**	**269.3**	**4.5**	**772.9**	**–**
Central and Eastern Europe	Czech Republic	66.5	–	66.5	4.7	32.1	2.5	–	39.3	–	105.8	–
	Slovakia	41.4	–	41.4	4.3	22.6	3.1	–	30.0	–	71.4	–
	Hungary	53.8	–	53.8	5.5	35.4	2.4	–	43.3	–	97.1	–
	Romania	36.0	–	36.0	6.6	61.8	7.2	–	75.6	–	111.6	–
	Bulgaria	7.8	–	7.8	–	24.8	3.4	–	28.2	–	36.0	–
	Slovenia	14.4	–	14.4	–	–	–	–	–	–	14.4	–
	Croatia	19.0	–	19.0	–	1.8	–	–	1.8	–	20.8	–
	Lithuania	–	–	–	–	14.4	1.6	–	16.0	–	16.0	–
	Russia	12.0	–	12.0	–	–	–	–	–	–	12.0	–
	Serbia	9.7	–	9.7	–	–	–	–	–	–	9.7	–
	Ukraine	–	–	–	–	4.8	–	–	4.8	–	4.8	–
	Total	**260.6**	**–**	**260.6**	**21.1**	**197.7**	**20.2**	**–**	**239.0**	**–**	**499.6**	**–**
Western Europe	Austria	35.1	–	35.1	0.6	–	–	–	0.6	–	35.7	–
	Switzerland	–	–	–	–	7.9	–	–	7.9	–	7.9	107.2
	Germany	–	–	–	–	24.6	1.4	–	26.0	–	26.0	–
	France	–	–	–	–	4.2	0.2	–	4.4	–	4.4	–
	Spain	–	–	–	–	2.5	–	–	2.5	–	2.5	–
	Italy	–	–	–	–	19.5	0.4	–	19.9	–	19.9	–
	Sweden	–	–	–	–	2.3	–	–	2.3	–	2.3	–
	Greece	–	–	–	–	30.4	1.8	–	32.2	–	32.2	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**35.1**	**–**	**35.1**	**0.6**	**91.4**	**3.8**	**–**	**95.8**	**–**	**130.9**	**107.2**
CCC Group	**Total**	**794.8**	**–**	**794.8**	**66.9**	**471.8**	**48.7**	**16.7**	**604.1**	**4.5**	**1,403.4**	**107.2**

Interim condensed consolidated financial statements for the six months from February 1st 2021 to July 31st 2021 [all amounts in PLN million unless stated otherwise]

January 1st–June 30th 2020 unaudited, reviewed Markets / Segments		Offline			Digital					Other	Total CCC Group	Discontinued operations
		CCC	HalfPrice	Total	CCC	eobuwie.pl		DeeZee	Total			
						eobuwie.pl	Modivo					
Poland	**Poland**	**633.6**	**–**	**633.6**	**81.7**	**321.0**	**39.8**	**29.1**	**471.6**	**31.5**	**1,136.7**	**–**
Central and Eastern Europe	Czech Republic	87.9	–	87.9	8.6	65.2	4.9	–	78.7	–	166.6	–
	Slovakia	49.6	–	49.6	7.1	42.3	5.9	–	55.3	–	104.9	–
	Hungary	67.4	–	67.4	7.0	69.3	4.8	–	81.1	–	148.5	–
	Romania	51.9	–	51.9	7.7	98.0	11.3	–	117.0	–	168.9	–
	Bulgaria	10.3	–	10.3	–	43.8	6.4	–	50.2	–	60.5	–
	Slovenia	16.9	–	16.9	–	–	–	–	–	–	16.9	–
	Croatia	24.4	–	24.4	–	–	–	–	–	–	24.4	–
	Lithuania	–	–	–	–	26.5	3.3	–	29.8	–	29.8	–
	Russia	28.8	–	28.8	–	–	–	–	–	–	28.8	–
	Serbia	12.3	–	12.3	–	–	–	–	–	–	12.3	–
	Ukraine	–	–	–	–	9.0	–	–	9.0	–	9.0	–
	Total	**349.5**	**–**	**349.5**	**30.4**	**354.1**	**36.6**	**–**	**421.1**	**–**	**770.6**	**–**
Western Europe	Austria	41.8	–	41.8	0.6	–	–	–	0.6	–	42.4	–
	Switzerland	–	–	–	–	13.3	–	–	13.3	–	13.3	131.8
	Germany	–	–	–	–	44.6	5.1	–	49.7	–	49.7	–
	France	–	–	–	–	9.5	1.0	–	10.5	–	10.5	–
	Spain	–	–	–	–	6.9	–	–	6.9	–	6.9	–
	Italy	–	–	–	–	29.6	0.2	–	29.8	–	29.8	–
	Sweden	–	–	–	–	5.4	–	–	5.4	–	5.4	–
	Greece	–	–	–	–	55.5	3.7	–	59.2	–	59.2	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**41.8**	**–**	**41.8**	**0.6**	**164.8**	**10.0**	**–**	**175.4**	**–**	**217.2**	**131.8**
CCC Group	**Total**	**1,024.9**	**–**	**1,024.9**	**112.7**	**839.9**	**86.4**	**29.1**	**1,068.1**	**31.5**	**2,124.5**	**131.8**

[all amounts in PLN million unless stated otherwise]

April 1st–June 30th 2020 unaudited, unreviewed		Offline			Digital					Other	Total CCC Group	Discontinued operations
						eobuwie.pl						
Markets / Segments		CCC	HalfPrice	Total	CCC	eobuwie.pl	Modivo	DeeZee	Total			
Poland	**Poland**	**377.2**	**–**	**377.2**	**54.0**	**190.5**	**23.9**	**19.6**	**288.0**	**10.5**	**675.7**	**–**
Central and Eastern Europe	Czech Republic	47.1	–	47.1	6.4	36.3	2.5	–	45.2	–	92.3	–
	Slovakia	27.5	–	27.5	5.4	23.8	3.3	–	32.5	–	60.0	–
	Hungary	34.9	–	34.9	7.0	38.3	2.5	–	47.8	–	82.7	–
	Romania	19.4	–	19.4	7.6	58.8	7.2	–	73.6	–	93.0	–
	Bulgaria	5.3	–	5.3	–	23.7	3.6	–	27.3	–	32.6	–
	Slovenia	9.9	–	9.9	–	–	–	–	–	–	9.9	–
	Croatia	13.8	–	13.8	–	–	–	–	–	–	13.8	–
	Lithuania	–	–	–	–	16.2	1.9	–	18.1	–	18.1	–
	Russia	6.8	–	6.8	–	–	–	–	–	–	6.8	–
	Serbia	7.4	–	7.4	–	–	–	–	–	–	7.4	–
	Ukraine	–	–	–	–	5.8	–	–	5.8	–	5.8	–
	Total	**172.1**	**–**	**172.1**	**26.4**	**202.9**	**21.0**	**–**	**250.3**	**–**	**422.4**	**–**
Western Europe	Austria	23.0	–	23.0	0.6	–	–	–	0.6	–	23.6	–
	Switzerland	–	–	–	–	10.8	–	–	10.8	–	10.8	71.2
	Germany	–	–	–	–	27.0	2.2	–	29.2	–	29.2	–
	France	–	–	–	–	4.0	0.4	–	4.4	–	4.4	–
	Spain	–	–	–	–	2.1	–	–	2.1	–	2.1	–
	Italy	–	–	–	–	17.1	0.2	–	17.3	–	17.3	–
	Sweden	–	–	–	–	2.2	–	–	2.2	–	2.2	–
	Greece	–	–	–	–	30.6	2.1	–	32.7	–	32.7	–
	Isle of Man	–	–	–	–	–	–	–	–	–	–	–
	Total	**23.0**	**–**	**23.0**	**0.6**	**93.8**	**4.9**	**–**	**99.3**	**–**	**122.3**	**71.2**
CCC Group	**Total**	**572.3**	**–**	**572.3**	**81.0**	**487.2**	**49.8**	**19.6**	**637.6**	**10.5**	**1,220.4**	**71.2**

The revenue data presented above is based on:

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

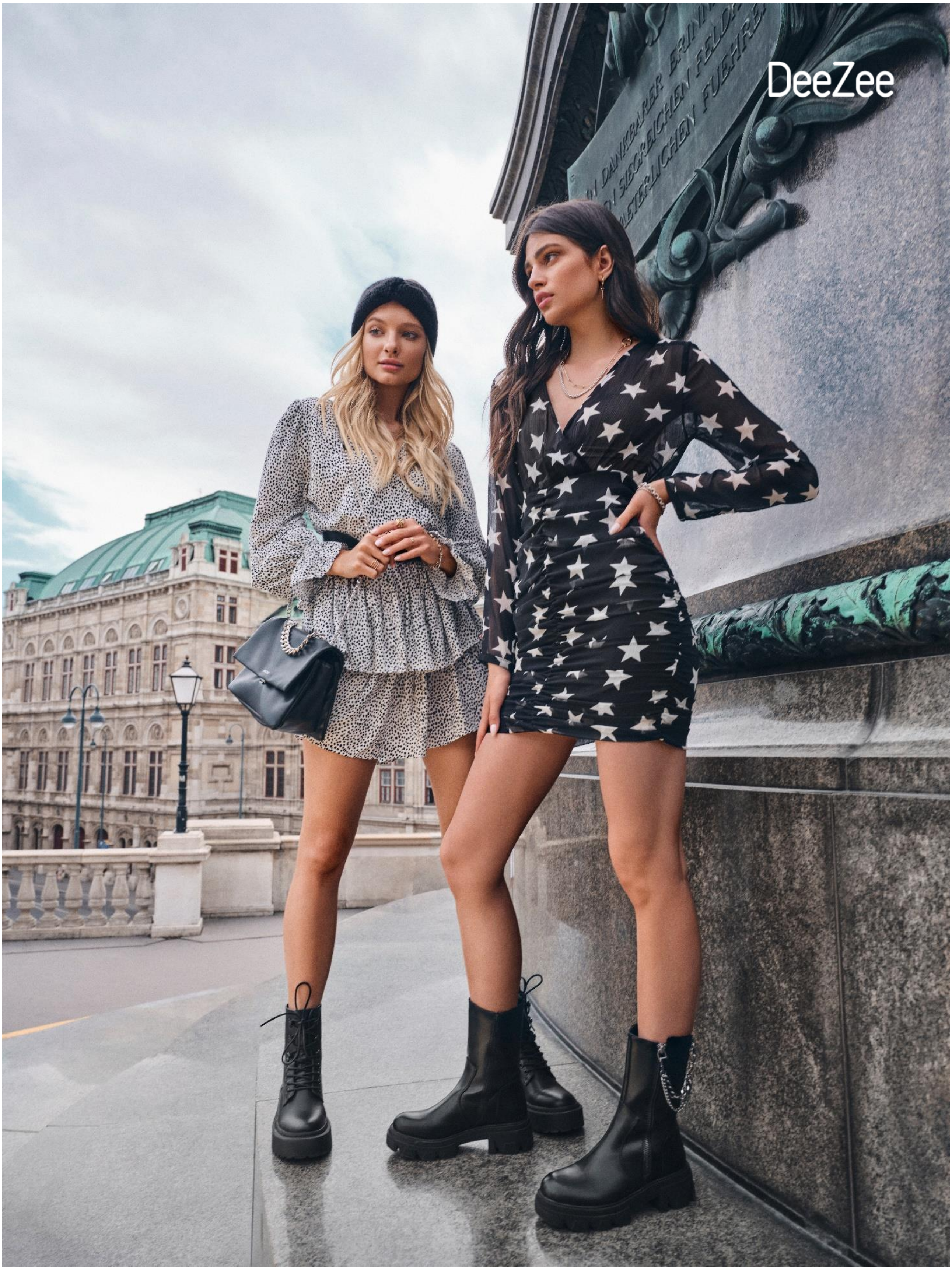
[all amounts in PLN million unless stated otherwise]

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

	NON-CURRENT ASSETS (NET OF OTHER FINANCIAL ASSETS AND DEFERRED TAX)			
	July 31st 2021	**January 31st 2021**	**July 31st 2020**	**June 30th 2020**
	unaudited, reviewed	**audited**	**unaudited, unreviewed**	**unaudited, reviewed**
Poland	1,728.9	2,104.3	1,888.2	1,885.4
Switzerland	5.9	–	6.5	5.6
Czech Republic	239.6	182.3	223.4	213.4
Hungary	199.8	173.8	216.3	214.7
Romania	223.7	189.4	249.0	253.2
Slovakia	109.9	87.1	114.3	116.5
Austria	129.7	157.0	147.4	156.9
Russia	72.7	86.6	116.2	134.7
Croatia	63.5	58.4	70.6	69.9
Slovenia	50.7	54.3	59.2	60.8
Serbia	58.3	61.0	70.5	71.6
Bulgaria	77.7	54.3	84.4	86.0
Greece	47.1	–	38.6	40.2
Lithuania	23.5	–	19.8	20.0
Italy	19.0	–	17.9	18.0
Germany	33.3	–	30.8	30.4
Other	19.3	–	16.9	18.8
Total non-current assets (excluding other financial assets and deferred tax)	**3,102.6**	**3,208.5**	**3,370.0**	**3,396.0**
Deferred tax	204.7	152.1	156.3	157.1
Other financial assets	14.2	14.5	15.4	14.9
Total assets	**3,321.5**	**3,375.1**	**3,541.7**	**3,568.0**

[all amounts in PLN million unless stated otherwise]

Segment assets:	July 31st 2021 unaudited, reviewed	July 31st 2020 unaudited, unreviewed	June 30th 2020 unaudited, reviewed
CCC omnichannel	2,939.4	3,322.9	3,342.7
eobuwie.pl omnichannel	1,374.1	1,111.1	1,101.9
Modivo omnichannel	170.7	103.8	106.8
HalfPrice	174.7	–	–
DeeZee	34.8	12.8	11.9
Other companies	1,087.6	998.6	966.6
TOTAL AGGREGATED SEGMENT DATA	**5,781.3**	**5,549.2**	**5,529.9**
DISCONTINUED OPERATIONS	–	264.0	288.1
Eliminations between segments	(68.7)	(52.3)	(57.0)
Unallocated:	–	–	–
Deferred tax assets	51.6	71.8	74.8
Other financial assets	14.2	15.4	14.9
Inventories	–	–	–
Trade receivables	163.7	174.0	145.8
Income tax receivable	8.6	1.8	1.5
Loans	–	–	–
Other receivables	299.2	256.1	231.5
Cash and cash equivalents	792.2	390.3	505.6
Derivative financial instruments	3.8	6.5	7.6
Lease receivables	0.3	–	–
Total assets as disclosed in statement of financial position	**7,046.2**	**6,676.8**	**6,742.7**


DeeZee

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 – 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 related costs and to accept faulty goods. The principles for provisioning for warranty repairs are presented in Note 5.9.
Revenue – retail
The Group sells footwear, handbags, shoe care accessories and small clothing accessories through its own chain of stores in Poland and abroad. Revenue is recognised when the goods are released to the customer in the store. Retail sales are usually made for cash or using payment cards. The Group operates a 14-day customer return policy. In order to estimate the volume of returns, the historical rate of returns to the volume of sales is used. The estimate is used to adjust the amount of revenue.

[all amounts in PLN million unless stated otherwise]

Revenues – e-commerce

The Group sells footwear, handbags, shoe care accessories and small clothing accessories through an online store 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.

Revenue from contracts with customers by category is presented below.

	February 1st–July 31st 2021	**May 1st–July 31st 2021**	**February 1st–July 31st 2020**	**May 1st–July 31st 2020**	**January 1st–June 30th 2020**	**April 1st–June 30th 2020**
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Revenue						
Footwear	1,351.9	944.0	955.7	723.5	928.8	516.2
Bags	85.5	59.6	63.7	46.9	56.6	30.3
Other [1]	98.7	75.0	66.5	49.1	67.3	35.6
Retail	**1,536.1**	**1,078.6**	**1,085.9**	**819.5**	**1,052.7**	**582.1**
Footwear	1,347.3	664.7	897.8	482.0	854.3	524.8
Bags	94.8	46.5	49.7	27.2	46.2	28.4
Other [1]	338.8	177.0	118.8	70.2	141.3	76.2
e-commerce	**1,780.9**	**888.2**	**1,066.3**	**579.4**	**1,041.8**	**629.4**
Footwear	10.1	9.9	–	–	–	–
Clothing	23.4	22.5	–	–	–	–
Other	6.7	6.7	–	–	–	–
HalfPrice	**40.2**	**39.1**	–	–	–	–
Wholesale	**118.4**	**42.9**	**76.5**	**58.1**	**91.6**	**41.6**
Total	**3,475.6**	**2,047.7**	**2,228.7**	**1,457.0**	**2,186.1**	**1,253.1**

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

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

In the six months ended July 31st 2021, retail revenue rose 41.5% year on year, which was an effect of the shorter period when points of sale were closed due to the COVID-19 pandemic. After the lockdown periods, there was a slow return of customers to shopping in offline stores, with some customers moving the e-commerce channel. This was also the time of after-season sales, which involved discounts. An analysis of the retail sales in the period from May to July shows a year-on-year revenue growth of 31.5%.

