



KPMG Hungária Kft.      Tel.: +36 (1) 887 71 00  
Váci út 31.              Fax: +36 (1) 887 71 01  
H-1134 Budapest        E-mail: info@kpmg.hu  
Hungary                  Internet: kpmg.hu

## Independent Auditors' Report

To the member of Jaguar Land Rover Hungary Kft.

### *Opinion*

We have audited the annual financial statements for the period between 1 April 2019 and 31 March 2020 of Jaguar Land Rover Hungary Kft. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 March 2020, which shows total assets of THUF 3,857,774 and profit after tax for the period of THUF 221,050, and the income statement for the period between 1 April 2019 and 31 March 2020, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance for the period between 1 April 2019 and 31 March 2020 in accordance with Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the Act on Accounting").

### *Basis for Opinion*

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the annual financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants (the 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.

### *Other Information*

The other information comprises the business report of the Company for the period between 1 April 2019 and 31 March 2020. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements, if any.

Our opinion on the annual financial statements expressed in the Opinion section of our report 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.

This is an English translation of the Independent Auditors' Report on the annual financial statements of Jaguar Land Rover Hungary Kft. for the period between 1 April 2019 and 31 March 2020 issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual financial statements it refers to. This translation has been prepared solely for the information of the member of the Company and must not be distributed to any other party.

Jaguar Land Rover Hungary Kft. - K12 - 2020.03.31.



Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements and expressing an opinion on this and whether the business report is consistent with the annual financial statements.

In our opinion the business report of the Company for the period between 1 April 2019 and 31 March 2020 is consistent, in all material respects, with the annual financial statements of the Company for the period between 1 April 2019 and 31 March 2020 and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respects.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and if so, the nature of such misstatement. 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 the Act on Accounting, 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 and disclosing, as applicable, matters related to going concern; and, management is responsible for preparing the annual financial statements on a going concern basis. Valuation made by management shall be based on the principle of going concern, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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

#### *Auditors' 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 auditors' 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 Standards on Auditing and 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 Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Jaguar Land Rover Hungary Kft. - K12 - 2020.03.31.



- 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 for the preparation of the annual 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 auditors' 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 auditors' 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.

Budapest, 26 June 2020

KPMG Hungária Kft.

Registration number: 000202

Zsuzsanna Nagy

*Director, Professional Accountant*

Registration number: 005421

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Jaguar Land Rover Hungary Kft. - K12 - 2020.03.31.

Company name: Jaguar Land Rover Hungary Kft.  
 Company seat: 1134 Budapest, GTC White House, Váci út 47.  
 Company registry nr: 01-09-327763  
 Statistical ID nr: 26390150-7022-113-01

