

CCC

Interim condensed separate financial statements

INTERIM CONDENSED SEPARATE

FINANCIAL STATEMENTS OF CCC S.A.

for the six months from February 1st 2021

to July 31st 2021



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CCC GROUP FINANCIAL REPORT

Interim condensed separate financial statements of CCC S.A. for the six months ended July 31st 2021.
[all amounts in PLN million unless stated otherwise]

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Interim condensed separate 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							
2.1	Revenue	1,142.9	768.3	741.7	551.7	706.7	431.8
2.2	Cost of sales	(748.3)	(542.0)	(424.7)	(355.3)	(406.7)	(294.3)
	Gross profit	394.6	226.3	317.0	196.4	300.0	137.5
2.2	Costs of points of purchase	(272.9)	(144.9)	(227.5)	(102.5)	(232.6)	(88.7)
2.2	Other distribution costs	(33.6)	(21.5)	(19.1)	(8.2)	(20.4)	(13.3)
2.2	Administrative expenses	(71.3)	(56.1)	(19.7)	(11.5)	(18.6)	(9.2)
2.3	Other income	14.3	9.9	13.9	2.4	13.4	7.2
2.3	Other expenses	(2.6)	(1.2)	(29.1)	(28.9)	(24.1)	(22.4)
	Operating profit (loss)	28.5	12.5	35.5	47.7	17.7	11.1
2.3	Finance income	176.4	168.3	16.8	12.3	16.8	12.1
2.3	(Recognition) / Reversal of loss allowances	35.3	39.5	(327.6)	(327.6)	(340.6)	(340.6)
2.3	Impairment losses on shares	(74.2)	(74.2)	(45.5)	(45.5)	(45.5)	(45.5)
2.3	Finance costs	(47.7)	(27.1)	(61.6)	(10.2)	(62.9)	(18.3)
	Profit (loss) before tax	118.3	119.0	(382.4)	(323.3)	(414.5)	(381.2)
2.4	Income tax	7.0	7.7	4.5	(0.2)	4.5	(14.8)
	NET PROFIT (LOSS)	125.3	126.7	(377.9)	(323.5)	(410.0)	(396.0)
	Other comprehensive income	–	–	–	–	–	–
	Total other comprehensive income, net	–	–	–	–	–	–
	TOTAL COMPREHENSIVE INCOME	125.3	126.7	(377.9)	(323.5)	(410.0)	(396.0)
	Weighted average number of ordinary shares (million)	54.9	54.9	45.7	45.7	44.0	41.1
	Basic earnings (loss) per share (PLN)	2.28	2.31	(8.26)	(7.07)	(9.31)	(9.64)
	Diluted earnings (loss) per share (PLN)	2.28	2.31	(8.26)	(7.07)	(9.31)	(9.64)

Interim condensed separate 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	3.0	1.9	1.0	1.0
5.1.1	Goodwill	48.8	48.8	46.3	46.3
5.2	Property, plant and equipment – leasehold improvements	315.8	289.8	315.9	312.5
5.2	Property, plant and equipment – distribution	217.7	223.2	227.7	233.7
5.2	Property, plant and equipment – other	69.5	48.0	48.6	49.0
5.3	Right-of-use assets	552.2	595.0	660.0	655.1
2.4	Deferred tax assets	60.6	24.4	17.0	17.0
3.2	Loans	814.4	–	–	–
3.1	Long-term investments	375.8	377.4	466.2	466.2
5.3	Lease receivables	63.4	67.4	63.5	63.5
	Non-current assets	2,521.2	1,675.9	1,846.2	1,844.3
5.4	Inventories	415.8	360.4	374.7	357.6
5.5	Trade receivables	42.7	230.1	44.2	43.1
	Income tax receivable	6.0	–	–	–
3.2	Loans	51.7	47.3	81.9	84.5
5.5	Other receivables	41.8	17.1	36.5	35.2
5.6	Cash and cash equivalents	117.3	199.5	149.8	158.0
5.3	Lease receivables	18.2	15.4	13.0	14.5
	Current assets	693.5	869.8	700.1	692.9
	TOTAL ASSETS	3,214.7	2,545.7	2,546.3	2,537.2
4.2	Bank borrowings and bonds	458.0	247.1	–	–
6.2	Amounts due to employees	0.7	–	–	–
5.8	Provisions	4.8	4.8	2.8	2.8
5.2	Grants received	15.9	14.0	15.8	16.1
5.3	Lease liabilities	620.9	674.0	702.7	692.7
	Other non-current liabilities	1.3	–	–	–
	Non-current liabilities	1,101.6	939.9	721.3	711.6
4.2	Bank borrowings and bonds	1.0	210.4	210.6	210.0
5.7	Trade and other payables	254.4	16.8	77.4	98.9
5.7	Other liabilities	163.3	102.3	121.4	120.4
5.7	Advance payment received	500.0	–	–	–
2.4	Income tax liabilities	–	2.3	11.0	11.0
5.8	Provisions	42.2	266.2	144.5	144.5
5.2	Grants received	0.8	3.7	3.7	3.7
5.3	Lease liabilities	220.3	198.3	176.1	183.9
	Current liabilities	1,182.0	800.0	744.7	772.4
	TOTAL LIABILITIES	2,283.6	1,739.9	1,466.0	1,484.0
	NET ASSETS	931.1	805.8	1,080.3	1,053.2
	Equity				
4.1	Share capital	5.5	5.5	5.5	5.5
4.1	Share premium	490.3	1,148.0	1,148.0	1,148.0
4.1	Retained earnings	435.3	(347.7)	(73.2)	(100.3)
	TOTAL EQUITY	931.1	805.8	1,080.3	1,053.2
	TOTAL EQUITY AND LIABILITIES	3,214.7	2,545.7	2,546.3	2,537.2

Interim condensed separate 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	118.3	(382.4)	(414.5)
2.2 Depreciation and amortisation	103.0	117.3	121.3
(Gain)/loss from investing activities	(139.9)	(0.4)	(0.4)
4.2 Borrowing costs	15.1	10.1	8.9
4.4 Other adjustments to profit before tax	(53.6)	420.0	419.7
2.4 Income tax paid	(37.5)	1.9	(1.9)
Cash flow before changes in working capital	5.4	166.5	133.1
Changes in working capital			
5.4 Change in inventories and inventory write-downs	(55.2)	29.3	(12.1)
5.5 Change in receivables	182.1	(34.2)	(35.3)
5.7 Change in current liabilities, net of borrowings and bonds	276.0	(344.0)	(303.4)
Net cash flows from operating activities	408.3	(182.4)	(217.7)
Proceeds from sale of property, plant and equipment	1.0	0.9	1.0
Proceeds from settlement of leasehold improvements with landlords	10.4	-	-
3.2 Repayment of loans and payment of interest	119.9	-	10.0
5.2 Purchase of intangible assets and property, plant and equipment	(66.9)	(20.9)	(20.5)
3.2 Loans	(840.0)	(0.9)	(0.9)
3.2 Other investing expenditure	(70.4)	(29.1)	(31.6)
2.3 Acquisition of eobuwie.pl shares from MKK3 sp. z o.o.	(360.0)	-	-
2.3 Recapitalisation of CCC Austria GmbH	(72.2)	-	-
2.3 Recapitalisation of NG2 Suisse s.a.r.l.	(106.6)	-	-
2.3 Recapitalisation of Gino Rossi S.A.	(66.0)	-	-
Acquisition of OFP sp. z o.o. (formerly Garda sp. z o.o.) from a subsidiary	(0.3)	-	-
2.3 Advance payment from A&R Investments Limited and payment from Cyfrowy Polsat for purchase of eobuwie.pl shares from MKK3 sp. z o.o.	1,000.0	-	-
2.3 Proceeds from sale of NG2 s.a.r.l.	2.2	-	-
2.3 Other cash provided by investing activities	36.7	1.5	1.5
Net cash flows from investing activities	(412.2)	(48.5)	(40.5)
4.2 Proceeds from borrowings	47.2	-	-
4.1 Issue of shares	-	506.9	506.9
Other cash provided by financing activities	-	1.4	0.8
5.3 Lease payments	(64.8)	(53.1)	(63.4)
4.2 Interest paid	(13.7)	(10.5)	(9.2)
4.2 Repayment of borrowings	(47.2)	(111.7)	(111.7)
Other financing expenditure	-	(2.7)	(2.6)
Net cash flows from financing activities	(78.5)	330.3	320.8
TOTAL CASH FLOWS	(82.4)	99.4	62.6
Net increase/decrease in cash and cash equivalents	(82.2)	99.4	62.6
Cash and cash equivalents at beginning of period	199.5	50.4	95.4
Cash and cash equivalents at end of period	117.3	149.8	158.0

Interim condensed separate statement of changes in equity

unaudited, reviewed	SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
As at February 1st 2021	5.5	(347.7)	1,148.0	805.8
Net profit (loss) for period	-	125.3	-	125.3
Total comprehensive income	-	125.3	-	125.3
Coverage of loss	-	657.7	(657.7)	-
Total transactions with owners	-	657.7	(657.7)	-
As at July 31st 2021	5.5	435.3	490.3	931.1

audited	SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
As at January 1st 2020	4.1	309.8	645.1	959.0
Net profit (loss) for period	-	(657.5)	-	(657.5)
Total comprehensive income	-	(657.5)	-	(657.5)
Issue of shares	1.4	-	502.9	504.3
Total transactions with owners	1.4	-	502.9	504.3
As at January 31st 2021	5.5	(347.7)	1,148.0	805.8

unaudited, unreviewed	SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
As at January 31st 2020	4.1	304.7	645.1	953.9
Net profit (loss) for period	-	(377.9)	-	(377.9)
Total comprehensive income	-	(377.9)	-	(377.9)
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	(73.2)	1,148.0	1,080.3

unaudited, reviewed	SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	TOTAL EQUITY
As at January 1st 2020	4.1	309.7	645.1	959.0
Net profit (loss) for period	-	(410.0)	-	(410.0)
Total comprehensive income	-	(410.0)	-	(410.0)
Issue of shares	1.4	-	502.9	504.3
Total transactions with owners	1.4	-	502.9	504.3
As at June 30th 2020	5.5	(100.3)	1,148.0	1,053.2



CCC GROUP FINANCIAL REPORT

Interim condensed separate financial statements of CCC S.A. for the six months ended July 31st 2021.
[all amounts in PLN million unless stated otherwise]

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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") has been listed on the Warsaw Stock Exchange since 2004.

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 separate financial statements of CCC 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 separate 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 separate statement of financial position as at July 31st 2020 and the accompanying notes, as well as the interim condensed separate statement of comprehensive income, the interim condensed separate statement of cash flows and the interim condensed separate 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 separate financial statements of CCC for the six months ended July 31st 2021 were authorised for issue by the Management Board on October 13th 2021.

The Company is the parent of the CCC Group (the "CCC Group", the "Group"). The Company has also prepared interim condensed consolidated financial statements for the six months ended July 31st 2021, which were authorised for issue by the Management Board on



October 13th 2021. The interim condensed consolidated financial statements of the CCC Group have been prepared in accordance with IFRS. The statements are available at the Company's website.

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

BASIS OF ACCOUNTING

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

These interim condensed separate financial statements do not include all the information and disclosures required to be given or made in full-year financial statements and should be read in conjunction with the Company's separate financial statements for the year ended January 31st 2021, 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 separate financial statements is presented in millions of Polish złoty, unless more accurate information is provided in specific cases. The functional and reporting currency is the Polish złoty (PLN).

GOING CONCERN

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

Below in this Note are presented important issues, including uncertainties concerning circumstances that may indicate risks to the Group continuing as a going concern.

As at July 31st 2021, the Company's statement of financial position shows:

- current assets of PLN 693.5m, including inventories of PLN 415.8m, cash of PLN 117.3m, trade receivables of PLN 42.7m, and other receivables of PLN 41.8m, as well as income tax receivable of PLN 6.0m and lease receivables of PLN 18.2m, and
- current liabilities of PLN 1,182.0m, including trade payables of PLN 254.4m and other liabilities of PLN 163.3m, as well as advance payments received of PLN 500.0m and lease liabilities (IFRS 16) of PLN 220.3m.

As at the reporting date, current liabilities exceeded current assets by PLN 488.5m.

As presented in Notes 4.1 and 4.2 to these financial statements, the Company's operations are financed through financial instruments, including mainly credit facilities and bonds, with the debt balance as at the reporting date of approximately PLN 459.0m.

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 Company operates, a priority task faced by the Management Board of the Company, being the parent of the CCC Group (the "Group"), 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 Company was able to secure 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, CCC S.A. and the CCC Group were 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, CCC S.A. and 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 500.0m 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 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.

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

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 to 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 Company 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 of 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 CCC S.A.

Inventory write-downs

For more information, see Note 5.4.

Impairment losses on shares

As at July 31st 2021, the Company made a detailed assessment (taking into account the impact of the COVID-19 pandemic) whether there is any indication that any of its investments in subsidiaries and associates could be impaired. Where such indications were found to exist, the Company tested the assets for impairment.

For more information, see Notes 2.3 and 3.1.

Expected credit losses (ECL)

As at July 31st 2021, the Company 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 Company's business mainly involves retail operations, and therefore the amount of trade receivables from unrelated parties is not significant. The general economic situation in 2020/2021 resulted in a significant decline in sales in the retail segment. The Company 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 substantially unchanged. The Company estimates that despite the coronavirus pandemic, the risk of non-payment of receivables by its trading partners has not changed significantly.

Another group of assets exposed to credit losses are loans. The Company also measures the risk under sureties issued (financial guarantees). The Company identified the risk of default on loans and recognised, as at the reporting date, an impairment loss of PLN (165.8)m (January 31st 2021: PLN 252.0m), as well as a PLN 38.0m allowance for expected credit losses with respect to provided financial guarantees (January 31st 2021: PLN 133.9m).

For more information on the recognised impairment losses and provisions, see Notes 3.2 and 6.1.

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

As at July 31st 2021, the Company 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 intangible assets, property, plant and equipment, goodwill and right-of-use assets could be impaired. Where such indications were found to exist, the Company tested the assets for impairment.

For details of the assessment and tests, see Notes 51, 5.1.1, 5.2 and 5.3.

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 5.3.

Other accounting matters and issues

As at the date of these financial statements, the Company did not identify any material risks related to potential breach of the terms of its existing trade and supply contracts.

As a result of the execution of financing agreements with banks, bondholders and other institutions, the Company is required to meet a number of covenants. As at the reporting date and the date of issue of these financial statements, in the Management Board's opinion there were no cases of a breach of any of the covenants. In accordance with the abovementioned agreements, the Company 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 Company received subsidies to salaries and employee benefits, as described in Note 2.2.

STATEMENT OF ACCOUNTING POLICIES

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

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

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

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Preparation of financial statements in accordance with IFRSs requires using certain significant accounting estimates. It also requires the Management Board to exercise its own judgement in the application of the accounting policies applied by the Company. Significant estimates made by the Management Board are presented in the individual notes.

The applied accounting policies and significant estimates and judgements for particular items of the statement of comprehensive income and the statement of financial position are presented below.

NOTE	TITLE	ACCOUNTING POLICY (Y/N)	SIGNIFICANT ESTIMATES AND JUDGEMENTS (Y/N)	PAGE
2.1	Revenue	Y	Y	17
2.2	Cost of sales	Y	N	20
2.2	Costs of points of purchase	Y	N	20
2.2	Other distribution costs	Y	N	20
2.2	Administrative expenses	Y	N	20
2.3	Other income and expenses, finance income and costs	Y	Y	25
2.4	Income tax	Y	Y	29
2.4	Deferred tax assets	Y	Y	29
2.4	Income tax liabilities	Y	N	29
3.2	Loans and financial guarantees	Y	Y	39
4.1	Equity	Y	N	50
4.2	Financing liabilities	Y	N	52
5.1	Intangible assets	Y	Y	61
5.2	Property, plant and equipment	Y	Y	64
5.2	Grants received	Y	N	64
5.3	Right-of-use assets and lease liabilities and receivables	Y	Y	68
5.4	Inventories	Y	Y	74
5.5	Trade receivables	Y	N	76
5.5	Other receivables	Y	N	76
5.6	Cash and cash equivalents	Y	N	77
5.7	Trade and other payables	Y	Y	78
5.7	Other liabilities	Y	N	78
5.8	Provisions	Y	Y	80
6.1	Financial instruments	Y	Y	82
6.2	Share-based payments	Y	Y	94

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 Company's 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 Company did not elect to apply the practical expedient introduced as part of the amendments to IFRS 16).

