

INDEPENDENT AUDITOR'S REPORT

to the shareholders of KONZUM Befektetési és Vagyonkezelő

Nyilvánosan Működő Részvénytársaság

Audit opinion

We have audited the separate financial report of KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság ("Company") for the year 2018, which financial statements comprise the financial statement as at 31 December 2018, showing a matching total of assets and liabilities in the amount of HUF 53,385,589 thousand; a comprehensive income statement for the business year ended on that day, I which comprehensive income for the business year was HUF 347,336 thousand; a separate statement of changes in equity and a cash-flow statement; and the notes, also giving a summary of the significant elements of the accounting policy.

We believe that the accompanying annual financial statements give a true and fair view of the equity and financial position of Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság as at 31 December 2018, and of its income position and cash flow in the business year then ended, and is in compliance with the provisions of the International Financial Reporting Standards ("IFRS") accepted by the European Union as well as the provisions of Act C of 2000 on Accounting, effective in Hungary ("Accounting Act") applicable to businesses compiling their annual reports according to the EU IFRS.

Grounds for the Audit Opinion

We conducted our audit in accordance with the Hungarian National Auditing Standards, with the applicable laws and regulations pertaining to auditing and currently prevailing in Hungary. A description of our responsibilities under these standards is given in the section called "*The Auditor's Responsibility for Auditing Financial Statements*".

We are independent of the Company in accordance with the provisions of the relevant and effective statutes in force in Hungary, in the "*Code of Ethics and Disciplinary Procedures of Professional Accountants*" published by the Chamber of Hungarian Accountants, and in respect of matters not regulated in the aforementioned documents, to the "*International Code of Ethics for Professional Accountants*" ("IESBA Code") published by the International Ethics Standards Board for Accountants, and we also meet the additional ethical requirements set out in these standards.

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

Key audit questions

The key audit questions include those that are the most important, in our reasonable professional judgement, for our audit of the financial statements for the reporting period.

We have analysed these matters in the context of our audit and in the course of developing our related opinion of the complete financial statements, and we will not issue a separate opinion on these points.

Key audit questions**Procedures conducted during the audit of key audit questions*****Evaluation of business shares in subsidiaries and affiliated companies***

The Company's long term business shares in the business year increased from HUF 2,230,172 thousand to HUF 27,758,326 thousand. With a view to the above, the long-term business shares make up for 52% in the balance sheet total on the reporting date. Long-term business shares were entered into the books by way of contribution in kind or acquisitions. The Company's management prepared an impairment test for the purpose of the evaluation of business shares, as a result of which the accounting of impairment was not justified.

Audit of transactions made with affiliated companies

The Company kept intense business relations with affiliated companies in the business year, as a result of which the balance sheet shows assets at HUF 24,258,345 thousand and liabilities at 2,630,542 thousand with regard to affiliated companies. During pricing of transactions, the independent parties applied the usual principles, and the transactions were put down in written agreements. Balance notification letters were sent in order to agree year-end balances.

As the Company's transferable securities are traded in the market of the European Economic Area, its 2017 separate financial statements were performed according to the International Financial Standards.

In the processes related to the audit of the growth of the value of long-term business shares, we checked the main ledger records with the balance sheet values. With regard to the changes during the year, we compared the records with the basic notes. We reviewed contributions in kind as well as agreements on contributions in kind and sale and purchase agreements supporting other acquisitions, as well as the valuations and assessments of contributions in kind related to the same performed by independent experts. We audited the competence and objectivity of the experts. We did not find any significant mistakes during our work, and the management appropriately applied the relevant financial reporting standards.

During the audit of the transactions made with affiliated parties, we reviewed the transfer price records, as well as the contracts and frame agreements related to the transactions made with affiliated parties. We compared the invoices and bank transfers related to the transactions and the related agreements by way of sampling. We also audited the enforcement of the principles specified in the transfer price records. We sent a letter to affiliated parties including balances on the record date, the content of which supported the data included in the financial statements.

Audit of share capital and capital reserves

The Company's share capital in the reporting period increased to HUF 826,308 thousand from previous year's HUF 521,500 thousand. The value of its capital reserves as at the reporting date was HUF 37,458,643 thousand, which was an increase in the reporting year. The increase of capital reserves is solely the result of discounted capital increase. The review of contributions in kind related to capital increases was performed by an independent external appraiser in all cases. The increase of share capital from 19% to 72.6% in the balance sheet total was fundamentally due to the capital increases.

During the audit of share capital constituting an element of own shares, we compared the amount of the same with the value indicated in the company registry in effect and the Statutes. For the control of capital increases in the reporting year, we reviewed the minutes and decisions of the General Assembly related to the capital increase, as well as the amendments of the Statutes. In the scope of the audit of the contribution in kind related to the capital increases, with regard to a contribution in kind, which is a receivable, we audited the amount of debt owed to the entity providing the contribution in kind, and with regard to other contributions in kind, we audited the provision of the same. The competence and independence of the independent auditor auditing the contribution in kind was also audited.

During the audit of the share capital and the capital reserves, we did not identify any significant mistaken statements.

Miscellaneous information: The Business Report

“Miscellaneous information” comprises of the business report of KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság for the year 2018. The Management is responsible for presentation of the financial statements in accordance with the provisions of the Accounting Act and the other applicable statutes. In the “Audit Opinion” chapter of our opinion of the financial statements does not apply to the business report.

In relation to our audit of the financial statements, our responsibility is to read the business report and to establish if in any material respect the business report is in conflict with the financial statements, or with the data we obtained during the audit, or otherwise it seems to contain any incorrect material statement. If based on our audit we conclude that the miscellaneous information contain any incorrect material statement, we are required to report this fact and the nature of the incorrect statement.