Moreover, in the six months ended July 31st 2021, the CCC Group took steps to deploy the new off-price format through its stores and the HalfPrice online platform. On May 4th 2021, the Group launched the new sale concept. 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 (67.0%) year-on-year increase in e-commerce revenue in the six months to July 31st 2021 (53.3% in the May−July period). 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 six months to July 31st 2021, the Group amended the CCC Club Loyalty Programme, whose rules are available at https://ccc.eu/pl/klub-ccc. The Programme is aimed at promoting and advertising the Company and the CCC Group companies by making them more widely known and encouraging customers to buy their products and use their services. In view of the above, the Group reduced its revenue by PLN 2.2m, 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. 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 agent's fees, 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.

[all amounts in PLN million unless stated otherwise]

February 1st–July 31st 2021	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, reviewed					
Cost of merchandise sold	(1,796.5)	–	–	–	(1,796.5)
discontinued operations	–	–	–	–	–
Raw material and consumables used	(56.3)	(26.0)	(38.0)	(9.6)	(129.9)
discontinued operations	–	–	(0.3)	(0.1)	(0.4)
Inventory write-downs	1.8	–	–	–	1.8
discontinued operations	–	–	–	–	–
Salaries, wages and employee benefits	(23.7)	(227.0)	(130.2)	(77.7)	(458.6)
discontinued operations	–	(22.4)	(6.1)	(1.1)	(29.6)
Transport services	(0.5)	(1.1)	(192.2)	(0.7)	(194.5)
discontinued operations	–	–	(0.1)	–	(0.1)
Other rental costs – utilities and other variable costs	–	(89.4)	(14.4)	(12.4)	(116.2)
discontinued operations	–	(5.0)	(0.4)	(0.6)	(6.0)
Other services	(1.4)	(34.6)	(285.4)	(67.4)	(388.8)
discontinued operations	–	(1.1)	(1.7)	(3.1)	(5.9)
Depreciation and amortisation	(1.7)	(234.7)	(27.4)	(24.0)	(287.8)
discontinued operations	–	–	–	–	–
Taxes and charges	(0.5)	(8.3)	(7.0)	(5.5)	(21.3)
discontinued operations	–	–	–	(0.5)	(0.5)
Other expenses	–	(1.8)	(142.3)	(7.8)	(151.9)
discontinued operations	–	(0.2)	(5.7)	(0.7)	(6.6)
Change in products and work in progress	(5.2)	–	–	–	(5.2)
Total	**(1,884.0)**	**(622.9)**	**(836.9)**	**(205.1)**	**(3,548.9)**
continuing operations	**(1,884.0)**	**(594.2)**	**(822.6)**	**(199.0)**	**(3,499.8)**
discontinued operations	**–**	**(28.7)**	**(14.3)**	**(6.1)**	**(49.1)**

[all amounts in PLN million unless stated otherwise]

May 1st–July 31st 2021	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, unreviewed					
Cost of merchandise sold	(1,029.3)	–	–	–	(1,029.3)
discontinued operations	–	–	–	–	–
Raw material and consumables used	(31.9)	(14.2)	(22.1)	(5.5)	(73.7)
discontinued operations	–	–	(0.1)	–	(0.1)
Inventory write-downs	(1.1)	–	–	–	(1.1)
Salaries, wages and employee benefits	(14.2)	(111.4)	(71.1)	(52.6)	(249.3)
discontinued operations	–	(8.0)	(2.9)	(0.4)	(11.3)
Transport services	(0.3)	(0.9)	(103.7)	(0.6)	(105.5)
Other rental costs – utilities and other variable costs	–	(52.8)	(6.6)	(6.2)	(65.6)
discontinued operations	–	(4.5)	(0.4)	(0.2)	(5.1)
Other services	(0.8)	(15.5)	(148.9)	(42.6)	(207.8)
discontinued operations	–	(0.2)	(1.6)	(1.8)	(3.6)
Depreciation and amortisation	(1.2)	(123.6)	(14.8)	(11.8)	(151.4)
Taxes and charges	(0.2)	(7.2)	(2.4)	(4.2)	(14.0)
Other expenses	–	(1.3)	(90.2)	(4.7)	(96.2)
discontinued operations	–	(0.1)	(2.4)	0.1	(2.4)
Change in products and work in progress	(2.1)	–	–	–	(2.1)
Total	**(1,081.1)**	**(326.9)**	**(459.8)**	**(128.2)**	**(1,996.0)**
continuing operations	**(1,074.3)**	**(314.1)**	**(452.4)**	**(125.4)**	**(1,966.2)**
discontinued operations		**(12.8)**	**(7.4)**	**(2.8)**	**(23.0)**

[all amounts in PLN million unless stated otherwise]

February 1st–July 31st 2020	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, unreviewed					
Cost of merchandise sold	(1,127.5)	–	–	–	(1,127.5)
discontinued operations	(6.7)	–	–	–	(6.7)
Raw material and consumables used	(76.1)	(27.1)	(27.0)	(6.5)	(136.7)
discontinued operations	–	–	(0.5)	–	(0.5)
Inventory write-downs	(7.6)	–	–	–	(7.6)
Salaries, wages and employee benefits	(28.2)	(199.2)	(111.1)	(38.4)	(376.9)
discontinued operations	–	(42.3)	(9.5)	(2.9)	(54.7)
Transport services	(0.6)	(3.7)	(117.5)	(1.4)	(123.2)
discontinued operations	–	–	(2.1)	–	(2.1)
Other rental costs – utilities and other variable costs	(0.1)	(57.6)	(21.0)	(8.1)	(86.8)
discontinued operations	–	(8.7)	(5.2)	(1.3)	(15.2)
Other services	(2.9)	(33.0)	(183.6)	(34.2)	(253.7)
discontinued operations	–	(1.9)	(0.8)	(3.7)	(6.4)
Depreciation and amortisation	(2.7)	(298.0)	(19.9)	(21.4)	(342.0)
discontinued operations	–	(41.7)	(0.4)	(1.9)	(44.0)
Taxes and charges	(0.4)	(1.8)	(8.6)	(3.3)	(14.1)
discontinued operations	–	(0.1)	–	–	(0.1)
Other expenses	(0.2)	(4.0)	(102.3)	(3.2)	(109.7)
discontinued operations	–	(0.3)	(3.1)	(0.5)	(3.9)
Change in products and work in progress	2.5	–	–	–	2.5
Total	**(1,243.8)**	**(624.4)**	**(591.0)**	**(116.5)**	**(2,575.7)**
continuing operations	**(1,237.1)**	**(529.4)**	**(569.4)**	**(106.2)**	**(2,442.1)**
discontinued operations	**(6.7)**	**(95.0)**	**(21.6)**	**(10.3)**	**(133.6)**

[all amounts in PLN million unless stated otherwise]

May 1st–July 31st 2020	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, unreviewed					
Cost of merchandise sold	(743.5)	–	–	–	(743.5)
discontinued operations	(4.2)	–	–	–	(4.2)
Raw material and consumables used	(38.4)	(11.4)	(15.7)	(2.5)	(68.0)
discontinued operations	–	–	(0.2)	(0.3)	(0.5)
Inventory write-downs	(7.6)	–	–	–	(7.6)
Salaries, wages and employee benefits	(11.8)	(82.5)	(53.2)	(14.5)	(162.0)
discontinued operations	–	(18.6)	(3.6)	(1.5)	(23.7)
Transport services	(0.3)	(3.0)	(59.3)	–	(62.6)
discontinued operations	–	0.1	(0.5)	–	(0.4)
Other rental costs – utilities and other variable costs	(0.1)	(24.7)	(12.9)	(4.4)	(42.1)
discontinued operations	–	(3.1)	(1.7)	(0.5)	(5.3)
Other services	(1.3)	(18.2)	(99.1)	(20.3)	(138.9)
discontinued operations	–	(0.8)	(0.6)	(2.3)	(3.7)
Depreciation and amortisation	(1.3)	(151.4)	(11.0)	(12.1)	(175.8)
discontinued operations	–	(22.8)	(0.2)	(0.8)	(23.8)
Taxes and charges	–	(0.9)	(4.5)	(1.1)	(6.5)
discontinued operations	–	(0.1)	–	0.1	–
Other expenses	(0.1)	(2.7)	(62.1)	(1.0)	(65.9)
discontinued operations	–	(0.1)	(2.6)	0.2	(2.5)
Change in products and work in progress	3.2	–	–	–	3.2
Total	**(801.2)**	**(294.8)**	**(317.8)**	**(55.9)**	**(1,469.7)**
continuing operations	**(797.0)**	**(249.4)**	**(308.4)**	**(50.8)**	**(1,405.6)**
discontinued operations	**(4.2)**	**(45.4)**	**(9.4)**	**(5.1)**	**(64.1)**

[all amounts in PLN million unless stated otherwise]

January 1st–June 30th 2020	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, reviewed					
Cost of merchandise sold	(1,129.0)	–	–	–	(1,129.0)
discontinued operations	(3.0)	–	–	–	(3.0)
Raw material and consumables used	(70.5)	(27.3)	(23.1)	(6.4)	(127.3)
discontinued operations	–	–	(0.6)	(0.1)	(0.7)
Inventory write-downs	(13.3)	–	–	–	(13.3)
discontinued operations	(3.6)	–	–	–	(3.6)
Salaries, wages and employee benefits	(25.4)	(212.0)	(108.9)	(33.9)	(380.2)
discontinued operations	–	(43.7)	(9.6)	(3.0)	(56.3)
Transport services	(0.5)	(2.6)	(109.5)	–	(112.6)
discontinued operations	–	–	(2.0)	–	(2.0)
Other rental costs – utilities and other variable costs	(0.1)	(58.8)	(16.1)	(6.6)	(81.6)
discontinued operations	–	(7.2)	(3.9)	(1.1)	(12.2)
Other services	(2.6)	(30.8)	(202.7)	(32.3)	(268.4)
discontinued operations	–	(2.2)	(0.7)	(3.3)	(6.2)
Depreciation and amortisation	(2.5)	(330.6)	(15.8)	(18.7)	(367.6)
discontinued operations	–	(43.0)	(0.4)	(2.2)	(45.6)
Taxes and charges	(0.4)	(2.0)	(7.9)	(3.5)	(13.8)
discontinued operations	–	(0.1)	(0.1)	–	(0.2)
Other expenses	(0.2)	(2.4)	(108.5)	(3.7)	(114.8)
discontinued operations	–	(0.3)	(2.9)	(0.7)	(3.9)
Change in products and work in progress	2.3	–	–	–	2.3
Total	**(1,242.2)**	**(666.5)**	**(592.5)**	**(105.1)**	**(2,606.3)**
continuing operations	**(1,235.6)**	**(570.0)**	**(572.3)**	**(94.7)**	**(2,472.6)**
discontinued operations	**(6.6)**	**(96.5)**	**(20.2)**	**(10.4)**	**(133.7)**

[all amounts in PLN million unless stated otherwise]

April 1st–June 30th 2020	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, reviewed					
Cost of merchandise sold	(650.5)	–	–	–	(650.5)
discontinued operations	(0.6)	–	–	–	(0.6)
Raw material and consumables used	(18.0)	(8.1)	(12.0)	(3.9)	(42.0)
discontinued operations	–	–	(0.2)	(0.3)	(0.5)
Inventory write-downs	(13.3)	–	–	–	(13.3)
discontinued operations	(3.6)	–	–	–	(3.6)
Salaries, wages and employee benefits	(7.0)	(71.2)	(52.8)	(15.3)	(146.3)
discontinued operations	–	(15.1)	(4.0)	(1.4)	(20.5)
Transport services	(0.2)	0.1	(53.3)	0.1	(53.3)
discontinued operations	–	–	(0.3)	–	(0.3)
Other rental costs – utilities and other variable costs	(0.1)	(18.6)	(10.7)	(3.5)	(32.9)
discontinued operations	–	(2.1)	(1.8)	(0.6)	(4.5)
Other services	(0.4)	(11.9)	(110.6)	(17.9)	(140.8)
discontinued operations	–	(0.9)	(0.4)	(1.5)	(2.8)
Depreciation and amortisation	(1.2)	(164.4)	(10.2)	(7.5)	(183.3)
discontinued operations	–	(18.8)	(0.2)	(1.1)	(20.1)
Taxes and charges	–	(0.8)	(6.1)	(0.9)	(7.8)
Other expenses	(0.1)	(1.0)	(72.6)	(1.0)	(74.7)
discontinued operations	–	(0.1)	(2.4)	–	(2.5)
Change in products and work in progress	1.2	–	–	–	1.2
Total	**(689.6)**	**(275.9)**	**(328.3)**	**(49.9)**	**(1,343.7)**
continuing operations	**(685.4)**	**(238.9)**	**(319.0)**	**(45.0)**	**(1,288.3)**
discontinued operations	**(4.2)**	**(37.0)**	**(9.3)**	**(4.9)**	**(55.4)**

Cost of sales related to continuing operations grew 52% year on year, while revenue rose 56%. The increase was due mainly to the revival of sales in the retail channel, development of the e-commerce channel 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 is attributable to the scaling down of production at Gino Rossi S.A.

Costs of points of purchase related to continuing operations increased by 12% year on year, driven mainly by:

- PLN 47.7m 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 35.5m increase in other rental costs (sales-based 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, and expansion of the sales channels;
- PLN 6.6m increase in taxes and charges, mainly due to retail tax (PLN 6.2m), which has been levied since January 2021.

The 44% year-on-year growth in other distribution costs related to continuing operations was mainly an effect of the rapidly growing e-commerce business at the Group. The most significant changes occurred the following types of costs:

- other services (up 55% 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 e-commerce channel in further markets in 2020 (including Hungary, Romania) and the dynamic development of e-commerce in Poland through CCC S.A., eobuwie.pl 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 33.8m), reflecting higher costs of outsourcing and advisory services, and an increase in salaries and wages and employee benefits (up PLN 41.1m), 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 42.1m, of which PLN 9.0m was attributable to discontinued operations (in the six months to June 30th 2020 the figure was PLN 50.6, of which PLN 10.9m was reclassified to discontinued operations).

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, penalties and fines, donations, grants, etc.

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

Grants

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

[all amounts in PLN million unless stated otherwise]

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Other expenses						
Loss on disposal of property, plant and equipment	(2.9)	0.6	(0.2)	0.2	–	–
discontinued operations	–	0.3	0.1	(0.1)	–	–
Impairment losses on property, plant and equipment and on intangible assets	–	–	(88.1)	(88.1)	(88.0)	(88.0)
discontinued operations	–	–	(30.6)	(30.6)	(30.5)	(30.5)
Provisions recognised for costs of store closures	–	–	(48.8)	(48.8)	(48.8)	(48.8)
discontinued operations	–	–	(2.7)	(2.7)	(2.7)	(2.7)
Other	(6.8)	8.9	(78.0)	(67.5)	(54.0)	(51.6)
discontinued operations	(2.2)	8.7	–	5.8	–	–
Foreign exchange losses on items other than debt	(14.2)	(7.2)	–	24.3	(11.5)	13.3
Total other expenses	**(23.9)**	**2.3**	**(215.1)**	**(179.9)**	**(202.3)**	**(175.1)**
continuing operations	(21.7)	(6.7)	(181.9)	(152.3)	(169.1)	(141.9)
discontinued operations	(2.2)	9.0	(33.2)	(27.6)	(33.2)	(33.2)

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Loss allowances (trade receivables)						
Impairment losses on trade receivables	(7.8)	(7.8)	(58.8)	(58.8)	(63.8)	(63.8)
including discontinued operations	–	–	(0.5)	(0.5)	(0.6)	(0.6)
Total loss allowances (trade receivables)	**(7.8)**	**(7.8)**	**(58.8)**	**(58.8)**	**(63.8)**	**(63.8)**
including continuing operations	(7.8)	(7.8)	(58.3)	(58.3)	(63.2)	(63.2)
including discontinued operations	–	–	(0.5)	(0.5)	(0.6)	(0.6)

In the reporting period, the Group recognised an impairment loss on trade receivables from HRG of PLN 7.8m. Gross carrying amount of trade receivables from HRG as at July 31st 2021 was PLN 55.3m, compared with PLN 47.5m as at January 31st 2021. Impairment losses on the entire gross carrying amount of the receivables were recognised in the previous and current periods as impairment of trade receivables from and loans to the HRG Group was identified as a result of the deterioration in HRG's financial condition caused by COVID-19. The entire credit exposure of the CCC Group to HRG was analysed. Then the amount of the exposure was compared with the present value of projected cash flows that the CCC Group expects to receive from HRG, and appropriate allowances were recognised.

[all amounts in PLN million unless stated otherwise]

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Other income						
Gain on disposal of property, plant and equipment	7.1	7.1	–	–	(2.1)	(4.5)
discontinued operations	7.1	7.1	–	–	0.1	(0.1)
Foreign exchange gains on items other than debt	–	–	7.1	7.1	–	–
discontinued operations	–	–	–	–	0.1	0.1
Compensation	0.9	0.2	0.7	(1.0)	1.1	0.5
discontinued operations	–	–	0.3	0.3	0.3	0.3
PFRON wage subsidies	1.8	1.0	1.4	0.5	1.6	0.7
Grants	1.0	(1.6)	–	(1.2)	0.5	(0.3)
Other	39.8	23.4	27.1	24.0	21.9	12.2
discontinued operations	11.3	10.4	0.1	(0.1)	0.1	0.1
Total other income	**50.6**	**30.1**	**36.3**	**29.4**	**23.0**	**8.4**
continuing operations	32.2	12.6	35.9	29.2	22.4	8.0
discontinued operations	18.4	17.5	0.4	0.2	0.6	0.4
Total other income and expenses	**26.7**	**32.4**	**(178.8)**	**(150.5)**	**(179.3)**	**(166.7)**
continuing operations	**10.5**	**5.9**	**(146.0)**	**(123.1)**	**(146.7)**	**(133.9)**
discontinued operations	**16.2**	**26.5**	**(32.8)**	**(27.4)**	**(32.6)**	**(32.8)**

The increase in other income was mainly attributable to the gain (loss) on early termination of lease contracts and a change in the scope of lease contracts recognised in the reporting period at PLN 13.2m, presented under 'Other'. The remaining increase is mainly attributable to discontinued operations.

