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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of CCC S.A.

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of CCC S.A. Group (the 'Group'), for which the holding company is CCC S.A. (the 'Company') located in Poland, Polkowice at St. Strefowa 6, containing: the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period from 1 January 2018 to 31 December 2018 and additional information to the consolidated financial statements, including a summary of significant accounting policies (the 'consolidated financial statements').

In our opinion the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2018 to 31 December 2018 in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union and the adopted accounting policies,

- are in respect of the form and content in accordance with legal regulations governing the Group and the Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 14 March 2019.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the *'Auditor's responsibilities for the audit of the financial statements'* section of our report.

We are independent of the Group in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	**How the matter was addressed in our audit**
Inventory valuation As at 31 December 2018, the value of inventories reported in the consolidated statement of financial position was PLN 1,806.1 million while the impairment loss on inventories as at that date was PLN 41.5 million. This issue was determined to be a key audit matter for the audit of the consolidated financial statements due to the significant value of this item in the consolidated statement of financial	*Audit approach* As part of the audit, we documented our understanding of the process of analysis and recognition of impairment losses on inventories, we also assessed the internal control environment for this area and performed tests of control and other substantive audit procedures. Our procedures covered the assessment of the correctness of assumptions adopted for recognition of inventory impairment losses bringing inventory valuation to net realisable

position and due to the professional judgment of management involved in recognition of impairment losses recognised with a view to arriving at inventory net realisable value; this relates to making significant estimates in the area of inventory turnover, planned future selling prices of goods for resale, cost of their sale, as well as the efficiency of advertising and other marketing campaigns, and the reception of the given collection by the market. *Reference to related disclosures* Inventory-related disclosures, including those referring to inventory valuation at net realisable value, were presented in Note 5.4 „Inventory" of the explanatory notes to the consolidated financial statements.	value, of calculations and disclosures made by the Group being, among others, the following: - analysis of the Group's accounting policies regarding initial inventory valuation and recognition of impairment losses, - analysis of historical data relating to realised margins on individual goods range with a turnover period of not more than one year, - analysis of utilisation of prior year impairment losses, - analysis of the Group's accounting policies regarding recognition of impairment losses for historical data by analysing estimates of net realisable value, - analysis and observation of inventory physical count process and of the made assessment of their business availability/ usefulness, - analysis of post-reporting date selling prices of goods for resale and of the costs of preparing the sale or estimated cost to realize the sale.
Valuation of the call option of minority block of shares in eobuwie.pl S.A. As described in note 7.2 „Acquisition of related party entities" of the explanatory notes to the consolidated financial statements, on 15 January 2016, CCC S.A. acquired 74.99% of the issued capital of eobuwie.pl S.A. („eobuwie.pl") and assumed control over eobuwie.pl S.A. and over the capital group, in which eobuwie.pl S.A. is the holding company. The concluded agreement provided for the exercising of the call option by CCC S.A with respect to the remaining 25.01% shares in eobuwie.pl S.A. and a concurrent exercising of the put option by the shareholders of eobuwie.pl S.A. As at 31 December 2018, reported in the consolidated financial statements was the	*Audit approach* As part of our audit we performed an analysis of the standpoint of Group's Management Board presented in the consolidated financial statements in the matter of option valuation. Our procedures involved assessment of the adopted assumptions, performed calculations and made disclosures regarding valuation of obligation for exercising the call option with respect to the remaining shares of eobuwie.pl S.A., including, among others, the following: – analysis of EBITDA realised by eobuwie.pl S.A. for 2018 and comparison against authorized prior periods financial forecasts,

