Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.

RONDO ONZ
00-124 Warszawa

+48 (0) 22 557 70
00+48
(0) 22 557 70 01
warszawa@pl.ey.com
www.ey.com/pl

EY
Building a better
working world

INDEPENDENT STATUTORY AUDITOR'S AUDIT REPORT

For the General Meeting and for the Supervisory Board of CCC S.A.

Report on the audit of the annual financial statements

Opinion

We have audited the annual financial statements of CCC S.A. ("Company"), based in Polkowice, at 6 Strefowa Street, which consists of: statements of comprehensive income for the period from 1 January 2019 to 31 December 2019, statements of financial position as at 31 December2019, cash flow statements and statements of changes in equity for the period from 1 January 2019 to 31 December 2019 and explanatory notes containing a description of the adopted accounting policies and other explanatory information ("financial statements").

In our opinion, the financial statements:

- presents a reliable and clear picture of the Company's property and financial situation as of December 31, 2019 and its financial result and cash flows for the period from 1 January 2019 to 31 December 2019 in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting principles (policy),
- complies in form and content with the applicable laws and the Company's Articles of Association,
- was prepared on the basis of properly maintained accounting books in accordance with the provisions of Chapter 2 of the Accounting Act of September 29, 1994 ("the Accounting Act").

This opinion is consistent with the additional report to the Audit Committee that we issued on 6 March 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing in the version adopted as National Standards on Auditing by the National Board of Statutory Auditors ("KSB") and in accordance with the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision ("Act on Statutory Auditors") and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements regarding statutory audits of financial statements of public-interest entities, repealing Commission Decision 2005/909/EC ("EU Regulation"). Our responsibility in accordance with these standards is further described in the section of our report *entitled "Auditor's responsibility".*

We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("IFAC Code") adopted by resolutions of the National Council of Statutory Auditors and with other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the course of the audit, the key statutory auditor and the audit firm remained independent from the Company in accordance with the dependency requirements set out in the Act on Statutory Auditors and the EU Regulation.

We believe that the research evidence we have obtained is sufficient and appropriate to support our opinion.

Key issues of the study

The key issues of the audit are those which, in our professional judgment, were the most significant during the audit of the financial statements for the current reporting period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement caused by fraud. We have addressed these matters in the context of our audit of the financial statements as a whole and in the formulation of our opinion, and have summarized our response to these risks and, where we considered it appropriate, made the most important observations related to these risks.
We do not express a standalone opinion on these matter.

EY

Building a better
working world

Key issue of the audit	How did our study relate to this case
As at 31 December 2019, the value of inventories disclosed in the standalone statement of financial position amounted to PLN 345.5 mln, while the value of write-down on inventories as at that date amounted to PLN 4.5 mln. This issue has been identified as the key issue for the audit of the standalone financial statements due to the significant value of this item in the statements of financial position and due to the element of professional judgement of the management in the scope of creating write-downs aimed at valuation of inventories to the level of their net realisable value which is connected with significant estimations in the area of determination of turnover of inventories, planned future prices of goods sold, costs of their sale, as well as the effectiveness of the conducted advertising campaigns and other marketing activities, as well as the customers' interest in particular collections. Reference to disclosures Disclosures relating to inventories, including valuations of inventories at net realisable value, are included in Note 5.4 'Inventories' of the explanatory notes to the standalone financial statements.	As part of the audit, we documented our understanding of the process of analysis and recognizing write-downs of inventories aimed at making the valuation of the net realizable sales value, we also evaluated environment of the internal control in this area and carried out a number of credibility tests in this area. Our procedures included assessments of the assumptions made about the creation of write-downs making the valuation of inventories up to the net realisable value, calculations made by the Company and disclosures in this respect in the standalone financial statements, including inter alia: - evaluation of the accounting policy applied by the Company with regard to the initial valuation of inventories and creation of write-downs, - analysis of historical data on realised margins on individual assortments with a longer than one season rotation period, - analysis of the use of write-downs created in previous periods, - analysis of the adopted Company's policy of creating write-downs in relation to historical data by assessing the estimates of net realizable value, - analysis and observation of the process of making inventory of goods and assessment of their economic usefulness,
	- analysis of the prices at which the goods are sold after the balance sheet date and analysis of the costs of preparation for sale or the estimated costs necessary to realize the sale, - carrying out compliance tests of the