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

Issued standards and interpretations which are not yet effective and have not been adopted 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 Company 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 separate 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 Company's separate financial statements for the year ended January 31st 2022.

1.1. SEGMENTS

The Company applies the exemption for segment disclosures under IFRS 8 par. 4, therefore the analysis of the Company's operating segments was presented in the consolidated financial statements of the Group.

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2. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2.1. REVENUE

Accounting policy

Revenue

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

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

The Company recognises revenue at the moment of handing over the goods to the customer in the amount reflecting the price expected

by the entity in return for the handover of those goods and services.

The Management Board of the Company carried out a comprehensive analysis to determine whether a particular entity acts as an agent or

principal, taking into account the cooperation agreements concluded between the Company and its subsidiary CCC.eu sp. z o.o. ("CCC.eu") and the actual business model described below. In line with the business model, CCC.eu supplies goods to CCC S.A. which then sells the goods in stores in Poland.

Elements which may indicate that the Company could be treated as an intermediary are the following conditions resulting from the concluded contracts:

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

In the opinion of the Management Board of the Company, other aspects of the cooperation between the Company and CCC.eu are more important

and prevail in the assessment of the Company's role. In the opinion of the Management Board, the Company does not act as an intermediary because it is exposed to significant risks of the business and benefits from the sale of goods purchased

from CCC.eu. This assessment of the Company's role is corroborated by the following terms of mutual cooperation:

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

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

Revenue – retail

The Company sells footwear, handbags, shoe care accessories and small clothing accessories through its own chain of stores in Poland and abroad. Revenue is recognised when the goods are released to the customer in the store. Retail sales are usually made for cash or using payment cards. The Company operates a 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. Past experience is used to estimate the amount of refunds and provisions.

Revenues – e-commerce

The Company 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 Company operates a customer return policy. As at the reporting date, the amount of potential returns resulting from the consumer's right of withdrawal in distance and off-premises contracts was also estimated.

Loyalty Programme

The Company operates the 'CCC Club' Loyalty Programme aimed at promoting and advertising CCC S.A. and the CCC Group companies

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

The Company measured the liability under the Programme as at the reporting date and recognised it as liability under contracts with customers, making a relevant adjustment to revenue.

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

Revenue from contracts with customers by category is presented below.

Revenue	February–July 2021	February–July 2020	January–June 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Footwear	785.8	565.0	544.2
Bags	48.7	36.0	31.2
Other [1]	57.7	37.6	38.3
CCC retail business	892.2	638.6	613.7
Footwear	138.3	75.7	74.4
Bags	12.4	5.0	4.5
Other [1]	2.0	0.9	1.1
CCC e-commerce sales	152.7	81.6	80.0
Footwear	10.1	–	–
Clothing	23.4	–	–
Other	6.7	–	–
HalfPrice	40.2	–	–
Wholesale / services	57.8	21.5	13.0
Total	1,142.9	741.7	706.7

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

Revenue	May–July 2021	May–July 2020	April–June 2020
	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed
Footwear	574.7	445.4	331.1
Bags	32.0	27.7	19.1
Other [1]	37.3	28.7	22.2
CCC retail business	644.0	501.8	372.4
Footwear	60.2	39.1	52.3
Bags	5.7	3.2	3.4
Other [1]	0.8	0.5	0.8
CCC e-commerce sales	66.7	42.8	56.5
Footwear	9.9	–	–
Clothing	22.5	–	–
Other	6.7	–	–
HalfPrice	39.1	–	–
Wholesale / services	18.5	7.1	2.9
Total	768.3	551.7	431.8

The Company 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, the Company recorded 39.7% year-on-year growth in CCC's retail revenue, which was an effect of the shorter period when points of sale were closed due to the COVID-19 pandemic compared with the previous year (from March 15th to May 7th 2020 and from March 27th to April 18th 2021). 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. Analysis of CCC's retail sales between May and July, i.e. a period without lockdown restrictions (except for seven days of May 2020), points to revenue growth of 28.3%.

The Company reported a strong (87.1%) year-on-year increase in CCC's e-commerce revenue in the six months to July 31st 2021 (55.8% in the May–July period). The growth was driven, among other things, by the roll-out of the omnichannel model at the Company and the expansion of the range of products available.

Moreover, in the six months ended July 31st 2021, the CCC Group and the Company took steps to deploy the new off-price format through its stores and the HalfPrice online platform. On May 4th 2021, the Company launched the new sales 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.

In the six months to July 31st 2021, the Company 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 Company reduced its revenue by PLN 2.2m, recognising a liability under contracts with customers being CCC Club members.

2.2 COSTS BY NATURE OF EXPENSE

Accounting policy

Cost of sales

The Company recognises as cost of sales:

- cost of merchandise sold,
- cost of packaging used in sales,
- cost of goods sold,
- 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.

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 utility costs),
- variable lease payments (including 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 Company's general business activities (general and administrative expenses) and the Company's overheads.

Grants

If a grant relates to a specific cost item, it is recognised as a reduction of the costs the grant is intended to compensate. Where a grant relates to an asset, its fair value is recognised as deferred income and is then gradually released to profit or loss over the expected useful life of the asset in equal annual instalments as other income.

February 1st–July 31st 2021	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, reviewed					
Cost of merchandise sold	(746.8)	–	–	–	(746.8)
Raw material and consumables used	(0.1)	(7.5)	(0.5)	(2.4)	(10.5)
Inventory write-downs	(1.4)	–	–	–	(1.4)
Salaries, wages and employee benefits	–	(99.8)	(8.0)	(31.6)	(139.4)
Transport services	–	(0.1)	(12.4)	(0.1)	(12.6)
Other rental costs – utilities and other variable costs	–	(51.0)	(0.1)	(1.3)	(52.4)
Other services	–	(11.4)	(3.4)	(31.3)	(46.1)
Depreciation and amortisation	–	(96.9)	(4.5)	(2.5)	(103.9)
Taxes and charges	–	(6.2)	(2.0)	(0.9)	(9.1)
Other expenses	–	–	(2.7)	(1.2)	(3.9)
Total	(748.3)	(272.9)	(33.6)	(71.3)	(1,126.1)

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	(537.3)	–	–	–	(537.3)
Raw material and consumables used	(0.1)	(5.8)	(0.4)	(1.2)	(7.5)
Inventory write-downs	(4.6)	–	–	–	(4.6)
Salaries, wages and employee benefits	–	(54.2)	(5.1)	(27.7)	(87.0)
Transport services	–	–	(9.7)	(0.1)	(9.8)
Other rental costs – utilities and other variable costs	–	(23.2)	–	(0.7)	(23.9)
Other services	–	(6.8)	(2.8)	(23.7)	(33.3)
Depreciation and amortisation	–	(48.7)	(1.6)	(1.3)	(51.6)
Taxes and charges	–	(6.2)	0.5	(0.7)	(6.4)
Other expenses	–	–	(2.4)	(0.7)	(3.1)
Total	(542.0)	(144.9)	(21.5)	(56.1)	(764.5)

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	(420.5)	–	–	–	(420.5)
Raw material and consumables used	–	(6.3)	(0.2)	(1.9)	(8.4)
Inventory write-downs	(4.2)	–	–	–	(4.2)
Salaries, wages and employee benefits	–	(60.1)	(4.4)	(4.9)	(69.4)
Transport services	–	(0.3)	(7.7)	(0.2)	(8.2)
Other rental costs – utilities and other variable costs	–	(36.8)	(0.4)	(1.9)	(39.1)
Other services	–	(9.7)	(0.6)	(8.7)	(19.0)
Depreciation and amortisation	–	(114.3)	(4.0)	(0.8)	(119.1)
Taxes and charges	–	–	(1.6)	(0.4)	(2.0)
Other expenses	–	–	(0.2)	(0.9)	(1.1)
Total	(424.7)	(227.5)	(19.1)	(19.7)	(691.0)

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	(351.1)	–	–	–	(351.1)
Raw material and consumables used	–	(1.7)	(0.2)	(0.3)	(2.2)
Inventory write-downs	(4.2)	–	–	–	(4.2)
Salaries, wages and employee benefits	–	(21.0)	(0.4)	(2.1)	(23.5)
Transport services	–	(0.3)	(5.3)	(0.2)	(5.8)
Other rental costs – utilities and other variable costs	–	(20.0)	(0.3)	(1.5)	(21.8)
Other services	–	(5.6)	0.1	(5.9)	(11.4)
Depreciation and amortisation	–	(53.9)	(1.4)	(0.7)	(56.0)
Taxes and charges	–	–	(0.6)	(0.2)	(0.8)
Other expenses	–	–	(0.1)	(0.6)	(0.7)
Total	(355.3)	(102.5)	(8.2)	(11.5)	(477.5)

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	(402.5)	–	–	–	(402.5)
Raw material and consumables used	–	(7.5)	(0.3)	(1.8)	(9.6)
Inventory write-downs	(4.2)	–	–	–	(4.2)
Salaries, wages and employee benefits	–	(64.3)	(5.8)	(4.7)	(74.7)
Transport services	–	(0.3)	(6.6)	–	(6.9)
Other rental costs – utilities and other variable costs	–	(33.5)	(0.1)	(1.6)	(35.2)
Other services	–	(9.2)	(2.0)	(7.9)	(19.1)
Depreciation and amortisation	–	(117.8)	(3.9)	(1.4)	(123.1)
Taxes and charges	–	–	(1.4)	(0.4)	(1.8)
Other expenses	–	–	(0.3)	(0.8)	(1.1)
Total	(406.7)	(232.6)	(20.4)	(18.6)	(678.2)

April 1st–June 30th 2020	COST OF SALES	COSTS OF POINTS OF PURCHASE	OTHER DISTRIBUTION COSTS	ADMINISTRATIVE EXPENSES	TOTAL
unaudited, unreviewed					
Cost of merchandise sold	(290.1)	–	–	–	(290.1)
Raw material and consumables used	–	(2.2)	0.6	(1.4)	(3.0)
Inventory write-downs	(4.2)	–	–	–	(4.2)
Salaries, wages and employee benefits	–	(16.3)	(0.9)	(1.3)	(18.5)
Transport services	–	1.2	(6.6)	–	(5.4)
Other rental costs – utilities and other variable costs	–	(10.2)	(0.1)	(1.3)	(11.6)
Other services	–	(4.8)	(1.2)	(5.6)	(11.6)
Depreciation and amortisation	–	(56.4)	(2.6)	0.2	(58.8)
Taxes and charges	–	–	(1.4)	0.5	(0.9)
Other expenses	–	–	–	(0.3)	(0.3)
Impairment losses	–	–	(1.1)	–	(1.1)
Total	(294.3)	(88.7)	(13.3)	(9.2)	(405.5)

Cost of sales went up 76.2% year on year. The increase was due mainly to the revival of sales in CCC's 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.

Costs of points of purchase increased by 20.0% year on year, driven mainly by:

- PLN 39.7m 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 14.2m 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;
- lower depreciation expense on right-of-use assets (down PLN 17.4m) due mainly to renegotiation of lease contracts;
- introduction of the retail tax (PLN 6.2m), which has been levied since January 2021.

In the reporting period, the total amount of public aid (subsidies to salaries and employee benefits) was PLN 7.9m, vs PLN 16.9m in the comparative period.

The year-on-year growth in other distribution costs was attributable to a significant rise in transport costs (PLN 4.7m) driven by growing sales through the e-commerce channel, as well as a PLN 3.6m increase in salaries, wages and employee benefits.

The year-on-year increase in administrative expenses was led by a rise in other services (up PLN 22.6m), reflecting higher costs of outsourcing and advisory services, and an increase in salaries and wages and employee benefits (up PLN 26.7m), mainly driven by bonuses for the Management Board, as described in detail in Note 6.2 to these financial statements.



2.3. OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

Accounting policy

Other income and expenses

Other income and expenses include income and expenses from non-core activities, such as gains or losses on disposal of property, plant and equipment, impairment losses on receivables, penalties and fines, donations, etc.

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 and is then gradually released to profit or loss over the expected useful life of the asset in equal annual instalments.

Finance income and costs

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

	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	(2.1)	(1.0)	–	–	–	–
Other	(0.5)	(0.2)	(29.1)	(28.9)	(24.1)	(22.4)
Total other expenses	(2.6)	(1.2)	(29.1)	(28.9)	(24.1)	(22.4)

	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	–	–	3.5	1.7	0.2	(2.9)
Foreign exchange gains on items other than debt	0.4	0.3	–	(0.1)	–	(0.1)
Compensation	–	–	0.3	0.3	–	–
PFRON wage subsidies	1.5	0.8	1.1	0.3	1.4	0.6
Grants	1.0	1.0	2.0	2.0	1.8	1.8
Reversed provisions	–	–	4.7	4.7	4.7	4.7
Other	11.4	7.8	2.3	(6.5)	5.3	3.1
Total other income	14.3	9.9	13.9	2.4	13.4	7.2
Total other income and expenses	11.7	8.7	(15.2)	(26.5)	(10.7)	(15.2)

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 5.5m, presented under 'Other'.

	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 leases, borrowings and bonds	(15.9)	(8.2)	(11.4)	(7.2)	(9.2)	(5.0)
Foreign exchange gains	(8.9)	(5.3)	(32.9)	0.5	(35.5)	(8.9)
Commission fees paid	(6.9)	(1.5)	–	–	(1.7)	(1.7)
Valuation of HRG option	–	–	(13.3)	–	(13.3)	–
Guarantees received	(16.0)	(12.2)	–	–	–	–
Other	–	0.1	(4.0)	(3.5)	(3.2)	(2.7)
Total finance costs	(47.7)	(27.1)	(61.6)	(10.2)	(62.9)	(18.3)

	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 income						
Interest income on cash in current account and other interest income	11.9	7.4	8.5	4.3	9.1	4.7
Gain (loss) on sale of eObuwie.pl S.A. shares	140.0	140.0	–	–	–	–
Gain (loss) on sale of NG2 Suisse s.a.r.l. shares	2.2	2.2	–	–	–	–
Guarantees and sureties provided	20.9	20.9	6.4	6.4	6.3	6.3
Other	1.4	(2.2)	1.9	1.6	1.4	1.1
Total finance income	176.4	168.3	16.8	12.3	16.8	12.1

	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
(Recognition) / reversal of provisions for sureties provided for credit facilities used by subsidiaries	25.5	25.5	(140.3)	(140.3)	(140.3)	(140.3)
(Recognition) / reversal of impairment losses on loans and other financial receivables	(26.8)	(22.6)	(187.3)	(187.3)	(200.3)	(200.3)
(Recognition) / reversal of provisions for guarantee of trade payables of subsidiary	36.6	36.6	–	–	–	–
(Recognition) / reversal of total loss allowances	35.3	39.5	(327.6)	(327.6)	(340.6)	(340.6)

The reversal of the provisions for sureties provided for credit facilities used by subsidiaries was due to changes in the exposure to guaranteed credit facilities (decrease in the subsidiaries' debt).

The reversal of the provisions for guarantees of trade payables of PLN 36.6m pertained to the unused portion of the provisions.

	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
Impairment losses on shares	(74.2)	(74.2)	(45.5)	(45.5)	(45.5)	(45.5)
Total impairment losses on shares	(74.2)	(74.2)	(45.5)	(45.5)	(45.5)	(45.5)

The COVID-19 pandemic significantly affected Karl Voegelé AG's operating performance in 2020 and its prospects for the future. The business process optimization started after the acquisition of the company did not bring the expected results. Therefore, strategic options were reviewed with respect to Karl Voegelé AG of Uznach, Switzerland ("Karl Voegelé", "KVAG") and NG2 Suisse s.a.r.l., owned by CCC S.A. In the previous financial year, the Management Board decided to sell the shares in NG2 Suisse s.a.r.l. and, indirectly, the interest in Karl Voegelé AG. On June 3rd 2021, the Company sold 100% of shares in NG2 Suisse s.a.r.l. to cm.shoes GmbH and GA Europe Coöperatief U.A. effective May 31st 2021. Following the execution of relevant agreements, cm.shoes GmbH became the indirect owner of all shares in Karl Voegelé AG, which had been owned indirectly by the Company. At the time of the sale, the parties entered into an agreement whereby CCC may continue to provide selected services and supply goods to Karl Voegelé AG for up to two years, with the balance of trade receivables towards CCC capped at EUR 8,5m.