Pursuant to the Accounting Act, we are also responsible for judging if the business report has been made in compliance with the relevant provisions of the Accounting Act and other applicable statutes, including whether the business report is in compliance with the requirements specified in Section 95/B, Paragraph (2), Points e) and f) of the Accounting Act, and to give our opinion on this and on the agreement between the business report and the financial statements.

In accordance with the Accounting Act, we have to declare if the information mentioned in Article 95/B (2) a)-d), g) and h) have been made available.

In our opinion, the 2018 annual business report of KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság are in all material respects in agreement with the 2018 financial statements of KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság and with the relevant provisions of the Accounting Act. As no other statute contains any other requirements for the Company in relation to the business report, in this respect we do not give an audit opinion.

As no material contradiction of any other kind or any incorrect material statement were disclosed in the business report, we have nothing to report in this respect.

Responsibility of the management and the persons in charge of governance for the financial statements

The management is responsible for the compilation of the financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) accepted by the European Union, as well as the requirements of fair presentation, and for an internal control it considers necessary for allowing the compilation of the financial statements in a way that is free from material misstatements, whether due to fraud or errors.

In the course of compiling the financial statements, the management is responsible for assessing the Company’s ability to continue as a going concern and to disclose the information related to continuing the business as a going concern, and the management is responsible for compiling the financial statements based on the principle of going concern. The management must rely on the principle of going concern, unless the enforcement of this principle is hindered by a provision to the contrary, or any factor or circumstance prevails, which contradicts the continuation of business

activities.

The persons in charge of governance are responsible for supervising the Company's financial reporting procedure.

The auditor's responsibility for auditing the financial statements

In the course of the audit our purpose is to obtain reasonable assurance if the financial statements, as a whole, are free from material misstatements, whether due to fraud or error, and based on this, to give an independent auditor's report containing our opinion. Reasonable assurance is a high level of assurance but it does not guarantee that the audit conducted in compliance with the Hungarian National Auditing Standards always reveals the otherwise existing material misstatements. Misstatements may arise from either fraud or error, and qualify as material if it may be a reasonable expected that separately or collectively they may influence the business decisions made by the users on the basis of the given financial statements.

In the course of an audit conducted in compliance with the Hungarian National Auditing Standards, we apply professional judgment and maintain professional scepticism.

Furthermore:

- We identify and assess the risks of making material misstatements in the financial statements and arising from fraud or error; develop and implement audit procedures suitable for the management of such risks, and obtain auditing evidence that is sufficient and appropriate for grounding our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error because fraud may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or the overriding of internal control.
- We familiarise ourselves with the internal control relevant to the audit in order to plan audit procedures that are appropriate under the given circumstances, and not for giving an opinion on the efficiency of the Company's internal control.
- We evaluate the adequacy of the accounting policy adopted by the management and the reasonableness of the accounting estimates and related disclosures made by the management.
- We draw conclusions on whether the going concern basis for the preparation of the financial statements was an appropriate stance from the management, and based on the obtained audit evidence, we assess if there is any material uncertainty in relation to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty in our independent auditor's report, we must call the attention to the related disclosures in the financial statements, or if in this respect the disclosures are inappropriate, we must qualify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our independent audit. Future events or conditions may, however, prevent the Company from continuing its activity as a going concern.
- We evaluate the presentation, structure and content of the financial statements, including the disclosures included in the supplementary notes, and also assess if the financial statements present the underlying transactions and events in a true and fair manner.
- In addition to other matters, we inform the persons in charge of governance of the planned scope

and time schedule of the audit, and the significant findings of the audit, including any deficiencies identified during our audit in the internal control applied by the Company.

We also represent to the persons in charge of governance that we meet the relevant ethical requirements relating to independence, and we inform them of all the correlations and other issues that may reasonably be presumed to influence our independence and the related guarantees, if any.

Among the questions asked from the persons in charge of governance, we specify the most important ones during the audit of the financial statements in the present period and which consequently qualify as key audit questions. In our audit report we present these questions, unless a statute or regulation prohibits the public disclosure of the particular matter, or in extremely rare cases, we establish that we cannot communicate the particular question because based on reasonable expectations their disadvantageous consequences would be more serious than the public benefits of such communication.

Report on other legal and regulatory requirements

In accordance with Article 10 (2) of (EU) Regulation 537/2014 of the European Parliament and of the Council, in our auditor's report we make the following statement in addition to the reporting obligation set out in the Hungarian National Auditing Standards:

Appointment of the auditor and term of appointment

We were elected to act as the auditor of KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság at its general meeting held on 26 April, 2016, and our appointment will expire on 30 April, 2019.

Agreement between the audit report and the supplementary report addressed to the audit committee

We confirm that our audit opinion on the financial statements, as included in this audit report, is in agreement with the supplementary report filed to the Company's audit committee, which was issued on 14 March April, 2019 in accordance with Article 11 of the Regulation (EU) 534/2014 of the European Parliament and the Council.

Rendering non-audit services

We represent that we have not provided any non-auditing service for the Company that is prohibited in Article 5 (1) of Regulation 537/2014/EU of the European Parliament and of the Council. We also represent that we have not provided any other non-auditing services not included in the business report or the financial statements for KONZUM Befektetési és Vagyonkezelő Nyilvánosan Működő Részvénytársaság and the businesses under its control.

The partner who has personal accountability for the audit commission resulting in this audit report is the signatory of the report.

Budapest, 18 March 2019

Dr László Sasvári,
Managing Director,
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Könyvvizsgáló KFT

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