

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MASTERPLAST Nyilvánosan működő Részvénytársaság

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the accompanying 2021 consolidated annual financial statements of MASTERPLAST Nyilvánosan működő Részvénytársaság ("the Company") and its subsidiaries (altogether "the Group"), attached in a digital file 529900T52BKQIM96BG24-2021-12-31-hu.xhtml¹, which comprise the consolidated statement of financial position as at 31 December 2021 - showing a balance sheet total of EUR 179,173,532 EUR and a total comprehensive income for the year of EUR 14,110,608 profit -, the related consolidated profit and loss statement and consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated 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 consolidated 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 Group 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 529900T52BKQIM96BG24-2021-12-31-hu.xhtml consolidated annual report file based on algorithm SHA 256 HASH
61073D930B5C3D04044CF9E54708B6E6127185543BD8EAC3333DDA6B1B3A248

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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>Revenue recognition</p> <p>The Group's consolidated revenue amounted to EUR 191,488,699 as of 31 December 2021. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized before the performance obligations are fulfilled. During our audit we have to evaluate the risk of completeness of revenue flows.</p> <p>Based on this we consider revenue recognition significant to our audit and a key audit matter.</p> <p>The Group's disclosures about revenue are included in Note 7.21 Revenue recognition and Note 30 Revenues per country to the consolidated annual financial statements.</p>	<p>Our audit procedures included, among others, analysing the entire population of journal entries including correlations between revenue, accounts receivables, value added tax and cash inflows. We circularized outstanding debtor balances and tested subsequent cash inflows on a sample basis. We tested credit notes issued after the balance sheet date to assess whether revenue was recognized in the correct period. We performed analytical review procedures on revenue comparing actual data to our expectations developed based on our prior experience of the Group's business, including performing detailed review of non-core transactions. We also considered the adequacy of the Group's disclosures in respect of revenue in the consolidated annual financial statements, including disclosure requirements of IFRS 15 standard.</p>
<p>Valuation of a subsidiary after the first consolidation</p> <p>The Group recognized a goodwill of EUR 4,291,000 relating to the acquisition of a subsidiary in Germany, which decreased to zero during the current financial year.</p> <p>In connection with the new acquisition of the Company, the call option agreement, which secured the acquisition of an additional 50% of the shares, was exercised. The Group determined the market value of the assets and liabilities, resulting in an increase in asset fair value of EUR 4,291,000.</p> <p>The assessment of the goodwill of a subsidiary was considered a key audit matter, since following the first time consolidation, the amount of consideration paid, the measurement of the asset's and liabilities' cost and fair value may entail significant assumptions.</p> <p>The accounting policies, circumstances and significant assumptions have been disclosed in</p>	<p>We have validated the elements of the purchase price, the calculation of goodwill and the accounting policies, assumptions and corresponding disclosures.</p> <p>We understood the elements of the call option agreement for the acquisition of additional shares, the conditions and probability of the exercise and future cash-flow outflows.</p> <p>We assessed the adequacy of the Group's disclosures about the goodwill in accordance with EU IFRSs including the accounting policies and assumptions relating to the recognition and measurement of goodwill.</p>

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Section 34.3 Increase of investments in subsidiaries in 2021 of the Notes.	
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 EUR 56,835,587. 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 Magyar Nemzeti Bank 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. Detailed information and related accounting policies can be found in paragraphs 17 of the Notes.</p>	<p>We have reviewed the agreements, the prospectus and interpreted its content. 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. We compared the amounts offered for the bonds with the prices of similar financial instruments available in the market. We reconciled the number of bonds registered by KELER with the closing date analysis. 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. 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. 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 consolidated 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 consolidated 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 consolidated business report of the Group and the information included in the consolidated annual report excluding the consolidated annual financial statements and independent auditor's report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

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In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated 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 consolidated business report includes the non-financial statement as required by Section 95/C and Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, 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 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

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

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Section 95/C and Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, 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 consolidated annual financial statements

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

In preparing the consolidated annual financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 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 auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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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 consolidated annual financial statements of the current period and are therefore the key audit matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 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.

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 MASTERPLAST Nyilvánosan működő Részvénytársaság on 14 December 2020. Our engagement is uninterrupted since this date.
- Our audit opinion on the consolidated 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 Group and its controlled undertakings and we remained independent from the Group in conducting the audit.
- In addition, we declare that in the financial year from January 1, 2021 to December 31, 2021, we provided non-audit professional services in accordance with ISRS 4400 Related Services, which is set out in point 7 of the consolidated supplementary notes.

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