## PROFIT AND LOSS STATEMENT

expenses by nature method

data in thousand HUF

Item	Previous year 2018.06.08 - 2019.03.31	Modifications of previous year(s)	Current year 01.04.2019 - 2020.03.31
01. Net domestic sales	34	0	0
02. Net export sales	503 881	0	3 727 291
<b>I. Net sales (01+02)</b>	<b>503 915</b>	<b>0</b>	<b>3 727 291</b>
03. Variation in stocks of finished goods and in work in progress	0	0	0
04. Own work capitalized	0	0	0
<b>II. Work performed by the company for its own purposes and capitalized (±03+04)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III. Other income</b>	<b>0</b>	<b>0</b>	<b>9 378</b>
- including: impairment loss reversed			
05. Raw materials and consumables	3 011	0	27 342
06. Cost of services used	229 355	0	1 762 825
07. Cost of other services	5 020	0	9 766
08. Cost of goods sold	0	0	0
09. Value of services sold (mediated)	0	0	0
<b>IV. Material costs (05+06+07+08+09)</b>	<b>237 386</b>	<b>0</b>	<b>1 799 933</b>
10. Wages and salaries	165 606	0	1 232 335
11. Other employee benefits	11 742	0	130 303
12. Contributions on wages and salaries	38 113	0	252 908
<b>V. Staff costs (10+11+12)</b>	<b>215 461</b>	<b>0</b>	<b>1 615 546</b>
VI. Depreciation	990	0	91 500
VII. Other operating expenses	10 069	0	127 922
- including: impairment loss			
<b>A. Result of operating activities (±II+III-IV-V-VI-VII)</b>	<b>40 009</b>	<b>0</b>	<b>101 768</b>
13. Dividends and profit-sharing income	0	0	0
- including: received from affiliated companies	0	0	0
14. Income from participating interests, capital gains	0	0	0
- including: received from affiliated companies	0	0	0
15. Income from financial investments (equity shares, loans), capital gains	0	0	0
- including: received from affiliated companies	0	0	0
16. Other interest (and similar) income	0	0	0
- including: received from affiliated companies	0	0	0
17. Other income from financial transactions	38	0	191 649
- including: valuation margin			
<b>VIII. Income, gains from financial transactions (13+14+15+16+17)</b>	<b>38</b>	<b>0</b>	<b>191 649</b>
18. Expenses and losses on participating interests	0	0	0
- including: to affiliated companies	0	0	0
19. Expenses and losses on financial investments (equity shares, loans)	0	0	0
- including: to affiliated companies	0	0	0
20. Interest expenses on financial investments (equity shares, loans), losses	7 945	0	32 501
- including: to affiliated companies	0	0	0
21. Impairment losses on shares, securities, long-term loans and bank deposits	0	0	0
22. Other expenses on financial transactions	18 053	0	13 913
- including: valuation margin	0	0	0
<b>IX. Expenses, losses on financial transactions (18+19+20+21+22)</b>	<b>25 998</b>	<b>0</b>	<b>46 414</b>
<b>B. Profit or loss on financial transactions (VIII-IX)</b>	<b>-25 960</b>	<b>0</b>	<b>145 235</b>
<b>C. Profit or loss before tax (± A± B)</b>	<b>14 049</b>	<b>0</b>	<b>247 003</b>
X. Income tax expense	1 976	0	25 953
<b>D. Profit or loss for the year (±C-X)</b>	<b>12 073</b>	<b>0</b>	<b>221 050</b>

Audited report

Budapest, 26.06.2020

  
 Graham Charles Robert Dixon  
 Managing Director



Company name: Jaguar Land Rover Hungary Kft.  
 Company seat: 1134 Budapest, GTC White House, Váci út 47.  
 Company registry nr: 01-09-327763  
 Statistical ID nr: 26390160-7022-113-01

**BALANCE SHEET**  
**version "A"**  
**ASSETS**

data in thousand HUF

Item	Previous year 2019.03.31	Modifications of previous year(s)	Current year 2020.03.31
<b>A. Non-current assets</b>	<b>7 667</b>	<b>0</b>	<b>472 450</b>
<b>I. Intangible assets</b>	<b>0</b>	<b>0</b>	<b>183 804</b>
1. Capitalized value of formation/restructuring expenses	0	0	0
2. Capitalized value of research and development	0	0	0
3. Concessions, licences and similar rights	0	0	183 804
4. Intellectual property products	0	0	0
5. Goodwill	0	0	0
6. Advances paid for intangible assets	0	0	0
7. Adjusted value of intangible assets	0	0	0
<b>II. Tangible assets</b>	<b>7 667</b>	<b>0</b>	<b>288 646</b>
1. Land and buildings and rights to immovables	0	0	6 681
2. Plant and machinery, vehicles	0	0	0
3. Other equipment, tools, fixtures and fittings, vehicles	7 667	0	281 965
4. Breeding stock	0	0	0
5. Assets in course of construction	0	0	0
6. Advances paid for tangible assets in the course of construction	0	0	0
7. Adjusted value of tangible assets	0	0	0
<b>III. Financial investments</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Long-term participations in affiliated companies	0	0	0
2. Long-term loans to affiliated companies	0	0	0
3. Long-term major participating interests	0	0	0
4. Long-term loans to companies linked by virtue of participating interests	0	0	0
5. Other long-term participations	0	0	0
6. Long-term loans to other companies linked by virtue of participating interests	0	0	0
7. Other long-term loans	0	0	0
8. Long-term debt securities	0	0	0
9. Adjusted value of financial investments	0	0	0
10. Valuation margin of financial investments	0	0	0
<b>B. Current assets</b>	<b>2 739 704</b>	<b>0</b>	<b>2 668 413</b>
<b>I. Inventories</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Materials	0	0	0
2. Work in progress, semi-finished goods	0	0	0
3. Rearing animals, hogs and other livestock	0	0	0
4. Finished products	0	0	0
5. Goods	0	0	0
6. Advances paid for inventory	0	0	0
<b>II. Debtors</b>	<b>2 187 396</b>	<b>0</b>	<b>2 623 982</b>
1. Trade debtors	0	0	0
2. Amounts owed by affiliated companies	417 013	0	378 124
3. Amounts owed by companies linked by virtue of major participating interests	0	0	0
4. Receivables from other companies linked by virtue of participating interests	0	0	0
5. Notes receivable	0	0	0
6. Other debtors	1 770 383	0	2 245 858
7. Valuation margin of receivables	0	0	0
8. Valuation margin of derivative instruments	0	0	0
<b>III. Securities held for trade</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Shares in affiliated companies	0	0	0
2. Major participating interests	0	0	0
3. Other participating interests	0	0	0
4. Treasury shares/stock	0	0	0
5. Debt securities held for trading	0	0	0
6. Valuation margin of securities	0	0	0
<b>IV. Cash</b>	<b>552 308</b>	<b>0</b>	<b>44 431</b>
1. Cash in hand, checks	0	0	0
2. Cash at bank	552 308	0	44 431
<b>C. Accrued and deferred assets</b>	<b>13 787</b>	<b>0</b>	<b>716 911</b>
1. Accrued income	0	0	331 660
2. Prepaid expenses	13 787	0	385 251
3. Deferred expenses	0	0	0
<b>TOTAL ASSETS</b>	<b>2 761 158</b>	<b>0</b>	<b>3 857 774</b>