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Finance costs						
Interest on borrowings and bonds	(20.3)	(9.2)	(15.0)	(4.1)	(18.8)	(5.5)
discontinued operations	(1.5)	2.9	–	0.1	(0.1)	3.7
Interest of leases	(26.5)	(12.6)	(20.4)	(11.7)	(19.3)	(10.4)
discontinued operations	(2.0)	(0.5)	(4.0)	(1.8)	(4.2)	(4.2)
Foreign exchange gains (losses)	(6.5)	(6.5)	(21.2)	49.5	(23.5)	(11.4)
discontinued operations	(6.3)	(5.6)	–	–	(0.4)	(11.0)
Commission fees paid	(8.4)	(6.4)	(1.8)	(1.3)	(3.6)	(3.1)
Valuation of options to purchase non-controlling interests	(13.6)	(4.5)	(12.6)	(6.4)	(13.0)	(6.6)
Valuation of HRG option	–	–	(13.1)	0.1	(13.2)	–
Measurement of financial instruments	(1.0)	(1.0)	–	–	–	–
Other	–	5.4	(15.7)	(2.2)	(10.1)	(8.5)
discontinued operations	–	0.2	–	–	0.1	0.1
Finance costs	**(76.3)**	**(34.8)**	**(99.8)**	**23.9**	**(101.5)**	**(45.5)**
continuing operations	(66.5)	(31.8)	(95.8)	25.6	(96.9)	(34.1)

[all amounts in PLN million unless stated otherwise]

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
discontinued operations	(9.8)	(3.0)	(4.0)	(1.7)	(4.6)	(11.4)
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Finance income						
Interest income on cash in current account and other interest income	8.6	4.3	8.3	5.1	5.8	(0.2)
discontinued operations	–	–	0.2	0.1	0.2	0.2
Foreign exchange gains (losses)	–	(1.4)	–	(49.2)	–	–
discontinued operations	–	–	2.1	(8.5)	7.3	7.3
Measurement of financial instruments	–	–	6.3	6.3	6.3	6.3
Gain on modification of credit facility agreements	–	–	5.6	5.6	5.6	5.6
Other	3.4	(4.8)	4.8	2.1	5.5	4.5
discontinued operations	3.0	(4.0)	–	–	–	–
Valuation of options to purchase non-controlling interests	–	–	22.8	22.8	22.8	22.8
Finance income	**12.0**	**(1.9)**	**47.8**	**(7.3)**	**46.0**	**39.0**
continuing operations	9.0	2.1	45.5	1.1	38.5	31.5
discontinued operations	3.0	(4.0)	2.3	(8.4)	7.5	7.5

	February 1st–July 31st 2021	May 1st–July 31st 2021	February 1st–July 31st 2020	May 1st–July 31st 2020	January 1st–June 30th 2020	April 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, reviewed	unaudited, unreviewed
Loss allowances (loans)	(9.8)	(4.6)	(111.4)	(111.4)	(116.0)	(116.0)
Total loss allowances (loans)	**(9.8)**	**(4.6)**	**(111.4)**	**(111.4)**	**(116.0)**	**(116.0)**

In the reporting period, the Company recognised a PLN 9.8m impairment loss on loans advanced to HRG. Gross carrying amount of loans advanced to HRG as at July 31st 2021 was PLN 140.0m, 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. The entire credit exposure of the CCC Group to HRG was analysed. Then the amount of the exposure was compared with the present value of projected cash flows that the CCC Group expects to receive from HRG, and appropriate allowances were recognised.

For detailed information on the loans and sureties, broken down by gross carrying amount, credit exposure and impairment losses, 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 PGK consists of the following companies:

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

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

ACCOUNTING POLICY

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

Uncertainty over recognition of income tax

If, in the opinion of the 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.

[all amounts in PLN million unless stated otherwise]

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 had understated the amount of calculated and paid tax on civil law transactions 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–July 31st 2021	**February 1st–July 31st 2020**	**January 1st–June 30th 2020**
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Current income tax expense	(49.0)	(13.4)	(14.8)
discontinued operations	–	–	–
Adjustments to current income tax for prior years	(7.2)	–	–
Deferred tax	53.1	42.4	46.8
discontinued operations	–	(1.1)	(1.3)
Income tax recognised in statement of comprehensive income	**(3.1)**	**29.0**	**32.0**
discontinued operations	–	(1.1)	(1.3)
Current tax recognised in profit or loss	56.2	13.4	14.8
discontinued operations	–	–	–
Balance of CIT liabilities/(receivables) at beginning of period	17.0	8.7	11.4
Balance of CIT receivables/(liabilities) at end of period	(4.2)	(14.3)	(16.0)
Other changes	0.8	(0.3)	0.2
Tax paid recognised in statement of cash flows	**69.8**	**7.5**	**10.0**
discontinued operations	–	–	–

[all amounts in PLN million unless stated otherwise]

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–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
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%**	**18.99%**	**19.05%**

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.

	February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Profit (loss) before tax	**(88.7)**	**(886.5)**	**(973.2)**
including profit (loss) from continuing operations	**(88.7)**	**(609.7)**	**(699.1)**
including profit (loss) from discontinued operations	**–**	**(276.8)**	**(274.1)**
Weighted average tax rate	19.00%	18.99%	19.05%
Tax calculated at weighted average tax rate	16.8	168.3	185.4
Tax effects of the following items:			
non-taxable income	1.9	3.7	3.7
other non-deductible expenses (permanent differences)	(5.4)	(9.1)	(7.5)
fair value measurement of Karl Voegele AG	–	(42.8)	(42.8)
loss allowances	–	(21.1)	(22.1)
impairment losses on receivables with respect to which no deferred tax assets were recognised	–	(6.7)	(6.7)
realisation of the temporary difference for which no deferred tax was recognised	53.9	–	–
tax relating to previous year	(7.2)	–	–
transaction involving 10% of eobuwie.pl S.A. shares	(26.6)	–	–
tax losses with respect to which no deferred tax assets were recognised	(28.9)	(73.7)	(72.3)
temporary differences with respect to which no deferred tax assets were recognised	(16.5)	–	–
other adjustments	8.9	10.4	(5.7)
Income tax expense	**(3.1)**	**29.0**	**32.0**
including continuing operations	**(3.1)**	**30.1**	**33.3**
including discontinued operations	**–**	**(1.1)**	**(1.3)**

[all amounts in PLN million unless stated otherwise]

BALANCES OF AND CHANGES IN DEFERRED TAX

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

	July 31st 2021	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 31st 2021	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2020
		February 1st–July 31st 2021			January 1st 2020–July 31st 2021		
	unaudited, reviewed			audited			audited
Assets							
Trademarks	15.5	–	(2.0)	17.5	–	(3.0)	20.5
Inventories – adjustment of margin on intra-group sales	12.1	–	0.9	11.2	–	0.4	10.8
Impairment of assets: inventories and receivables	1.0	–	–	1.0	–	(2.8)	3.8
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	1.5	–	(1.2)	2.7	–	2.7	–
Provisions for liabilities	16.7	–	0.3	16.4	–	(10.2)	26.6
Special economic zone relief	55.7	–	(2.5)	58.2	–	19.1	39.1
Other	21.3	–	14.2	7.1	–	2.1	5.0
Tax losses	26.9	–	26.9	–	(17.9)	–	17.9
Measurement of lease contracts	60.7	–	11.1	49.6	–	39.2	10.4
Total before offset	**211.4**	**–**	**47.7**	**163.7**	**(17.9)**	**47.5**	**134.1**
Liabilities	**–**	**–**	**–**				
Accelerated tax depreciation of property, plant and equipment	0.1	–	(5.4)	5.5	(12.7)	4.6	13.6
Accrued interest	6.5	–	2.5	4.0	–	4.0	–
Other	–	–	(2.5)	2.5	(5.2)	(0.2)	7.9
Purchase of intangible assets disclosed on acquisition of subsidiaries	36.8	–	(0.8)	37.6	–	(2.1)	39.7
Total before offset	**43.4**	**–**	**(6.2)**	**49.6**	**(17.9)**	**6.3**	**61.2**
Offset	6.7	–	(4.9)	11.6	–	(12.2)	23.8
Deferred tax balances as disclosed in statement of financial position	**–**	**–**	**–**				
Assets	204.7	–	52.6	152.1	(17.9)	59.7	110.3
Liabilities	36.7	–	(1.3)	38.0	(17.9)	18.5	37.4

[all amounts in PLN million unless stated otherwise]

	July 31st 2020	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2020
		February 1st–July 31st 2020		
	unaudited, unreviewed			unaudited
Assets				
Trademarks	17.2	–	(3.0)	20.2
Inventories – adjustment of margin on intra-group sales	12.2	–	0.4	11.8
Impairment of assets: inventories and receivables	11.5	–	7.8	3.7
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	12.1	–	12.1	–
Provisions for liabilities	34.0	–	16.8	17.2
Special economic zone relief	35.9	–	(3.2)	39.1
Other	6.2	–	(3.4)	9.6
Tax losses	22.6	–	–	22.6
discontinued operations	17.9	–	–	17.9
Measurement of lease contracts	30.5	–	16.9	13.6
Total before offset	**182.2**	–	**44.4**	**137.8**
Liabilities				
Accelerated tax depreciation of property, plant and equipment	13.0	–	(0.6)	13.6
discontinued operations	12.7	–	–	12.7
Other	10.6	–	2.6	8.0
discontinued operations	5.2	–	–	5.2
Purchase of intangible assets disclosed on acquisition of subsidiaries	39.7	–	–	39.7
Total before offset	**81.2**	–	**2.0**	**79.2**
Offset	25.9	–	1.8	24.1
discontinued operations	17.9	–	–	17.9
Deferred tax balances as disclosed in statement of financial position				
Assets	156.3	–	42.6	113.7
Liabilities	37.4	–	0.2	37.2

[all amounts in PLN million unless stated otherwise]

	June 30th 2020	TRANSFER TO DISCONTINUED OPERATIONS	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2020
		January 1st 2020–June 30th 2020		
	unaudited, reviewed			audited
Assets				
Trademarks	17.5	–	(3.0)	20.5
Inventories – adjustment of margin on intra-group sales	12.2	–	1.4	10.8
Impairment of assets: inventories and receivables	10.4	–	6.6	3.8
Impairment of property, plant and equipment (leasehold improvements), rights-of-use assets and intangible assets	12.1	–	12.1	–
Provisions for liabilities	36.2	–	9.6	26.6
Special economic zone relief	35.9	–	(3.2)	39.1
Revenue recognised over time		–		
Other	1.4	–	(3.6)	5.0
Tax losses	17.9	–	–	17.9
discontinued operations	17.9	–	–	17.9
Measurement of lease contracts	39.7	–	29.3	10.4
Total before offset	**183.3**	–	**49.2**	**134.1**
Liabilities				
Accelerated tax depreciation of property, plant and equipment	13.2	–	(0.4)	13.6
discontinued operations	12.7	–	–	12.7
Other	10.7	–	2.8	7.9
discontinued operations	5.2	–	–	5.2
Purchase of intangible assets disclosed on acquisition of subsidiaries	39.7	–	–	39.7
Total before offset	**81.5**	–	**2.4**	**79.1**
Offset	26.2	–	2.4	23.8
discontinued operations	17.9	–	–	17.9
Deferred tax balances as disclosed in statement of financial position	**–**	–	**–**	**–**
Assets	157.1	–	46.8	110.3
Liabilities	37.4	–	–	37.4

[all amounts in PLN million unless stated otherwise]

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	July 31st 2021 unaudited, reviewed		January 31st 2021 audited		July 31st 2020 unaudited, unreviewed		June 30th 2020 unaudited, reviewed	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
up to 1 year	76.6	8.1	43.6	8.5	78.4	7.9	76.3	7.9
1-2 years	22.0	2.0	20.1	2.0	16.1	2.0	17.0	2.0
2-3 years	22.8	2.0	16.9	2.0	11.0	2.0	11.4	2.0
3-5 years	45.3	4.0	28.5	4.9	22.1	4.9	22.8	4.9
over 5 years	38.0	20.6	43.0	20.6	28.7	20.6	29.6	20.6
Total	**204.7**	**36.7**	**152.1**	**38.0**	**156.3**	**37.4**	**157.1**	**37.4**
Unrecognised	166.9	-	121.5	-	7.9	-	72.3	-
Related to goodwill	-	-	-	-	-	-	-	-
Related to temporary differences	16.5	-	-	-	-	-	-	-
Related to tax losses	150.4	-	121.5	-	7.9	-	72.3	-

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. and CCC Rosja 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 28.9m. The amount of tax loss incurred in the current period by CCC.eu sp. z o.o. was PLN 140.9m, and by CCC Russia OOO – PLN 11.3m. The total amount of unrecognised tax loss asset is PLN 150.4m and relates to CCC.eu Sp. z o.o. (PLN 142.5m) and CCC Russia OOO (PLN 7.9m). In accordance with the applicable tax laws, the tax losses of these companies can be used over the period of five years. In addition, the Group did not recognise a deferred tax asset on temporary differences at CCC.eu Sp. z o.o. for the reporting period, in the amount of PLN 16.5m.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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. 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 separate statement of financial position) less cash and cash equivalents. The total amount of capital is calculated as the sum of the equity disclosed in the statement of financial position and the net debt.

EQUITY

ACCOUNTING POLICY

Equity is recognised with a breakdown into specific components, in accordance with legal regulations and the relevant provisions of the Articles of Association. Components of equity:

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

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

SHARE CAPITAL

As at July 31st 2021, January 31st 2021, July 31st 2020 and June 30th 2020, the parent's share capital comprised 54.87m shares with a par value of PLN 0.10, including 48.22m ordinary shares and 6.65m shares with voting preference. As at July 31st 2021, January 31st 2021, July 31st 2020 and June 30th 2020, the share capital was PLN 5.5m. As at the reporting date, the share capital was fully paid up and registered. Shareholders have the pre-emptive right to acquire registered preference shares intended for sale.

ULTRO s.a.r.l. of Luxembourg controls the parent, with a 31.12% equity interest and a 38.32% 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 July 31st 2021, the statutory reserve funds were PLN 490.3m (as at January 31st 2021, July 31st 2020 and June 30th 2020: 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 July 31st 2021, retained earnings were positive at PLN 126.6m (January 31st 2021: negative at PLN (969.1)m; July 31st 2020: PLN (619.0)m).

EARNINGS PER SHARE

Earnings per share are calculated as the quotient of net profit for the reporting period attributable to holders of ordinary shares of the parent and the weighted average number of ordinary shares outstanding in the period. Diluted earnings per share are calculated as the quotient of net profit for the reporting period attributable to holders of ordinary shares and the weighted average number of ordinary shares outstanding in the period adjusted for the weighted average number of ordinary shares that would be issued upon conversion of all potentially dilutive equity instruments into ordinary shares.
In the six months ended July 31st 2021, basic and diluted loss per share was PLN (1.58). In the six months ended July 31st 2020, basic and diluted loss per share was PLN (19.01). In the six months ended June 30th 2020, basic and diluted loss per share was PLN (21.09).

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 31st 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 50.8m against statutory reserve funds.

On April 23rd 2021, the Extraordinary General Meeting of eobuwie.pl 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 10.2m to non-controlling interests);

- PLN 4.7m to be contributed to eobuwie.pl S.A.'s statutory reserve funds.

