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Translator's note:
This version of our report is a translation of the original, which was prepared in Polish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters concerning the interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Registered Auditor's Report

To the Shareholders' Meeting and the Supervisory Board of Inter Cars S.A.

Report on the audit of financial statements

Our opinion

In our opinion, the attached annual financial statements of Inter Cars S.A. ("the Company"):

- give a true and fair view of the financial position of the Company as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2018, item 395, as amended).

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report on 17 April 2018.

What we have audited

We have audited the annual financial statements of Inter Cars S.A. which comprise:

- the statement of financial position as at 31 December 2017;

and the following prepared for the financial year from 1 January to 31 December 2017:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows, and
- the notes comprising a description of the adopted accounting policies and other explanations.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing as adopted as National Standards on Auditing by the National Council of Statutory Auditors ("NSA") and pursuant to the Act of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight ("the Act on Registered Auditors" – Journal of Laws of 2017, item 1089) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities ("the EU Regulation" – Journal of Laws EU L158).
Our responsibilities under those NSA are further described in the *Auditor's responsibilities for the*

PricewaterhouseCoopers Sp. z o.o., ul. Lecha Kaczyńskiego 14, 00-638 Warszawa, Polska,
T: +48 (22) 746 4000, F: +48 (22) 742 4040, www.pwc.com

audit of the financial statements section of our report.

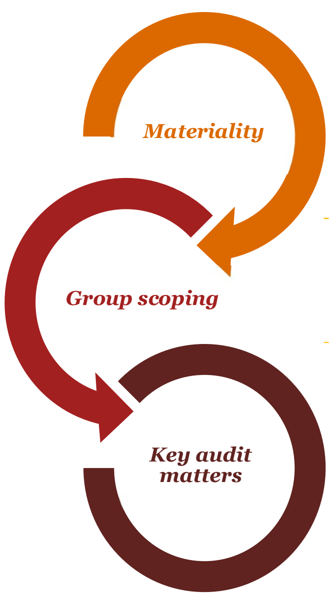
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and ethics

We are independent of the Company in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* ("the IFAC Code") as adopted by resolutions of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC's Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

Our audit approach

Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 42.300 thousand, which represents 0,8% of the Company's sales revenue.

- We have audited the annual financial statement of the Company for the period ended 31 December 2017.

- Impairment of goodwill;
- Write-downs of investments in subsidiaries and loan receivables from subsidiaries;
- Existence and valuation of inventories.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by the adopted materiality level. Our audit was designed to obtain reasonable assurance that the financial statements as a whole are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole , as presented below. These thresholds, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

The concept of materiality is used by the registered auditor both in planning and conducting an audit, as well as in assessing the effect of the misstatements identified during the audit and the unadjusted misstatements (if any), on the financial statements, and also when forming the registered auditor's report. Therefore, all opinions, assertions and statements contained in the registered auditor's report have been made taking into consideration the quantitative and qualitative materiality levels determined in accordance with the audit standards and the registered auditor's professional judgement.

Overall materiality	42.300 thousand PLN (2016 r.: 38.000 thousand PLN)
Basis for determination	0,8% of sales revenue
Rationale for the materiality benchmark applied	We have adopted total sales revenue as the basis for determining materiality because, in our opinion, it is an indicator commonly used by the users of financial statements to evaluate the Company's operations and is a generally adopted benchmark. We adopted the materiality threshold at 0.8% because based on our professional judgement it is within the acceptable quantitative materiality thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We summarized our response to these risks and, when deemed appropriate, presented the most important observations relating to these risks. We do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill The balance of the goodwill recognized in the Company's financial statements as at the balance sheet date amounts to PLN 122.9 million. The goodwill is described in Note 7 to the financial statements. The Management Board carries out impairment tests for the goodwill allocated to a cash-generating unit at least at the end of each financial year, by calculating the recoverable amount using the value in use approach. Carrying out an impairment test involves the need to make a number of material assumptions and judgements concerning, among other things, the strategy	Our audit procedures comprised, in particular: • gaining an understanding of and evaluating the process of estimating impairment for goodwill and the principles of determining the cash-generating units; • analysing the impairment test carried out by the Management Board, in particular: (a) a critical assessment of the assumptions and estimates made by the Company's Management Board, used to determine the recoverable amount (a five-year forecast period for future cash flows and the revenue and operating margin levels assumed in it, the

adopted by the cash-generating unit to which the goodwill has been allocated, financial plans and cash flow forecasts for the following years, including those relating to periods subsequent to the period covered by detailed forecasts, as well as macroeconomic and market assumptions.

As a result of the impairment tests, no write-down of goodwill was recognized in the financial statements.

