

Independent Auditor's Report

to the Shareholders of ALTEO Nyrt.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ALTEO Nyrt. (the „Company”) in the 529900PHL3J3ZRBC2J44-2022-12-31-hu.zip¹ digital file for the year 2022 which comprise the statement of financial position as at December 31, 2022 - which shows an equal amount of total assets and total liabilities of **HUF 55 135 404 thousands** -, and the related statement of recognized income, statement of other comprehensive income (which shows a net profit for the year of **HUF 14 026 987 thousands**), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ALTEO Nyrt. as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: "the Accounting Act") relevant to the entities preparing financial statements in accordance with EU IFRS.

Basis for the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing (“HNSA”) 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 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 the digital identification of above 529900PHL3J3ZRBC2J44-2022-12-31-hu.zip financial statements with SHA 256 HASH algorithm: 41E52A5BE5DA515E1547CB018DB582962C28FA868767577BC5C1D9330BE4BB7F

BDO Magyarország Könyvvizsgáló Kft. egy magyar korlátolt felelősségű társaság, az egyesült királyságbeli BDO International Limited garancia alapú korlátolt felelősségű társaság tagja és a független cégekből álló nemzetközi BDO hálózat része.

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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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of long-term investments in subsidiaries Refer to Notes V.11. in the financial statements</p> <p>The Company owns several subsidiaries and presents investments in a value of Thousand HUF 11,608,644 in the balance sheet under the category of Long-term investments in subsidiaries.</p> <p>As required by the applicable accounting standards, the management prepares regularly (at least annually) impairment tests to assess whether there is need for recording impairment on investments. The Company has valued its investments based on the future expected cash flows and the shareholders' equity values of the subsidiaries.</p> <p>The impairment test is dependent on certain assumptions, which bear uncertainty, thus the value of investments may change in parallel with the change of influencing factors.</p>	<p>Our audit procedures regarding the valuation of long-term investments were as follows.</p> <p>We have checked current year's additions and disposals of long-term investments by reconciling them to the relating supporting documents.</p> <p>In course of our audit procedures relating to the valuation of investments we have assessed the management's valuation and compared the data and methodology used to the audited financial data of the subsidiaries as well as to available relevant external information.</p> <p>We have checked the appropriateness of the value of subsidiaries estimated by the management by critically challenging the reasonableness and validity of the calculation method and the key assumptions used.</p> <p>In course of our audit we have analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable for estimating expected future performance of the investment.</p> <p>We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.</p>

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Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition

Refer to Notes V.1. in the financial statements

Revenue is an important measure used to evaluate the performance of the Company. As a consequence, it needs to be ensured that the revenue in the financial statements is real, accurate and refers to the current year. Revenue from sales transactions is recognized as of the performance date based on the terms of the delivery contracts.

Our audit work supporting the revenue recognition included the following substantive audit procedures.

Existence and accuracy of sales revenue have been tested on a sample basis and the items selected have been reconciled to turnover confirmation letters as well as source documents (invoice, contract, certificate of performance).

We have tested on a sample basis the accuracy of prepaid or deferred income.

Also, we have tested the credit notes issued after the above balance sheet date in order to ensure that they did not refer to sales revenue recognized in the financial year of 2022.

We have applied analytical review procedures as well for analysing sales turnover.

We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.

Other information

Other information comprises the information included in the business report of ALTEO Nyrt. for 2022. Management is responsible for the other information and for the preparation of the business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the financial statements expressed in the “Opinion” section of our independent auditor’s report does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of the misstatement.

Furthermore, in accordance with the Accounting Act, our responsibilities regarding the business report also include reviewing the business report to assess whether the business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the business report complies with the requirements of Section 95/B. (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the business report.

In course of performing this responsibility, forming our opinion relating to the business report, we have considered the Commission Delegated Regulation (EU) 2019/815 (17 December 2018) on the European Single Electronic Format (“ESEF Delegated Regulation”) of the Directive 2004/109/EC of the European Parliament and the Council as other regulation prescribing further content requirements for the business report.

In our opinion, the business report of ALTEO Nyrt. for 2022 corresponds to the financial statements of ALTEO Nyrt. for 2022 and the relevant provisions of the Accounting Act as well as the previously mentioned other regulation in all material respects. The information referred to in Section 95/B. (2) a)-d), g) and h) of the Accounting Act has been provided.

We are not aware of any other material inconsistency or material misstatement in the business report therefore we have nothing to report in this respect.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management 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, 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.

The auditor’s responsibilities 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 HNSAs 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 financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment 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 management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the financial statements 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 gives a true and fair view.
- 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 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

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of ALTEO Nyrt. by the General Meeting of Shareholders on 30 April 2020 and our engagement has been lasting for three years without interruption.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of ALTEO Nyrt., which we issued on 30 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the ALTEO Nyrt. and its controlled undertakings and which have not been disclosed in the financial statements or in the business report.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

REPORT ON THE COMPLIANCE WITH THE PROVISIONS OF THE REGULATION ON THE EUROPEAN SINGLE ELECTRONIC FORMAT REGARDING THE PRESENTATION OF THE FINANCIAL STATEMENTS

We have performed a reasonable assurance engagement about the compliance with the provisions of the ESEF Delegated Regulation regarding the presentation of the financial statements of the Company in the 529900PHL3J3ZRBC2J44-2022-12-31-hu.zip digital file ("financial statements in ESEF").

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

Management is responsible for the presentation of the financial statements in ESEF complying with the ESEF Delegated Regulation. This responsibility includes:

- the preparation of the financial statements in the applicable XHTML format; and
- the design, implementation and operation of internal control relevant for the adaptation of ESEF Delegated Regulation

Those charged with governance are responsible for overseeing the Company's financial reporting process, including the compliance with the of ESEF Delegated Regulation.

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Our responsibility and summary of the work performed

Our responsibility is to provide an opinion, based on the evidence we have obtained, about that the presentation of the financial statements in ESEF complies, in all material respects, with the provisions of the ESEF Delegated Regulation.

We conducted our reasonable assurance engagement in accordance with the Hungarian National Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). The reasonable assurance engagement in accordance with ISAE 3000 includes performing procedures to obtain evidence about the compliance with ESEF Delegated Regulation. The nature, timing and extent of the procedures selected, including the assessment of risk of material discrepancy, whether due to fraud or error, from the provisions of ESEF Delegated Regulation, depend on the auditor's judgement. Our reasonable assurance engagement included the assessment of the Company's internal controls relevant for the adaptation of the provisions of ESEF Delegated Regulation as well as the examination of whether the XHTML format is properly applied.

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

Conclusion

In our opinion, the presentation of the Company's financial statements in ESEF in the 529900PHL3J3ZRBC2J44-2022-12-31-hu.zip digital file for the year ending December 31, 2022 complies, in all material respects, with the provisions of the ESEF Delegated Regulation.

Budapest, 30 March 2023

BDO Hungary Audit Ltd.
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Registration number: 002387

András Schillinger
Director

Péter Kékesi
Certified Auditor
Chamber registration No.:
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This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.