[all amounts in PLN million unless stated otherwise]

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	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
CCC Russia OOO	Russia	25.0%	25.0%	25.0%	25.0%
eobuwie.pl Group	Poland	25.01%	25.01%	25.01%	25.01%
DeeZee sp. z o.o.	Poland	25.0%	25.0%	25.0%	25.0%
Karl Voegele AG	Switzerland	n/a	30.0%	30.0%	30.0%
C-AirOP Ltd.	Isle of Man	50.0%	50.0%	50.0%	50.0%

CONDENSED FINANCIAL INFORMATION ON SUBSIDIARIES WHOSE NON-CONTROLLING INTERESTS ARE MATERIAL

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	C-AirOP Ltd.
unaudited, reviewed	**February 1st–July 31st 2021**			
Revenue	47.1	1,585.5	56.4	13.6
Cost of sales	(24.6)	(902.0)	(25.6)	–
Gross profit (loss)	22.5	683.5	30.8	13.6
Costs of points of purchase	(19.2)	(32.5)	(0.1)	–
Other distribution costs	(0.7)	(516.4)	(24.8)	–
Administrative expenses	(5.8)	(21.9)	(2.0)	(13.6)
Other income and expenses	5.3	3.4	3.7	(0.5)
Operating profit (loss)	2.1	116.1	7.6	(0.5)
Finance income	0.3	2.2	–	–
Finance costs	(5.7)	(5.9)	(0.1)	–
Profit (loss) before tax	(3.4)	112.3	7.5	(0.5)
Income tax	0.3	(27.6)	0.7	–
Net profit (loss)	(3.0)	84.8	8.2	(0.5)
Total comprehensive income	(3.0)	84.8	8.2	(0.5)

Interim condensed consolidated financial statements for the six months from February 1st 2021 to July 31st 2021 [all amounts in PLN million unless stated otherwise]

Statement of comprehensive income	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	Karl Voegele AG	C-AirOP Ltd.
unaudited, unreviewed	**February 1st–July 31st 2020**				
Revenue	27.6	949.6	30.8	141.1	5.4
Cost of sales	(16.3)	(529.4)	(15.2)	(72.9)	–
Gross profit (loss)	11.3	420.2	15.6	68.2	5.4
Costs of points of purchase	(17.8)	(18.1)	0.2	(94.8)	–
Other distribution costs	(0.6)	(311.5)	(9.5)	(22.5)	–
Administrative expenses	(2.9)	(23.1)	(1.2)	(10.6)	(4.7)
Other income and expenses	(4.8)	8.6	3.6	(23.5)	0.9
Operating profit (loss)	(14.8)	76.1	8.7	(83.2)	1.6
Finance income	0.3	1.9	–	7.7	–
Finance costs	(14.8)	(8.8)	–	(4.5)	(0.1)
Profit (loss) before tax	(29.3)	69.1	8.7	(80.0)	1.5
Income tax	4.4	(9.8)	0.2	3.6	–
Net profit (loss)	(24.9)	59.3	8.9	(76.4)	1.5
Total comprehensive income	(24.9)	59.3	8.9	(76.4)	1.5

Statement of comprehensive income	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	Karl Voegele AG	C-AirOP Ltd.
unaudited, reviewed	**January 1st 2020–June 30th 2020**				
Revenue	28.8	926.3	30.1	70.5	6.0
Cost of sales	(18.3)	(521.9)	(15.1)	(6.6)	–
Gross profit (loss)	10.5	404.3	15.1	63.9	6.0
Costs of points of purchase	(24.8)	(27.2)	–	(96.5)	–
Other distribution costs	(0.5)	(301.7)	(10.3)	(20.2)	–
Administrative expenses	(3.2)	(12.1)	(1.3)	(10.4)	(4.7)
Other income and expenses	(1.0)	(1.8)	3.7	(33.2)	1.0
Operating profit (loss)	(18.9)	61.5	7.2	(96.4)	2.3
Finance income	0.3	2.1	–	7.5	–
Finance costs	(12.2)	(10.8)	–	(4.6)	–
Profit (loss) before tax	(30.9)	52.8	7.2	(93.5)	2.3
Income tax	4.2	(8.2)	0.1	(1.3)	–
Net profit (loss)	(26.7)	44.6	7.3	(94.8)	2.3
Total comprehensive income	(26.7)	44.6	7.3	(95.4)	1.9

[all amounts in PLN million unless stated otherwise]

CONDENSED STATEMENT OF FINANCIAL POSITION

Condensed statement of financial position	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	C-AirOP Ltd.
unaudited, reviewed	July 31st 2021			
Non-current assets	80.5	631.2	10.4	–
Current assets	52.9	1,098.8	49.7	20.6
Non-current liabilities	50.6	184.6	1.7	–
Current liabilities	152.2	988.1	24.6	3.3
Net assets	(69.4)	557.3	33.8	17.3
Total non-controlling interests	**(17.3)**	**139.4**	**8.4**	**8.6**

Condensed statement of financial position	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	Karl Voegele 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**	**–**	**8.6**

Condensed statement of financial position	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	Karl Voegele AG	C-AirOP Ltd.
unaudited, unreviewed	July 31st 2020				
Non-current assets	122.3	576.7	6.9	308.9	–
Current assets	62.6	754.9	26.1	172.9	17.7
Non-current liabilities	89.9	242.4	–	157.3	–
Current liabilities	146.7	647.8	9.5	350.1	1.6
Net assets	(51.8)	441.4	23.6	(25.6)	16.1
Total non-controlling interests	**(12.9)**	**110.4**	**5.9**	**–**	**8.0**

Condensed statement of financial position	CCC Russia OOO	eobuwie.pl Group	DeeZee sp. z o.o.	Karl Voegele AG	C-AirOP Ltd.
unaudited, reviewed	June 30th 2020				
Non-current assets	35.2	338.6	6.8	96.4	–
Current assets	72.5	731.1	25.8	204.8	16.9
Non-current liabilities	0.3	149.7	–	119.5	–
Current liabilities	147.0	617.8	9.6	293.0	1.2
Net assets	(39.5)	302.2	23.0	(111.2)	–

4.2 BANK BORROWINGS AND BONDS

ACCOUNTING POLICY

Financing liabilities include mainly bank borrowings, lease liabilities and bonds issued. Financing liabilities are initially recognised at fair value less transaction costs incurred to obtain financing. After initial recognition, financial liabilities are measured at 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 measurement is recognised as income or expense in profit or loss.

[all amounts in PLN million unless stated otherwise]

BANK BORROWINGS AND BONDS

unaudited, reviewed	LIABILITIES UNDER BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/REVOLVING 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	542.9	151.8	–	–	694.7
- transaction costs	–	–	–	–	–
Interest accrued	0.1	14.0	6.1	2.2	22.4
Debt-related payments					
- principal payments	(112.6)	(312.9)	(453.4)	–	(878.9)
- interest paid	–	(9.5)	(5.6)	(1.7)	(16.8)
Increase due to change in overdraft/revolving facility amount	–	–	225.1	–	225.1
Change in presentation from current to non-current	34.5	(34.5)	–	–	–
Other non-cash changes	1.2	4.0	(1.0)	–	4.2
As at July 31st 2021	**938.8**	**82.9**	**487.7**	**210.9**	**1,720.3**
short-term	–	82.9	185.4	0.9	269.2
long-term	938.8	–	302.3	210.0	1,451.1

audited	LIABILITIES UNDER BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/REVOLVING 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
- transaction costs	–	–	–	–	–
Interest accrued	2.2	14.2	11.5	5.2	33.1
Debt-related payments					
- principal 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**

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 interest rate. The Group derecognised existing liabilities 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., OFP 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 886.0 thousand, 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., eobuwie.pl S.A. and Gino Rossi S.A. by PKO BP S.A., whereby the limits allocated to eobuwie.pl S.A. were separated. At the same time, an agreement was signed between eobuwie.pl 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 141.6m. As at the reporting date, CCC S.A. and CCC eu sp. z o.o. were using the sub-limits granted under the agreement for an overdraft facility of up to PLN 60m, bank guarantees of up to PLN 49.4m, and a non-revolving working capital facility of PLN 220m.

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 will be made on a quarterly basis starting from October 31st 2021.

Tranche B – a revolving working capital facility B (repayable on the final repayment date, i.e. June 30th 2024) of up to PLN 448.4 thousand, 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.

[all amounts in PLN million unless stated otherwise]

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**
TOTAL	**1,549.9**	**(415.0)**	**(878.2)**	**437.6**	**(35.0)**	**448.4**	**1,107.7**

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 eobuwie.pl 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 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.

[all amounts in PLN million unless stated otherwise]

unaudited, unreviewed	LIABILITIES UNDER BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/REVOLVING FACILITY	LIABILITIES UNDER BONDS	TOTAL
As at February 1st 2020	**475.9**	**28.7**	**907.9**	**210.5**	**1,623.0**
Proceeds from debt contracted					
- financing received	–	–	2.0	–	2.0
- transaction costs	0.1	1.1	0.8	–	2.0
Interest accrued	1.5	8.5	6.3	3.9	20.2
Debt-related payments					
- principal payments	–	–	–	0.1	0.1
- interest paid	(1.1)	(17.4)	(1.5)	(3.9)	(23.9)
Increase due to change in overdraft/revolving facility amount	–	–	(50.1)	–	(50.1)
Change in presentation from current to non-current	(151.2)	151.2	–	–	–
Other non-cash changes	(5.6)	6.4	(15.5)	–	(14.7)
As at July 31st 2020	**319.6**	**178.5**	**849.9**	**210.6**	**1,558.6**

unaudited, reviewed	LIABILITIES UNDER BORROWINGS AND BONDS				
	LONG-TERM CREDIT FACILITY	SHORT-TERM CREDIT FACILITY	OVERDRAFT/REVOLVING 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	–	–	2.0	–	2.0
- transaction costs	0.2	1.1	0.8	–	2.1
Interest accrued	2.0	7.5	7.6	3.2	20.3
Debt-related payments					
- principal payments	–	–	–	0.1	0.1
- interest paid	(1.1)	(8.3)	(3.1)	(3.2)	(15.7)
Increase due to change in overdraft/revolving facility amount	–	–	82.8	–	82.8
Change in presentation from current to non-current	(157.9)	157.9	–	–	–
Other non-cash changes	(5.6)	(0.9)	(10.1)	–	(16.6)
As at June 30th 2020	**310.6**	**185.7**	**882.0**	**210.1**	**1,588.4**

[all amounts in PLN million unless stated otherwise]

Collateral for the liabilities is presented below.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
AMOUNT AND/OR CARRYING AMOUNT OF SECURITY				
Sureties	2,723.3	360.0	151.6	151.6
Security mortgages on real estate	4,692.3	2,189.7	1,814.7	1,814.7
Registered pledge over movable property	889.4	928.7	2,083.4	2,083.4
Blank promissory notes	2,495.6	1,447.6	828.0	828.0

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 retail 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 Group companies recognise cash revenue from retail transactions at the time of sale.

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 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 current operations (including the accounts used for working capital and reverse factoring facilities), in periods from two to six months. Delayed maturity of current financial liabilities, generally by three months relative to the date on which the funds provided by the lenders were used, allows the Group to reasonably manage its sales and ensure timely payment of financial liabilities by the CCC Group. 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 entire financial liabilities on an timely basis in each period. 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 only period when the CCC Group recognised a material risk of default on its financial liabilities (for one- to three-month intervals) was 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 does not significantly increase the liquidity risk. Save for extraordinary events or events that cannot be foreseen in the course of a 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.

Prudent liquidity management also implies that the CCC Group maintains sufficient cash and cash equivalents at all times 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.

[all amounts in PLN million unless stated otherwise]

The table below presents undiscounted payments under the existing financing liabilities, and the contractual maturities of the instruments used by the CCC Group.

As at July 31st 2021	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	UNDISCOUNTED	
unaudited, reviewed							
Bank borrowings	203.3	105.5	1,079.2	229.1	–	1,617.1	1,509.4
Bonds	–	10.0	30.0	220.0	–	260.0	210.9
Trade payables	893.4	430.2	1.8	–	–	1,325.4	1,325.3
Returns liabilities	53.0	–	–	–	–	53.0	53.0
Liabilities arising from obligation to purchase non-controlling interests	360.0	–	–	96.5	–	456.5	444.8
Lease liabilities	159.0	324.1	713.0	475.3	207.9	1,879.3	1,763.6
Total financial liabilities	**1,668.7**	**869.8**	**1,824.0**	**1,020.9**	**207.9**	**5,591.3**	**5,307.0**

As at January 31st 2021	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	UNDISCOUNTED	
audited							
Bank borrowings	902.9	86.9	482.8	–	–	1,472.6	1,459.1
Bonds	–	212.9	–	–	–	212.9	210.5
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

As at July 31st 2020	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	UNDISCOUNTED	
unaudited, unreviewed							
Bank borrowings	0.6	1,135.0	321.4	–	–	1,457.0	1,348.0
Bonds	–	213.1	–	–	–	213.1	210.6
Trade payables	669.4	333.3	–	–	–	1,002.7	1,002.7
Returns liabilities	25.4	–	–	–	–	25.4	25.4
Liabilities arising from obligation to purchase non-controlling interests	–	–	819.3	18.7	–	838.0	786.4
Lease liabilities	142.8	312.7	790.9	527.3	299.7	2,073.4	1,846.2
Total financial liabilities	**838.2**	**1,994.1**	**1,931.6**	**546.0**	**299.7**	**5,609.6**	**5,219.3**

[all amounts in PLN million unless stated otherwise]

As at June 30th 2020	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL	CARRYING AMOUNT
	UP TO 3 MONTHS	3–12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	UNDISCOUNTED	
unaudited, reviewed							
Bank borrowings	0.6	1,069.5	311.9	–	–	1,382.0	1,378.3
Bonds	–	212.5	–	–	–	212.5	210.1
Trade payables	712.3	223.6	–	–	–	935.9	935.9
Returns liabilities	37.7	–	–	–	–	37.7	37.7
Liabilities arising from obligation to purchase non-controlling interests	–	–	819.3	18.8	–	838.0	784.3
Lease liabilities	135.8	397.8	829.0	552.7	278.7	2,194.0	1,887.0
Obligation to pay to associate	3.2	–	–	–	–	3.2	3.2
Total financial liabilities	**889.6**	**1,903.4**	**1,960.2**	**571.5**	**278.7**	**5,603.3**	**5,236.5**

[all amounts in PLN million unless stated otherwise]

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

	TRADE AND OTHER RECEIVABLES	TRADE AND OTHER PAYABLES AND OTHER LIABILITIES
As at February 1st 2021	406.4	1,655.5
As at July 31st 2021	462.9	1,731.2
Change in statement of financial position	**(56.5)**	**75.7**
Difference due to:		
Changes in investment liabilities/receivables	4.6	(3.0)
Adjustment for change in long-term receivables/liabilities	1.8	15.9
Adjustment for change due to disposal of subsidiary	(1.4)	–
Other	–	0.1
Change recognised in statement of cash flows	**(51.5)**	**88.7**
As at February 1st 2020	474.1	1,451.9
As at July 31st 2020	430.1	1,431.1
Change in statement of financial position	**44.0**	**(20.8)**
Difference due to:		
Changes in investment liabilities	(0.7)	25.1
Adjustment for change in balances due to acquisition of subsidiaries	36.6	–
Obligation to pay to associate	–	29.4
Adjustment for items reclassified to discontinued operations	–	36.9
Other	(5.2)	(2.0)
Change recognised in statement of cash flows	**74.7**	**68.6**

Change recognised in statement of cash flows		
As at January 1st 2020	442.3	1,536.2
As at June 30th 2020	377.3	1,421.7
Change in statement of financial position	**65.0**	**(114.5)**
Difference due to:		
Changes in investment liabilities / receivables	(0.5)	15.5
Adjustment for change in balances due to acquisition of subsidiaries	37.2	–
Obligation to pay to associate	–	29.4
Adjustment for items reclassified to discontinued operations	–	36.1
Other	0.7	(0.4)
Change recognised in statement of cash flows	**102.4**	**(33.9)**

[all amounts in PLN million unless stated otherwise]

	February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st 2020–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Other adjustments to profit before tax:			
Accrued interest and exchange differences	3.3	12.5	(5.3)
Change in provisions	(3.0)	(11.7)	(10.3)
Valuation of options to purchase non-controlling interests in eobuwie and DeeZee	13.6	13.0	13.0
Valuation of options to purchase non-controlling interests in Karl Voegele AG	–	(22.8)	(22.8)
Valuation of HRG option	–	13.1	13.2
Loss allowances	–	111.4	116.0
Measurement of derivative instruments	(1.8)	16.0	(12.3)
Conversion of receivables into loan	–	32.2	(34.1)
Adjustment for change due to disposal of subsidiary	(9.7)	–	–
Changes in right-of-use asset and lease liability	(5.8)	–	–
Other	(6.8)	73.2	28.5
Total	**(10.2)**	**236.9**	**85.9**

[all amounts in PLN million unless stated otherwise]

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.

unaudited, reviewed	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	–	–	–	–	–
Amortisation	(19.4)	–	(0.1)	–	(19.5)
Acquisition	4.1	3.5	–	9.3	16.9
Sale, retirement	(0.3)	–	–	–	(0.3)
Accumulated amortisation (retirement and disposal)	0.2	–	–	–	0.2
Transfer between groups	3.6	0.9	–	(5.1)	(0.6)
Gross carrying amount as at July 31st 2021	**132.7**	**193.1**	**11.2**	**18.5**	**355.5**
Accumulated amortisation as at July 31st 2021	**(39.3)**	**–**	**(11.2)**	**–**	**(50.5)**
Net carrying amount as at July 31st 2021	**93.4**	**193.1**	**–**	**18.5**	**305.0**

[all amounts in PLN million unless stated otherwise]

As at July 31st 2021, intangible assets under development comprised expenditure incurred, among other things, on projects continued from 2020. The Group expects these projects to be finalised in the current and 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**
Impairment losses 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**

unaudited, unreviewed	PATENTS AND LICENCES	TRADEMARKS	CUSTOMER RELATIONS	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2020	**124.4**	**196.8**	**20.0**	**19.0**	**360.2**
Accumulated amortisation as at February 1st 2020	**(18.9)**	**–**	**(16.7)**	**–**	**(35.6)**
Net carrying amount as at February 1st 2020	**105.5**	**196.8**	**3.3**	**19.0**	**324.6**
Exchange differences on translation – gross carrying amount	–	0.7	0.1	–	0.8
Amortisation	(10.8)	–	(0.1)	–	(10.9)
Acquisition	0.9	–	–	14.7	15.6
Sale, retirement	(4.4)	–	–	–	(4.4)
Impairment losses	(1.9)	(8.1)	(3.3)	–	(13.3)
Transfer between groups	0.4	–	–	0.9	1.3
Reclassification to assets held for sale (gross carrying amount)	(24.6)	(8.1)	(8.7)	–	(41.4)
Reclassification to assets held for sale (accumulated amortisation)	22.7	–	5.4	–	28.1
Reclassification to assets held for sale (impairment losses)	1.9	8.1	3.3	–	13.3
Gross carrying amount as at July 31st 2020	**96.7**	**189.4**	**11.4**	**34.6**	**332.1**
Accumulated amortisation as at July 31st 2020	**(7.0)**	**–**	**(11.4)**	**–**	**(18.4)**
Net carrying amount as at July 31st 2020	**89.7**	**189.4**	**–**	**34.6**	**313.7**

[all amounts in PLN million unless stated otherwise]

unaudited, reviewed	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	(0.1)	–	0.5	–	0.4
Amortisation	(11.8)	–	(0.1)	–	(11.9)
Acquisition	0.9	–	–	12.9	13.8
Sale, retirement	(4.4)	–	–	–	(4.4)
Impairment losses	(4.6)	(7.4)	–	–	(12.0)
Transfer between groups	(0.4)	–	–	1.7	1.3
Reclassification to assets held for sale (gross carrying amount)	(33.3)	(7.4)	–	–	(40.7)
Reclassification to assets held for sale (accumulated amortisation)	28.7	–	–	–	28.7
Reclassification to assets held for sale (impairment losses)	4.6	7.4	–	–	12.0
Gross carrying amount as at June 30th 2020	**86.9**	**189.2**	**20.0**	**34.0**	**330.1**
Accumulated depreciation as at June 30th 2020	**(0.1)**	**–**	**(16.4)**	**–**	**(16.5)**
Net carrying amount as at June 30th 2020	**86.8**	**189.2**	**3.6**	**34.0**	**313.6**

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.

unaudited, reviewed	eobuwie S.A.	Karl Voegele AG	DeeZee sp. z o.o.	Gino Rossi S.A.	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**
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 July 31st 2021	**161.2**	**–**	**4.7**	**22.8**	**4.4**	**193.1**
Net carrying amount as at July 31st 2021	**161.2**	**–**	**4.7**	**22.8**	**4.4**	**193.1**

As at July 31st 2021, 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.