	selected control mechanisms with regard to inventories valuation, - conducting plausibility tests for a sample of indices located on the inventory in order to assess the correctness of the valuation and the write-downs made as at the balance sheet date, - obtaining detailed statements from the Management Board as to the completeness and correctness of the data and relevant assumptions provided to us, assessment of the disclosures made in this respect in the explanatory notes to the standalone financial statements.
Valuation of assets under the right of use and lease liabilities This issue was identified as the key issue for the audit of the standalone financial statements due to the significant value of the assets items under the right to use (representing 26.7% of the balance sheet total as at 31 December 2019) and the lease liabilities (representing 27.6% of the balance sheet total as at 31 December 2019) were included in the statements of financial position and due to the management's professional judgment in relation to a number of assumptions made in connection with the application of IFRS 16 (International Financial Reporting Standard 16 "Leasing").	*Approach to audit* As part of our audit of the standalone financial statements, we have analyzed the accounting policies for the recognition of agreements and business relationships within the scope of IFRS 16 and the related significant judgments and estimates, in particular with respect to the scope of : ► determining the scope of agreements to be recognised in accordance with IFRS 16, ► the arrangements for leasing payments, ► determining the leasing periods, ► setting the discount rates. In addition, our procedures covered an evaluation of assumptions made, calculations made and disclosures made in accordance with the requirements of IFRS 16, including inter alia:
Reference to disclosures Disclosures concerning the valuation of the right to use assets and leasing liabilities are included in Note 5.3 "Right to use assets and leasing liabilities" of the explanatory notes to the standalone financial statements.	- analysis of the completeness of identification of agreements within the scope of IFRS 16, - assessment of the assumptions made for the purpose of recognising the right to use the assets and the leasing liability, in particular the assumptions concerning,

	among others: (1) the term of the leasing agreements regarding provisions relating to renewal options, (2) the discount rates used, and (3) the periods over which the right to use the assets is written off, - assessment of the calculations made with regard to the disclosure of the right of use, the leasing liability and the valuation as of the day ending the balance sheet year, - conducting compliance tests of the selected controls mechanisms regarding the recognition of agreements in accordance with IFRS 16, - conducting plausibility tests for a sample of agreements in order to assess the correctness of the parameters used to calculate the leasing liability and the assets under the right of use, - obtaining detailed statements from the Management Board as to the completeness and correctness of the data and relevant assumptions provided to us, assessing the disclosures regarding compliance with the guidance in IFRS 16.
Acquisition of a non-controlling stake in HR Group Holding S.a.r.l. As described in Note 3.1 "Long-term investments " in the explanatory notes to the standalone financial statements	*Approach to auditing* Our procedures included the assessment of the acquisition of investments in HR Group Holding S.a.r.l., including
within financial year 2019, the CCC Group acquired a non-controlling stake in HR Group Holding S.a.r.l. The acquired stake gives the opportunity to exert a significant influence on HR Group Holding S.a.r.l. The matter has been identified as a key component of the standalone financial statements due to its significant impact on the financial statements. The acquisition of the entity and the recognition of the financial settlements resulting from the acquisition is significant from the point of view of the	the determination of the purchase price, such as, among others: - understanding of the business aspects of the conducted transactions from the Company point of view, - assessment of qualifications, competence and objectivity of external advisors involved in the process of accounting for investments in the financial statement, - analysis of acquisition agreements and assessment of the recognition by the Company of financial settlements between

