

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MASTERPLAST Nyilvánosan működő Részvénytársaság

Report on the audit of the annual financial statements

Opinion

We have audited the accompanying 2021 annual financial statements of MASTERPLAST Nyilvánosan működő Részvénytársaság ("the Company") attached in a digital file Masterplast Nyrt. - Éves beszámoló 2021.xhtml¹, which comprise the statement of financial position as at 31 December 2021 - showing a balance sheet total of HUF 27,825,111 thousand and a total comprehensive income for the year of HUF 320,672 thousand profit -, the related profit and loss statement and comprehensive profit and loss statement, statement of changes in equity, cash flow statement for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and has been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. 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 Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

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

¹ digital identification of the Masterplast Nyrt. - Éves beszámoló 2021.xhtml annual report file based on algorithm SHA 256 HASH
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Key Account Matters	Diligences performed in relation to the Key Audit Matters
<p>Valuation of long-term participations in affiliated companies</p> <p>The Company's participations in affiliated companies represent HUF 4,376,436 thousand as of 31 December 2021, which is approximately 16% of total assets.</p> <p>The reason for the change is the recognition of the acquisition of the German subsidiary, which was identified as a key audit matter due to:</p> <p>The determination of acquisition cost may involve significant assumptions depending on the terms of the transaction contract.</p> <p>The call option agreement ensuring the acquisition of an additional 50% of the shares was called this year, therefore the value of the investment changed significantly.</p> <p>Based on this we consider Valuation of long-term participations in affiliated companies is significant to our audit and considered as a key audit matter.</p> <p>The Company's accounting policy and disclosures about its participations in affiliated companies and related impairment and initial recognition are included in Note 7.6.1 and Note 11 Investments in subsidiaries.</p>	<p>Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company.</p> <ul style="list-style-type: none"> -In connection with the acquisition, we understood the structure of the acquisition and, based on the acquisition agreement, we checked the components, amounts and existence of control by the Company. -We understood certain elements of the call option agreement for the acquisition of additional shares and the conditions and probability of their exercise, future cash-flow outflows. We analysed the accounting policy applied by the Company with respect to the shares. -We recalculated the amount of the call option to acquire additional shares. We checked whether the applied discount rate corresponds to the characteristics of the Company. -We assessed the adequacy of the Company's disclosures about participations in affiliated companies in accordance with EU IFRSs including the measurement of acquisition cost and financial liability related to the option, in respect of non-current interests in associates.

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Liabilities from issued bonds	Diligences performed in relation to the Key Audit Matters
<p>As at 31 December 2021, the balance of liabilities arising from bonds is HUF 20,972,309 thousand. During 2019 2020 and 2021, the Company initiated a review of its external financing structure in order to diversify and improve the composition of the Company's debt portfolio. Accordingly, the Company has issued bonds within the framework of the Growth Bond Program ("NCP") of the National Bank of Hungary and has obtained a competitive source of funding. These liabilities are recognized as financial liabilities at amortized cost using the effective interest method, which is determined by reference to the proceeds from the issue, the cost of the issue, the nominal interest rate of the bond, the amount of repayments due at issue and the market price of the bonds at issue. Due to the size of the bonds issued by the Company, the determination of the carrying amount of the bonds was identified as a key audit matter.</p> <p>Detailed information and related accounting policies can be found in paragraphs 7.10 and 17 of the Notes.</p>	<p>We have reviewed the agreements, the prospectus and interpreted its content.</p> <p>We reconciled the amounts received from the bond issue, the issue costs, the nominal interest rate of the bond and the amount of repayments due at the time of repayment for the underlying documents.</p> <p>We compared the amounts offered for the bonds with the prices of similar financial instruments available in the market.</p> <p>We reconciled the number of bonds registered by KELER Central Counterparty with the closing date analysis.</p> <p>We recalculated the initial effective interest rate associated with the bonds and the carrying amount of the bonds using the above data in the underlying documents.</p> <p>We have reviewed the appropriateness of the accounting treatment applied to the bonds, including amortized cost accounting, in accordance with the requirements of IFRS 9.</p> <p>We have checked the completeness and accuracy of the publications.</p>

Other matters

The management of the Company is responsible for the implementation of the Commission Regulation (EU) 2019/815. (17 December 2018) ("ESEF Regulation") for the presentation of financial statements in a format that complies with the requirements set out in Article 3.

Our audit covered the human readable content of the digital file containing the financial statements, which is electronically identified in our report, however the scope of our audit did cover the overall validation of this file, accordingly, we do not express an opinion on the compliance of the digitalized information with the requirements of ESEF Regulation in all material respects.

Other information

Other information consists of the 2021 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report. In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

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Our opinion on the business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)- d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

In our opinion, the business report of the Company, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2021 is consistent, in all material respects, with the 2021 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Company further requirements with regards to its business report, we do not express opinion in this regard.

We also confirm that the Company have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law. In the case of the Company, the requirements of the Accounting Act 95 / C. § (1) have not been met, so we have nothing to report in this regard.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with EU IFRSs and the supplementary requirements of the Hungarian Accounting Law relevant for annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

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reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 management.
- Conclude on the appropriateness of 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 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 with those charged with governance we determine those matters that were of most significance in the audit of the annual 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.

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Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

- We were appointed as statutory auditor by the General Assembly of Shareholders of the Company on 14 December 2020. Our engagement is uninterrupted since this date.
- Our audit opinion on the annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.
- We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Company in conducting the audit.
- In addition, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is Molnár Andrea Kinga.

Budapest, April 28, 2022

Philippe Michalak Budzan
Philippe Michalak Budzan
Partner

Molnár Andrea Kinga
Molnár Andrea Kinga
Registered Auditor
Registration number: 007145

Mazars Kft.
1139 Budapest, Fiastyúk street 4-8.
Registration number: 000220