As at July 31st 2021, the Group did not identify any indications of impairment.

[all amounts in PLN million unless stated otherwise]

audited	eobuwie S.A.	Karl Voegele AG	DeeZee sp. z o.o.	Gino Rossi S.A.	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**
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**
Net carrying amount as at January 31st 2021	**161.2**	**–**	**4.7**	**22.8**	**–**	**188.7**

unaudited, unreviewed	eobuwie S.A.	Karl Voegele AG	DeeZee sp. z o.o.	Gino Rossi S.A.	Other	TOTAL
Useful life/amortisation method	Indefinite	Indefinite	Indefinite	Indefinite	Indefinite	
Gross carrying amount as at February 1st 2020	**161.2**	**8.1**	**4.7**	**22.8**	**–**	**196.8**
Net carrying amount as at February 1st 2020	**161.2**	**8.1**	**4.7**	**22.8**	**–**	**196.8**
Exchange differences on translation – gross carrying amount	–	0.7	–	–	–	0.7
Impairment losses	–	(8.1)	–	–	–	(8.1)
Reclassification to assets held for sale (gross carrying amount)	–	(8.1)	–	–	–	(8.1)
Reclassification to assets held for sale (accumulated amortisation and impairment losses)	–	8.1	–	–	–	8.1
Gross carrying amount as at July 31st 2020	**161.2**	**0.7**	**4.7**	**22.8**	**–**	**189.4**
Net carrying amount as at July 31st 2020	**161.2**	**0.7**	**4.7**	**22.8**	**–**	**189.4**

unaudited, reviewed	eobuwie S.A.	Karl Voegele AG	DeeZee sp. z o.o.	Gino Rossi S.A.	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**
Net carrying amount as at January 1st 2020	**161.2**	**7.9**	**4.7**	**22.8**	**–**	**196.6**
Impairment losses	–	(7.9)	–	–	–	(7.9)
Reclassification to assets held for sale (gross carrying amount)	–	(7.9)	–	–	–	(7.9)
Reclassification to assets held for sale (accumulated amortisation and impairment losses)	–	7.9	–	–	–	7.9
Gross carrying amount as at June 30th 2020	**161.2**	**–**	**4.7**	**22.8**	**–**	**188.7**
Net carrying amount as at June 30th 2020	**161.2**	**–**	**4.7**	**22.8**	**–**	**188.7**

[all amounts in PLN million unless stated otherwise]

5.2 GOODWILL

ACCOUNTING POLICY

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

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

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

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

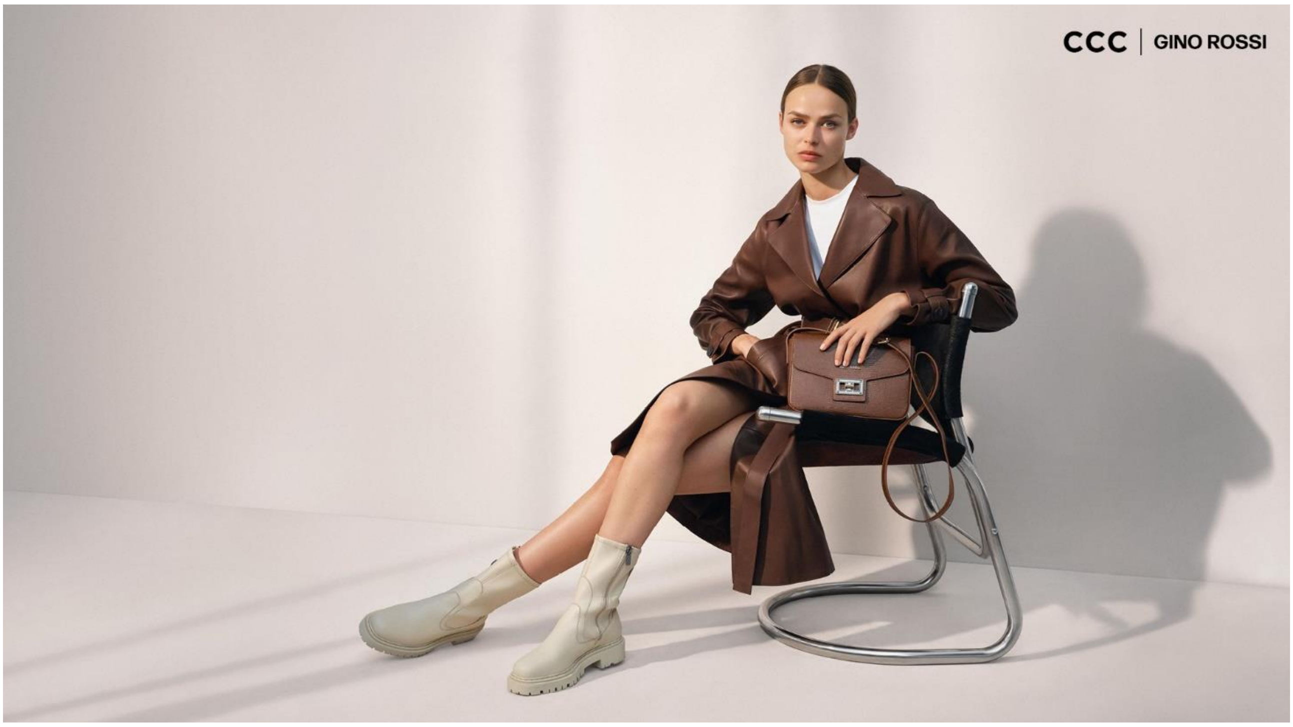
An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated.

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

Company	Acquisition date	As at February 1st 2021	Positive adjustments – final settlement	Negative adjustments – final settlement	Acquisition	Exchange differences on translation	As at July 31st 2021	Segment – CGU
eobuwie.pl S.A.	January 2016	106.2	–	–	–	–	106.2	Distribution – Retail – Poland and e-commerce
Shoe Express S.A.	April 2018	42.3	–	–	–	(0.1)	42.2	Distribution – Retail – EU – Central and Eastern Europe
Adler International sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8	Distribution – Retail – Poland and e-commerce
DeeZee sp. z o.o.	October 2018	0.6	–	–	–	–	0.6	Distribution – Retail – Poland and e-commerce
Gino Rossi S.A.	February 2019	–	–	–	–	–	–	Distribution – Retail – Poland and e-commerce
Goodwill		**197.9**	**–**	**–**	**–**	**(0.1)**	**197.8**	

As at July 31st 2021, the Group identified no indications of a need to test for impairment any cash-generating units to which material goodwill or trademark with indefinite useful life has been allocated, i.e. the subsidiaries eobuwie.pl S.A., Shoe Express S.A., Adler International sp. z o.o. sp.k. and DeeZee sp. z o.o.

In the period January 1st 2020 – January 31st 2021, the Group recognised an impairment loss on Gino Rossi S.A. goodwill of PLN 21.8m, and as at the reporting date goodwill was PLN 0.0m.



[all amounts in PLN million unless stated otherwise]

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 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 no correspond with the estimated term of the store lease contract. Changes in lease duration may affect the amount of impairment losses.
Property, plant and equipment under construction include mainly current capital expenditure on leasehold improvements.

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

[all amounts in PLN million unless stated otherwise]

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 16.7m. The amount was PLN 17.7m as at January 31st 2021, PLN 19.5m as at July 31st 2020 and PLN 19.8m as at June 30th 2020.

unaudited, reviewed	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	7.3	–	0.1	(0.1)	–	–	0.3	0.3	0.6	7.9
Acquisition	68.9	0.6	8.6	35.1	44.3	0.7	1.1	1.4	3.2	116.4
Depreciation	(64.8)	(11.4)	(24.8)	–	(36.2)	(1.4)	(5.1)	(2.5)	(9.0)	(110.0)
Retirement and disposal	(30.1)	–	(6.4)	–	(6.4)	–	(1.9)	(5.1)	(7.0)	(43.5)
Retirement and disposal (accumulated depreciation)	16.9	3.0	1.1	–	4.1	–	1.8	3.6	5.4	26.4
Transfer between groups (gross carrying amount)	(0.5)	28.3	3.7	(32.0)	–	(0.1)	0.5	0.6	1.0	0.5
Impairment losses	(1.9)	–	–	–	–	–	–	(0.1)	(0.1)	(2.0)
Use of impairment losses	14.0	–	–	–	–	–	–	–	–	14.0
Gross carrying amount as at July 31st 2021	**1,073.0**	**486.0**	**390.5**	**40.7**	**917.2**	**60.0**	**68.1**	**34.0**	**162.1**	**2,152.3**
Accumulated depreciation as at July 31st 2021	**(491.4)**	**(67.3)**	**(239.0)**	**(2.0)**	**(308.4)**	**(10.8)**	**(48.4)**	**(15.6)**	**(74.8)**	**(874.6)**
Impairment losses as at July 31st 2021	**(30.0)**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**(30.1)**
Net carrying amount as at July 31st 2021	**551.6**	**418.7**	**151.5**	**38.7**	**608.8**	**49.2**	**19.7**	**18.3**	**87.2**	**1,247.6**

[all amounts in PLN million unless stated otherwise]

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 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)	(245.4)
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**

As at July 31st 2021, the Group did not identify any indications of a need to test store assets for impairment. The analysis consisted in reviewing forecasts prepared as part of the tests performed as at January 31st 2021. In addition, the Group reviews on an ongoing basis the financial results of individual points of purchase to which property, plant and equipment are allocated. Based on a comparison of actual performance against the budgets, no indications of impairment were identified, despite temporary store closures in the first quarter. In addition, the Group does not expect any further lock-downs.

As at July 31st 2021, due to the losses incurred and the negative cash flows in 2020-2021 generated in the Austrian market and in view of planned changes relating to that market, the Group identified indications of impairment and tested all 42 stores for impairment. For more information, see Note 5.4.

[all amounts in PLN million unless stated otherwise]

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 e-commerce 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.

unaudited, unreviewed	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 2020	**1,182.4**	**445.7**	**255.5**	**98.7**	**799.9**	**56.0**	**139.5**	**53.2**	**248.7**	**2,231.0**
Accumulated depreciation as at February 1st 2020	**(518.0)**	**(44.4)**	**(130.9)**	**(4.3)**	**(179.6)**	**(6.8)**	**(103.5)**	**(28.8)**	**(139.1)**	**(836.7)**
Impairment losses as at February 1st 2020	**(12.1)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**	**(13.2)**
Net carrying amount as at February 1st 2020	**652.3**	**401.3**	**124.5**	**94.4**	**620.2**	**49.2**	**36.0**	**23.3**	**108.5**	**1,381.0**
Exchange differences on translation	(1.7)	–	11.5	–	11.5	(11.5)	(5.7)	(7.4)	(24.6)	(14.8)
Acquisition	77.9	0.5	26.3	0.5	27.3	(0.5)	1.2	2.8	3.5	108.7
Depreciation	(62.8)	(5.6)	(28.4)	–	(34.0)	(2.9)	(5.7)	(1.6)	(10.2)	(107.0)
Retirement and disposal	(19.9)	(0.9)	(1.5)	–	(2.4)	–	–	–	–	(22.3)
Retirement and disposal (accumulated depreciation)	15.5	–	1.1	0.8	1.9	–	–	2.8	2.8	20.2
Transfer between groups (gross carrying amount)	19.0	8.2	30.6	(59.0)	(20.2)	15.3	(13.1)	6.2	8.4	7.2
Transfer between groups (accumulated depreciation)	(9.5)	(0.7)	(5.8)	–	(6.5)	0.5	17.6	0.9	19.0	3.0
Impairment losses	(20.4)	–	–	–	–	–	–	(3.7)	(3.7)	(24.1)
Reclassification to assets held for sale (gross carrying amount)	(230.9)	–	–	–	–	–	(50.5)	(3.1)	(53.6)	(284.5)
Reclassification to assets held for sale (accumulated depreciation)	178.8	–	–	–	–	–	47.5	2.5	50.0	228.8
Reclassification to assets held for sale (impairment losses)	12.7	–	–	–	–	–	–	3.7	3.7	16.4
Gross carrying amount as at July 31st 2020	**1,026.8**	**453.5**	**322.4**	**40.2**	**816.1**	**59.3**	**71.4**	**51.7**	**182.4**	**2,025.3**
Accumulated depreciation as at July 31st 2020	**(396.0)**	**(50.7)**	**(164.0)**	**(3.5)**	**(218.2)**	**(9.2)**	**(44.1)**	**(24.2)**	**(77.5)**	**(691.7)**
Impairment losses as at July 31st 2020	**(19.8)**	**–**	**–**	**–**	**–**	**-**	**-**	**(1.1)**	**(1.1)**	**(20.9)**
Net carrying amount as at July 31st 2020	**611.0**	**402.8**	**158.4**	**36.7**	**597.9**	**50.1**	**27.3**	**26.4**	**103.8**	**1,312.7**

[all amounts in PLN million unless stated otherwise]

unaudited, reviewed	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 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	7.0	–	–	–	–	–	0.9	(0.5)	0.3	7.3
Acquisition	76.0	20.4	10.6	0.7	31.6	(0.2)	1.6	2.5	3.9	111.5
Depreciation	(67.4)	(6.2)	(26.0)	–	(32.2)	(2.7)	(6.1)	(3.4)	(12.2)	(111.8)
Retirement and disposal	(20.3)	(0.6)	(1.4)	–	(2.0)	–	–	0.5	0.5	(21.8)
Retirement and disposal (accumulated depreciation)	15.2	–	1.1	0.8	1.9	–	–	2.5	2.5	19.6
Transfer between groups (gross carrying amount)	14.9	12.4	1.3	(29.7)	(16.0)	2.1	(13.7)	8.4	(3.2)	(4.3)
Transfer between groups (accumulated depreciation)	(9.3)	(0.5)	5.7	–	5.3	0.4	11.5	(4.5)	7.3	3.3
Impairment losses	(19.2)	–	–	–	–	–	–	(3.8)	(3.8)	(23.0)
Reclassification to assets held for sale (gross carrying amount)	(239.4)	–	–	–	–	–	(51.7)	(3.3)	(55.0)	(294.4)
Reclassification to assets held for sale (accumulated depreciation)	187.0	–	–	–	–	–	48.6	2.7	51.3	238.3
Reclassification to assets held for sale (impairment losses)	12.0	–	–	–	–	–	–	3.8	3.8	15.8
Gross carrying amount as at June 30th 2020	**1,007.2**	**458.2**	**310.6**	**36.7**	**805.3**	**57.6**	**74.2**	**59.9**	**191.5**	**2,003.9**
Accumulated depreciation as at June 30th 2020	**(375.7)**	**(50.4)**	**(148.7)**	**(2.0)**	**(201.0)**	**(8.9)**	**(46.7)**	**(31.0)**	**(86.6)**	**(663.2)**
Impairment losses as at June 30th 2020	**(19.1)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**	**(20.2)**
Net carrying amount as at June 30th 2020	**612.4**	**407.8**	**161.9**	**34.7**	**604.3**	**48.7**	**27.5**	**27.8**	**103.8**	**1,320.5**

5.4 RIGHT-OF-USE ASSETS, 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 f or 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.