Company's assets and financial result and involved a number of professional judgments and estimates concerning, among others, the determination of the acquisition price and the valuation of the call option and put option. *Reference to disclosures* Disclosures concerning the acquisition of stake are presented in Note 3.1 "Long-term investments" to the standalone financial statements.	the buyer and the seller, including deferred payment, - evaluation of the assumptions and estimates made by the Company, such as discount and growth rate, among others by comparing the assumptions with source and market data, - the assessment of the settlement of the acquisition of the investment (including all assets and liabilities arising from the settlement in relation to the source documentation received), - assessment of the disclosures made in this respect in the explanatory notes to the standalone financial statements.
Financing and terms of agreements financing the Company's operations (covenants) As described in explanatory note 4.2 "Credit and bond liabilities" to the standalone financial statements, the Company finances its operations through various types of financial instruments (including credits, loans and bonds), whose financial debt amounts to PLN 321.4 million as at 31 December 2019. As described in Note 1 "General information" and Note 4.2 "Liabilities under loans and bonds" of the explanatory notes to standalone financial statements, for the bigger majority of agreements financing Company's operations,	*Approach to auditing* Our procedures in relation to the key case described included, inter alia: - documenting our understanding of the financing process, - getting acquainted with the implemented control mechanisms of the Company in the scope of fulfilling the conditions of agreements financing the Company's operations, analysis of the forecast of results for 2020 prepared by the Management Board of the Company, including an analysis of the adopted assumptions for the preparation of this forecast, on the basis of which
the Company must meet certain conditions specified in these agreements (covenants). The availability of appropriate instruments to finance the Company's operations and verification of whether the Company is able to continue to meet the contractual financing conditions are important for our audit due to	the Management Board assesses the possibility of further fulfilment of the terms of the agreements financing the Company's operations and the recalculation of selected ratios, - learning the requirements and conditions of financing, including the requirements for debt ratios and events resulting in the

their impact on the assumption of the Company's business continuity. The calculation of the covenants is monitored quarterly on the basis of historical data, while the simulation of covenants for subsequent periods is based on the Management Board's forecast of financial data of the Capital Group in which the Company is the parent company, which are prepared on the basis of estimates and assumptions, including expectations concerning the future economic and market situation, which are uncertain and subject to changes in the future. In addition, the results of the calculation of the covenants may have a material impact on the Company's acquiring liquidity as well as on the presentation of assets and liabilities as current and non-current. Reference to disclosures Disclosures concerning covenants, agreements financing the Company's operations are presented in note 1 "General information" and note 4.2 " Credits and bonds Liabilities" to the standalone financial statements.	maturity of the financing sources, - verification and understanding of the process of calculating the required indicators by the Company's Management Board in accordance with the terms of the agreements financing the Company's operations, - receiving statements of the Company's Management Board, as to the completeness and correctness of the information provided and the assumptions and interpretations made in connection with the calculation of the covenants, - checking compliance with the required covenants as at 31 December 2019 by performing re-calculation, based on a selected item sample. In addition, we have assessed the appropriateness and completeness of the disclosures regarding the fulfilment of the compliance of covenants obligations, which are presented in Note 1 "General information" and Note 4.2 "Loan and bond liabilities" to the explanatory notes to the standalone financial statements

Responsibility of the Management Board and Supervisory Board for the financial statements

Management Board of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view of the financial and asset position and financial result of the Company in accordance with International Financial Reporting Standards as adopted by the European Union, the accounting principles (policy) adopted by the Company and the applicable laws and regulations and the

Company's Articles of Association, and for such internal control as Management Board believes is necessary to enable the preparation of financial statements that are materially misstated by fraud or error.

When preparing the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue its operations, disclosing, if applicable, matters related to the continuity of operations and adopting the continuity principle as the basis of accounting, except when the Management Board either intends to liquidate the Company or to discontinue operations or there is no realistic alternative to liquidation or discontinuation.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements provided for in the Accounting Act. Members of the Supervisory Board are responsible for supervising the financial reporting process of the Company.

Statutory Auditor's responsibility for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole does not contain material misstatements due to fraud or error and to issue an audit report containing our opinion. Rational assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with National Board of Statutory Auditors (KSB) will always reveal the existing material misstatement. Misstatements may arise from fraud or error and are considered material if it can be reasonably expected that, individually or jointly, they would influence the economic decisions of users taken on the basis of these financial statements.

In accordance with § 5 of International Auditing Standard 320, the concept of materiality is applied by the statutory auditor both when planning and conducting the audit and when assessing the impact of the misstatements identified during the audit and uncorrected misstatements, if any, on the financial statements, as well as when formulating the auditor's opinion. Therefore, all opinions and statements contained in the audit report are expressed taking into account the qualitative and valuable level of materiality determined in accordance with the auditing standard and the professional judgment of the statutory auditor.

The scope of the audit does not include ensuring the future profitability of the Company or the effectiveness of the Management Board's current or future management of its affairs.