The agreements contain earn-out clauses for the benefit of CCC in case the new owners sell Karl Voegelé AG 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 Company did not recognise any assets in relation to this payment.

Prior to the sale of shares in NG2 Suisse s.a.r.l., the Company restructured the entities to be sold, which led to provisions and impairment losses having been recognised by the Company as at January 31st 2021. In the previous reporting year, the Company recognised

- an impairment loss of PLN 46.3m for the full value of the shares held in NG2 Suisse s.a.r.l. The recoverable amount of NG2 Suisse S.à.r.l. was measured at fair value less costs to sell.
- As a significant risk had been identified of non-recovery of the loans granted by CCC S.A. to Karl Voegelé AG and NG2 Suisse s.a.r.l., an impairment loss was recognised. This led to a change in the classification of the loans by the Management Board, from Level 1 to Level 3 under IFRS 9. As a result, allowances were recognised of PLN 75.9m and PLN 8.5m, respectively, covering 100% of the loans' amount.
- A loss allowance for financial guarantees provided to Karl Voegelé AG of PLN 70.4m (covering the entire amount of the guarantees) and a PLN 127.3m provision for a guarantee for trade payables were recognised.

In the reporting period, the following events occurred as part of the sale preparation process:

- repayment of the PLN 70.4m credit facility by CCC S.A., as a result of which the provision for a surety (financial guarantee) of PLN 70.4m was used,
- transfer and repayment of the subsidiary's trade receivables of PLN 66.1m to CCC S.A., as a result of which the provision for a guarantee for trade payables of PLN 66.1m was used,
- share capital increase of NG2 Suisse s.a.r.l. by PLN 238.3m; all the new shares were subscribed for by CCC S.A. and settled by converting the existing receivables under recourse to Karl Voegelé AG in connection with repayment of bank debt and trade payables totalling PLN 131.7m and a cash contribution of PLN 106.6m,
- the funds received were used to repay loans granted by CCC S.A. of PLN 81.8m and trade payables of PLN 24.7m, covered by the provision for guarantees for payables at CCC S.A. The provision for a guarantee for trade payables was used in a total amount of PLN 90.8m while the balance was reversed.

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

The Company earned income from the sale of shares in NG2 Suisse s.a.r.l. of PLN 2.2m (the carrying amount of the shares as at the transaction date was PLN 0.0m due to impairment losses recognised).

In the first half of 2021, the CCC Group entities entered into a share purchase commitment agreement with MKK3 sp. z o.o. (a minority shareholder in eobuwie.pl S.A., "MKK3") and its shareholders, with the participation of eobuwie.pl S.A., concerning purchase by CCC Group companies from MKK3 of 20% of shares in eobuwie.pl S.A. for a total price of PLN 720m by September 30th 2021. Pursuant to the agreement, the CCC Group entities made an irrevocable offer to MKK3 to purchase the remaining 5.01% of shares in eobuwie.pl S.A. held by MKK3 (the "Put Option") for a total price of PLN 180m, substantially valid from January 1st 2023 to December 31st 2025. The Put Option will expire if eobuwie.pl S.A. carries out an initial public offering of eobuwie.pl S.A. 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.

In the first half of 2021, the CCC Group entities 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 of eobuwie.pl S.A. for a price of PLN 500m per shareholding, that is for a total amount of PLN 1,000m for both shareholdings.

The conditions precedent set out in the preliminary conditional share purchase agreements for shares in eobuwie.pl S.A. of March 31st 2021, signed with CPSA and A&R, were met or waived on June 22nd 2021, and pursuant to the agreement of March 31st 2021 with MKK3:

- (i) CCC purchased from MKK3 eobuwie S.A. shares representing 10% of eobuwie S.A.'s share capital for a price of PLN 360m, paid on the transaction date,
- (ii) CCC sold to CPSA eobuwie S.A. shares representing 10% of eobuwie S.A.'s share capital for a price of PLN 500m, paid on the transaction date,
- (iii) CCC and A&R entered into a conditional disposal agreement for the transfer to A&R of the ownership of eobuwie.pl S.A. shares representing 10% of the eobuwie share capital for PLN 500m. On the date of the conditional disposal agreement, A&R paid PLN 500m to CCC towards the purchase price. Under the share disposal agreement, the transfer of shares will take place immediately after their acquisition by CCC from MK3 in accordance with the terms of the MKK3 Agreement by September 30th 2021. In order to secure the performance by CCC of the conditional disposal agreement, CCC Shoes & Bags sp. z o.o., a subsidiary of the Company, executed a registered pledge agreement under which CCC Shoes & Bags sp. z o.o. as the pledgor established a registered pledge over eobuwie S.A. shares representing 10% of eobuwie S.A.'s share capital for A&R as the pledgee (the transaction was finalised as described in Note 6.3 to these financial statements '*Events after the reporting date*').

Gain earned by the Company on the transaction with CPSA was PLN 140.0m. Funds received from A&R were recognised in the Company's statement of financial position as an advance payment received. In the Company's opinion, the fair value of the call / put option over the remaining 15% of eobuwie.pl shares is immaterial.

The COVID-19 pandemic also adversely affected the business of Gino Rossi S.A. Gino Rossi S.A. reports operating losses and negative operating cash flows. At the same time, the Management Board of the Company does not expect any significant improvement in this respect in the foreseeable future. Accordingly, in the previous year indications of impairment of the interest in the company were identified. In the previous financial year, the Management Board decided to recognise an impairment loss for the entire amount of the shares (PLN 88.0m) as at January 31st 2021. The recoverable amount of shares in Gino Rossi S.A. was measured at fair value less costs to sell. Additionally, an impairment loss of PLN 36.0m was recognised on loans to Gino Rossi S.A. as at January 31st 2021. There was a change in the classification of the loans from Level 1 to Level 3 under IFRS 9.

In the first half of the financial year 2021, Gino Rossi S.A.'s share capital was increased in exchange of cash by PLN 66.0m. At the same time, proceeds of the share capital increase were used by Gino Rossi S.A. to repay a loan from the Company at the nominal amount of PLN 66.0m. By a decision of the Management Board, the new shares were carried at PLN 0.0m (with an impairment loss recognised for their full amount). The transaction had no effect on the Company's statement of comprehensive income.

The COVID-19 pandemic significantly affected CCC Austria GmH's operating performance in 2021 and its prospects for the future. In connection with plans announced by the Group to restructure its presence in Western Europe, maintain strategic focus on operations in Central and Eastern Europe, and develop the e-commerce segment, indications of impairment of the interest in the company were identified as at July 31st 2021. In the reporting period, the company's share capital was increased by PLN 72.2m. The proceeds of the share capital increase were used by the company to repay its liabilities and finance its day-to-day operations. On June 16th 2021, an agreement was concluded with Pepco Poland sp. z o.o. concerning the takeover of 29 out of 46 commercial space lease contracts concluded by CCC Austria GmbH. In the case of 14 locations leased by CCC Austria GmbH and not covered by the agreement, CCC will take steps to terminate the lease contracts. The remaining three CCC stores in key locations are planned to be converted into HalfPrice flagship stores. Accordingly, the Management Board decided to recognise an impairment loss for the entire amount of the shares (PLN 74.1m) as at July 31st 2021. The recoverable amount of shares in CCC Austria GmbH was measured at fair value less costs to sell.

For detailed information on the loans and sureties, broken down by gross carrying amount, credit exposure and impairment losses, see Note 6.1. In the case of impairment losses on shares in CCC Austria GmbH and Gino Rossi S.A., the Company determined the recoverable amount corresponding to the fair value less costs to sell – Level 3 of the fair value hierarchy (inputs to measure an asset or liability that are not based on observable market data (unobservable inputs)). In terms of estimating the fair value of these shares, the projected cash flows are a significant element of the estimate; under IFRS 13, these are unobservable inputs, i.e. Level 3 inputs in the fair value hierarchy. The valuation technique did not change relative to that applied in the previous year.

2.4 TAXATION

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

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

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

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

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

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

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



ACCOUNTING POLICY

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

Uncertainty over recognition of income tax

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

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

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

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

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

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

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

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

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	(22.0)	(0.5)	(3.0)
Adjustments to current income tax for prior years	(7.2)	–	–
Deferred tax	36.2	5.0	7.4
Income tax recognised in statement of comprehensive income	7.0	4.5	4.5
Current tax recognised in profit or loss	29.2	(0.5)	2.9
Balance of CIT liabilities/(receivables) at beginning of period	2.3	(8.6)	9.2
Balance of CIT receivables/(liabilities) at end of period	6.0	11.0	(11.0)
Other changes	–	–	0.8
Tax paid recognised in statement of cash flows	37.5	1.9	1.9

TAX RATES APPLIED AND RECONCILIATION OF INCOME TAX EXPENSE

	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%
Weighted average rate of income tax	19.00%	19.00%	19.00%

	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	118.3	(382.4)	(414.5)
Weighted average tax rate	19.00%	19.00%	19.00%
Tax calculated at weighted average tax rate	(22.5)	72.6	78.8
Tax effects of the following items:			
Costs not deductible for tax purposes (impairment loss on shares in subsidiaries)	(26.6)	3.7	3.7
Other costs not deductible for tax purposes	(2.5)	(71.8)	(78.0)
Realisation of the temporary difference for which no deferred tax was recognised	53.9	–	–
Reversal of provisions and impairment losses which were treated as permanent differences	12.8	–	–
Tax relating to previous year	(7.2)	–	–
Income tax expense	7.0	4.5	4.5

BALANCES OF AND CHANGES IN DEFERRED TAX

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

unaudited, reviewed	July 31st 2021	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2021
Assets			
Impairment of assets: inventories and receivables	1.0	0.1	0.9
Provisions for liabilities	10.6	5.8	4.8
Other	0.2	(0.1)	0.3
Accelerated tax depreciation of property, plant and equipment	0.8	0.8	–
Tax losses	26.9	26.9	–
Measurement of lease contracts	27.6	(0.1)	27.7
Total before offset	67.1	33.4	33.7
Liabilities			
Accelerated tax depreciation of property, plant and equipment	–	(5.3)	5.3
Other	6.5	2.5	4.0
Total before offset	6.5	(2.8)	9.3
Offset	(6.5)	2.8	(9.3)
Deferred tax balances as disclosed in statement of financial position			
Assets	60.6	36.2	24.4
Liabilities	–	–	–

audited	January 31st 2021	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2020
Assets			
Impairment of assets: inventories and receivables	0.9	–	0.9
Provisions for liabilities	4.8	(0.5)	5.3
Other	0.3	(0.4)	0.7
Measurement of lease contracts	27.7	23.2	4.5
Total before offset	33.7	22.3	11.4
Liabilities			
Accelerated tax depreciation of property, plant and equipment	5.3	4.8	0.5
Other	4.0	2.7	1.3
Total before offset	9.3	7.5	1.8
Offset	(9.3)	(7.5)	(1.8)
Deferred tax balances as disclosed in statement of financial position			
Assets	24.4	14.8	9.6
Liabilities	–	–	–

unaudited, unreviewed	July 31st 2020	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	February 1st 2020
Assets			
Impairment of assets: inventories and receivables	0.8	(0.1)	0.9
Provisions for liabilities	4.9	(0.4)	5.3
Other	0.9	0.2	0.7
Measurement of lease contracts	12.6	8.1	4.5
Total before offset	19.2	7.8	11.4
Liabilities			
Accelerated tax depreciation of property, plant and equipment	–	(0.5)	0.5
Other	2.1	0.8	1.3
Total before offset	2.1	0.3	1.8
Offset	(2.1)	(0.3)	(1.8)
Deferred tax balances as disclosed in statement of financial position			
Assets	17.0	5.1	9.6
Liabilities	–	–	–

unaudited, reviewed	June 30th 2020	RECOGNISED / (CHARGED) ON PROFIT OR LOSS	January 1st 2020
Assets			
Impairment of assets: inventories and receivables	0.8	(0.1)	0.9
Provisions for liabilities	4.9	(0.4)	5.3
Other	0.9	0.2	0.7
Measurement of lease contracts	12.6	8.1	4.5
Total before offset	19.2	7.8	11.4
Liabilities			
Accelerated tax depreciation of property, plant and equipment	–	(0.5)	0.5
Other	2.1	0.8	1.3
Total before offset	2.1	0.3	1.8
Offset	(2.1)	(0.3)	(1.8)
Deferred tax balances as disclosed in statement of financial position			
Assets	17.0	7.5	9.6
Liabilities	–	–	–



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

3.1. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

ACCOUNTING POLICY

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

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

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

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

The Company holds, directly or indirectly, interests in the following subsidiaries and associates:

COMPANY NAME	REGISTERED OFFICE/COUNTRY	PRINCIPAL BUSINESS	CARRYING AMOUNT							
			INTEREST	INCENTIVE SCHEME	INTEREST	INCENTIVE SCHEME	INTEREST	INCENTIVE SCHEME	INTEREST	INCENTIVE SCHEME
			July 31st 2021		January 31st 2021		July 31st 2020		June 30th 2020	
unaudited, reviewed		audited		unaudited, unreviewed		unaudited, reviewed				
SUBSIDIARIES										
CCC Austria Ges.m.b.H	Graz, Austria	trade	-	-	0.4	1.5	0.4	1.5	0.4	1.5
CCC Czech s.r.o.	Prague, Czech Republic	trade	38.0	2.1	38.0	2.1	38.0	2.1	38.0	2.1
CCC Factory sp. z o.o.	Polkowice, Poland	production	15.0	9.7	15.0	9.7	15.0	9.7	15.0	9.7
CCC Hrvatska d.o.o.	Zagreb, Croatia	trade	2.9	0.2	2.9	0.2	2.9	0.4	2.9	0.4
CCC Hungary Shoes Kft.	Budapest, Hungary	trade	0.1	1.2	0.1	1.2	0.1	1.2	0.1	1.2
CCC Isle of Man Ltd.	Douglas, Isle of Man	trade	-	-	-	-	-	-	-	-
CCC Obutev d.o.o.	Maribor, Slovenia	trade	2.0	0.2	2.0	0.2	2.0	0.2	2.0	0.2
CCC Russia OOO	Moscow, Russia	trade	-	0.1	-	0.1	-	0.1	-	0.1
CCC Shoes & Bags d.o.o. Beograd	Belgrade, Serbia	trade	6.4	-	6.4	-	6.4	-	6.4	-
CCC Shoes & Bags sp. z o.o.	Polkowice, Poland	investments	280.7	-	280.7	-	280.7	-	280.7	-
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	Istanbul, Turkey	trade	0.1	-	0.1	-	0.1	-	0.1	-
CCC Shoes Bulgaria EOOD	Sofia, Bulgaria	trade	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.3
CCC Slovakia s.r.o.	Bratislava, Slovakia	trade	-	0.4	-	0.4	-	0.4	-	0.4
CCC.eu sp. z o.o.	Polkowice, Poland	trade	-	15.4	-	15.4	-	15.4	-	15.4

eobuwie.pl S.A.**	Zielona Góra, Poland	trade	-	0.5	-	0.5	-	0.4	-	0.4
NG2 Suisse s.a.r.l.*	Zug, Switzerland	trade	-	-	-	-	-	0.7	-	0.7
OFP sp. z o.o.	Polkowice, Poland	trade	0.3	-	-	-	-	-	-	-
Gino Rossi S.A.	Słupsk, Poland	trade	-	-	-	-	88.0	-	88.0	-
Associates										
HR Group Holding s.a.r.l.	Luxembourg	trade	-	-	-	-	-	-	-	-
Pronos sp. z o.o.	Wrocław, Poland	services	-	-	-	-	-	-	-	-
Total			345.7	30.1	345.8	31.6	433.8	32.4	433.8	32.4

* The period-on-period decrease in the equity interest in NG2 Suisse s.a.r.l. was attributable to the sale of the entity, as described in Note 2.3 to these financial statements.