In classifying a sublease, an intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:
a) if the primary lease is a short-term lease in which the lessee recognises lease payments as costs on a straight-line basis during the lease term, the sublease is classified as operating leases;
b) otherwise, the sublease is classified by reference to the right-of-use asset arising from the primary lease, rather than by reference to the underlying asset (for example, the leased item of property, plant and equipment).
The Company derecognises the right-of-use asset (to the extent it is subleased) and recognises a lease receivable.
The present value of the lease payments at inception is generally close to the aggregate fair value the underlying asset, which in the case of a sublease is deemed to be the value of the right-of-use asset under the primary lease.

[all amounts in PLN million unless stated otherwise]

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

unaudited, reviewed	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	**1,406.3**	**21.9**	**5.5**	**13.4**	**8.4**	**1,455.5**
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	21.6	0.1	–	0.2	–	21.9
New lease contracts	56.6	–	2.4	–	–	59.0
Changes resulting from contract modifications	16.2	0.4	0.1	0.5	0.5	17.7
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(72.1)	(0.6)	(1.3)	(0.2)	(3.8)	(78.0)
Other	(77.0)	(66.6)	(0.7)	7.1	(1.8)	(139.0)
Gross carrying amount as at July 31st 2021	**2,474.4**	**9.5**	**14.2**	**51.6**	**7.3**	**2,557.0**
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	(8.6)	–	–	(0.1)	–	(8.7)
Depreciation in period	(162.4)	(0.8)	(2.1)	(3.7)	(1.3)	(170.3)
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	40.3	0.5	1.3	0.1	0.7	42.9
Other	69.9	50.5	1.7	15.3	1.2	138.7
Accumulated depreciation as at July 31st 2021	**(1,154.0)**	**(4.1)**	**(7.3)**	**(19.0)**	**(3.3)**	**(1,187.7)**
Impairment losses as at February 1st 2021	(29.7)	–	–	–	–	(29.7)
Use of impairment losses in period	5.0	–	–	–	–	5.0
Impairment losses as at July 31st 2021	**(24.7)**	**–**	**–**	**–**	**–**	**(24.7)**
Net carrying amount as at July 31st 2021	**1,295.7**	**5.5**	**6.9**	**32.6**	**3.9**	**1,344.6**

[all amounts in PLN million unless stated otherwise]

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**

[all amounts in PLN million unless stated otherwise]

unaudited, unreviewed	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS					
	Stores	**Warehouse**	**Vehicles**	**Offices**	**Other**	**Total**
Gross carrying amount as at February 1st 2020	**2,873.6**	**16.1**	**10.1**	**42.3**	**6.1**	**2,948.2**
Accumulated depreciation as at February 1st 2020	**(920.7)**	**(5.7)**	**(4.7)**	**(18.9)**	**(1.9)**	**(951.9)**
Net carrying amount as at February 1st 2020	**1,952.9**	**10.4**	**5.4**	**23.4**	**4.2**	**1,996.3**
Gross carrying amount as at February 1st 2020	2,873.6	16.1	10.1	42.3	6.1	2,948.2
Exchange differences on translation – gross carrying amount	(6.0)	–	–	1.6	–	(4.4)
New lease contracts	76.9	0.1	2.1	0.2	5.9	85.2
Changes resulting from contract modifications	67.2	–	0.1	(0.3)	(0.2)	66.8
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(121.3)	(3.0)	–	–	(1.1)	(125.4)
Reclassification to assets held for sale (gross carrying amount)	(415.4)	–	–	–	(0.7)	(416.1)
Gross carrying amount as at July 31st 2020	**2,475.0**	**13.2**	**12.3**	**43.8**	**10.0**	**2,554.3**
Accumulated depreciation as at February 1st 2020	(920.7)	(5.7)	(4.7)	(18.9)	(1.9)	(951.9)
Exchange differences on translation – accumulated depreciation	0.1	–	–	(0.2)	–	(0.1)
Depreciation in period	(231.2)	(1.5)	(1.7)	(8.0)	(1.1)	(243.5)
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	39.1	1.6	–	–	0.9	41.6
Reclassification to assets held for sale (accumulated depreciation)	164.3	–	–	–	0.4	164.7
Accumulated depreciation as at July 31st 2020	**(948.4)**	**(5.6)**	**(6.4)**	**(27.1)**	**(1.7)**	**(989.2)**
Impairment losses as at July 31st 2020	(53.0)	–	–	–	–	(53.0)
Reclassification to assets held for sale (impairment losses)	8.1	–	–	–	–	8.1
Net carrying amount as at July 31st 2020	**1,481.7**	**7.6**	**5.9**	**16.7**	**8.3**	**1,520.2**

[all amounts in PLN million unless stated otherwise]

unaudited, reviewed	**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	92.7	(58.3)	–	5.6	0.1	40.1
New lease contracts	78.2	0.4	2.2	0.5	6.5	87.5
Changes resulting from contract modifications	75.8	9.3	0.1	0.2	(0.2)	85.2
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(125.4)	(4.8)	(0.0)	–	(1.1)	(131.3)
Reclassification to assets held for sale (gross carrying amount)	(348.7)	(0.6)	–	(82.7)	(0.7)	(432.7)
Gross carrying amount as at June 30th 2020	**2,244.3**	**217.8**	**13.5**	**54.2**	**10.4**	**2,539.9**
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	(56.4)	44.3	–	(1.0)	–	(13.1)
Depreciation in period	(218.9)	(18.6)	(1.6)	(8.8)	(1.0)	(248.9)
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	37.5	2.2	–	(0.1)	0.9	40.5
Reclassification to assets held for sale (accumulated depreciation)	149.1	0.1	–	19.5	0.4	169.1
Accumulated depreciation as at June 30th 2020	**(851.8)**	**(82.3)**	**(6.3)**	**(14.9)**	**(1.6)**	**(956.9)**
Impairment losses as at June 30th 2020	(53.0)	–	–	–	–	(53.0)
Reclassification to assets held for sale (impairment losses)	8.1	–	–	–	–	8.1
Net carrying amount as at June 30th 2020	**1,347.6**	**135.5**	**7.2**	**39.3**	**8.8**	**1,538.1**

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

	February 1st–July 31st 2021	**January 1st 2020–July 31st 2021**	**February 1st–July 31st 2020**	**January 1st–June 30th 2020**
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	**1,865.9**	**2,085.8**	**2,075.7**	**2,085.8**
Accrued interest	24.4	52.5	20.4	17.6
Lease payments	(176.0)	(407.3)	(179.2)	(198.4)
Exchange differences	16.9	99.4	22.4	83.0
New lease contracts	57.8	131.4	82.1	84.0
Modification of contract terms	15.8	208.0	126.9	165.7
Indexation	–	1.0	(1.7)	1.0
Change of scope	(41.2)	(99.2)	(59.2)	(91.0)
Reclassification to discontinued operations	–	(205.7)	(241.2)	(260.7)
At end of period	**1,763.6**	**1,865.9**	**1,846.2**	**1,887.0**

As at July 31st 2021, the Group did not identify any indications of a need to test store assets or right-of-use assets for impairment with respect to any of the markets with the exception of the Austrian one, described above.

As at July 31st 2021, due to the losses incurred and the negative cash flows in 2020-2021 generated in the Austrian market, the Group identified indications of impairment and tested all 42 stores.

The key assumption of the tests was that unprofitable stores would be closed and selected locations would be rebranded. The stores selected for rebranding as HalfPrice outlets will significantly improve their profitability. The revenue forecast was based on HalfPrice's conservative assumptions for the Austrian market. The development of revenue in 2021–2025 is based on officially approved plans for the new chain. The assumptions take into account the impact of the COVID-19 pandemic on the stores' performance, including in particular slow demand recovery.

Given the planned restructuring of the Group's operations on the Austrian market, it was assumed that the stores would be closed by the end of January 2022. After that date, the premises will be sub-leased on market terms. Some of the locations will be converted into HalfPrice stores.

A discount rate before tax of 5.81% was used to forecast the cash flows (2020: 5.38%).

The forecast for each tested store covered the duration of the existing lease contracts to correctly calculate recoverable amounts.

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

- the level of distribution 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.

As a result of the test, the Group did not recognise any additional impairment loss as at July 31st 2021.

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 17.4m 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 0.8m.

5.5 INVENTORIES

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.

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. Furthermore, the rotation of non-footwear inventories is faster which justifies lower write-downs.

[all amounts in PLN million unless stated otherwise]

In analysing the age of the footwear inventories, the Company determines the appropriate level of write-downs, expressed as percentage, Which is then used to calculate the amount of write-downs. The criteria include two-year and older stocks.
The main assumptions of the discount policy affecting the measurement of inventories to net realisable value are:
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.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Materials	7.7	21.1	23.2	27.3
Work in progress	3.8	10.7	19.5	27.8
Merchandise	2,299.0	2,043.3	1,938.1	1,868.2
Finished goods	141.8	117.4	71.4	72.7
Returns assets	35.9	37.2	32.8	31.5
Total (gross)	**2,488.2**	**2,229.7**	**2,085.0**	**2,027.5**
Write-downs	(31.3)	(37.1)	(42.6)	(32.9)
Total (net)	**2,456.9**	**2,192.6**	**2,042.4**	**1,994.6**

Net inventories increased by 12% relative to January 31st 2021, due to the stocking up for the autumn-winter 2021 collection and expansion of the HalfPrice network.

The Group's objective is to minimise inventories, while maintaining an adequate volume of merchandise to maximise sales.

In the first half of 2021, the Group discontinued the production activities conducted through the subsidiary Gino Rossi S.A. After the reporting date, 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 inventories related to manufacturing activities for recoverable amounts and did not identify any impairment.

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 35.9m, and the amount of the liability was PLN 53.0m.

[all amounts in PLN million unless stated otherwise]

Inventory write-downs and changes thereof are presented below.

	February 1st–July 31st 2021	January 1st 2020–January 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	**37.1**	**21.1**	**21.3**	**21.1**
Expensed to cost of sales	1.5	33.4	25.3	13.3
Used	(3.2)	(8.3)	(4.4)	(4.5)
Reversed to cost of sales	(4.1)	(9.1)	–	(9.5)
Exchange differences on translation	–	–	0.4	0.5
At end of period	**31.3**	**37.1**	**42.6**	**32.9**

In the first half of the financial year 2021, the Group recognised net inventory write-downs of PLN 2.6m. 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.

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.

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.

Loans
Loans are initially measured at fair value. As at the reporting date, loans are measured at amortised cost using the effective interest rate method, less impairment losses (for details, see Note 6.1).

[all amounts in PLN million unless stated otherwise]

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Gross trade receivables	237.9	253.1	235.6	210.2
Impairment losses on receivables	(74.2)	(80.8)	(61.6)	(64.4)
Total net receivables	**163.7**	**172.3**	**174.0**	**145.8**
Prepaid deliveries	145.0	97.7	162.8	128.2
Prepayments	33.5	39.0	37.8	43.4
Tax receivables	86.5	78.1	15.9	20.1
Receivables under assignment of receivables	–	–	13.8	13.6
Receivables from sale of property, plant and equipment	7.9	2.2	3.4	3.4
Other	26.3	17.1	22.4	22.8
Total other receivables	**299.2**	**234.1**	**256.1**	**231.5**

	July 31st 2021	January 31st 2021	July 31st 2021	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Long-term security deposits	0.3	0.3	0.3	0.3
Other long-term receivables	–	0.4	0.8	0.8
Total other long-term receivables	**0.3**	**0.7**	**1.1**	**1.1**

Impairment losses on trade receivables	February 1st–July 31st 2021	January 1st 2020–January 31st 2021	February 1st–July 31st 2020	January 1st 2020–June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	**(80.8)**	**(2.3)**	**(2.3)**	**(2.3)**
a) increase	(7.8)	(80.1)	(63.2)	(63.2)
b) decrease – use	14.4	1.6	–	–
c) decrease – reversal	–	–	3.9	1.1
At end of period	**(74.2)**	**(80.8)**	**(61.6)**	**(64.4)**

Trade receivables were at a level comparable to that recorded as at January 31st 2021.

Other receivables primarily included prepaid deliveries, which rose as a result of advance payments made for the autumn-winter 2021 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 7.2m).

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.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020

	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
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 July 31st 2021	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, reviewed				
HR Group Holding s.a.r.l.	140.0	(140.0)	–	3
Total	**140.0**	**(140.0)**	**–**	

Loans advanced as at January 31st 2021	Gross carrying amount	Impairment loss	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 July 31st 2020	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, unreviewed				
HR Group Holding s.a.r.l.	114.4	(111.4)	–	3
Total	**114.4**	**(111.4)**	**–**	

Loans advanced as at June 30th 2020	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, reviewed				
HR Group Holding s.a.r.l.	116.0	(116.0)	–	3
Total	**116.0**	**(116.0)**	**–**	

[all amounts in PLN million unless stated otherwise]

The table below presents movements in loans:

	February 1st–July 31st 2021	January 1st 2020–January 31st 2021	February 1st–July 31st 2020	January 1st 2020–June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	**–**	**82.6**	**82.1**	**82.6**
Granting of loans	–	–	–	–
Interest accrued	8.0	16.2	6.8	6.6
Impairment losses	(9.8)	(130.2)	(114.4)	(116.0)
Foreign exchange gains (losses)	1.8	3.2	(2.7)	(1.4)
Other changes	–	28.2	28.2	28.2
At end of period	**–**	**–**	**–**	**–**
- short-term	–	–	–	–
- long-term	–	–	–	–

In the current period, the Company recognised a PLN 9.8m 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 July 31st 2021 was PLN 140.0m, 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.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Cash in hand and in transit [1]	35.0	7.3	20.1	13.8
Cash at bank	757.2	436.5	370.2	488.7
Short-term deposits (up to 3 months)		15.0	–	3.1
Total	**792.2**	**458.7**	**390.3**	**505.6**

[1] As at the reporting date, cash in hand and in transit comprised cash in hand of PLN 11.3m and cash in transit of PLN 23.7m.

Cash is exposed to credit risk, currency risk, and interest rate risk. For information on the policy for managing these risks and further risk disclosures (i.e. credit quality assessment, sensitivity analysis of exposure to currency risk and interest rate risks), see Note 6.1.

[all amounts in PLN million unless stated otherwise]

5.8 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'.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Trade payables:				
• trade payables – net of balances covered by reverse factoring	901.9	620.5	654.0	575.5
• trade payables – covered by reverse factoring	380.6	609.6	337.7	337.7
• investment liabilities	42.8	39.2	11.0	22.7
Total trade and other payables	**1,325.3**	**1,269.3**	**1,002.7**	**935.9**
Indirect taxes, customs duties and other public charges payable	156.9	133.3	170.6	210.9
Amounts due to employees	62.1	44.8	80.1	70.9
Accrued expenses	97.2	97.0	130.7	133.6
Returns liabilities	53.0	57.8	25.4	37.7
Liabilities under contracts with customers	2.2	–	–	–
Obligation to pay to associate	–	–	–	3.2
Advance payment received from A&R Investments Limited for the purchase of shares in eobuwie.pl S.A. from MKK3 sp. z o.o.	500.0	–	–	–
Other liabilities	34.5	53.3	21.6	29.5
Total other liabilities and advance payments received	**905.9**	**386.2**	**428.4**	**485.8**

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 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 23.9m (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 13.1m (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 67.5m and a provision for accrued holiday entitlements of PLN 13.0m.

Advance payment received from A&R Investments Limited for the purchase of shares in eobuwie.pl S.A. from MKK3 sp. z o.o. related to the transaction described in Note 6.1 to these financial statements.

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.

Amounts due to employees include wages and salaries of PLN 22.3m, 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 2020–2022; the employees will be entitled to the programme benefits after the end of that period, depending on the achievement of the programme objectives. As at the reporting date, the Group measured the expected bonuses to be paid and recognised long-term amounts due to employees of PLN 13.9m.

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 and other payables approximates their carrying amount.

EXPENDITURE COMMITMENTS AND OTHER FUTURE LIABILITIES

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

[all amounts in PLN million unless stated otherwise]

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.