Audited report

Budapest, 26 06 2020

  
 Graham Charles Robert Dixon  
 Managing Director

Company name: Jaguar Land Rover Hungary Kft.  
 Company seat: 1134 Budapest, GTC White House, Váci út 47.  
 Company registry nr: 01-09-327763  
 Statistical ID nr: 26390150-7022-113-01

**BALANCE SHEET**  
 version "A"  
**LIABILITIES AND EQUITY**

data in thousand HUF

Item	Previous year 2019.03.31	Modifications of previous year(s)	Current year 2020.03.31
<b>D. Equity</b>	15 073	0	236 123
<b>I. Equity capital</b>	3 000	0	3 000
- including: treasury shares repurchased at face value			
<b>II. Subscribed capital unpaid (-)</b>	0	0	0
<b>III. Capital reserve</b>	0	0	0
<b>IV. Retained earnings</b>	0	0	12 073
<b>V. Tied-up reserve</b>	0	0	0
<b>VI. Revaluation reserve</b>	0	0	0
1. Valuation reserve for adjustments	0	0	0
2. Fair valuation reserve	0	0	0
<b>VII. Profit or loss for the year</b>	12 073	0	221 050
<b>E. Provisions</b>	0	0	0
1. Provisions for contingent liabilities	0	0	0
2. Provisions for future expenses	0	0	0
3. Other provisions	0	0	0
<b>F. Creditors</b>	2 551 516	0	3 446 243
<b>I. Subordinated liabilities</b>	0	0	0
1. Subordinated liabilities to affiliated companies	0	0	0
2. Subordinated liabilities to companies linked by virtue of major participating interests	0	0	0
3. Subordinated liabilities to other companies linked by virtue of participating interests	0	0	0
4. Subordinated liabilities to other entities	0	0	0
<b>II. Long-term liabilities</b>	0	0	0
1. Long-term loans	0	0	0
2. Convertible and equity bonds	0	0	0
3. Debenture loans	0	0	0
4. Investment and development credits	0	0	0
5. Other long-term credits	0	0	0
6. Long-term liabilities to affiliated companies	0	0	0
7. Long-term liabilities to companies linked by virtue of major participating interest	0	0	0
8. Long-term liabilities to other companies linked by virtue of participating interests	0	0	0
9. Other long-term liabilities	0	0	0
<b>III. Current liabilities</b>	2 551 516	0	3 446 243
1. Short-term loans	0	0	0
- including: convertible and equity bonds			
2. Short-term credits	0	0	0
3. Advances received from customers	0	0	0
4. Trade creditors	3 783	0	608 157
5. Notes payable	0	0	0
6. Short-term liabilities to affiliated companies	2 464 004	0	2 660 776
7. Short-term liabilities to companies linked by virtue of major participating interest	0	0	0
8. Short-term liabilities to other companies linked by virtue of participating interests	0	0	0
9. Other short-term liabilities	83 729	0	177 310
10. Valuation margin of liabilities	0	0	0
11. Valuation margin of derivative instruments	0	0	0
<b>G. Accruals and deferred income</b>	194 569	0	175 408
1. Accrued income	17 273	0	0
2. Accrued expenses	177 296	0	175 408
3. Deferred income	0	0	0
<b>TOTAL LIABILITIES AND EQUITY</b>	2 761 158	0	3 857 774