** * The eobuwie.pl Group comprises eobuwie.pl Logistics sp. z o.o., eschuhe.de GmbH, eschuhe.CH GmbH, eobuv.cz s.r.o., Branded Shoes and Bags sp. z o.o. and EPANTOFI MODIVO s.r.l. (EPANTOFI MODIVO s.r.l. was established on July 9th 2021 and the share capital was fully paid up on September 6th 2021). Eobuwie.pl S.A. holds 100% of shares in each of these companies.

Shares as at July 31st 2021 unaudited, reviewed	% ownership interest	Gross carrying amount	Impairment loss	Net carrying amount
CCC Austria Ges.m.b.H	100%	74.1	(74.1)	-
CCC Czech s.r.o.	100%	40.1	-	40.1
CCC Factory sp. z o.o.	100%	24.7	-	24.7
CCC Hrvatska d.o.o.	100%	3.1	-	3.1
CCC Hungary Shoes Kft.	100%	1.3	-	1.3
CCC Isle of Man Ltd.	50%	-	-	-
CCC Obutev d.o.o.	100%	2.2	-	2.2
CCC Russia OOO	75%	0.1	-	0.1
CCC Shoes & Bags d.o.o. Beograd	100%	6.4	-	6.4
CCC Shoes & Bags sp. z o.o.	100%	280.7	-	280.7
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	100%	0.1	-	0.1
CCC Shoes Bulgaria EOOD	100%	0.5	-	0.5
CCC Slovakia s.r.o.	100%	0.4	-	0.4
CCC.eu sp. z o.o.	100%	15.4	-	15.4
eobuwie.pl S.A.	74.99%	0.5	-	0.5
NG2 Suisse s.a.r.l.*	0%	-	-	-
Gino Rossi S.A.	100%	154.0	(154.0)	-
OFP sp. z o.o.	100%	0.3	-	0.3
HR Group Holding s.a.r.l.	30.55%	-	-	-
Total		603.9	(228.1)	375.8

* The period-on-period decrease in the equity interest in NG2 Suisse s.a.r.l. was attributable to the sale of the entity, as described in Note 2.3 to these financial statements.

Shares as at January 31st 2021 audited	% ownership interest	Gross carrying amount	Impairment loss	Net carrying amount
CCC Austria Ges.m.b.H	100%	1.9	-	1.9
CCC Czech s.r.o.	100%	40.1	-	40.1
CCC Factory sp. z o.o.	100%	24.7	-	24.7
CCC Hrvatska d.o.o.	100%	3.1	-	3.1
CCC Hungary Shoes Kft.	100%	1.3	-	1.3
CCC Isle of Man Ltd.	50%	-	-	-
CCC Obutev d.o.o.	100%	2.2	-	2.2
CCC Russia OOO	75%	0.1	-	0.1
CCC Shoes & Bags d.o.o. Beograd	100%	6.4	-	6.4
CCC Shoes & Bags sp. z o.o.	100%	280.7	-	280.7
CCC Shoes Ayakkabicylyk Ticaret Limited Sirketi	100%	0.1	-	0.1
CCC Shoes Bulgaria EOOD	100%	0.5	-	0.5
CCC Slovakia s.r.o.	100%	0.4	-	0.4
CCC.eu sp. z o.o.	100%	15.4	-	15.4
eobuwie.pl S.A.	74.99%	0.5	-	0.5
NG2 Suisse s.a.r.l.*	100%	46.3	(46.3)	-
Gino Rossi S.A.	100%	88.0	(88.0)	-
OFP sp. z o.o.	0%	-	-	-
HR Group Holding s.a.r.l.	30.55%	-	-	-
Total		511.7	(134.3)	377.4

* The period-on-period decrease in the equity interest in NG2 Suisse s.a.r.l. was attributable to the sale of the entity, as described in Note 2.3 to these financial statements.



Shares Jul 31 2020 and Jun 30 2020 unaudited, unreviewed / unaudited, reviewed	% ownership interest	Gross carrying amount	Impairment loss	Net carrying amount
CCC Austria Ges.m.b.H	100%	1.9	-	1.9
CCC Czech s.r.o.	100%	40.1	-	40.1
CCC Factory sp. z o.o.	100%	24.7	-	24.7
CCC Hrvatska d.o.o.	100%	3.3	-	3.3
CCC Hungary Shoes Kft.	100%	1.3	-	1.3
CCC Isle of Man Ltd.	50%	-	-	-
CCC Obutev d.o.o.	100%	2.2	-	2.2
CCC Russia OOO	75%	0.1	-	0.1
CCC Shoes & Bags d.o.o. Beograd	100%	6.4	-	6.4
CCC Shoes & Bags sp. z o.o.	100%	280.7	-	280.7
CCC Shoes Ayakkabycylyk Ticaret Limited Sirketi	100%	0.1	-	0.1
CCC Shoes Bulgaria EOOD	100%	0.5	-	0.5
CCC Slovakia s.r.o.	100%	0.4	-	0.4
CCC.eu sp. z o.o.	100%	15.4	-	15.4
eobuwie.pl S.A.	74.99%	0.4	-	0.4
NG2 Suisse s.a.r.l.*	100%	0.7	-	0.7
Gino Rossi S.A.	100%	88.0	-	88.0
HR Group Holding s.a.r.l.	30.55%	-	-	-
Total		466.2	-	466.2

* The period-on-period decrease in the equity interest in NG2 Suisse s.a.r.l. was attributable to the sale of the entity, as described in Note 2.3 to these financial statements.

The rapid growth of e-commerce across both existing and new platforms and markets and the opening of off-price stores under the new HalfPrice concept led to increased demand for logistic and warehousing services. For this reason, reorganisation, restructuring and business measures were taken at CCC Factory sp. z o.o., as a result of which its manufacturing activities were discontinued with the delivery of the last collection. In the third quarter of this year, CCC Factory sp. z o.o. intends to change its business profile to the provision of logistic and warehousing services to other companies of the CCC Group. Analyses of the planned business model did not identify any indications of impairment of the interest held in that entity.

3.2. LOANS

ACCOUNTING POLICY

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

Impairment of financial assets

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

	February 1st–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	47.3	250.6	242.3	250.6
Granting of loans	840.0	250.9	0.9	0.9
Interest accrued	12.0	19.0	6.8	6.8
Repayment of loans with interest	(119.9)	(261.7)	–	(10.0)
Recognition of impairment loss	(26.8)	(252.0)	(187.3)	(200.3)
Other changes related to the restructuring of loans to Gino Rossi S.A. and Karl Voegelé AG	113.0	–	–	–
Set-off of claims	–	–	(0.2)	(0.2)
Foreign exchange gains	0.5	12.2	19.4	36.7
Other changes	–	28.3	–	–
At end of period	866.1	47.3	81.9	84.5
- short-term	51.7	47.3	81.9	84.5
- long-term	814.4	–	–	–

In the reporting period, repayment of loans in the amount of PLN 119.9m related to repayment of the PLN 32.6m loan advanced to Gino Rossi plus interest of PLN 3.6m and repayment of the PLN 83.7m loan advanced to KVAG. See Note 2.3 for details.

Other changes related the restructuring of loans from Gino Rossi S.A. and Karl Voegelé AG included the use of an impairment loss on the PLN 36m loan advanced to Gino Rossi S.A., as well as the use of an impairment loss on loans advanced to Karl Voegelé AG and NG2 Suisse s.a.r.l. For more information, see Note 2.3.

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

July 31st 2021	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, reviewed				
CCC Obutev d.o.o.	1.9	–	1.9	1
CCC Hrvatska d.o.o.	1.1	–	1.1	1
CCC Shoes Bulgaria EOOD	9.7	–	9.7	1
CCC Shoes & Bags d.o.o. Beograd	1.5	–	1.5	1
CCC.eu sp. z o.o.	877.8	(25.9)	851.9	1
HR Group Holding s.a.r.l	111.2	(111.2)	–	3
HR Group GmbH &Co.KG	28.7	(28.7)	–	3
Total	1,031.9	(165.8)	866.1	

January 31st 2021	Gross carrying amount	Impairment loss	Net carrying amount	Level
audited				
CCC Obutev d.o.o.	1.8	–	1.8	1
CCC Hrvatska d.o.o.	1.1	–	1.1	1
CCC Shoes Bulgaria EOOD	10.3	(0.2)	10.1	1
CCC Shoes & Bags d.o.o. Beograd	1.4	–	1.4	1
CCC.eu sp. z o.o.	34.0	(1.2)	32.8	1
NG2 Suisse s.a.r.l.	8.5	(8.5)	–	3
eobuwie.pl S.A.	0.1	–	0.1	1
Karl Vogeleg AG	75.9	(75.9)	–	3
Gino Rossi S.A.	36.0	(36.0)	–	3
HR Group Holding s.a.r.l	102.1	(102.1)	–	3
HR Group GmbH &Co.KG	28.1	(28.1)	–	3
Total	299.3	(252.0)	47.3	

July 31st 2020	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, unreviewed				
CCC Obutev d.o.o.	1.8	–	1.8	1
CCC Hrvatska d.o.o.	1.1	–	1.1	1
CCC Shoes Bulgaria EOOD	9.6	–	9.6	1
CCC Shoes & Bags d.o.o. Beograd	1.5	–	1.5	1
CCC.eu sp. z o.o.	33.7	–	33.7	1
NG2 Suisse s.a.r.l.	8.3	(8.3)	–	3
eobuwie.pl S.A.	0.1	–	0.1	1
Karl Vogeleg AG	74.4	(74.4)	–	3
Gino Rossi S.A.	34.1	–	34.1	1
HR Group Holding s.a.r.l	104.6	(104.6)	–	3
Total	269.2	(187.3)	81.9	

June 30th 2020	Gross carrying amount	Impairment loss	Net carrying amount	Level
unaudited, reviewed				
CCC Obutev d.o.o.	1.8	-	1.8	1
CCC Hrvatska d.o.o.	1.1	-	1.1	1
CCC Shoes Bulgaria EOOD	9.8	-	9.8	1
CCC Shoes & Bags d.o.o. Beograd	1.6	-	1.6	1
CCC.eu sp. z o.o.	36.1	-	36.1	1
NG2 Suisse s.a.r.l.	8.4	(8.4)	-	3
Karl Voegelé AG	75.9	(75.9)	-	3
Gino Rossi S.A.	34.1	-	34.1	1
HR Group Holding s.a.r.l	116.0	(116.0)	-	3
Total	284.8	(200.3)	84.5	

Impairment losses on loans	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	(252.0)	-	-	-
Recognised	(26.8)	(252.0)	(187.3)	(200.3)
Other changes related to the restructuring of loans to Gino Rossi S.A. and Karl Voegelé AG	113.0	-	-	-
At end of period	(165.8)	(252.0)	(187.3)	(200.3)

Credit sureties provided as at July 31st 2021	Maximum exposure	Level	Provision
unaudited, reviewed			
CCC.eu sp. z o.o.	1,138.8	1	34.7
eobuwie.pl S.A.	141.6	1	1.5
CCC Factory sp. z o.o.	73.3	1	1.8
CCC Hungary Shoes Kft.	6.6	1	-
Total	1,360.3		38.0

Credit sureties provided as at January 31st 2021 audited	Maximum exposure	Level	Provision
Karl Voegele AG	70.3	3	70.3
CCC.eu sp. z o.o.	1,327.0	1	47.9
CCC Russia OOO	55.2	2	14.1
Gino Rossi S.A.	0.1	3	0.1
eobuwie.pl S.A.	180.0	1	1.3
CCC Factory sp. z o.o.	4.6	1	0.1
CCC Hungary Shoes Kft.	6.0	1	0.1
Total	1,643.2		133.9

Credit sureties granted as at June 30th 2020 – unaudited, reviewed Credit sureties granted as at July 31st 2020 – unaudited, reviewed	Maximum exposure	Level	Provision
Karl Voegele AG	70.4	3	70.4
CCC.eu sp. z o.o.	1,254.5	1	53.4
CCC Russia OOO	63.4	1	2.5
Gino Rossi S.A.	50.6	1	3.4
eobuwie.pl S.A.	189.2	1	9.1
CCC Factory sp. z o.o.	4.9	1	0.2
CCC Hrvatska d.o.o.	1.0	1	–
CCC Czech s.r.o.	12.4	1	0.6
CCC Obutev d.o.o.	1.8	1	0.1
CCC Shoes Bulgaria EOOD	8.7	1	0.2
CCC Shoes & Bags d.o.o. Beograd	1.3	1	0.1
CCC Hungary Shoes Kft.	5.6	1	0.3
Total	1,663.8		140.3

As at July 31st 2021, the Company recognised an impairment loss on loans advanced of PLN 165.8m (January 31st 2021: PLN 252.0m), including mainly loans to HR Group Holding s.a.r.l. of PLN 111.2m (January 31st 2021: PLN 102.1m) and HR Group GmbH &Co. KG of PLN 28.7m (January 31st 2021: PLN 28.1m). As at the reporting date, the Group classified the loans as credit-impaired financial assets. The significant decrease in the impairment loss was mainly attributable to the two transactions involving Karl Voegele A.G. and Gino Rossi S.A. described below, which took place in the reporting period.

As disclosed in Note 2.3, in connection with the debt restructuring at NG2 Suisse s.a.r.l., impairment losses on loans advanced to Karl Voegele AG and NG2 Suisse s.a.r.l. were used. The loans were fully covered by an impairment loss recognised in the previous year as a result of the planned sale of shares in NG2 Suisse s.a.r.l. (as at January 31st 2021, this also led to a change in the classification of the loans advanced to these entities from Level 1 to Level 3).

As disclosed in Note 2.3, in the reporting period, as a result of the recapitalisation of Gino Rossi S.A., a loan was repaid. As at January 31st 2021, the loan was fully covered by an impairment loss as a result of the material impact of the COVID-19 pandemic on the company's operations and strategic plans (as at January 31st 2021, this led to a change in the classification of loans advanced to that entity from Level 1 to Level 3).

As at July 31st 2021, the Company recognised a provision for credit guarantees of PLN 38.0m (January 31st 2021: PLN 133.9m), which mainly covered sureties provided by the Company for credit facilities used by the subsidiary CCC.eu sp. z o.o. of PLN 34.7m (as at January 31st 2021: PLN 47.9m). The significant decrease in the provision was mainly attributable to the two transactions described below, which took place in the reporting period.

As disclosed in Note 2.3, prior to the sale of shares in NG2 Suisse s.a.r.l. its debt was restructured. As a result, the Company used the provision recognised in the previous year for the credit surety provided to Karl Voegele AG, repaying the related liability to the bank.

In 2020, compared with initial recognition, there was an increase in credit risk for the loan advanced to CCC Russia OOO, mainly as a result of the COVID-19 pandemic. The credit guarantee was reclassified from Level 1 to 2 and therefore the Company recognised a loss allowance in the amount equal to lifetime expected credit losses. In the reporting period, CCC Russia OOO incurred an intragroup loan from CCC.eu sp. z o.o., which was used to repay external financing. As a result, the credit guarantee provided by the Company to CCC Russia OOO expired and the related provision was reversed.

In the Company's opinion, there has been no significant increase in credit risk since initial recognition and the Company recognises the loss allowance in an amount equal to 12-month expected credit losses.

Interest rates on the loans are based on a variable WIBOR rate plus margin (PLN-denominated loans) or fixed interest rates provided for in the respective loan agreements (loans denominated in EUR and other currencies). For further analysis of the interest rate risk and credit risk, see Note 6.1.

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

The table below shows the current terms of loans advanced as at July 31st 2021.