Bearing in mind the inherent risk of uncertainties relating to the material estimates made by the Management Board, we have concluded that this is a matter of key importance to our audit.

discount rate used, the marginal growth rate after the forecast period, the revenue and operating margin levels), including benchmarking the values assumed by the Management Board against independent market data;

(b) verifying the arithmetical correctness and methodological consistency of the valuation model based on discounted cash flows, using PwC in-house valuation experts;

- evaluating the Management Board's analysis of the sensitivity of the assumptions made to the result of the impairment assessment;
- evaluating the correctness and completeness of the disclosures as regards the impairment tests in the financial statements.

Based on the procedures performed, we have concluded that the assumptions made by the Management Board are rational and supported in the documentation obtained, and that the disclosures concerning the impairment test for goodwill in the financial statements meet the requirements of the standards.

Write-downs of investments in subsidiaries and loan receivables from subsidiaries

As at the balance sheet date, the balance of investments in subsidiaries and loans granted to subsidiaries recognized in the financial statements amounts to PLN 423.1 million (investments) and PLN 47.7 million (loans), and the write-downs of investments in subsidiaries and loan receivables recorded in the previous years total PLN 7 million. The investments in subsidiaries and write-downs are described in Note 9 to the financial statements, whereas the loans granted to subsidiaries – in Note 32.

The correct determination of the write-down of investments in subsidiaries and receivables in respect of loans to these entities is an area which requires a material judgement by the Management Board. The identification of the evidence of impairment and the determination of the recoverable amount for the values of interests in subsidiaries and receivables in respect of loans granted requires that the Management Board estimate, among other things, the expected future cash flows, market prices, and the expected net realizable values. Using different measurement techniques and making different assumptions may result in arriving at materially different estimates of the write-downs of investments in subsidiaries and loans granted. The methodology for recording write-downs is described in the

Our audit procedures comprised, in particular:

• gaining an understanding of and evaluating the process of the identification of the evidence of impairment of receivables in respect of loans granted and investments in subsidiaries by the Management Board;

• if we identified the existence of the evidence of impairment, we analysed the impairment tests carried out by the Management Board, in particular: (a) we analysed the forecasts for future cash flows; (b) we considered the reasonableness of the assumptions made on the basis of our knowledge, practice and experience, and we compared the estimates with external evidence if it was available, and we also verified the crystallization of the prior period estimates; (c) we verified the arithmetical correctness of the models used to carry out the tests;

• evaluating the completeness and correctness of the disclosures concerning the write-downs of loan receivables and investments in subsidiaries.

Based on the procedures performed, we have concluded that the assumptions made by the Management Board are rational and supported in the documentation obtained, and that the disclosures in the financial statements meet the requirements of the standards.

accounting policies, in Note 3.2 to the financial statements.

Based on the tests carried out, the Management Board did not find it necessary to record an additional write-down in excess of the value of the write-down recognized in the previous years.

Bearing in mind the inherent risk of uncertainties relating to the material estimates made by the Management Board and the materiality of the amounts of the investments in subsidiaries and receivables from subsidiaries shown in the balance sheet, we have concluded that this is a matter of key importance to our audit.

Existence and valuation of inventories

As at the balance sheet date, the value of stocks of goods for resale in the financial statements amounted to PLN 1,149.7 million, which represents 38.3% of the Company's assets. Inventories are described in Note 11 to the financial statements.

Inventories are located in three main warehouses (the so-called hubs), as well as in over 260 other locations. In order to make sure that the inventories exist, the Company carries out inventory counts on an ongoing basis in different locations throughout the year (cycle inventory counting).

The value of inventories is also affected by factors such as purchase prices and impairment. The purchase prices are very materially affected by the contractual arrangements with suppliers as regards rebates and bonuses for the purchase of goods for resale. Rebates and bonuses are based on the sales volumes achieved, which are largely estimated as at the date of preparation of financial statements.

The occurrence of impairment requires making estimates and judgements in valuing inventories, in particular with regard to determining the net realizable value and estimating the saleability of a given inventory item. The accounting policies for valuing them are described in Note 3.2 to the financial statements.

Bearing in mind the inherent risk of uncertainties relating to the material estimates made by the Management Board and the materiality of the inventory amounts shown in the balance sheet, we have concluded that this is a matter of key importance to our audit.