Audited report

Budapest, 26.06.2020



Graham Charles Robert Dixon  
 Managing Director

**Company name:**

**Jaguar Land Rover Hungary Kft.**

Company seat:

1134 Budapest, GTC White House, Váci út 47

Court registry ID:

01-09-327763

Statistical ID:

26390150-7022-113-01

The financial report is audited.

**Notes**  
**to the annual financial report**  
**for the period of**  
**01.04.2019 – 31.03.2020**

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# 1. General introduction

## 1.1 Company data

Company name	Jaguar Land Rover Hungary Kft.
Official seat	HU, 1134 Budapest, GTC White House, Váci út 47
Company registry ID	01-09-327763
Statistical ID	26390150-7022-113-01

The Company does not have any other establishments other than its official seat.

## 1.2 Major business activities

Activity code (TEÁOR)	Activity
7022 `08	Management and other consultancy
6420 `08	Asset management (holding)

## 1.3 Owners, formation

### Information on formation

Formation date	8th June, 2018
Date of corporate registration	30th July, 2018
Initial capital	3,000 kHUF

### Information on owners

Name	Address/Official seat	beginning from the date	ending on the date	Vote %
Jaguar Land Rover Limited	Coventry, CV3 4LF, Abbey Road, Whitley, UK	8th June, 2018		100%

## 1.4 Legal representatives

Name	Address	Termination	Title	Procuration
Graham Charles Robert Dixon	GB Coventry CV3 4LF, Abbey Road, Whitley	-	Managing Director	sole
Ian Jeffrey Harnett	GB Coventry CV3 4LF, Abbey Road, Whitley	-	Managing Director	sole

## 1.5 External audit

The Company is subject to statutory audit.

Selected auditor firm:	KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Kft.
Address:	HU-1134 Budapest, Váci út 31.
Acting auditor:	Nagy Zsuzsanna
Address:	HU-1028 Budapest, Fenyőerdő utca 20.
Auditor's registered licence ID:	005421
Audit fee:	16 500 EUR (@ reporting date FX rate HUF 5,924,985)

## 1.6 Consolidation

The annual financial report of the Company is consolidated.

Company that draws up the consolidated accounts of the largest body of companies of which the Company forms part as a subsidiary	Jaguar Land Rover Ltd.
Official seat:	GB- Coventry, CV3 4LF, Abbey Road, Whitley
Consolidated annual financial report is available at:	GB- Coventry, CV3 4LF, Abbey Road, Whitley

The Company does not have majority control or qualified majority control in any other companies.

The Company does not have any subsidiaries, jointly controlled entities or affiliates.

There are not any business associations are independently related with the Company.

## 2. Accounting policies

The main purpose of the Company's accounting policy is to regulate the application of the provisions set out in Act C. of 2000 on Accounting to present true and fair view in respect of profitability, financial position and performance.

The Company keeps its books in accordance with the provisions of the Act on Accounting.

The Company states in its accounting policy that based on the going-concern principle the compliance with the accounting principles must be ensured (i.e. principles of completeness, true and fair view, clarity, consistency, prudence, grossing up, accruals, substance over form, materiality and cost-benefit).

The Company records its assets at original purchase cost.

### 2.1 Information on accounting and annual financial reporting

Accounting method	Double-entry bookkeeping
Reporting currency	HUF
Applied balance sheet form	Type „A”
Applied profit and loss presentation form	Expenses by nature method
Type of financial statement	Annual financial report
Start date of the reporting period	01.04.2019.
End date of the reporting period	31.03.2020.
Reporting date	15.04.2020

### 2.2 Intangible assets

Intangible assets are recognised at purchase price or manufacturing cost decreased by accumulated amortisation. Amortisation is calculated monthly by linear method based on applicable rates during the expected useful life of the assets.