LENDER	BORROWER	AGREEMENT DATE	MATURITY DATE	LIMIT [MILLION]	CURRENCY	INTEREST RATE
CCC S.A.	CCC.eu sp. z o.o.	June 22nd 2021	June 1st 2026	1,000.0	PLN	4%
CCC S.A.	CCC.eu sp. z o.o.	December 17th 2014	December 31st 2021	9.3	USD	2%
CCC S.A.	CCC Bulgaria	December 4th 2014	December 31st 2021	4.0	BGN	6%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	September 22nd 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	November 18th 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	December 9th 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	CCC Obutev d.o.o	February 18th 2019	February 28th 2022	0.8	EUR	1%
CCC S.A.	CCC Obutev d.o.o	April 21st 2020	April 30th 2022	0.3	EUR	1%
CCC S.A.	CCC Hrvatska d.o.o.	February 28th 2019	February 28th 2022	3.8	HRK	1%
CCC S.A.	HR Group GmbH & Co. KG	February 17th 2020	March 31st 2023	6.2	EUR	3%
CCC S.A.	OPF sp. z o.o.	June 22nd 2021	June 1st 2026	200.0	PLN	4%

The table below shows the current terms of loans advanced as at January 31st 2021.

LENDER	BORROWER	AGREEMENT DATE	MATURITY DATE	AMOUNT [MILLION]	CURRENCY	INTEREST RATE
CCC S.A.	CCC.eu sp. z o.o.	December 17th 2014	December 31st 2021	9.3	USD	2%
CCC S.A.	CCC Shoes Bulgaria EOOD	December 14th 2014	December 31st 2021	4.0	BGN	6%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	September 22nd 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	November 18th 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	CCC Shoes&Bags d.o.o. Beograd	December 9th 2016	December 31st 2021	0.1	EUR	4%
CCC S.A.	NG2 Suisse s.a.r.l.	August 29th 2018	December 31st 2021	2.0	CHF	1%
CCC S.A.	Karl Vogele AG	January 2nd 2019	April 30th 2021	10.0	CHF	1%
CCC S.A.	Karl Vogele AG	March 19th 2019	April 30th 2021	8.0	CHF	1%
CCC S.A.	HR Group Holding s.a.r.l.	January 31st 2019	December 31st 2019	41.5	EUR	8%
CCC S.A.	CCC Obutev d.o.o	February 18th 2019	February 17th 2021	0.8	EUR	1%
CCC S.A.	CCC Obutev d.o.o	April 21st 2020	April 30th 2021	0.3	EUR	1%
CCC S.A.	CCC Hrvatska d.o.o.	February 28th 2019	February 27th 2021	3.8	HRK	1%
CCC S.A.	HR Group GmbH & Co. KG	February 17th 2020	March 31st 2023	6.2	EUR	3%
CCC S.A.	Gino Rossi S.A.	December 18th 2018	May 20th 2022	22.1	PLN	3M WIBOR + 1.65%
CCC S.A.	Gino Rossi S.A.	December 18th 2018	October 31st 2021	0.4	PLN	1M WIBOR + 1.4%
CCC S.A.	Gino Rossi S.A.	December 18th 2018	October 31st 2021	31.4	PLN	1M WIBOR + 1.3%
CCC S.A.	Gino Rossi S.A.	December 18th 2018	October 31st 2021	9.5	PLN	1M WIBOR + 1.4%

The loan agreements specified in the table above do not provide for any collateral.

During the financial year, the estimation techniques and material assumptions did not change relative to those underlying the separate financial statements of the Company for the year ended January 31st 2021.

3.3. RELATED-PARTY TRANSACTIONS

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

SUBSIDIARIES	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	July 31st 2021	July 31st 2021	February 1st 2021– July 31st 2021	February 1st 2021– July 31st 2021
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
CCC Austria G.m.b.H	–	0.1	0.1	–
CCC Czech s.r.o.	0.5	–	–	–
CCC Factory sp. z o.o.	1.9	0.1	0.5	1.8
CCC Hrvatska d.o.o.	–	1.1	–	–
CCC Hungary Shoes Kft.	–	–	0.1	–
CCC Obutev d.o.o.	–	1.9	–	–
CCC Russia OOO	–	–	0.4	–
CCC Shoes & Bags d.o.o. Beograd	–	1.6	–	–
CCC Shoes & Bags sp. z o.o.	2.7	–	–	3.7
CCC Shoes Bulgaria EOOD	–	9.9	0.4	–
CCC.eu sp. z o.o.	112.3	919.9	85.9	752.4
DeeZee sp. z o.o.	–	–	0.2	–
eobuwie.pl S.A.	0.3	2.5	11.0	0.4
Gino Rossi S.A.	0.6	–	31.2	21,7*
Shoe Express S.A.	–	0.1	0.1	–
OFF sp. z o.o.	0.4	0.4	6.3	1.8
Total	118.7	937.6	136.2	760.1

*Applicable to real property acquired from Gino Rossi S.A.

SUBSIDIARIES	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	June 30th 2020	June 30th 2020	January 1st– June 30th 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
CCC Austria G.m.b.H	–	–	0.1	–
CCC Czech s.r.o.	0.6	–	–	–
CCC Factory sp. z o.o.	0.9	0.1	0.1	–
CCC Hrvatska d.o.o.	–	1.1	–	–
CCC Obutev d.o.o.	–	1.8	–	–
CCC Russia OOO	–	0.4	0.1	–

CCC Shoes & Bags d.o.o. Beograd	–	1.5	–	–
CCC Shoes & Bags sp. z o.o.	2.8	–	–	1.0
CCC Shoes Ayakkabicilik Limited	–	0.2	–	–
CCC Shoes Bulgaria EOOD	–	9.9	0.3	–
CCC.eu sp. z o.o.	72.7	69.7	5.9	406.5
eobuwie.pl S.A.	0.5	9.9	0.9	0.5
Gino Rossi S.A.	–	35.8	1.0	–
Karl Voegele AG	–	0.3	0.4	–
NG2 Suisse s.a.r.l.	0.3	1.3	–	–
Shoe Express S.A.	–	0.2	0.1	–
Total	77.8	132.2	9.1	408.0

SUBSIDIARIES

	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	July 31st 2020	July 31st 2020	February 1st–July 31st 2020	February 1st–July 31st 2020
	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed
CCC Austria G.m.b.H	–	–	0.1	–
CCC Czech s.r.o.	0.1	–	–	–
CCC Factory sp. z o.o.	0.6	0.2	0.3	–
CCC Hrvatska d.o.o.	–	1.1	–	–
CCC Obutev d.o.o.	–	1.8	–	–
CCC Russia OOO	–	0.1	0.1	–
CCC Shoes & Bags d.o.o. Beograd	–	1.5	–	–
CCC Shoes & Bags sp. z o.o.	–	–	–	1.1
CCC Shoes Bulgaria EOOD	–	9.8	0.3	–
CCC.eu sp. z o.o.	65.0	77.3	39.4	748.6
eobuwie.pl S.A.	0.8	5.3	10.1	–
Gino Rossi S.A.	–	34.3	0.9	–
Karl Voegele AG	74.6	–	0.4	–
Shoe Express S.A.	–	0.2	0.1	–
Total	141.1	131.6	51.7	3.1

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

ASSOCIATES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	July 31st 2021	July 31st 2021	February 1st– July 31st 2021	February 1st– July 31st 2021
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
HR Group Holding s.a.r.l.	-	-	8.0	-
Total	-	-	8.0	-

ASSOCIATES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	June 30th 2020	June 30th 2020	01.01.2020 – June 30th 2020	01.01.2020 – June 30th 2020
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
HR Group Holding s.a.r.l.	-	-	6.6	-
Total	-	-	6.6	-

ASSOCIATES				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	July 31st 2020	July 31st 2020	February 1st–July 31st 2020	February 1st–July 31st 2020
	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed	unaudited, unreviewed
HR Group Holding s.a.r.l.	-	-	5.4	-
Total	-	-	5.4	-

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

ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL				
	Liabilities to related parties (including financing liabilities)	Receivables from related parties (including loans)	Sales to related parties (operating activities, other operating activities, financing activities)	Purchases from related parties (operating activities, other operating activities, financing activities)
	July 31st 2021	July 31st 2021	February 1st 2021– July 31st 2021	February 1st 2021– 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)
	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

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

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

AUTHORITY	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
February 1st–July 31st 2020 – unaudited, unreviewed			
Members of Management Board	1.2	0.3	1.5
Supervisory Board	0.2	–	0.2
Total	1.46	0.28	1.74
January 1st–June 30th 2020 – unaudited, reviewed			
Members of Management Board	1.2	0.3	1.5
Supervisory Board	0.2	–	0.2
Total	1.46	0.28	1.74

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



4. DEBT; CAPITAL AND LIQUIDITY MANAGEMENT

4.1 CAPITAL MANAGEMENT

The purpose of capital risk management is to protect the Company's ability to continue its operations so as to ensure a return on capital for the shareholders and benefits for other stakeholders, and to maintain a cost-optimised capital structure.

In accordance with the Company's 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 the Directors' Report on the Group's operations.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends declared to be paid to shareholders, return capital to shareholders, issue new shares or sell assets in order to reduce debt.

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

EQUITY

ACCOUNTING POLICY

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

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

SHARE CAPITAL

As at July 31st 2021, January 31st 2021, July 31st 2020 and June 30th 2020, the Company's share capital comprised 54.87m shares with a par value of PLN 0.10, including 48.22m ordinary shares and 6.65m shares with voting preference. As at 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 2021 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 PLN 435.3m January 31st 2021: PLN (347.7)m; July 31st 2020: PLN (73.2)m; June 30th 2020: PLN (100.3)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 earnings per share were PLN 2.28. In the six months ended July 31st 2020, basic and diluted loss per share was PLN (8.26). In the six months ended June 30th 2020, basic and diluted loss per share was PLN (9.31).

	February 1st 2021– July 31st 2021	February 1st 2020– July 31st 2020	January 1st 2020– June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Weighted average number of shares	54,868,000	44,040,581	44,040,581
Potential number of shares	–	293,730	293,730
TOTAL	54,868,000	44,334,311	44,334,311
Net profit (loss)	125.3	(377.9)	(410.0)
Basic earnings (loss) per share (PLN)	2.28	(8.26)	(9.31)
Diluted earnings (loss) per share (PLN)	2.28	(8.26)	(9.31)
Number of warrants	–	293,730	293,730
Price of warrants (PLN)	–	211.4	211.4
Average price of shares in period (PLN)	107.8	63.9	64.4
Share price as at end of period	121.6	59.7	59.7
Number of shares used to calculate basic earnings (loss) per share	54,867,999.8	45,734,666.7	44,040,580.6
Number of shares after adjustment	54,867,999.8	45,734,666.7	44,040,580.6
Net profit (loss) [PLNm]	125.3	(377.9)	(410.0)
Diluted earnings (loss) per share (PLN)	2.28	(8.26)	(9.31)

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.

In the current year, the Company did not declare or pay any dividend.

4.2 DEBT UNDER BORROWINGS AND NOTES

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 are changed:

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

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

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

B) Change in expected cash flows

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

LIABILITIES UNDER BORROWINGS AND BONDS

The following Note presents data on the Company's borrowings from financial institutions and from other Group companies.

For information on lease liabilities, see Note 5.3.

unaudited, reviewed	LIABILITIES UNDER BORROWINGS AND BONDS				TOTAL
	LONG-TERM	SHORT-TERM	IN CURRENT ACCOUNT	LIABILITIES UNDER BONDS	
As at February 1st 2021	247.1	0.1	-	210.3	457.5
Proceeds from debt contracted					
- financing received	-	47.2	-	-	47.2
Interest accrued	-	2.9	-	2.2	5.1
Debt-related payments	-	-	-	-	
- principal payments	-	(47.2)	-	-	(47.2)
- interest paid	-	(2.9)	-	(1.6)	(4.5)
Other non-cash changes	0.9	-	-	-	0.9
As at July 31st 2021	248.0	0.1	-	210.9	459.0
short-term	-	0.1	-	0.9	1.0
long-term	248.0	-	-	210.0	458.0

audited	LIABILITIES UNDER BORROWINGS AND BONDS				TOTAL
	LONG-TERM	SHORT-TERM	IN CURRENT ACCOUNT	LIABILITIES UNDER BONDS	
As at January 1st 2020	-	111.4	-	210.0	321.4
Proceeds from debt contracted					
- financing received	250.0	-	-	-	250.0
Interest accrued	-	1.4	-	5.2	6.6
Debt-related payments					
- principal payments	-	(111.7)	-	-	(111.7)
- interest paid	-	(1.3)	-	(4.9)	(6.2)
Increase due to change in overdraft facility amount	-	0.1	-	-	0.1
Other non-cash changes	(2.9)	0.2	-	-	(2.7)
As at January 31st 2021	247.1	0.1	-	210.3	457.5
short-term	-	0.1	-	210.3	210.4
long-term	247.1	-	-	-	247.1

unaudited, unreviewed	LIABILITIES UNDER BORROWINGS AND BONDS				
	NON-CURRENT	CURRENT	IN CURRENT ACCOUNT	LIABILITIES UNDER BONDS	TOTAL
As at February 1st 2020	-	112.1	0.6	210.5	323.2
Proceeds from debt contracted					
- financing received	-	-	-	-	-
Interest accrued	-	0.4	-	3.9	4.3
Debt-related payments					
- principal payments	-	(111.4)	-	-	(111.4)
- interest paid	-	(0.4)	-	(3.9)	(4.3)
Decrease due to change in overdraft facility amount	-	-	(0.6)	-	(0.6)
Other non-cash changes - carrying amount	-	(0.7)	-	0.1	(0.6)
As at July 31st 2020	-	-	-	210.6	210.6
short-term	-	-	-	210.6	210.6
long-term	-	-	-	-	-

unaudited, reviewed	LIABILITIES UNDER BORROWINGS AND BONDS				
	LONG-TERM	SHORT-TERM	IN CURRENT ACCOUNT	LIABILITIES UNDER BONDS	TOTAL
As at January 1st 2020	-	111.4	-	210.0	321.4
Proceeds from debt contracted					
- financing received	-	-	-	-	-
Interest accrued	-	0.5	-	3.2	3.7
Debt-related payments					
- principal payments	-	(111.7)	-	-	(111.7)
- interest paid	-	(0.8)	-	(3.2)	(4.0)
Other non-cash changes - carrying amount	-	0.6	-	-	0.6
As at June 30th 2020	-	-	-	210.0	210.0
short-term	-	-	-	210.0	210.0
long-term	-	-	-	-	-

As a result of the coronavirus pandemic, the Company entered into agreements with the Group's and the Company'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, including the Company, 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 Company 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 Company 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;
- 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



CCC GROUP FINANCIAL REPORT

Interim condensed separate financial statements of CCC S.A. for the six months ended July 31st 2021.
[all amounts in PLN million unless stated otherwise]

2022. 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.

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

Collateral for the liabilities is presented below.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL			
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Sureties	2,348.3	110.0	125.6	125.6
Security mortgages on real estate	4,453.5	2,636.1	1,814.7	1,814.7
Registered pledge over movable property	243.1	536.2	1,440.1	1,440.1
Blank promissory notes	1,122.4	851.8	267.3	267.3

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

4.3. CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES AND LIQUIDITY MANAGEMENT POLICY

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

The table below presents, as at the reporting date, results of an analysis of contractual maturities of the financial liabilities, undiscounted payments under the existing financing liabilities, and the contractual maturities of the instruments used by CCC S.A.

CCC S.A. recognises revenue from its principal business consisting in retail sale of merchandise. As a rule, cash revenue is received on the date of retail sale transactions; accordingly, CCC S.A. does not bear any significant risk of receipt of payment from retail customers. In most cases, the Company recognises cash revenue from retail transactions at the time of sale.

Pursuant to the terms of the financing agreements, cash revenue from retail transactions is first applied towards timely payment of the financing liabilities. Under the financing agreements, CCC S.A. generally makes use of the possibility to zero out balances in current accounts and accounts in which funds are made available by the lenders to finance 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 Company to reasonably manage its sales and ensure timely payment of financial liabilities by CCC S.A.. In accordance with historical financial data, the volumes of merchandise sold in the course of its retail business allowed Company to pay all of its financial liabilities on a timely basis in each period. Also, the planned future retail and wholesale revenue generally allows the Company to fully cover the expected future financing liabilities over the periods covered by the liquidity risk analyses prepared by the Company. The only period when CCC S.A. recognised a material risk of default on its financial liabilities was the time of administrative restrictions imposed on retail activities at shopping centres ("lock-down") due to the COVID-19 outbreak. However, this was an exceptional and non-recurring situation which could not have been foreseen in regular business risk assessment.