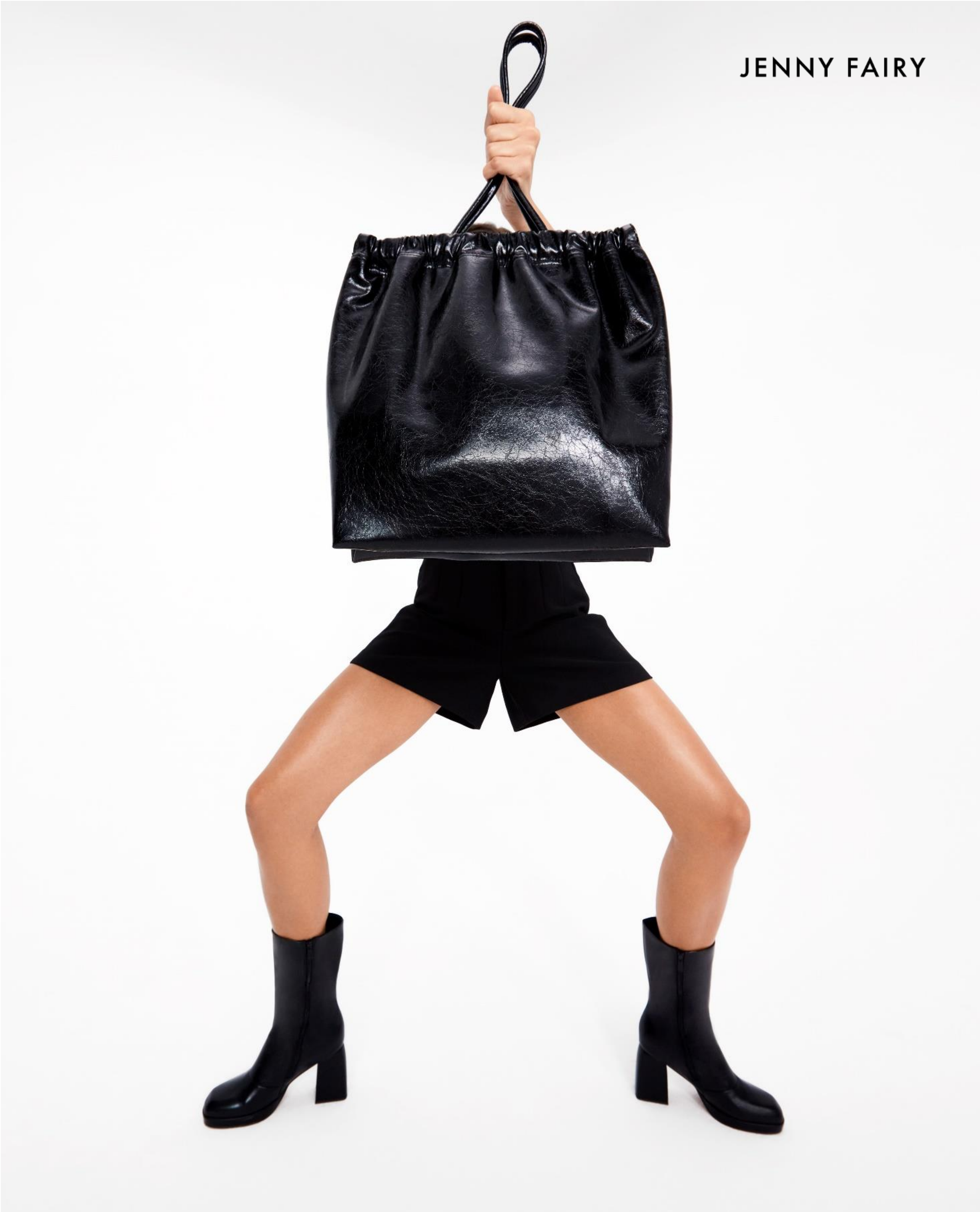
unaudited, reviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISIONS FOR GUARANTEE REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at February 1st 2021	**19.5**	**17.6**	**–**	**0.4**	**37.5**
short-term	3.3	17.6	–	0.3	21.2
long-term	16.2	–	–	0.1	16.3
As at February 1st 2021	**19.5**	**17.6**	**–**	**0.4**	**37.5**
Recognised	0.1	1.1	–	0.5	1.7
Used	–	(1.1)	–	–	(1.1)
Reversed	(0.4)	(3.1)	–	(0.1)	(3.6)
As at July 31st 2021	**19.2**	**14.5**	**–**	**0.8**	**34.5**
short-term	3.2	14.5	–	0.7	18.4
long-term	16.0	–	–	0.1	16.1

[all amounts in PLN million unless stated otherwise]

unaudited, unreviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISIONS FOR GUARANTEE REPAIRS	PROVISION FOR LITIGATION	OTHER PROVISIONS	TOTAL
As at February 1st 2020	**15.9**	**14.3**	**1.8**	**0.6**	**32.6**
short-term	1.8	14.3	1.8	–	17.9
long-term	14.1	–	–	0.6	14.7
As at February 1st 2020	**15.9**	**14.3**	**1.8**	**0.6**	**32.6**
Recognised	0.2	–	0.3	5.8	6.3
Used	(1.6)	(2.8)	(1.6)	–	(6.0)
Reversed	–	1.3	–	(0.4)	0.9
Transfer to discontinued operations	–	–	–	(3.6)	(3.6)
As at July 31st 2020	**14.8**	**12.9**	**–**	**2.3**	**30.2**
short-term	2.0	12.9	0.2	2.2	17.3
long-term	12.8	–	–	0.1	12.9

unaudited, reviewed	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	0.2	–	0.3	5.8	6.3
Used	(0.4)	(2.8)	(0.3)	–	(3.5)
Reversed	0.4	1.3	(1.7)	(0.3)	(0.3)
Exchange differences	0.1	–	(0.1)	–	–
Reclassification to discontinued operations	–	–	–	(3.4)	(3.4)
As at June 30th 2020	**15.8**	**13.0**	**–**	**2.6**	**31.4**
short-term	1.9	13.0	–	2.5	17.4
long-term	13.9	–	–	0.1	14.0

Based on the valuation prepared by a professional actuarial firm, the Group recognises a provision for the present value of retirement and jubilee benefits.


JENNY FAIRY

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).

[all amounts in PLN million unless stated otherwise]

	July 31st 2021		January 31st 2021		July 31st 2020		June 30th 2020	
	unaudited, reviewed		audited		unaudited, unreviewed		unaudited, reviewed	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Financial assets at amortised cost	**964.6**	**–**	**634.0**	**–**	**567.7**	**–**	**654.8**	**–**
Loans	–	–	–	–	–	–	–	–
Trade receivables	163.7	–	172.3	–	174.0	–	145.8	–
Lease receivables	0.8	–	0.8	–	–	–	–	–
Receivables from sale of property, plant and equipment	7.9	–	2.2	–	3.4	–	3.4	–
Cash and cash equivalents	792.2	–	458.7	–	390.3	–	505.6	–
Financial assets measured at fair value through profit or loss	**18.0**	**–**	**16.2**	**–**	**21.4**	**–**	**22.5**	**–**
Other financial assets (shares)	10.2	–	10.2	–	10.2	–	10.2	–
Other financial assets (derivative financial instruments – forwards)	4.0	–	4.3	–	4.7	–	4.7	–
Derivative financial instruments (embedded derivatives)	3.8	–	1.7	–	6.5	–	7.6	–
Financial liabilities at amortised cost	**–**	**4,809.2**	**–**	**4,804.8**	**–**	**5,723.5**	**–**	**5,633.9**
Financing liabilities	–	1,720.3	–	1,669.6	–	1,558.6	–	1,588.4
Trade and other payables	–	1,325.3	–	1,269.3	–	1,002.7	–	935.9
Lease liabilities	–	1,763.6	–	1,865.9	–	1,846.2	–	1,887.0
Obligation to pay to associate	–	–	–	–	–	–	–	3.2
Financial liabilities measured at fair value through profit or loss	**–**	**444.8**	**–**	**828.6**	**–**	**786.4**	**–**	**784.3**
Liabilities arising from obligation to purchase non-controlling interests	–	444.8	–	828.6	–	786.4	–	784.3

[all amounts in PLN million unless stated otherwise]

July 31st 2021	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
unaudited, reviewed		
Financial assets measured at fair value through profit or loss	**18.0**	
Other financial assets (shares)	10.2	2
Other financial assets (derivative financial instruments – forwards)	4.0	2
Derivative financial instruments (embedded derivatives)	3.8	2
Financial liabilities measured at fair value through profit or loss	**–**	
Derivative financial instruments	–	2

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

July 31st 2020	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
unaudited, unreviewed		
Financial assets measured at fair value through profit or loss	**21.4**	
Other financial assets (shares)	10.2	2
Other financial assets (derivative financial instruments – forwards)	4.7	2
Derivative financial instruments (embedded derivatives)	6.5	2
Financial liabilities measured at fair value through profit or loss	**–**	
Derivative financial instruments	–	–

June 30th 2020	TOTAL CARRYING AMOUNT	LEVEL OF FAIR VALUE HIERARCHY
unaudited, reviewed		
Financial assets measured at fair value through profit or loss	**22.5**	
Other financial assets (shares)	10.2	2
Other financial assets (derivative financial instruments – forwards)	4.7	2
Derivative financial instruments (embedded derivatives)	7.6	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:

[all amounts in PLN million unless stated otherwise]

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 July 31st 2021 before fair value measurement	Effect of measurement at fair value	Amount as at July 31st 2021	Exercise date (possibility to exercise option on the initial date)
eobuwie.pl S.A.	743.7	5.4	(749.0)	711.6	6.3	(360.0)	358.0	–	358.0	September 23rd 2021
Karl Voegele AG	–	–	–	–	–	–	–	–	–	N/A
DeeZee sp. z o.o.	84.9	1.9	–	–	–	–	86.8	–	86.8	September 30th 2022 September 30th 2024
Summary	**828.6**	**7.3**	**(749.0)**	**711.6**	**6.3**	**(360.0)**	**444.8**	**–**	**444.8**	

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)
eobuwie.pl S.A.	755.4	27.3	–	782.7	(39.0)	743.7	February 28th 2023
Karl Voegele 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 eobuwie.pl S.A. and 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. (minority shareholder of eobuwie.pl S.A., "MKK3") and its shareholders, with the participation of eobuwie.pl S.A. to purchase from MKK3 2,000,000 ordinary and preference shares in eobuwie.pl S.A. ("eobuwie"), representing 20% of the share capital of eobuwie, for a total price of PLN 720.0m, to be performed by September 30th 2021. In addition, the Group made an irrevocable offer to MKK3 to purchase the remaining 5.01% of eobuwie 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 eobuwie 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 eobuwie.pl S.A. from MKK3 sp. z o.o.

On March 31st 2021, the Group concluded two conditional preliminary share purchase agreements for shares in eobuwie.pl 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 eobuwie.pl 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 eobuwie shares representing 10% of the eobuwie 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 eobuwie shares representing 10% of the eobuwie 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 after the reporting date, 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 eobuwie.pl S.A. was extinguished, and the transaction was recognised in equity (retained earnings) (PLN 749.0m). At the same time, the option to buy a 20.0% minority interest in eobuwie.pl 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 and as at the reporting date 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 eobuwie.pl S.A. were recognised as equity transactions, increasing retained earnings by a total of

Interim condensed consolidated financial statements for the six months from February 1st 2021 to July 31st 2021 [all amounts in PLN million unless stated otherwise]

PLN 500.0m. As at the reporting date, the Group had a liability of PLN 358.0m (nominal value of PLN 360.0m), which was paid in September 2021.

Given that the exercise of the option for the remaining 5.01% of eobuwie shares referred to above is subject to the condition that there is no initial public offering of eobuwie 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. The liability was measured at fair value as at the reporting date using a discount rate of 4.5% (4.5%, 3.25% and 3.25% 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.	84.8	93.3	8.5	76.3	(8.5)

The option over non-controlling interests in eobuwie.pl S.A. is not sensitive to changes in EBITDA due to the fixed exercise price specified in the agreement.

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 does not use hedging instruments.

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

[all amounts in PLN million unless stated otherwise]

July 31st 2021	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
unaudited, reviewed					
Financial assets at amortised cost	**964.6**	**7.5**	**193.2**	**175.8**	**588.1**
Loans	–	–	–	–	–
Trade receivables	163.7	7.5	24.6	47.3	84.3
Receivables from sale of property, plant and equipment	7.9	–	–	–	7.9
Lease receivables	0.8	–	0.8	–	–
Cash and cash equivalents	792.2	–	167.8	128.5	495.9
Financial assets measured at fair value through profit or loss	**7.8**	**–**	**–**	**7.8**	**–**
Other financial assets (derivative financial instruments – forwards)	4.0	–	–	4.0	–
Derivative financial instruments (embedded derivatives)	3.8	–	–	3.8	–
Financial liabilities at amortised cost	**4,862.2**	**245.2**	**1,719.7**	**206.4**	**2,690.9**
Financing liabilities	1,720.3	–	–	–	1,720.3
Trade and other payables	1,325.3	233.2	192.4	103.3	796.4
Returns liabilities	53.0	–	–	–	53.0
Lease liabilities	1,763.6	12.0	1,527.3	103.1	121.2
Financial liabilities measured at fair value through profit or loss					
Liabilities arising from obligation to purchase non-controlling interests	444.8	–	–	–	444.8

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	**5,691.2**	**510.0**	**1,808.9**	**315.0**	**3,057.3**
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					

Liabilities arising from obligation to purchase non-controlling interests	828.6	–	–	–	828.6

July 31st 2020	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
unaudited, unreviewed					
Financial assets at amortised cost	**567.7**	**6.3**	**196.1**	**136.8**	**228.5**
Loans	–	–	–	–	–
Trade receivables	174.0	6.1	116.7	18.6	32.6
Receivables from sale of property, plant and equipment	3.4	–	–	–	3.4
Cash and cash equivalents	390.3	0.2	79.4	118.2	192.5
Financial assets measured at fair value through profit or loss	**11.2**	**–**	**–**	**11.2**	**–**
Other financial assets (derivative financial instruments – forwards)	4.7	–	–	4.7	–
Derivative financial instruments (embedded derivatives)	6.5	–	–	6.5	–
Financial liabilities at amortised cost	**5,219.3**	**376.5**	**1,655.3**	**360.2**	**2,827.3**
Financing liabilities	1,558.6	36.4	–	117.7	1,404.5
Trade and other payables	1,002.7	302.1	103.3	112.5	484.8
Returns liabilities	25.4	–	–	–	25.4
Lease liabilities	1,846.2	38.0	1,552.0	130.0	126.2
Financial liabilities measured at fair value through profit or loss	**786.4**	**–**	**–**	**–**	**786.4**
Liabilities arising from obligation to purchase non-controlling interests	786.4	–	–	–	786.4

June 30th 2020	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
unaudited, reviewed					
Financial assets at amortised cost	**654.8**	**6.6**	**223.2**	**206.2**	**218.8**
Loans	–	–	–	–	–
Trade receivables	145.8	6.5	109.3	18.7	11.3
Receivables from sale of property, plant and equipment	3.4	–	–	–	3.4
Cash and cash equivalents	505.6	0.1	113.9	187.5	204.1
Financial assets measured at fair value through profit or loss	**12.3**	**–**	**–**	**12.3**	**–**
Other financial assets (derivative financial instruments – forwards)	4.7	–	–	4.7	–
Derivative financial instruments (embedded derivatives)	7.6	–	–	7.6	–
Financial liabilities at amortised cost	**5,236.5**	**376.0**	**1,702.8**	**509.3**	**2,648.4**
Financing liabilities	1,588.4	36.4	0.6	126.2	1,425.2
Trade and other payables	935.9	303.0	107.0	256.7	269.2
Returns liabilities	37.7	–	–	–	37.7
Lease liabilities	1,887.0	36.6	1,592.0	126.4	132.0
Obligation to pay to associate	3.2	–	3.2	–	–

[all amounts in PLN million unless stated otherwise]

Financial liabilities measured at fair value through profit or loss	**784.3**	**–**	**–**	**–**	**784.3**
Liabilities arising from obligation to purchase non-controlling interests	784.3	–	–	–	784.3

The table below presents sensitivity to the currency risk. If as at July 31st 2021 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:

		Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate	
July 31st 2021	**In foreign currency – USD**	**0.05**	**-0.05**	**In foreign currency – EUR**	**0.05**	**-0.05**
unaudited, reviewed						
Financial assets at amortised cost	**7.5**	**0.1**	**(0.1)**	**25.4**	**0.3**	**(0.3)**
Loans	–	–	–	–	–	–
Trade receivables	7.5	0.1	(0.1)	24.6	0.3	(0.3)
Lease receivables	–	–	–	0.8	0.0	(0.0)
Cash and cash equivalents	–	–	–	167.8	1.8	(1.8)
Financial liabilities at amortised cost	**(245.2)**	**3.2**	**(3.2)**	**(1,719.7)**	**18.8**	**(18.8)**
Financing liabilities	–	–	–	–	–	–
Trade and other payables	(233.2)	3.0	(3.0)	(192.4)	2.1	(2.1)
Lease liabilities	(12.0)	0.2	(0.2)	(1,527.3)	16.7	(16.7)
Effect on net profit (loss)		**3.3**	**(3.3)**		**19.1**	**(19.1)**

		Increase/decrease in USD exchange rate			Increase/decrease in EUR exchange rate	
January 31st 2021	**In foreign currency – USD**	**0.05**	**-0.05**	**In foreign currency – EUR**	**0.05**	**-0.05**
audited						
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	–	–
Cash and cash equivalents	0.9	–	–	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)		**6.9**	**(6.9)**		**21.2**	**(21.2)**

[all amounts in PLN million unless stated otherwise]

July 31st 2020	In foreign currency – USD	Increase/decrease in USD exchange rate 0.05	-0.05	In foreign currency – EUR	Increase/decrease in EUR exchange rate 0.05	-0.05
unaudited, unreviewed						
Financial assets at amortised cost	**6.3**	**0.1**	**(0.1)**	**196.1**	**2.2**	**(2.2)**
Loans	–	–	–	–	–	–
Trade receivables	6.1	0.1	(0.1)	116.7	1.3	(1.3)
Lease receivables						
Cash and cash equivalents	0.2	0.0	(0.0)	79.4	0.9	(0.9)
Financial liabilities at amortised cost	**(376.5)**	**5.1**	**(5.1)**	**1,655.3**	**18.8**	**(18.8)**
Financing liabilities	(36.4)	0.5	(0.5)	–	–	–
Trade and other payables	(302.1)	4.1	(4.1)	103.3	1.2	(1.2)
Lease liabilities	(38.0)	0.5	(0.5)	1,552.0	17.6	(17.6)
Effect on net profit (loss)		**5.2**	**(5.2)**		**21.0**	**(21.0)**

June 30th 2020	In foreign currency – USD	Increase/decrease in USD exchange rate 0.05	-0.05	In foreign currency – EUR	Increase/decrease in EUR exchange rate 0.05	-0.05
unaudited, reviewed						
Financial assets at amortised cost	**6.6**	**0.1**	**(0.1)**	**223.2**	**2.5**	**(2.5)**
Loans	–	–	–	–	–	–
Trade receivables	6.5	0.1	(0.1)	109.3	1.2	(1.2)
Cash and cash equivalents	0.1	0.0	(0.0)	113.9	1.3	(1.3)
Financial liabilities at amortised cost	**(376.0)**	**4.7**	**(4.7)**	**1,702.8**	**19.1**	**(19.1)**
Financing liabilities	(36.4)	0.5	(0.5)	0.6	–	–
Trade and other payables	(303.0)	3.8	(3.8)	107.0	1.2	(1.2)
Lease liabilities	(36.6)	0.5	(0.5)	1,592.0	17.8	(17.8)
Obligation to pay to associate	–	–	–	3.2	–	-
Effect on net profit (loss)		**4.9**	**(4.9)**		**21.6**	**(21.6)**

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.