During the examination in accordance with National Board of Statutory Auditors (KSB) we apply professional judgment and maintain professional scepticism, as well:

-we identify and assess the risks of material misstatement of the financial statements caused by fraud or error, forecast and perform audit procedures appropriate to those risks, and obtain audit evidence that is sufficient and appropriate to support our opinion. The risk of not detecting material misstatement due to fraud is greater than that due to error because fraud may involve collusion, counterfeiting, intentional omissions, misrepresentation or circumvention of internal control,

-we obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control,

-we assess the appropriateness of the accounting principles (policy) applied and the reasonableness of the accounting estimates and related disclosures made by the Management Board of the Company,

-we draw a conclusion on the appropriateness of the Company's Management Board's application of the continuity of operations as the basis of accounting and, based on the evidence obtained, we examine whether there is any material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue operations. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our audit report, however, future events or conditions may cause the Company to cease operations,

-we evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

We provide the Audit Committee with information about, among other things, the planned scope and timing of the audit and significant findings of the audit, including any significant internal control weaknesses that we identify during the audit.

We make a statement to the Audit Committee that we have complied with applicable ethical requirements for independence and that we will inform them of all relationships and other matters that could reasonably be considered a threat to our independence and, where applicable, inform them of the collaterals applied.

Of the matters provided to the Audit Committee, we identified those matters that were most significant during the audit of the financial statements for the current reporting period and therefore considered them as key audit matters. We describe these matters in our audit report, unless laws or regulations prohibit their disclosure to the public or where, in exceptional circumstances, we determine that an issue should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of such information for the public interest.

Other information, including the report on operations

Other information includes the report on the Company's operations for the period from 1 January 2019 to 31 December 2019 ("Report on operations") together with the statement on the application of corporate governance and the statement on financial information referred to in Article 49b (1) of the Accounting Act, which are standalone parts of this Report (together "Other information").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Company is responsible for drawing up other information in accordance with the law.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the report on the Company's operations together with the separate parts meet the requirements provided for in the Accounting Act.

Statutory Auditor's responsibility

Our audit opinion does not include other information. In connection with our audit of the financial statements, we are required to get acquainted with the Other Information and in doing so, to consider whether the other information is not materially inconsistent with the financial statements or our audit findings, or otherwise appears to be materially misstated. If, based on our work done, we will find out material misstatements in Other Information, we are required to report those findings in our audit report. It is also our responsibility, as required by the Audit Act, to issue an opinion as to whether the report on operations was prepared in accordance with the regulations and whether it complies with the information contained in the financial statements.

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

Opinion on the Report on operations

Based on the work performed during the audit, in our opinion, the Report on the Company's operations:

- has been prepared in accordance with Article 49 of the Accounting Act and § 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent ("Regulation on current information"),
- is consistent with the information contained in the financial statements.

Furthermore, in the light of our knowledge about the Company and its environment obtained during our audit, we declare that we have not found any significant misstatement in the Company's Report on operations.

Opinion on statement of applying corporate governance

In our opinion, in the statement on the application of corporate governance, the Company included the information specified in § 70.6.5 of the Regulation on current information.

In addition, in our opinion, the information indicated in § 70.6.5(c-f), (h) and this Regulation contained in the corporate governance statement is consistent with the applicable regulations and information contained in the financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we inform you that the Company has included in its report on operations a standalone report on non-financial information referred to in Article 49b (9) of the Accounting Act and that the Company has prepared such a standalone report.

We have not performed any attestation work on the financial information statement and do not express any assurance about it.

EY

Building a better
working world

Statement on non-audit services provided

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in compliance with the law and regulations in force in Poland and that we have not provided non-audit services which are prohibited under Article 5(1) of the EU Regulation and Article 136 of the Act on Auditors. The non-audit services that we provided to the Company and its subsidiaries in the audited reporting period were listed in the Company's report on operations.

Selection of an audit firm

We were elected to audit the Company's financial statements for the first time by resolution of the Supervisory Board of 10 May 2017 and again by resolution of 28 February 2019. We audit the Company's financial statements continuously starting from the financial year ending on 31 December 2017, that is for a period of 3 consecutive years.

Signed with a certificate issued for Jerzy Michał Buzek (Qualified Certificate).
Issued on the day: 2020-03-06 01:17:44 +0100
Warsaw, 6 March 2020

Key statutory auditor

Jerzy Buzek
Statutory Auditor
register no.: 10870

acting on behalf of:
Ernst & Young Audyt Polska spółka z ograniczoną
odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warszawa
No. on the list of audit firms: 130