Prudent liquidity management also implies that the Company 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 the Company.

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

As at July 31st 2021 - unaudited, reviewed	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
Bank borrowings	1.6	4.3	251.5	-	-	257.4	248.1
Bonds	-	10.0	30.0	219.9	-	259.9	210.9
Trade and other payables	84.1	170.3	-	-	-	254.4	254.4
Guarantees provided	1,360.3	-	-	-	-	1,360.3	1,360.3
Returns liabilities	5.0	-	-	-	-	5.0	5.0
Lease liabilities	66.5	156.6	351.8	234.6	89.5	899.0	841.2
Total financial liabilities	1,517.5	341.2	633.3	454.5	89.5	3,036.0	2,919.9

As at January 31st 2021 – audited	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
Bank borrowings	0.2	-	250.0	-	-	250.2	247.2
Bonds	-	211.6	-	-	-	211.6	210.3
Trade and other payables	16.7	0.1	-	-	-	16.8	16.8
Returns liabilities	3.9	-	-	-	-	3.9	3.9
Guarantees provided	1,643.2	-	-	-	-	1,643.2	1,643.2
Lease liabilities	46.9	154.1	415.2	207.6	112.2	936.0	872.3
Total financial liabilities	1,710.9	365.8	665.2	207.6	112.2	3,061.7	2,993.7

As at July 31st 2020 – unaudited, unreviewed	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
Bonds	-	213.1	-	-	-	213.1	210.6
Trade and other payables	24.4	53.0	-	-	-	77.4	77.4
Guarantees provided	1,663.8	-	-	-	-	1,663.8	1,663.8
Returns liabilities	2.8	-	-	-	-	2.8	2.8
Lease liabilities	34.5	130.3	426.6	213.3	120.8	925.5	878.8
Total financial liabilities	1,725.5	396.4	426.6	213.3	120.8	2,882.6	2,833.4

As at June 30th 2020 – unaudited, reviewed	CONTRACTUAL MATURITIES FROM THE END OF THE REPORTING PERIOD					TOTAL UNDISCOUNTED	CARRYING AMOUNT
	UP TO 3 MONTHS	3-12 MONTHS	1-3 YEARS	3-5 YEARS	OVER 5 YEARS		
Bonds	-	212.5	-	-	-	212.5	210.0
Trade and other payables	94.9	3.1	0.9	-	-	98.9	98.9
Guarantees provided	1,663.8	-	-	-	-	1,663.8	1,663.8
Returns liabilities	2.8	-	-	-	-	2.8	2.8
Lease liabilities	54.1	131.6	421.4	210.7	114.1	931.9	876.6
Obligation to pay to associate	3.2	-	-	-	-	3.2	3.2
Total financial liabilities	1,818.8	347.2	422.3	210.7	114.1	2,913.1	2,855.3

The value of the guarantees presented in the notes above relates to off-balance-sheet liabilities estimated for the analysis of ECL allowance of PLN 38.0m. For more information on the guarantees, see Notes 3.2 and 6.1 and the Directors' Report on the operations of the CCC Group.

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

unaudited, reviewed	Trade receivables, other receivables	Trade payables, other payables, amounts due to employees
As at February 1st 2021	247.2	119.1
As at July 31st 2021	84.5	418.4
Change in statement of financial position	162.7	299.3
Difference due to:		
Changes due to sureties provided/received	15.1	(5.8)
Changes in investment liabilities/receivables	4.6	(18.9)
Other	(0.3)	1.4
Change recognised in statement of cash flows	182.1	276.0

unaudited, unreviewed	Trade receivables, other receivables	Trade payables, other payables, amounts due to employees
As at February 1st 2020	37.2	552.8
As at July 31st 2020	80.7	198.8
Change in statement of financial position	(43.5)	(354.0)
Difference due to:		
Changes in issued sureties	6.4	-
Changes in investment liabilities/receivables	(1.0)	2.7
Change in liabilities due to obligation to pay to associate	-	11.0
Other	3.9	(3.7)
Change recognised in statement of cash flows	(34.2)	(344.0)

unaudited, reviewed	Trade receivables, other receivables	Trade payables, other payables, amounts due to employees
As at January 1st 2020	37.3	550.9
As at June 30th 2020	78.4	219.3
Change in statement of financial position	(41.0)	(331.5)
Difference due to:		
Changes in issued sureties	6.4	-
Changes in investment liabilities/receivables	(0.8)	2.7
Change in liabilities due to obligation to pay to associate	-	29.4
Other	0.1	(4.0)
Change recognised in statement of cash flows	(35.3)	(303.4)

	February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, unreviewed	unaudited, reviewed
Other adjustments to profit before tax:			
Change in provisions	–	3.4	3.4
Change in provisions for credit sureties and guarantees	(47.0)	140.0	140.0
Change in loss allowances	(50.0)	187.3	200.3
Sureties	(9.3)	(6.4)	(6.4)
Valuation of HR Group option	–	13.3	13.3
Impairment loss on shares in NG2 Suisse s.a.r.l	–	45.5	45.5
Impairment loss on shares in CCC Austria Ges.m.b.H	74.2	–	–
Other	(21.5)	36.8	23.7
Total	(53.6)	420.0	419.7

	February 1st–July 31st 2021	February 1st–July 31st 2020	January 1st–June 30th 2020
	unaudited, reviewed	unaudited, reviewed	unaudited, reviewed
Depreciation/amortisation due to changes in non-current assets, intangible assets and right-of-use assets			
Depreciation/amortisation amounts disclosed in notes on property, plant and equipment, intangible assets and right-of-use assets	109.0	119.1	123.1
Change due to recharge of costs	(5.2)	–	–
Grants	(0.9)	(1.8)	(1.8)
Total	103.0	117.3	121.3



audited	TRADEMARKS, PATENTS, LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at January 1st 2020	11.5	–	11.5
Accumulated amortisation as at January 1st 2020	(10.1)	–	(10.1)
Net carrying amount as at January 1st 2020	1.4	–	1.4
Amortisation	(0.7)	–	(0.7)
Acquisition	0.9	0.3	1.2
Gross carrying amount as at January 31st 2021	12.4	0.3	12.7
Accumulated amortisation as at January 31st 2021	(10.8)	–	(10.8)
Net carrying amount as at January 31st 2021	1.6	0.3	1.9

unaudited, unreviewed	TRADEMARKS, PATENTS AND LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at February 1st 2020	11.5	–	11.5
Accumulated amortisation as at February 1st 2020	(10.1)	–	(10.1)
Net carrying amount as at February 1st 2020	1.4	–	1.4
Amortisation	(0.4)	–	(0.4)
Gross carrying amount as at July 31st 2020	11.4	–	11.4
Accumulated amortisation as at July 31st 2020	(10.5)	–	(10.5)
Net carrying amount as at July 31st 2020	1.0	–	1.0

unaudited, reviewed	TRADEMARKS, PATENTS AND LICENCES	INTANGIBLE ASSETS UNDER DEVELOPMENT	TOTAL
Gross carrying amount as at January 1st 2020	11.5	–	11.5
Accumulated amortisation as at January 1st 2020	(10.1)	–	(10.1)
Net carrying amount as at January 1st 2020	1.4	–	1.4
Amortisation	(0.4)	–	(0.4)
Gross carrying amount as at June 30th 2020	11.4	–	11.4
Accumulated amortisation as at June 30th 2020	(10.5)	–	(10.5)
Net carrying amount as at June 30th 2020	1.0	–	1.0

As at July 31st 2021, net carrying amount of trademarks, patents and licences comprised mainly the AMERICANOS trademark worth PLN 0.9m that was acquired in the previous year, the BADURA copyrights worth PLN 1.1m acquired in the current period. There were no indications of impairment.

5.1.1 GOODWILL

ACCOUNTING POLICY

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

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

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

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

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

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

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

Company	Acquisition date	As at February 1st 2021 (audited)	Positive adjustments – final settlement	Negative adjustments – final settlement	Acquisition	Exchange differences on translation	As at July 31st 2021 (unaudited, reviewed)	Segment – CGU
Adler International sp. z o.o. sp. k.	July 2018	48.8	–	–	–	–	48.8	Distribution - Retail - Poland and e-commerce

As at July 31st 2021, the Company did not identify any indications of a need to test for impairment a cash-generating unit to which a material amount of goodwill with indefinite useful life had been allocated, i.e. the Adler International sp. z o.o. sp.k. project.

5.2 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment include: leasehold improvements (i.e. expenditure on leased premises used in the retail business); property, plant and equipment used in the 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 expenditures are included in the carrying amount of a given fixed asset or recognised as a separate fixed asset (where appropriate) only if it is probable that economic benefits will flow to the Company under this item and the cost of the given item can be reliably estimated. If an item of property, plant and equipment is replaced, its carrying amount is derecognised from the statement of financial position. Any other expenditure on repairs and maintenance is charged to profit or loss in the period in which it is incurred.

Borrowing costs are 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	* from 10 to 40 years
	* machinery and equipment	* from 10 to 40 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* from 5 to 10 years
Other	* machinery and equipment	* from 3 to 15 years
	* vehicles	* from 5 to 10 years
	* other property, plant and equipment	* 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 Company assesses as at the reporting date whether any objective evidence exists that an item of property, plant and equipment may be impaired. Depreciable assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell or value in use. For the purpose of impairment analysis, assets are grouped at the lowest level for which there are identifiable separate cash flows (cash-generating units). Non-financial assets for which impairment has been previously identified are assessed as at each reporting date for indications of reversal of the impairment loss.

In the retail business, each store is a separate cash-generating unit. In accordance with the principles described above, as at each reporting date the Company 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 Company, the following conditions must be met:

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

If an asset is considered unrecoverable, the Company 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.

Grants received

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

Certain assets relating to individual outlets may be permanently attached to the leased premises (leasehold improvements), which makes it impossible to use them for other purposes or to sell them. The depreciation period is never longer than the assumed lease term. The adopted useful lives are described above.

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

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.

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 amount of the grant 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. In accordance with the Company's accounting policy, this grant is presented in the line item 'Grants received' in the statement of financial position.

	LEASEHOLD IMPROVEMENTS	DISTRIBUTION			OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL	
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER		
Gross carrying amount as at February 1st 2021	535.1	230.2	120.9	1.5	352.6	56.3	1.9	5.0	63.2	950.9
Accumulated depreciation as at February 1st 2021	(245.3)	(33.3)	(96.1)	-	(129.4)	(9.1)	(1.6)	(4.5)	(15.2)	(389.9)
Net carrying amount as at February 1st 2021	289.8	196.9	24.8	1.5	223.2	47.2	0.3	0.5	48.0	561.0
Acquisition	58.6	-	0.1	2.4	2.5	22.4	0.3	0.3	23.0	84.1
Depreciation	(29.3)	(2.9)	(5.1)	-	(8.0)	(1.4)	-	(0.1)	(1.5)	(38.8)
Retirement and disposal	(12.8)	-	-	-	-	-	-	(0.2)	(0.2)	(13.0)
Retirement and disposal (accumulated depreciation)	9.5	-	-	-	-	-	-	0.2	0.2	9.7
Gross carrying amount as at July 31st 2021	580.9	230.2	121.0	3.9	355.1	78.7	2.2	5.1	86.0	1,022.0
Accumulated depreciation as at July 31st 2021	(265.1)	(36.2)	(101.2)	-	(137.4)	(10.5)	(1.6)	(4.4)	(16.5)	(419.0)
Net carrying amount as at July 31st 2021	315.8	194.0	19.8	3.9	217.7	68.2	0.6	0.7	69.5	603.0

audited	LEASEHOLD IMPROVEMENTS	DISTRIBUTION			OTHER PROPERTY, PLANT AND EQUIPMENT				TOTAL	
		LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER		
Gross carrying amount as at January 1st 2020	464.2	214.7	109.4	14.9	339.0	55.6	25.8	7.8	89.2	892.4
Accumulated depreciation as at January 1st 2020	(184.3)	(27.0)	(73.7)	-	(100.7)	(6.5)	(18.7)	(6.4)	(31.6)	(316.6)
Net carrying amount as at January 1st 2020	279.9	187.7	35.7	14.9	238.3	49.1	7.1	1.4	57.6	575.8
Acquisition	75.7	-	1.8	1.5	3.3	(0.2)	0.1	0.1	-	79.0
Depreciation	(58.3)	(5.7)	(16.7)	-	(22.4)	(5.5)	(0.2)	(0.4)	(6.1)	(86.8)
Retirement and disposal	(15.8)	-	-	-	-	-	-	(1.3)	(1.3)	(17.1)
Retirement and disposal (accumulated depreciation)	8.6	-	0.1	-	0.1	-	-	1.4	1.4	10.1
Transfer between groups (gross carrying amount)	11.0	15.5	9.7	(14.9)	10.3	0.9	(24.0)	(1.6)	(24.7)	(3.4)
Transfer between groups (accumulated depreciation)	(11.3)	(0.6)	(5.8)	-	(6.4)	2.9	17.3	0.9	21.1	3.4
Gross carrying amount as at January 31st 2021	535.1	230.2	120.9	1.5	352.6	56.3	1.9	5.0	63.2	950.9
Accumulated depreciation as at January 31st 2021	(245.3)	(33.3)	(96.1)	-	(129.4)	(9.1)	(1.6)	(4.5)	(15.2)	(389.9)
Net carrying amount as at January 31st 2021	289.8	196.9	24.8	1.5	223.2	47.2	0.3	0.5	48.0	561.0

unaudited, unreviewed	DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT					TOTAL
	LEASEHOLD IMPROVEMENTS	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	466.5	214.7	109.4	15.3	339.4	55.8	25.8	7.8	89.4	895.3
Accumulated depreciation as at February 1st 2020	(188.4)	(27.4)	(74.7)	-	(102.1)	(6.7)	(18.9)	(6.4)	(32.0)	(322.5)
Net carrying amount as at February 1st 2020	278.1	187.3	34.7	15.3	237.3	49.1	6.9	1.4	57.4	572.8
Acquisition	55.3	-	0.1	(0.1)	-	(0.5)	0.1	0.1	(0.3)	55.0
Depreciation	(23.2)	(1.2)	(8.1)	-	(9.3)	(2.9)	-	(0.2)	(3.1)	(35.6)
Retirement and disposal	-	-	(0.1)	-	(0.1)	-	-	-	-	(0.1)
Accumulated depreciation (retirement and disposal)	-	-	0.1	-	0.1	-	-	-	-	0.1
Transfer between groups (gross carrying amount)	15.2	11.5	9.7	(14.9)	6.3	1.2	(24.0)	(1.6)	(24.4)	(2.9)
Transfer between groups (accumulated depreciation)	(9.5)	(0.6)	(5.8)	(0.2)	(6.6)	0.5	17.6	0.9	19.0	2.9
Gross carrying amount as at July 31st 2020	537.0	226.2	119.1	0.3	345.6	56.5	1.9	6.3	64.7	947.3
Accumulated depreciation as at July 31st 2020	(221.1)	(29.2)	(88.5)	(0.2)	(117.9)	(9.1)	(1.3)	(5.7)	(16.1)	(355.1)
Net carrying amount as at July 31st 2020	315.9	197.0	30.6	0.1	227.7	47.4	0.6	0.6	48.6	592.2

unaudited, reviewed	DISTRIBUTION				OTHER PROPERTY, PLANT AND EQUIPMENT					TOTAL
	LEASEHOLD IMPROVEMENTS	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	464.2	214.7	109.4	14.9	339.0	55.6	25.8	7.8	89.2	892.4
Accumulated depreciation as at January 1st 2020	(184.3)	(27.0)	(73.7)	-	(100.7)	(6.5)	(18.7)	(6.4)	(31.6)	(316.6)
Net carrying amount as at January 1st 2020	279.9	187.7	35.7	14.9	238.3	49.1	7.1	1.4	57.6	575.8
Acquisition	56.5	-	-	0.5	0.5	(0.2)	-	0.1	(0.1)	56.9
Depreciation	(25.4)	(1.5)	(7.8)	-	(9.3)	(2.7)	(0.3)	(0.2)	(3.2)	(37.9)
Retirement and disposal	(4.5)	-	(0.1)	-	(0.1)	-	-	-	-	(4.6)
Accumulated depreciation (retirement and disposal)	4.5	-	0.1	-	0.1	-	-	-	-	4.6
Transfer between groups (gross carrying amount)	11.0	15.7	9.6	(14.9)	10.4	1.3	(24.0)	(1.6)	(24.3)	(2.9)
Transfer between groups (accumulated depreciation)	(9.5)	(0.6)	(5.8)	-	(6.5)	0.5	17.6	0.9	18.9	2.9
Gross carrying amount as at June 30th 2020	527.2	230.3	119.1	0.5	349.9	56.5	1.8	6.3	64.6	941.7
Accumulated depreciation as at June 30th 2020	(214.7)	(29.1)	(87.1)	-	(116.2)	(8.6)	(1.3)	(5.7)	(15.6)	(346.5)
Net carrying amount as at June 30th 2020	312.5	201.2	32.0	0.5	233.7	47.9	0.5	0.6	49.0	595.2

As at July 31st 2021, the Company 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 Company 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 of 2021. In addition, the Company does not expect any further lock-downs.