The expected useful lives of intangibles are as follows:

Software licences: 3-5 years

Amortisation of intangible assets recognised at cost lower than 100 thousand forints is expensed in one lump sum upon the commencement of use.

## 2.3 Tangible assets

The Company keeps records on a continuous basis of the quantity and value of its fixed assets during the financial year. Tangible assets are recognised at purchase price or manufacturing cost decreased by accumulated depreciation. Depreciation is calculated monthly by linear method based on the residual value of the assets and the applicable rates during the expected useful lives of the assets.

The expected useful lives of tangible assets are as follows:

Buildings (rented property): 16.67 years

IT (other) equipment: 3 years

Depreciation of tangible assets recognised at cost lower than 100 thousand forints is expensed in one lump sum upon the commencement of use.

The Company determines the residual value of the assets individually asset by asset.

## 2.4 Impairment recognition

Act on Accounting prescribes compulsory recognition of impairment for certain asset types when their market (assessment of their market value) is below the book value at reporting date.

A The Company evaluates assets individually and decides on recognising impairment based on that evaluation. In case of receivables debtors are evaluated individually based on their credit history.

## 2.5 Foreign currency transactions, effect of exchange rate differences

The Company determines the reporting currency value of the foreign currency transactions at the exchange rate quoted by the National Bank of Hungary.

Act on Accounting prescribes the uniform application of the selected method to all items in foreign currency. This means that the same exchange rate must be applied for recognition of all transactions on the same day. An exception to this is the foreign exchange and currency purchased for forints, as in this case the item must be recorded on the effectively paid forint value.

Derecognising of cash on hand in foreign currencies and cash in bank in foreign currencies is done at average exchange rate, except for the foreign exchange and currency purchased for forints, see above.

The exchange difference on transactions (related to receivables or liabilities etc.) closed during the business year are recognised based on their nature under other financial income or expenses.

The year-end valuation of the foreign currency items must be performed also at the exchange rate selected in the accounting policy. The unrealised exchange difference between the forint value calculated at year-end exchange rate and the book-value is presented aggregated in the profit and loss statement.

## 2.6 Classification of errors

Major error shall mean if, in the year when discovered by any form of audit, the total of all errors (whether negative or positive) for a given financial year (separately for each year) and the impacts thereof - increasing or decreasing the profit or loss or the equity - exceeds the value limit set out in the accounting policy. Errors shall be construed as major in all cases if, in the year when discovered by audit, the aggregate amount of all errors (whether negative or positive) for the same year and the aftereffects thereof - increasing or decreasing the equity - exceeds 2 per cent

of the balance sheet total of the financial year audited, or one million forints, if such 2 per cent of the balance sheet total does not exceed one million forint.

In case of a major error was detected, it must be indicated in the financial statement in a third column, next to previous year's data. The effects of non-major errors on the net result are presented in the current year data of the profit and loss statement.

## 2.7 Exceptional income and expenditure

Income of exceptional magnitude: derived from one transaction/contract and whose amount is equal to or exceeds the 50% of total income in the current financial year.

Expense of exceptional magnitude: derived from one transaction/contract and whose amount is equal to or exceeds the 50% of total expenses in the current financial year.

Expenditure of exceptional magnitude: derived from one transaction/contract and whose amount is equal to or exceeds the 50% of total expenditure in the current financial year.

Income of exceptional incidence: all income that are not directly related to Company's usual operation, are out of the scope of usual operation and whose occurrence is ad-hoc.

Expenses and expenditure of exceptional incidence: all expenses and expenditure that are not directly related to Company's usual operation, are out of the scope of usual operation and whose occurrence is ad-hoc.

## 2.8 Changes in accounting procedures

The Entity did not recognise any items that should be highlighted or indicated for any of the following reasons:

- reclassification between reporting lines;
- change in evaluation process;
- an asset or liability could be disclosed on more balance sheet lines;
- the classification of an asset or liability has changed compared to previous year.