[all amounts in PLN million unless stated otherwise]

	AMOUNT EXPOSED TO INTEREST RATE RISK %				Effect February 1st–July 31st 2021		Effect January 1st 2020–January 31st 2021		Effect February 1st–July 31st 2020		Effect January 1st–June 30th 2020	
	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020	+1pp	-1pp	+1pp	-1pp	+1pp	-1pp	+1pp	-1pp
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed								
Cash at banks	757.2	451.5	370.2	488.7	7.6	(7.6)	4.5	(4.5)	3.7	3.7	4.9	(4.9)
Loans	–	–	–	–	–	–	–	–	–	–	–	–
Lease receivables	0.8	0.8	–	–	–	–	–	–	–	–	–	–
Other financial assets (derivative financial instruments)	4.0	4.3	4.7	4.7	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	(0.0)
Derivative financial instruments	3.8	1.7	6.5	7.6	0.0	(0.0)	0.0	(0.0)	0.1	0.1	0.1	(0.1)
Financing liabilities	(1,720.3)	(1,669.6)	(1,558.6)	(1,588.4)	(17.2)	17.2	(16.7)	16.7	(15.6)	(15.6)	(15.9)	15.9
Lease liabilities	(1,763.6)	(1,865.9)	(1,846.2)	(1,887.0)	(17.6)	17.6	(18.7)	18.7	(18.5)	(18.5)	(18.9)	18.9
Effect on net profit (loss)					**(27.2)**	**27.2**	**(30.8)**	**30.8**	**(30.2)**	**(30.2)**	**(29.7)**	**29.7**

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 27.2m lower/higher (January 1st 2020 – January 31st 2021: PLN 30.58 lower/higher; February 1st–July 31st 2020: PLN 30.2m lower/higher); January 1st–June 30th 2020: PLN 29.7m lower/higher).

CREDIT RISK

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

The maximum exposures to credit risk as at the reporting date (July 31st 2021, January 31st 2021, July 31st 2020 and June 30th 2020) is presented in the table below.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Loans	–	–	–	–
Trade receivables	163.7	172.3	174.0	145.8
Receivables from sale of property, plant and equipment	7.9	2.2	3.4	3.4
Lease receivables	0.8	0.8	–	–
Cash and cash equivalents	792.2	458.7	390.3	505.6
Long-term receivables	0.3	0.7	1.1	1.1
Total	**964.9**	**634.7**	**568.8**	**655.9**

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.

[all amounts in PLN million unless stated otherwise]

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.

	July 31st 2021 unaudited, reviewed	January 31st 2021 audited	July 31st 2020 unaudited, unreviewed	June 30th 2020 unaudited, reviewed
AAA-rated banks	–	–	0.4	0.5
AA-rated banks	1.2	12.0	5.5	7.3
A-rated banks	669.8	304.5	287.6	382.1
BAA-rated banks	39.6	36.5	52.2	69.4
BA-rated banks	4.3	–	9.0	12.0
B-rated banks	–	18.2	–	–
Other – not classified [1]	42.3	56.7	15.5	20.4
Total cash at banks	**757.2**	**427.9**	**370.2**	**491.8**

[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)

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 a 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 Voegele 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 Voegele 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 Voegele 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 Voegele. 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 e-commerce segment.

The agreements contain earn-out clauses for the benefit of CCC in case the new owners sell Karl Voegele 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 Voegele AG shares were acquired from PhiRam Holding AG for CHF 1. Following this transaction, NG2 Suisse s.a.r.l. owned 100% of Karl Voegele AG shares.

As at the reporting date, the Group received cash of PLN 51.5m (CHF 12.6m), 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 Voegele 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. After the reporting date, the Group received a payment of approximately CHF 1.5m and is finalising the settlement of the transaction. In the opinion of the Parent's Management Board, the fair value of the potential amount of the adjustment to the transaction price resulting from the final settlement as at the reporting date was immaterial.

[all amounts in PLN million unless stated otherwise]

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–May 2021	February–July 2020	January–June 2020
		unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
	DISCONTINUED OPERATIONS			
3.1	Revenue	47.7	73.3	70.5
3.2	Cost of sales	–	(6.7)	(6.6)
	Gross profit	**47.7**	**66.6**	**63.9**
3.2	Stores' operating costs	(28.7)	(95.0)	(96.5)
3.2	Other distribution costs	(14.3)	(21.6)	(20.2)
3.2	Administrative expenses	(6.1)	(10.3)	(10.4)
3.3	Other income	18.4	0.4	0.6
3.3	Other expenses	(2.2)	(33.7)	(33.8)
	Operating profit (loss)	**14.8**	**(93.6)**	**(96.4)**
3.3	Finance income	3.0	2.3	7.5
3.3	Other finance costs	(9.8)	(4.0)	(4.6)
	Profit (loss) before tax	**8.0**	**(95.3)**	**(93.5)**
	Loss on measurement to fair value less cost to sell	–	(181.5)	(180.6)
	Profit (loss) before tax from discontinued operations	**8.0**	**(276.8)**	**(274.1)**
3.4	Income tax on profit (loss) before tax	–	(1.1)	(1.3)
	NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**8.0**	**(277.9)**	**(275.4)**
	Other comprehensive income from discontinued operations			
	Items that may be reclassified to profit or loss – exchange differences on translating foreign operations	–	1.4	(0.6)
	Reclassification of exchange differences on translation of a foreign operation over which control has been lost to profit or loss	(1.9)	–	–
	Total other comprehensive income, net	**(1.9)**	**1.4**	**(0.6)**
	TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	**6.1**	**(276.5)**	**(276.0)**
	Total comprehensive income from discontinued operations attributable to owners of the parent	6.1	(276.5)	(276.0)

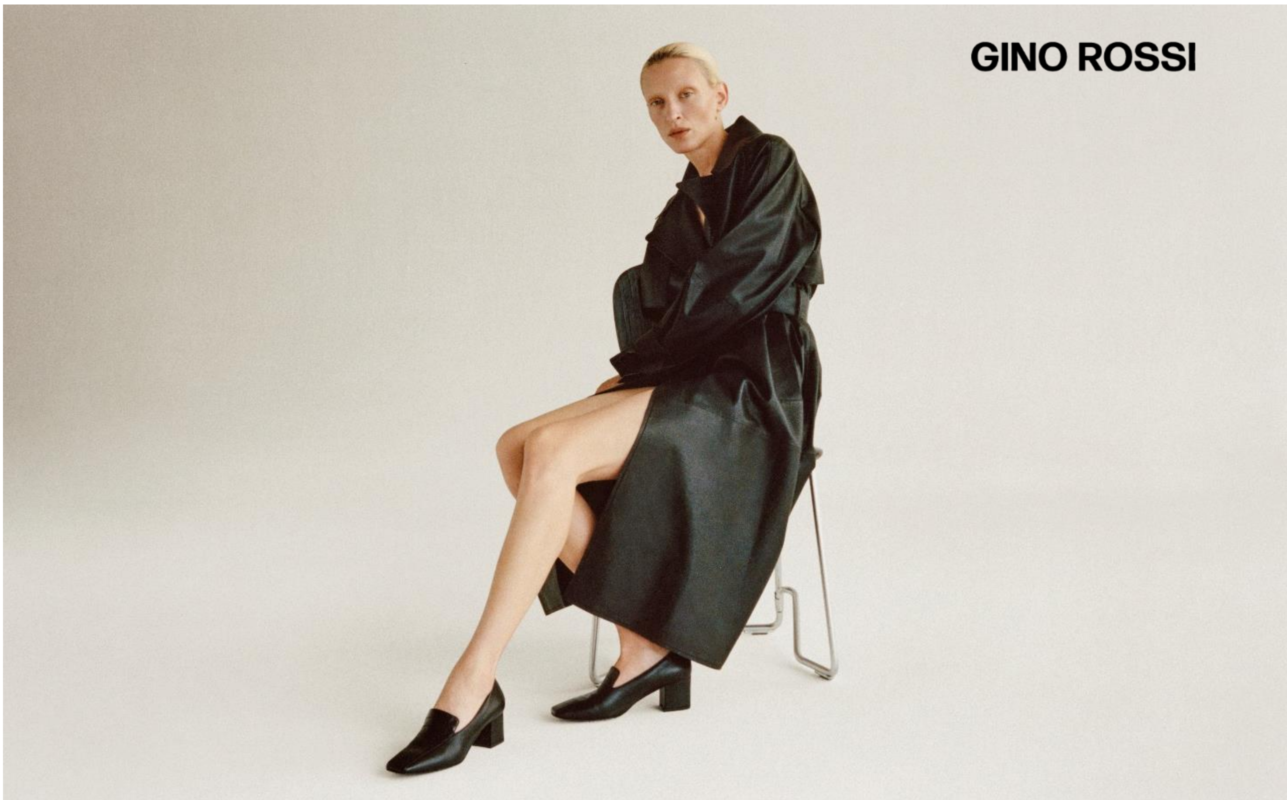
The financial information on profit (loss) relates to the four months ended May 31st 2021 and the six months ended July 31st 2021 and June 30th 2020, respectively.

[all amounts in PLN million unless stated otherwise]

Net profit from discontinued operations in the reporting period included:

Amounts received	51.5
Fair value of contingent consideration	–
Net carrying amount of assets sold	(32.5)
Gain (loss) on transaction	**19.0**
Profit (loss) on discontinued operations until the transaction date	**8.0**
Net profit from discontinued operations disclosed in the interim condensed consolidated statement of comprehensive income	27.0
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	(1.9)

Cash flows from discontinued operations	**February–May 2021**	**February–July 2020**	**January–June 2020**
	unaudited, reviewed	**unaudited, unreviewed**	**unaudited, reviewed**
Net cash flows from operating activities	24.7	(93.4)	(85.7)
Net cash flows from investing activities	51.5	(2.8)	(1.7)
Net cash flows from financing activities	(25.4)	14.3	14.0
TOTAL NET CASH FLOWS FROM DISCONTINUED OPERATIONS	**50.8**	**(81.9)**	**(73.4)**



[all amounts in PLN million unless stated otherwise]

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)
	July 31st 2021	July 31st 2021	February 1st–July 31st 2021	February 1st–July 31st 2021
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
Forum Kielce	–	–	1.1	0.8
Forum Lubin	–	–	–	0.7
GP sp. z o.o.	–	–	–	0.9
Total	**–**	**–**	**1.1**	**2.4**

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)
	July 31st 2020	July 31st 2020	February 1st–July 31st 2020	February 1st–July 31st 2020
	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed
Forum Kielce	–	–	–	0.7
Forum Lubin	–	–	–	0.6
GP sp. z o.o.	–	–	–	0.3
Total	**–**	**–**	**–**	**1.6**

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)
	June 30th 2020	June 30th 2020	January 1st–June 30th 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
Forum Kielce	0.1	–	–	0.5
Forum Lubin	0.2	–	–	0.5
GP sp. z o.o.	–	–	–	0.2
Total	**0.3**	**–**	**–**	**1.2**

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

[all amounts in PLN million unless stated otherwise]

REMUNERATION OF KEY MANAGEMENT PERSONNEL

In the reporting periods, the Company incurred 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–July 31st 2021			
unaudited, reviewed			
Members of Management Board	2.4	25.5	27.9
Supervisory Board	0.2	0.1	0.3
Total	**2.6**	**25.6**	**28.2**
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**
January 1st–June 30th 2020			
unaudited, reviewed			
Members of Management Board	1.2	0.3	1.5
Supervisory Board	0.2	–	0.2
Total	**1.4**	**0.3**	**1.7**

6.6. SHARE-BASED PAYMENTS

ACCOUNTING POLICY

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

The Company's employees (including members of the Management Board) receive awards based on the price (or value) of CCC shares ("cash settled share-based payments").

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

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

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

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

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

The long-term bonus for period one will be 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.

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 500,000 rights (options) being June 22nd 2021 – July 31st 2024, and for 100,000 rights (options) being July 1st 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 34.50. The assumed risk-free rate was 0.58% and the expected volatility of the share price was 39.5%. The duration of the option is three years.

The Group recognised cost of PLN 24.4m to account for the payment of the bonus for period one and a PLN 0.7m provision for period two. Salaries, wages and employee benefits disclosed under administrative expenses include a total amount of PLN 25.1m which is disclosed in the statement of financial position as amounts due to employees under other current liabilities (PLN 24.4m) and amounts due to employees under non-current liabilities (PLN 0.7m).

[all amounts in PLN million unless stated otherwise]

6.7. AUDITOR'S FEES

AUDITOR'S FEES	February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
Audit and reviews of financial statements	0.4	0.4	0.4
SUBSIDIARIES			
Audit and reviews of financial statements	0.3	0.3	0.3
TOTAL	**0.7**	**0.7**	**0.7**

6.8. EVENTS AFTER REPORTING DATE

On August 2nd 2021, CCC S.A. executed an annex to the multi-purpose credit facility agreement with PKO BP S.A. The annex increased the facility amount to PLN 200m (from PLN 161m).

On August 4th 2021, OFP sp. z o.o. had its share capital increased by PLN 0.3m through the issue of 6,000 new shares with a par value of PLN 50.00 per share. The new shares were paid for partly with a cash contribution of PLN 7.6m and partly with a non-cash contribution (in-kind contribution) of PLN 65.4m from CCC S.A. in the form of an organised part of business. The contributed assets comprised property, plant and equipment, right-of-use assets, cash and inventories of stores operating under the HalfPrice brand.

On September 7th 2021, the Management Board of CCC S.A., representing the majority shareholder of eobuwie.pl S.A., announced that CCC S.A. entered into an agreement with the new President of the eobuwie.pl Management Board Damian Zapłata under which CCC S.A. agreed to enable Mr Zapłata to invest PLN 100.0m in Company shares by November 30th 2021, with the value of 100.0% of Company shares equal to PLN 6bn (six billion złoty). 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 eobuwie 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.

On September 9th 2021, the Management Board of CCC S.A. entered into an agreement for the provision of debt financing in the form of bonds with PFR Inwestycje Fundusz Inwestycyjny Zamknięty, represented by Polski Fundusz Rozwoju S.A. On September 9th 2021, CCC Shoes&Bags sp. z o.o. entered into an issue agreement for the issue of up to 360 ordinary registered bonds with a total nominal value of PLN 360m. For more information, see Current Report No. 58/2021 of September 9th 2021. The issue date was September 22nd 2021, as described in the 'Going concern' note.

On September 16th 2021, the Management Board of CCC S.A. announced that at its meeting of September 16th 2021 the Supervisory Board passed resolutions to increase the number of members of the Management Board of the current term to seven persons and to appoint Adam Marciniak as Vice President of the Management Board with effect from September 16th 2021.

On September 23rd 2021, the Company repurchased 10% of shares from MKK3 sp. z o.o. for PLN 360.0m and on the same day sold the shares to A&R Investments Ltd. for PLN 500.0m. This payment was settled against the advance payment received earlier.

On October 5th 2021, eobuwie.pl S.A. of Zielona Góra, an indirect subsidiary of CCC, issued unsecured bonds convertible into eobuwie.pl shares, with a total value of PLN 500m. The bonds were issued to SVF II Motion Subco (DE) LLC, a related party of SoftBank Vision Fund 2, on the terms and conditions set out in the Subscription and Investment Agreement concluded by CCC Shoes&Bags sp. z o.o. of Polkowice, a subsidiary of CCC, and the Investor on July 2nd 2021, as disclosed in Current Report No. 44/2021 of July 2nd 2021. The total value of the bond issue is PLN 500m, and the entire issue proceeds have already been transferred to eobuwie.pl.

After the reporting date, the CCC Group established OFP Austria GmbH, making a capital contribution of EUR 2.0m. The change was not registered with the court by the date of publication. The company is a subsidiary of OFP Sp. z o.o.

The consolidated financial statements were authorised for issue by the Management Board on October 13th 2021	
and signed on behalf of the Management Board by:	
Edyta Skrzypiec - Rychlik	Chief Accountant
Signatures of all Board members:	
Marcin Czyczerski	President and CEO
Karol Półtorak	Vice President
Mariusz Gnych	Vice President
Adam Holewa	Vice President
Igor Matus	Vice President
Kryspin Derejczyk	Vice President
Adam Marciniak	Vice President

Polkowice, October 13th 2021