

This is a translation of the Hungarian Report

Independent Auditor's Report

To the Quotaholder of ENVIEN Magyarország Kft.

Opinion

We have audited the accompanying 2021 annual financial statements of ENVIEN Magyarország Kft. ("the Company"), which comprise the balance sheet as at 31 December 2021 - showing a balance sheet total of EUR 21,827,291 and a profit after tax for the year of EUR 873,618-, the related profit and loss account for the financial 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 equity and financial position of the Company as at 31 December 2021 and of the results of its operations for the financial year then ended in accordance with the Act C of 2000 on Accounting ("Hungarian Accounting Law").

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our report.

We are independent of the Company in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the annual financial statements section” of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying annual financial statements.

Revenue recognition due to cut-off

Revenue for the year ended 31 December 2021 amounted to EUR 47,832,785. We consider revenue recognition by default, an area of higher assessed risk of material misstatement. Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. The point where risks and rewards of the goods transferred to the customer is determined by International Commercial Terms (incoterms) agreed in the sales contracts. 88% of sales revenue comes from export sales with different incoterms applied. Due to the multitude and variety of contractual terms across the Company’s markets, there is a higher risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year end and as such we consider the cut-off requiring special audit attention and therefore we consider the revenue recognition as a key audit matter.

Our audit procedures included, among others, evaluation of the appropriateness of the Company’s accounting policies related to revenue recognition and whether this is in accordance and compliant with the Hungarian Accounting Law. We obtained an understanding of management’s internal controls over the revenue recognition process. We analyzed the Company’s revenue through entire population of journal entries of sales transactions by use of data analytics approach, including correlations between revenue, accounts receivables, value added tax and cash inflows. We performed confirmation process on a sample basis for the year-end receivable balances and tested these balances to post year-end cash receipts. We performed sales transactions testing procedures based on a representative sampling of the sales transactions to ensure that the related revenues and trade receivables are recorded appropriately taking into consideration the terms and conditions of the transactions, including the shipping terms. We also performed sales transaction testing procedures on deliveries occurring on and around the balance sheet date to supporting documentation to assess that sales and corresponding trade receivables are properly recorded in the correct period.

We assessed the accuracy of the information presented in the notes to the annual financial statements regarding revenue.

The Company's disclosures about revenue, and the recognition policies are included in Note 2.h) and Note 4.10) Revenue recognition to the annual financial statements.

Hedge accounting

The Company enters into a derivative financial instrument contract to manage its exposure to foreign currency risk arising on interest rates. The Company reports derivative financial liabilities at fair value of EUR 2,674,658. The contract is recorded at fair value and hedge accounting is applied, such that gains and losses arising from fair value changes are deferred in equity and recognized in the income statement when hedge matures. The valuation of hedging instruments and consideration of hedge effectiveness can involve a significant degree of both complexity and management judgement and are subject to an inherent risk of error and therefore hedge accounting is considered as key audit matter.

We involved valuation specialists to assist us in performing our audit procedures. Our audit procedures included, among others, evaluation of the appropriateness of the Company's accounting policies related to hedge accounting and whether this is in accordance and compliant with the Hungarian Accounting Law. We obtained an understanding of the risk management policies including key controls for the use, the recognition and the measurement of derivative financial instruments. We reconciled derivative financial instruments data to third party confirmations. We assessed the appropriateness of the year end valuations of derivative financial instruments and calculations of hedge effectiveness by recalculation.

We assessed the accuracy of the information presented in the notes to the annual financial statements regarding derivative financial instruments and hedge accounting.

The Company's disclosures about financial instruments, and the hedge accounting policies are included in Note 2.g) and 4.7) Equity to the annual financial statements.

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.

Concerning the business report it is our responsibility also, in accordance with the Hungarian Accounting Law, to consider whether the business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

In our opinion, the business report of the Company 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 regard to its business report, we do not express opinion 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 for the annual financial statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Hungarian Accounting Law, 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. Management is required to apply going concern principle unless the applicability of that principle is precluded by other provisions or there are facts and circumstances that contradict with the continuance of the Company's business activity.

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 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 controls of the Company 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, actions taken to eliminate threats or safeguards applied.

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.

Budapest, 27 April 2022

(The original Hungarian version has been signed.)

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