# 3. Notes to the Balance Sheet

## 3.1 Changes in intangible assets

data in kIUf

Changes in gross value of intangible assets					
Description	Opening	Additions	Reclassification	Decrease	Closing
<b>I. Intangible assets</b>	<b>0</b>	<b>201 601</b>	<b>0</b>	<b>0</b>	<b>201 601</b>
1. Capitalized value of formation/restructuring	0	0	0	0	0
2. Capitalized value of research and development	0	0	0	0	0
3. Concessions, licenses and similar rights	0	201 601	0	0	201 601
4. Intellectual property	0	0	0	0	0
5. Goodwill	0	0	0	0	0
6. Prepayments on intangible assets	0	0	0	0	0
7. Adjusted value of intangible assets	0	0	-	0	0

data in kHUF

Changes in accumulated amortization of intangible assets					
Description	Opening	Additions	Reclassification	Decrease	Closing
<b>I. Intangible assets</b>	<b>0</b>	<b>17 797</b>	<b>0</b>	<b>0</b>	<b>17 797</b>
1. Capitalized value of formation/restructuring	0	0	0	0	0
2. Capitalized value of research and development	0	0	0	0	0
3. Concessions, licenses and similar rights	0	17 797	0	0	17 797
4. Intellectual property	0	0	0	0	0
5. Goodwill	0	0	0	0	0
6. Prepayments on intangible assets	0	0	0	0	0

data in kHUF

Details of amortization in the reporting year						
Description	Regular, planned amortization				Extraordinary	
	Linear	Degressive	Performance-related	Other	Increase	Write-back
<b>I. Intangible assets</b>	<b>17 797</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Capitalized value of formation/restructuring	0	0	0	0	0	0
2. Capitalized value of research and development	0	0	0	0	0	0
3. Concessions, licenses and similar rights	17 797	0	0	0	0	0
4. Intellectual property	0	0	0	0	0	0
5. Goodwill	0	0	0	0	0	0
6. Prepayments on intangible assets	0	0	0	0	0	0

data in kHUF

Changes in net value of intangible assets		
Description	Opening	Closing
<b>I. Intangible assets</b>	<b>0</b>	<b>183 804</b>
1. Capitalized value of formation/restructuring	0	0
2. Capitalized value of research and development	0	0
3. Concessions, licenses and similar rights	0	183 804
4. Intellectual property	0	0
5. Goodwill	0	0
6. Advances and prepayments on intangible assets	0	0
7. Adjusted value of intangible assets	0	0

Extraordinary amortisation was not recognised or written back in the reporting year.

The Company does not apply the fair market value option to its intangible assets, therefore value adjustments were not recognised.

### 3.2 Tangible assets

data in kHUF

Change of gross value of tangible assets					
Description	Opening	Additions	Reclassification	Decrease	Closing
<b>II. Tangible assets</b>	<b>8 658</b>	<b>354 682</b>	<b>0</b>	<b>0</b>	<b>363 339</b>
1. Land and buildings and rights to property	0	6 888	0	0	6 888
2. Plant and machinery, vehicles	0	0	0	0	0
3. Other equipment, fittings, vehicles	8 658	347 793	0	0	356 451
4. Breeding stock	0	0	0	0	0
5. Assets in course of construction	0	0	0	0	0
6. Prepayments for CAPEX	0	0	0	0	0
7. Adjusted value of tangible assets	0	0	-	0	0

data in kHUF

Change of accumulated depreciation of tangible assets					
Description	Opening	Additions	Reclassification	Decrease	Closing
<b>II. Tangible assets</b>	<b>991</b>	<b>73 702</b>	<b>0</b>	<b>0</b>	<b>74 693</b>
1. Land and buildings and rights to property	0	207	0	0	207
2. Plant and machinery, vehicles	0	0	0	0	0
3. Other equipment, fittings, vehicles	991	73 495	0	0	74 486
4. Breeding stock	0	0	0	0	0
5. Assets in course of construction	0	0	0	0	0
6. Prepayments for CAPEX	0	0	0	0	0