The Company did not identify any evidence of impairment of property, plant and equipment in the distribution segment and the other segment.

Assets of the former segment are related to distribution, both in the retail business and the e-commerce business. During the COVID-19 pandemic, revenue from the e-commerce distribution channel has increased significantly.

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

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

ACCOUNTING POLICY

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

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

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

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

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

The Company recognises the above costs as expenses in the line item 'Other distribution costs' (low-value and short-term leases) and in the line item 'Stores' operating costs' (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 Company estimated the discount rate which will affect the final measurement of the contracts. Account was taken of the nature of the contract, the duration of the contract, the currency of the contract and the potential margin the Group would have to pay to external financial institutions if it wanted to enter into such a transaction on the financial market.

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

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

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

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

- depreciation of right-of-use assets,
- interest expense,
- foreign exchange gains (losses).

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

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

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

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

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

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

Company as the lessor

At the lease commencement date, CCC S.A. classifies a given lease contract as:

- finance lease - if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, or as
- operating lease – if the above conditions are not met.

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

of the economic useful life of the asset.

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

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

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

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

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

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

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	Total
Gross carrying amount as at February 1st 2021	1,089.0	4.9	7.9	15.5	1,117.2
Accumulated amortisation as at February 1st 2021	(511.8)	(2.2)	(4.3)	(3.8)	(522.2)
Net carrying amount as at February 1st 2021	577.2	2.7	3.5	11.6	595.0
New lease contracts	29.4	–	0.6	–	30.0
Changes resulting from contract modifications	(2.7)	–	0.1	(0.6)	(3.2)
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(7.7)	(0.3)	(0.8)	–	(8.8)
Gross carrying amount as at July 31st 2021	1,108.0	4.6	7.8	14.9	1,135.3
Accumulated depreciation as at February 1st 2021	(511.8)	(2.2)	(4.3)	(3.8)	(522.1)
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	7.8	0.3	0.8	–	8.9
Depreciation in period	(67.6)	(0.3)	(1.1)	(0.9)	(69.9)
Accumulated depreciation as at July 31st 2021	(571.6)	(2.2)	(4.6)	(4.7)	(583.1)
Net carrying amount as at July 31st 2021	536.4	2.4	3.2	10.2	552.2

audited	RIGHT-OF-USE ASSETS from lease contracts				
	Stores	Warehouse	Vehicles	Offices	Total
Gross carrying amount as at January 1st 2020	1,032.4	7.0	5.6	16.4	1,061.4
Accumulated depreciation as at January 1st 2020	(367.6)	(2.8)	(2.3)	(1.8)	(374.5)
Net carrying amount as at January 1st 2020	664.8	4.2	3.3	14.6	686.9
New lease contracts	33.9	1.3	2.1	–	37.3
Changes resulting from contract modifications	50.3	(0.2)	0.2	(0.9)	49.3
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(27.7)	(3.1)	–	–	(30.8)
Gross carrying amount as at January 31st 2021	1,089.0	4.9	7.9	15.5	1,117.2
Accumulated depreciation as at January 1st 2020	(367.6)	(2.8)	(2.3)	(1.8)	(374.5)
Changes resulting from contract modification – shortening of contract term – accumulated depreciation	17.9	1.8	–	–	19.6
Depreciation in period	(162.1)	(1.2)	(2.0)	(2.0)	(167.3)
Accumulated depreciation as at January 31st 2021	(511.8)	(2.2)	(4.3)	(3.8)	(522.2)
Net carrying amount as at January 31st 2021	577.2	2.7	3.5	11.6	595.0

unaudited, unreviewed	RIGHT-OF-USE ASSETS from lease contracts				
	Stores	Warehouse	Vehicles	Offices	Total
Gross carrying amount as at February 1st 2020	1,047.1	7.1	4.9	16.5	1,075.6
Accumulated depreciation as at February 1st 2020	(380.1)	(3.0)	(2.6)	(2.0)	(387.7)
Net carrying amount as at February 1st 2020	666.9	4.2	2.3	14.5	687.9
New lease contracts	16.5	0.1	1.5	–	18.1
Changes resulting from contract modifications	45.7	0.1	0.1	0.0	45.8
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(6.0)	(0.6)	–	–	(6.6)
Gross carrying amount as at July 31st 2020	1,103.3	6.6	6.4	16.5	1,132.8
Accumulated depreciation as at February 1st 2020	(380.1)	(3.0)	(2.6)	(2.0)	(387.7)
Depreciation in period	(88.1)	(0.6)	(0.9)	(1.0)	(90.6)
Changes resulting from contract modification – shortening contract term – depreciation	5.0	0.5	–	–	5.5
Accumulated depreciation as at July 31st 2020	(463.3)	(3.1)	(3.5)	(3.0)	(472.8)
Net carrying amount as at July 31st 2020	640.0	3.6	2.9	13.6	660.0

unaudited, reviewed	RIGHT-OF-USE ASSETS FROM LEASE CONTRACTS				
	Stores	Warehouse	Vehicles	Offices	Total
Gross carrying amount as at January 1st 2020	1,032.4	7.0	5.6	16.4	1,061.4
Accumulated depreciation as at January 1st 2020	(367.6)	(2.8)	(2.3)	(1.8)	(374.5)
Net carrying amount as at January 1st 2020	664.8	4.2	3.3	14.6	686.9
New lease contracts	17.4	0.2	1.5	–	19.2
Changes resulting from contract modifications	51.9	0.0	0.1	0.2	52.2
Changes resulting from contract modification – shortening of contract term – gross carrying amount	(15.3)	(0.7)	–	–	(15.9)
Gross carrying amount as at June 30th 2020	1,086.5	6.6	7.2	16.6	1,116.8
Accumulated depreciation as at January 1st 2020	(367.6)	(2.8)	(2.3)	(1.8)	(374.5)
Depreciation in period	(91.5)	(0.6)	(0.9)	(1.0)	(94.0)
Changes resulting from contract modification – shortening contract term – depreciation	6.3	0.5	–	–	6.8
Accumulated depreciation as at June 30th 2020	(452.8)	(2.9)	(3.2)	(2.8)	(461.7)
Net carrying amount as at June 30th 2020	633.6	3.7	4.0	13.8	655.1

As at July 31st 2021, the Company did not identify any indications of a need to test right-of-use assets for impairment, as discussed in more detail in Note 5.2 to these financial statements.

Lease liabilities as at the reporting date are presented in the table 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	872.3	710.4	718.2	710.4
Accrued interest	11.1	18.0	6.3	5.6
Lease payments	(75.0)	(122.6)	(60.0)	(68.6)
Exchange differences	5.7	43.2	15.9	31.1
New lease contracts	31.3	109.9	89.4	91.0
Modification of contract terms	0.3	123.0	109.9	115.3
Indexation	–	0.4	–	0.4
Renewal	–	–	–	0.1
Change of scope	(4.5)	(10.0)	(0.9)	(8.8)
At end of period	841.2	872.3	878.8	876.6

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 amounted to PLN 13.0m.

CCC S.A. as the lessor

The Company subleases office, retail and warehouse space to other companies of the CCC Group and unrelated entities.

Finance income on the net investment in the lease is not material.

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

Lease receivables	February 1st–July 31st 2021	January 1st 2020–January 31st 2021	February 1st 2020–July 31st 2020	January 1st 2020–June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	82.8	–	–	–
New lease contracts	0.7	45.4	43.2	43.2
Modification	1.9	44.8	36.2	36.2
Interest	1.1	1.5	0.4	0.4
Repayment of receivables	(5.8)	(8.8)	(3.3)	(1.8)
Exchange differences	0.9	–	–	–
At end of period	81.6	82.8	76.5	78.0

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

Undiscounted lease payments	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
up to 1 year	15.9	14.3	14.0	16.0
1 to 2 years	16.3	15.9	14.7	15.7
2 to 3 years	16.6	16.6	15.0	15.0
3 to 4 years	14.7	15.5	14.4	14.4
4 to 5 years	11.4	12.7	10.7	10.7
over 5 years	8.1	11.9	9.8	9.8
Total undiscounted lease payments	83.0	86.9	78.6	81.6
Unrealised finance income	(1.4)	(4.1)	(2.1)	(3.6)
Total	81.6	82.8	76.5	78.0

No discounted unguaranteed residual value was recognised.



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

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

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

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

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

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

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

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

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Merchandise	414.7	361.7	377.1	359.9
Returns assets	2.5	1.9	1.9	1.9
Total (gross)	417.2	363.6	379.0	361.9
Write-downs	(1.4)	(3.2)	(4.3)	(4.3)
Total (net)	415.8	360.4	374.7	357.6

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

Inventory write-downs	February 1st–July 31st 2021	January 1st 2020–July 31st 2021	February 1st–July 31st 2020	February 1st–June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
At beginning of period	(3.2)	(4.5)	(4.5)	(4.5)
Expensed to cost of sales	(1.4)	(3.2)	(4.2)	(4.2)
Used	3.2	4.5	4.4	4.4
At end of period	(1.4)	(3.2)	(4.3)	(4.3)

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

In connection with the customer's right to return unused goods, the Company recognises returns liabilities and returns assets. Deliveries made after the reporting date are allocated to revenue of the next period, while returns reduce revenue in the current period. The amount of the asset is disclosed in inventories, while the liability is presented in other liabilities. As at the reporting date, the amount of the asset was PLN 2.5m, and the amount of the liability was PLN 5.0m.

5.5 TRADE RECEIVABLES AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade receivables

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

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.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Gross trade receivables	43.7	231.8	45.2	44.0
Impairment losses on receivables	(1.0)	(1.7)	(1.0)	(0.9)
Total net receivables	42.7	230.1	44.2	43.1
Prepaid deliveries	6.3	1.3	1.2	0.9
Prepayments	4.7	5.2	3.9	7.7
Sureties issued	18.4	–	11.5	5.9
Tax receivables	1.3	1.3	1.0	1.1
Receivables under assignment of receivables	–	–	13.6	13.6
Receivables from sale of property, plant and equipment	7.9	2.2	1.6	2.0
Other financial receivables	–	3.5	–	–
Other	3.2	3.6	3.7	4.0
Total other receivables	41.8	17.1	36.5	35.2

Trade receivables included mainly receivables from the subsidiary CCC.eu sp. z o.o. of PLN 23.5m (January 31st 2021: PLN 222.7m).

For details of the risks, see Note 6.1.

For information on the terms of related-party transactions, see Note 3.3.

Trade receivables are non-interest bearing and typically have a market-based payment term. Accordingly, in the opinion of the Management Board there is no additional credit risk that would exceed the allowance for expected credit losses recognised with respect to the trade receivables of the Company.

PAST DUE TRADE RECEIVABLES AND IMPAIRMENT LOSSES

Impairment losses on trade receivables	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	(1.7)	(1.8)	(1.8)	(1.8)
a) increase	(0.2)	–	(0.2)	(0.2)
b) decrease – use	–	–	–	–
b) decrease – reversal	0.9	0.1	1.0	1.1
At end of period	(1.0)	(1.7)	(1.0)	(0.9)
Total trade receivables, net	42.7	230.1	44.2	43.1

As at July 31st 2021 and January 31st 2021, the Company had trade receivables mainly from subsidiaries with established creditworthiness. As at the reporting date, trade receivables of PLN 37.5m (January 31st 2021: PLN 229.3m) were past due up to three months, and trade receivables of PLN 6.2m (January 31st 2021: PLN 2.1m) were past due more than three months. In the Company's opinion, past due receivables are not impaired, and the loss allowance on unprovisioned receivables is immaterial.

5.6 CASH

ACCOUNTING POLICY

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

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Cash in hand	24.3	4.1	2.5	5.6
Cash at bank	93.0	193.7	133.1	152.4
Cash in transit	–	1.7	14.2	–
Total	117.3	199.5	149.8	158.0

Cash is exposed to credit risk, currency risk, and interest rate risk. For information on the policy for managing these risks and further risk disclosures (i.e. credit quality assessment, sensitivity analysis of exposure to currency risk and interest rate risks), see Note 6.1, and also section 5 of the Directors' Report on the operations of the CCC Group.

5.7 TRADE AND OTHER PAYABLES

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

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Trade and other payables				
• trade payables – net of reverse factoring	224.6	8.8	70.4	81.2
• trade payables – including reverse factoring	–	–	3.8	3.8
• investment liabilities	29.8	8.0	3.2	13.9
Total trade and other payables	254.4	16.8	77.4	98.9
Indirect taxes, customs duties and other public charges payable	51.1	25.8	56.1	54.0
Amounts due to employees	44.4	28.7	39.5	34.2
Accrued expenses	48.7	37.9	17.5	16.0
Sureties received	6.5	–	2.1	4.0
Returns liabilities	5.0	3.9	2.8	2.8
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	5.4	6.0	3.4	6.2
Total other current liabilities and advance payments received	663.3	102.3	121.4	120.4

As at July 31st 2021 and January 31st 2021, trade payables related largely to payables to the CCC Group companies, including mainly to CCC.eu sp. z o.o. The amount payable to CCC.eu sp. z o.o. as at July 31st 2021 was PLN 208.5m, compared with trade receivables of PLN 222.7m as at January 31st 2021.

The Company 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 Company pays its liabilities towards the factor's bank within the time limit originally specified in the invoices, therefore, from the Company'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 Company'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 Company's liabilities towards the factor are secured.

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 Company's Management Board also considered the content of the IFRIC's decision *Supply Chain Financing* of December 2020. In particular, the Company's Management Board concluded that these balances formed part of working capital used in the normal course of the Company's operations and corresponded in fact to trade payables, being directly attributable to the Company's arrangements with suppliers.

Given the terms of reverse factoring described above and taking into account the contents of the above decision, the Company 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.

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 2.3 to these financial statements.

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. Accruals and deferrals also included the period's expenses of PLN 31.9m, as well as the provision for accrued holiday entitlements of PLN 3.7m.

Trade and other payables 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 Company had no commitments to incur expenditure or other future liabilities.

5.8 PROVISIONS

ACCOUNTING POLICY

Provisions include mainly a provision for jubilee and retirement benefits, litigation and expected credit losses under sureties.

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

In accordance with the Company's remuneration plans, the Group employees are entitled to jubilee and retirement benefits. Retirement benefits are paid on as lump sum payments on retirement. The amount of retirement benefits depends on the employee's years of service and average remuneration. The Company recognises a provision for future retirement benefit obligations in order to allocate the related costs to the relevant periods.

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.

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

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

unaudited, reviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISION FOR RETURNS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at February 1st 2021	6.0	3.8	261.2	271.0
short-term	1.2	3.8	261.2	266.2
long-term	4.8	-	-	4.8
As at February 1st 2021	6.0	3.8	261.2	271.0
Used	-	(0.8)	(161.1)	(161.9)
Reversed	-	-	(62.1)	(62.1)
As at July 31st 2021	6.0	3.0	38.0	47.0
short-term	1.2	3.0	38.0	42.2
long-term	4.8	-	-	4.8

The use pertained mainly to the provisions for sureties provided in respect of credit facilities used by KVAG of PLN 70.3m and provisions for a guarantee for trade payables of PLN 90.8m, as further discussed in Note 2.3.