Our audit procedures comprised, in particular:

- gaining an understanding of the posting policies relating to standard transactions concerning inventories;
- gaining an understanding of the auditing procedures performed by the Company as part of the inventory-related processes, evaluating the design of these audits, and testing the audits for effectiveness with regard to the correctness of cycle inventory counting, based on a selected sample of audit procedures;
- attending selected inventory counts carried out by the Company in order to obtain assurances as to the existence and suitability of inventories and carrying out tests based on a selected sample of inventory count sheets to verify physical stock levels;
- verifying whether the inventory count has been properly accounted for in the books of account;
- gaining an understanding of and evaluating the process of inventory valuation performed by the Management Board, including evaluating the correctness of adjusting the inventory valuation for rebates and bonuses given by suppliers, including detailed tests on selected samples:

  a) measurement of inventories at cost of purchase (comparing the values as per the warehouse register to values specified in purchase invoices);

  b) provisions for rebates not received (verifying the arithmetical correctness of the calculation, the consistency with agreements, and confirming the input data);

  c) the rebates received in the audited year (reconciliation to adjusting invoices);

  d) discounts received (reconciliation to bank statements);

- gaining an understanding of and evaluating the process of estimating the inventory impairment by the Management Board, as well as evaluating the correctness of determining the amounts of write-downs for inventories for which the net realizable value (being the price less discounts, rebates and costs to sell) is lower than the cost of purchase (manufacture) and for slow-moving inventories, including a detailed test (verifying the arithmetical correctness of the calculation and comparing the carrying value to the actual prices in invoices documenting sales made after the balance sheet date) based on a selected sample;
- evaluating the completeness and correctness of the disclosures concerning inventory write-downs.

Based on the procedures performed, we have concluded that the estimates and judgements made by the Management Board are rational and supported in the documentation obtained, and that the disclosures in the financial statements meet the requirements of the standards.

Responsibility of the Management for the financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of annual financial statements that give a true and fair view of the Company's financial position and results of operations, in accordance with the International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management Board is responsible for assessing the Company's 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 Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of its Supervisory Board are obliged to ensure that the financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the financial statements

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

The scope of the audit does not cover an assurance on the Company's future profitability or the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with the NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 the 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 Company'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 Board.
- Conclude on the appropriateness of the Company's Management Board'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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 also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with 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 Audit Committee, 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 Report on the operations

Other information

Other information comprises the report on the operations of the Company and the Inter Cars Group (the "*Group*") for the financial year ended 31 December 2017 (*"Aggregate Report on the Operations*") and a corporate governance statement which is a separate part of the Aggregate Report, as well as a separate, aggregate report of the Company and the Group on non-financial information (together "*Other information"*).

Responsibility of the Management and Supervisory Board

The Management Board of the Company is responsible for preparing Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the Company's operations including its separate parts and a separate report on non-financial information complies with the requirements of the Accounting Act.

Registered auditor's responsibility

Our opinion on the audit of the financial statements does not cover Other Information.

In connection with our audit of the financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially consistent with the information in the financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual financial statements.

Moreover, we are obliged to issue an opinion on whether the Company provided the required information in its corporate governance statement and to inform whether the Company prepared a separate report on non-financial information.

Opinion on the Report on the operations

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

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 91, para 92 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information" – Journal of Laws 2014, item 133, as amended);
- is consistent with the information in the financial statements.

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

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Company included information set out in paragraph 91(5)(4) (a), (b), (g), (j), (k) and (l) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 91(5)(4)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the financial statements and consolidated financial statements.

Information on non-financial information

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Company and the Group has prepared a statement on non-financial information referred to in Article 55(2c) of the Accounting Act as a separate section of the Report on the operations.

We have not performed any assurance work relating to the separate report on non-financial information and we do not provide any assurance with regard to it.

Report on other legal and regulatory requirements

Statements on the provision of non-audit services

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 accordance with the laws and regulations applicable in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries in the audited period are disclosed in an appendix to this report.

Appointment

We have been appointed for the first time to audit the annual financial statements of the Company by resolution of the Supervisory Board dated 20 June 2016 on the basis of paragraph 14, clause 2, section 3) of the Company's Articles of Association and re-appointed by resolution dated 20 June 2017. We have been auditing the Company's financial statements without interruption since the financial year ended 31 December 2016, i.e. for 2 consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Sp. z o.o., a company entered on the list of Registered Audit Companies with the number 144, is Piotr Wyszogrodzki

Piotr Wyszogrodzki

Key Registered Auditor

No. 90091

Warsaw, 17 April 2018

Appendix to the Independent Registered Auditor's Report on the financial statements of Inter Cars S.A. as at and for the period ended 31 December 2017

A list of the non-audit services which we provided to the Company and its subsidiaries in the audited period:

- Review of the semi-annual condensed consolidated financial statements of the Group and the separate financial statements of the Parent Company;
- Assurance and accounting consulting services in the period January – May 2017;
- Granting a licence to the program "myReporting".