data in kHUF

Details of depreciation of tangible assets						
Description	Regular, planned amortization				Extraordinary	
	Linear	Degressive	Performance-related	Other	Increase	Write-back
<b>II. Tangible assets</b>	<b>73 702</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Land and buildings and rights to property	207	0	0	0	0	0
2. Plant and machinery, vehicles	0	0	0	0	0	0
3. Other equipment, fittings, vehicles	73 495	0	0	0	0	0
4. Breeding stock	0	0	0	0	0	0
5. Assets in course of construction	0	0	0	0	0	0
6. Prepayments for CAPEX	0	0	0	0	0	0

data in kHUF

Change of net value of tangible assets		
Description	Opening	Closing
<b>II. Tangible assets</b>	<b>7 667</b>	<b>288 646</b>
1. Land and buildings and rights to property	0	6 681
2. Plant and machinery, vehicles	0	0
3. Other equipment, tools, fixtures and fittings, vehicles	7 667	281 965
4. Breeding stock	0	0
5. Assets in course of construction	0	0
6. Prepayments for CAPEX	0	0
7. Adjusted value of tangible assets	0	0

Extraordinary depreciation was not recognised or written back in the reporting year.

The Company does not apply the fair market value option to its tangible assets, therefore value adjustments were not recognised.

The Company does not have any tangible assets that serve environmental purposes.

### 3.3 Financial investments

The Company does not have any financial investments.

### 3.4 Inventories

The Company does not have any inventories.

### 3.5 Debtors

Receivables due from related parties:

data in kHUF

Receivables due from related parties			
Related party	Type of receivables	Opening	Closing
Jaguar Land Rover Limited	accounts receivable	417 013	378 124
<b>Total:</b>		<b>417 013</b>	<b>378 124</b>

data in kHUF

Receivables at book value		
Description	Opening	Closing
<b>II. Receivables</b>	<b>2 187 396</b>	<b>2 623 982</b>
1. Trade debtors	0	0
2. Receivables from affiliated companies	417 013	378 124
3. Amounts owed by companies with which the company is linked by virtue of major participating interests	0	0
4. Receivables from other companies linked by virtue of participating interests	0	0
5. Bills receivable	0	0
6. Other receivables	1 770 383	2 245 858
7. Valuation difference of receivables	0	0
8. Valuation difference of derivative instruments	0	0

Impairment was not recognised in the reporting year on receivables therefore the book value and the balance sheet value are equal.

Major other receivables:

data in kHUF

Details of other receivables	
Description	Amount
<b>Other receivables</b>	<b>2 245 858</b>
Down payments	1 974 995
Receivables due from employees	24 433
Receivables due from state budget	235 458
Receivables due from local municipality	7 930
Debit balance of the suppliers	395
Other (SZÉP card)	2 647

### 3.6 Securities held for trade

The Company does not have securities held for trade or Treasury shares.

### 3.7 Accrued and deferred assets

Major items of accrued and deferred assets:

data in kHUF

Changes in accrued and deferred assets				
Description	Opening	Additions	Decrease	Closing
<b>C. Accrued and deferred assets</b>	<b>13 787</b>	<b>716 207</b>	<b>-13 083</b>	<b>716 911</b>
1. Accrued income	0	331 660	0	331 660
of which:				
Expenses charged (invoiced,) in 2020	0	331 660	0	331 660
2. Prepaid expenses	13 787	384 547	-13 083	385 251
of which:				
Entry bonus and related payroll taxes	13 787	0	-13 083	704
Office rental	0	383 409	0	383 409
Bank guarantee fee	0	1 138	0	1 138
3. Deferred expenses	0	0	0	0

### 3.8 Equity

Statement of changes in equity:

data in kHUF

Statement of changes in equity	Opening	Changes			Closing
		Additions	Reductions	Reclass	
<b>I. Equity capital</b>	3 000				3 000
- of which: treasury shares at nominal value	0				0
<b>II. Subscribed capital unpaid (-)</b>	0				0
<b>III. Capital reserves</b>	0				0
<b>IV. Retained earnings</b>	0			12 073	12 073
<b>V. Tied-up reserves</b>	0				0
<b>VI. Revaluation reserves</b>	0				0
1. Valuation reserve for adjustments	0				0
2. Fair valuation reserve	0				0
<b>VII. Net profit/loss for the year</b>	12 073	221 050		-12 073	221 050
<b>D. Equity</b>	<b>15 073</b>	<b>221 050</b>	<b>0</b>	<b>0</b>	<b>236 123</b>

In the reporting year there was not any change in equity except for the reclassification of previous year's net result to retained earnings.