The reversal related mainly to a change in the provisions for sureties provided in respect of credit facilities used by CCC.eu of PLN 13m, CCC Russia of PLN 14.1m and CCC Factory of PLN (1.6)m, as well as the unused provision for a guarantee for trade payables of PLN 36.5m, as further discussed in Note 2.3.

unaudited, unreviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	PROVISION FOR RETURNS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at January 1st 2020	4.0	–	–	4.0
short-term	1.2	–	–	1.2
long-term	2.8	–	–	2.8
As at January 1st 2020	4.0	–	–	4.0
Recognised	2.0	3.8	261.2	267.0
As at January 31st 2021	6.0	3.8	261.2	271.0
short-term	1.2	3.8	261.2	226.2
long-term	4.8	–	–	4.8

unaudited, unreviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	OTHER PROVISIONS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at February 1st 2020	4.0	–	–	4.0
short-term	1.2	–	–	1.2
long-term	2.8	–	–	2.8
As at February 1st 2020	4.0	–	–	4.0
Recognised	–	3.0	140.3	143.3
As at July 31st 2020	4.0	3.0	140.3	147.3
short-term	1.2	3.0	140.3	144.5
long-term	2.8	–	–	2.8

unaudited, reviewed	PROVISION FOR JUBILEE AND RETIREMENT BENEFITS	OTHER PROVISIONS	EXPECTED CREDIT LOSS ALLOWANCE	TOTAL
As at January 1st 2020	4.0	–	–	4.0
short-term	1.2	–	–	1.2
long-term	2.8	–	–	2.8
As at January 1st 2020	4.0	–	–	4.0
Recognised	–	–	140.3	143.3
As at June 30th 2020	4.0	–	140.3	147.3
short-term	1.2	–	140.3	144.5
long-term	2.8	–	–	2.8

In other provisions, the Company recognises an allowance for expected credit losses (ECL) on financial guarantees. For more information on changes in the reporting period, see Notes 2.3 and 3.2.

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

6. OTHER NOTES

6.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

ACCOUNTING POLICY

Financial assets

Classification of financial assets

Financial assets are classified into the following categories:

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

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

Measurement at initial recognition

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

Derecognition

Financial assets are derecognised when:

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

Measurement after initial recognition

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

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

Debt instruments – financial assets measured at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets measured at fair value through profit or loss

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

Offsetting of financial assets and financial liabilities

If the Company:

- has a legally enforceable right of set-off and
- intends to settle on a net basis, or to recover the asset and settle the liability simultaneously,

then the financial asset and the financial liability are offset and disclosed in the statement of financial position on a net basis.

Impairment of financial assets

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

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 Company uses its historical data on credit losses, adjusted where appropriate for the impact of forward-looking information.

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

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

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

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

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

Fair value of financial assets and liabilities

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in a transaction carried out on typical terms of sale of the asset between market participants at the measurement date in the current market conditions.

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

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

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

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

	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	1,115.6		561.9		354.0		365.6	
Loans	866.1	-	47.3	-	81.9	-	84.5	-
Trade receivables	42.7	-	230.1	-	44.2	-	43.1	-
Receivables from sale of property, plant and equipment	7.9	-	2.2	-	1.6	-	2.0	-
Lease receivables	81.6	-	82.8	-	76.5	-	78.0	-
Cash and cash equivalents	117.3	-	199.5	-	149.8	-	158.0	-
Financial liabilities at amortised cost		1,559.6		1,350.5		1,169.6		1,191.5
Financing liabilities	-	459.0	-	457.5	-	210.6	-	210.0
Trade and other payables	-	254.4	-	16.8	-	77.4	-	98.9
Returns liabilities	-	5.0	-	3.9	-	2.8	-	2.8
Lease liabilities	-	841.2	-	872.3	-	878.8	-	876.6
Obligation to pay to associate	-	-	-	-	-	-	-	3.2

The fair value of financial instruments does not materially differ from their carrying amount.

FINANCIAL RISK MANAGEMENT

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

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

CURRENCY RISK

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

The main items of the statement of financial position exposed to the currency risk are lease liabilities, trade receivables, lease receivables (under sublease of stores), loans and cash.

The Company monitors exchange rate fluctuations and takes actions on a regular basis in order to minimize their adverse impact, e.g. by having the currency movements reflected in prices of offered goods. The Company does not use hedging instruments.

Where required, amounts were translated into the functional currency using the exchange rate prevailing at the last day of the reporting period:

- the exchange rate as at July 31st 2021 was EUR 1 = PLN 4.5731
- the exchange rate as at January 31st 2021 was EUR 1 = PLN 4.5385
- the exchange rate as at January 31st 2020 was EUR 1 = PLN 4.3010

- the exchange rate as at December 31st 2019 was EUR 1 = PLN 4.2585
- the exchange rate as at July 31st 2021 was USD 1 = PLN 3.8410
- the exchange rate as at January 31st 2021 was USD 1 = PLN 3.7460
- the exchange rate as at January 31st 2020 was USD 1 = PLN 3.8999
- the exchange rate as at December 31st 2019 was USD 1 = PLN 3.7977.

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

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

July 31st 2021 unaudited, reviewed	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	1,115.6	34.7	82.5	11.1	987.3
Loans	866.1	34.7	0.8	11.0	819.6
Trade receivables	42.7	–	0.1	0.1	42.5
Receivables from sale of property, plant and equipment	7.9	–	–	–	7.9
Lease receivables	81.6	–	81.6	–	–
Cash and cash equivalents	117.3	–	–	–	117.3
Financial liabilities at amortised cost	1,559.6	–	115.3	2.1	1,442.2
Financing liabilities	459.0	–	–	–	459.0
Trade and other payables	254.4	–	0.3	2.1	252.0
Returns liabilities	5.0	–	–	–	5.0
Lease liabilities	841.2	–	115.0	–	726.2

January 31st 2021 audited	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	561.9	32.7	86.3	11.4	431.5
Loans	47.3	32.7	3.3	11.2	0.1
Trade receivables	230.1	–	–	0.2	229.9
Receivables from sale of property, plant and equipment	2.2	–	–	–	2.2
Lease receivables	82.8	–	82.8	–	–
Cash and cash equivalents	199.5	–	0.2	–	199.3
Financial liabilities at amortised cost	1,350.5	–	756.8	0.2	593.5
Financing liabilities	457.5	–	–	–	457.5
Trade and other payables	16.8	–	0.3	0.2	16.3
Returns liabilities	3.9	–	–	–	3.9
Lease liabilities	872.3	–	756.5	–	115.8

July 31st 2020 unaudited, unreviewed	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	354.0	33.8	80.3	11.0	228.9
Loans	81.9	33.7	3.2	10.7	34.3
Trade receivables	44.2	0.1	–	0.3	43.8
Receivables from sale of property, plant and equipment	1.6	–	–	–	1.6
Lease receivables	76.5	–	76.5	–	–
Cash and cash equivalents	149.8	–	0.6	–	149.2
Financial liabilities at amortised cost	1,169.6	–	667.2	0.1	502.3
Financing liabilities	210.6	–	–	–	210.6
Trade and other payables	77.4	–	–	0.1	77.3
Returns liabilities	2.8	–	–	–	2.8
Lease liabilities	878.8	–	667.2	–	211.6

June 30th 2020 unaudited, reviewed	TOTAL CARRYING AMOUNT	IN FOREIGN CURRENCY AFTER TRANSLATION INTO PLN			IN FUNCTIONAL CURRENCY
		USD	EUR	OTHER	
Financial assets at amortised cost	365.6	0.1	81.9	12.1	271.5
Loans	84.5	–	3.2	11.3	70.0
Trade receivables	43.1	0.1	0.1	0.8	42.1
Receivables from sale of property, plant and equipment	2.0	–	–	–	2.0
Lease receivables	78.0	–	78.0	–	–
Cash and cash equivalents	158.0	–	0.6	–	157.4
Financial liabilities at amortised cost	1,191.5	0.1	670.9	0.6	519.9
Financing liabilities	210.0	–	–	–	210.0
Trade and other payables	98.9	0.1	0.5	0.6	97.7
Returns liabilities	2.8	–	–	–	2.8
Lease liabilities	876.6	–	667.2	–	209.4
Obligation to pay to associate	3.2	–	3.2	–	–

The analysis of sensitivity to foreign exchange risk of exposures as at the reporting date is presented in the table below. 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 of such currency movements on profit before tax would be as follows:

July 31st 2021 unaudited, reviewed	Increase/decrease in USD and EUR exchange rate					
	In foreign currency – USD	0.05	-0.05	In foreign currency – EUR	0.05	-0.05
Financial assets at amortised cost	34.7	0.6	(0.6)	82.5	1.0	(1.0)
Loans	34.7	0.6	(0.6)	0.8	0.0	(0.0)
Trade receivables	-	-	-	0.1	0.0	(0.0)
Lease receivables	-	-	-	81.6	1.0	(1.0)
Cash and cash equivalents	-	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	115.3	8.5	(8.5)
Financing liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	0.3	0.0	(0.0)
Returns liabilities	-	-	-	-	-	-
Lease liabilities	-	-	-	115.0	8.5	(8.5)

January 31st 2021 audited	Increase/decrease in USD and EUR exchange rate					
	In foreign currency – USD	0.05	-0.05	In foreign currency – EUR	0.05	-0.05
Financial assets at amortised cost	32.7	0.5	(0.5)	86.3	1.0	(1.0)
Loans	32.7	0.5	(0.5)	3.3	-	-
Trade receivables	-	-	-	-	-	-
Lease receivables	-	-	-	82.8	1.0	(1.0)
Cash and cash equivalents	-	-	-	0.2	-	-
Financial liabilities at amortised cost	-	-	-	154.4	1.8	(1.8)
Financing liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	0.3	-	-
Returns liability	-	-	-	-	-	-
Lease liabilities	-	-	-	154.1	1.8	(1.8)

July 31st 2020 unaudited, unreviewed	Increase/decrease in USD and EUR exchange rate					
	In foreign currency – USD	0.05	-0.05	In foreign currency – EUR	0.05	-0.05
Financial assets at amortised cost	33.8	0.5	(0.5)	80.3	0.9	(0.9)
Loans	33.7	0.5	(0.5)	3.2	0.0	(0.0)
Trade receivables	0.1	0.0	(0.0)	-	-	-
Lease receivables	-	-	-	76.5	0.9	(0.9)
Cash and cash equivalents	-	-	-	0.6	0.0	(0.0)
Financial liabilities at amortised cost	-	-	-	667.2	7.8	(7.8)
Financing liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Returns liability	-	-	-	-	-	-
Lease liabilities	-	-	-	667.2	7.8	(7.8)

June 30th 2020 unaudited, reviewed	Increase/decrease in USD and EUR exchange rate					
	In foreign currency – USD	0.05	-0.05	In foreign currency – EUR	0.05	-0.05
Financial assets at amortised cost	0.1	–	–	3.9	0.8	(0.8)
Loans	–	0.1	(0.1)	3.2	–	–
Trade receivables	0.1	–	–	0.1	–	–
Lease receivables	–	–	–	78.0	0.8	(0.8)
Cash and cash equivalents	–	–	–	0.6	–	–
Financial liabilities at amortised cost	(0.1)	–	–	667.7	7.9	(7.9)
Financing liabilities	–	–	–	–	–	–
Trade and other payables	(0.1)	–	–	0.5	–	–
Returns liability	–	–	–	–	–	–
Lease liabilities	–	–	–	667.2	7.8	(7.8)

INTEREST RATE RISK

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

The entire debt bears interest at floating interest rates based on WIBOR. 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. Loans denominated in PLN bear interest at a variable WIBOR rate plus margin.

Items bearing interest at variable rates expose the Company to the risk of changes in cash flows due to interest rate movements. The Company does not apply hedging instruments that would limit the impact of cash flow changes resulting from interest rate movements on its profit or loss.

The table below presents an analysis of sensitivity to the interest rate risk, which in the Company's opinion would be reasonably possible in the indicated periods.

	AMOUNT EXPOSED TO INTEREST RATE RISK %				Effect February 1st– 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	117.3	193.7	133.1	152.4	1.2	(1.2)	1.9	(1.9)	1.3	(1.3)	1.5	(1.5)
Loans	866.1	47.3	81.9	84.5	8.7	(8.7)	0.5	(0.5)	0.8	(0.8)	0.8	(0.8)
Financing liabilities	(459.0)	(457.5)	(210.6)	(210.0)	(4.6)	4.6	(4.6)	4.6	(2.1)	2.1	(2.1)	2.1
Lease liabilities	(841.2)	(872.3)	(878.8)	(876.6)	(8.4)	8.4	(8.7)	8.7	(8.8)	8.8	(8.8)	8.8
Effect on net profit (loss)					(3.2)	3.2	(10.9)	10.9	(8.7)	8.7	(8.5)	8.5

If the interest rates on debt were 1 pp higher/lower in the reporting period, the profit for the period would be PLN 3.2m lower/higher (in the comparative periods: January 1st 2020–January 31st 2021: PLN 10.9m lower/higher; February 1st–July 31st 2020: PLN 8.7m lower/higher; January 1st–June 30th 2020: PLN 8.5m lower/higher).

CREDIT RISK

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

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	866.1	47.3	81.9	84.5
Trade receivables	43.7	231.8	45.2	44.0
Receivables from sale of property, plant and equipment	7.9	2.2	1.6	2.0
Cash and cash equivalents	117.3	199.5	149.8	158.0
Lease receivables	81.6	82.8	76.5	78.0
Total	1,116.6	563.6	355.0	366.5

As disclosed in Note 5.5, trade receivables are mainly due from the Group's subsidiaries. The company independently monitors the exposures by periodically analysing the financial condition of the trading partners, and setting credit limits.

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

As at July 31st 2021, the Company recognised a provision for financial guarantees of PLN 43.9m. For more information, see Note 3.2.

The table below presents the value of collateral provided by CCC S.A. to its subsidiaries.

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	AMOUNT AND/OR CARRYING AMOUNT OF COLLATERAL			
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
Sureties	701.4	110.0	125.6	125.6
Security mortgages on real estate	1,832.4	1,244.7	794.7	794.7
Registered pledge over movable property	110.6	468.7	1,260.0	1,260.0
Blank promissory notes	656.9	546.3	186.3	186.3

	July 31st 2021	January 31st 2021	July 31st 2020	June 30th 2020
	unaudited, reviewed	audited	unaudited, unreviewed	unaudited, reviewed
A-rated banks	92.1	188.2	132.4	151.6
BAA-rated banks	0.8	-	-	-
Other – not classified [1]	0.1	5.5	0.7	0.8
Total cash at banks	93.0	193.7	133.1	152.4

[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.

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

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6.2. 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.

These liabilities are presented as amounts due to employees under non-current liabilities in the statement of financial position.

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 Company 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).

6.3. 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 6th 2021, an amendment to the Company's Articles of Association changing the amount of the conditional share capital of CCC S.A. was registered pursuant to the Extraordinary General Meeting's Resolution No. 4/NWZA/2021 of August 3rd 2021.

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 100m in Company shares by November 30th 2021, with the value of 100% 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.

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 S&B 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.

After the reporting date, CCC S.A. resolved to distribute dividend from its subsidiary CCC Factory sp. z o.o. of PLN 200m.

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

The table below presents the auditor’s fees paid or payable for the periods February 1st 2021–July 31st 2021, February 1st 2020–July 31st 2020 and January 1st 2020–June 30th 2020, by type of service:

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





CCC GROUP FINANCIAL REPORT

Interim condensed separate financial statements of CCC S.A. for the six months ended July 31st 2021.
[all amounts in PLN million unless stated otherwise]

The separate 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
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Signatures of all Board members:

Marcin Czyczerski	President and CEO
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Mariusz Gnych	Vice President
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Karol Półtorak	Vice President
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Adam Holewa	Vice President
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Igor Matus	Vice President
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Kryspin Derejczyk	Vice President
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Adam Marciniak	Vice President
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Polkowice, October 13th 2021