option-related liability of PLN 803.6 million. This issue was considered to be a key audit matter for the consolidated financial statements due to the material value of recognised financial liability (accounting for 14,4% of total assets as at 31 December 2018), due to the element of professional judgment by the Company's management relating to estimation of forecast results of eobuwie.pl S.A. and due to other factors affecting call option valuation. This estimation requires that the Management Board adopted numerous assumptions regarding forecasts, including those relating to sale revenue and operating expenses, as well as regarding general market conditions with effect on the final valuation of liability presented in the statement of financial position. *Reference to related disclosures* Disclosures relating to valuation of financial liability from acquisition of the minority block of shares were presented in Note 7.2 „Acquisition of related party entities" of the explanatory notes to the consolidated financial statements.	- comparison of the Management Board's assumptions regarding shaping future EBITDA results of eobuwie.pl S.A. against authorized financial forecasts for future years, - verification of clerical accuracy of financial liability calculation, - analysis of the assumptions adopted for the purpose of estimating the discounted value of liability, including comparison of the inflation and discount rates, and available external data, - assessment of made disclosures, including those in the explanatory notes to the consolidated financial statements.
Earlier application of International Financial Reporting Standard 16 (IFRS 16) As described in Note 6 „ Implementation of IFRS 16 in the CCC Capital Group", the Management Board decided to implement IFRS 16 before its due date i.e. as of 1 January 2018 using the model of modified retrospective approach. As a result of application of the new Standard, total assets reported in the consolidated statement of financial	*Audit approach* As part of our audit, we documented our understanding of the process of the analysis and recognition of the right-of-use assets, we assessed the internal control environment relating to this area and conducted tests of control and several substantive tests in this area. Our procedures covered the assessment of the correctness of adopted assumptions, performed

position as at 31 December 2018 increased by PLN 1,870.1 million compared to the financial data presented in the consolidated financial statements for the prior year, owing to recognition of the right-of-use assets and lease liabilities. This issue was considered to be a key audit matter for the consolidated financial statements due to the material value of said items in the consolidated statement of financial position and due to the element of professional judgment of management relating to numerous assumptions adopted for the purpose of IFRS 16 implementation. *Reference to related disclosures* Disclosures relating to valuation of the right-of-use assets and of finance lease liability were presented in Note 6 „Implementation of IFRS 16 in the CCC Capital Group" of the explanatory notes to the consolidated financial statements.	calculations and provided disclosures relating to implementation of IFRS 16, including, among others, the following: - analysis of the adopted method of new Standard implementation, - assessment of classification correctness of agreements subject to valuation in accordance with IFRS 16, - assessment of the assumptions adopted for the purpose of initial (first-time) recognition of the right-of-use assets and lease liabilities, especially of the assumptions relating, among others, to: (i) term of lease agreements in the context of the provisions related to the option of their extension, (ii) adopted discount rates, (iii) periods of amortization of the right-of-use assets, - assessment of calculations performed for the purpose of disclosure of the right-of-use assets and lease liability as at the date of Standard implementation and for the purpose of year-end valuation, - assessment of provided disclosures for their compliance with the guidelines provided in IFRS 16.
Settlement of business acquisitions in the consolidated financial statements As described in Note 7.2 „Acquisition of related party entities" of the explanatory notes to the consolidated financial statements, during the financial year 2018, the CCC S.A. Group acquired three material businesses and one joint venture. The acquired entities and joint venture are material from the point of view of the financial position and financial result of the CCC S.A. Group, and the control assumption and acquisitions settlement required making several professional judgments and estimates relating, among	*Audit approach* Our audit procedures covered the assessment of settlement of entities acquisitions, including the assessment of setting the moment of assumption of control over individual acquired entities, incl. determining acquisition cost, valuation of net assets, such as, among others, - understanding of business aspects of the conducted transactions from the perspective of the Group, - assessment of the qualifications, competences and objectivity of external advisors involved in

others, to the following: setting the date of control assumption, determining acquisition cost, valuation of net assets in acquired entities at acquisition date, including, in particular, of goodwill recognised on acquisition and profit on a bargain purchase transaction. Due to the above, we consider the above transactions of business acquisitions and their settlement a key audit matter. *Reference to related disclosures* Disclosures relating to acquisitions settlement were presented in Note 7.2 „Acquisition of related party entities" of the explanatory notes to the consolidated financial statements.	the process of business acquisitions settlement in the consolidated financial statements, - analysis of acquisition agreements and assessment of the recognition by the Group of buyer/seller financial settlements, inclusive of a deferred or contingent consideration, - analysis of the correctness of fair-value measurement of acquired net assets of the acquirees (entities being acquired), - assessment of the assumptions and estimates adopted by the Group such as discount or growth rate by way of, among others, comparison of the assumptions against source and market data, - obtaining knowledge of and making assessment of the compliance of adopted accounting policy for valuation of non-controlling interests, - assessment of performed settlement and reasonableness of recognition of gain on a bargain purchase for the settlement of acquisition of controlling interest in Karl Voegele AG, - analysis of the Management's assumptions regarding prepared impairment tests for goodwill and trade-marks recognised upon business combinations, - assessment of the presented disclosures, including in the explanatory notes to the consolidated financial statements.
Discontinued operations As described in Note 7.3 „Discontinued operations" of the explanatory notes to the consolidated financial statements, during 2018 the Management Board of CCC S.A. initiated steps to realize sale	*Audit approach* Our audit procedures covered the assessment of the correctness of Management's assumptions regarding classification of a given cash generating unit to discontinued operations, in accordance with the provisions of IFRS 5 as well as the analysis of performed valuations and

transaction of a cash generating unit on the German market. This issue was considered to be a key audit matter for the consolidated financial statements due to its significant impact on the consolidated financial statements and due to the element of professional judgment by the Company's Management relating to the classification of this transaction to the operations meeting the requirements of discontinued operations, performed valuation of a disposable group and other necessary calculations and disclosures. *Reference to related disclosures* Disclosures relating to discontinued operation were provided in Note 7.3 „Discontinued operations" of the explanatory notes to the consolidated financial statements.	made disclosures being, among others, the following: - understanding of business aspects of the conducted transactions from the perspective of the Group, - analysis of the agreement on the sale of a cash generating unit and assessment of the recognition by the Group of buyer/ seller financial settlements, inclusive of a deferred or contingent consideration and of additional payments undertaken by seller in connection with the agreement, - analysis of criteria fulfilment allowing to classify the cash generating unit to discontinued operations, - analysis of the correctness of valuation of a disposable group, , - analysis of Management Board's assessment of setting the moment for earmarking a disposable group, including discontinuation of depreciation of tangible fixed assets and amortization of the right-of-use asset, - assessment of the presentation of discontinued operations in the consolidated financial statements, including the related disclosures in the explanatory notes to the consolidated financial statements and preparation of the comparative data.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the consolidated financial statements that give a true and fair view of the consolidated financial position and the consolidated financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, The Company's Management is responsible for assessing the Group's (the holding company and significant components') ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Group (the holding company or significant components) or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these consolidated financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Group nor effectiveness of conducting business matters now and in the future by the Company's Management.

Building a better working world

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,

- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Group to cease to continue as a going concern,

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

- we obtain sufficient appropriate audit evidence regarding the financial information of entities and business activities within the Group for the purpose of expressing an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the audit of the Group and we remain solely responsible for our audit opinion.

We communicate with the members of the Company's Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the members of the Company's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the members of the Company's Supervisory Board we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2018 to 31 December 2018, the representation on the corporate governance and the representation on preparation of the statement on non-financial information, mentioned in article 55, section 2b of the Accounting Act as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the consolidated financial statements does not include the Other Information.
In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the consolidated financial statements.

In addition, we are required to inform whether the Company has prepared the representation on non-financial information and to issue an opinion on whether the Company has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Moreover, based on our knowledge of the Group and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Group has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the representation on application of corporate governance is in accordance with applicable laws and information included in the consolidated financial statements.

Information on non-financial information

In accordance with the Act on Statutory Auditors, we confirm, that the Company has prepared a statement on non-financial information mentioned in article 55, section 2b of the Accounting Act as a separate element of the Directors' Report.

We have not performed any attestation procedures in respect to the statement on non-financial information and do not express any assurance in its respect.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we represent that services other than audits of the financial statements, which have been provided to the Group, are compliant with the laws and regulations applicable in Poland, and that we have not provided non-audit services, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors. The non-audit services, which we have provided to the Group in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Group's consolidated financial statements initially based on the resolution of the Company's Supervisory Board from 10 May 2017. The consolidated financial statements of the Group have been audited by us uninterruptedly starting from the financial year ended on 31 December 2017, i.e. for the past 2 consecutive years.

Warsaw, 14 March 2019

Key Certified Auditor

Jerzy Buzek
certified auditor
no in the register: 10870

on behalf of:
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