The ownership structure remained unchanged.

Suggestion for the distribution of the net result
According to the owner's decision the net profit shall be transferred to retained earnings and dividend will not be paid.

The Company does not have any tied-up reserves.

### 3.9 Provisions

The Company does not have liabilities for which provisions should be made.

### 3.10 Liabilities

The Company does not have liabilities encumbered by lien or other similar rights.

There are not liabilities with maturity of five or more years in the balance sheet.

The Company does not have subordinated liabilities.

Significant short term liabilities due to related parties:

Related party	Liability	Amount in kHUF	Amount in FCY	Currency
Jaguar Land Rover Ltd.	loan	2 660 232	2 660 231 884	HUF
Jaguar Land Rover Ltd.	accounts payable	544	543 651	HUF

Significant elements of other short term receivables:

data in kHUF

Details of other short-term liabilities	
Description	Amount
<b>Other short-term liabilities</b>	<b>177 310</b>
Payables to employees	142 719
Payables to state budget	34 227
Payables to local municipality	364

### 3.11 Accruals and deferred income

Significant elements of accruals and deferred liabilities:

data in kHUF

Change in accruals and deferred income				
Description	Opening	Additions	Decrease	Closing
<b>G. Accruals and deferred liabilities</b>	<b>194 569</b>	<b>175 408</b>	<b>-194 569</b>	<b>175 408</b>
<b>I. Accrued income</b>	<b>17 273</b>	<b>0</b>	<b>-17 273</b>	<b>0</b>
Of which:				
Recognised, not reporting year income	17 273		-17 273	0
<b>2. Accrued expenses</b>	<b>177 296</b>	<b>175 408</b>	<b>-177 296</b>	<b>175 408</b>
Of which:				
Bonus	11 165	105 461	-11 165	105 461
Employer taxes on bonus	2 345	20 037	-2 345	20 037
Accounting and taxation services	17 127	5 617	-17 127	5 617
Legal services	1 250	898	-1 250	898
Audit	2 566	5 925	-2 566	5 925
Phone	0	2 305	0	2 305
Utilities, stationery	2 092	3 534	-2 092	3 534
Recruitment, HR services	15 728	0	-15 728	0
IT services	1 912	1 386	-1 912	1 386
Health care insurance	3 825	4 635	-3 825	4 635
Not invoiced LeasePlan fees	0	8 857	0	8 857
Expense reports	8 824	0	-8 824	0
Expat personal income tax	0	10 203	0	10 203
Last month fringe benefit taxes	2 327	2 023	-2 327	2 023
Salary and payroll taxes	105 790	0	-105 790	0
Interest on loan from parent company	2 016	3 440	-2 016	3 440
Other services	329	1 087	-329	1 087
<b>3. Deferred liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.12 Off-balance sheet liabilities

The Company does not have off-balance sheet contingent liabilities or future liabilities.

## 4. Notes to the Profit and Loss Statement

### 4.1 Sales revenue

Details of net sales revenue:

data in kHUF

Details of the net sales revenue by major activities	Previous year	Current year
Cost recharge to JLR Ltd.	503 881	3 727 291
Other	34	0
<b>Total net sales revenue</b>	<b>503 915</b>	<b>3 727 291</b>

data in kHUF

Details of the net export sales revenue by markets	EU sales	Non-EU export
<b>Total net export sales revenue</b>	<b>3 727 291</b>	<b>0</b>
Export product sales	0	0
Export services rendered	3 727 291	0

The Company did not receive any export subsidies in the reporting year.

### 4.2 Other operational income

Significant elements of other operational income:

data in kHUF

Details of other income	
Description	Amount
<b>Total</b>	<b>9 378</b>
Reimbursement received from state budget (father days)	552
Employee reimbursements (for company car usage, etc.)	8 825
Rounding differences (gains)	1

The Company did not participate in any grant projects.

### 4.3 Presentation of import purchases by market

The breakdown of import purchases:

data in kHUF

Description	Import from EU	Non-EU import
<b>Import acquisition together</b>	<b>420 101</b>	<b>0</b>
Import products/assets purchase	359 126	0
Import services purchased	60 975	0

#### 4.4 Cost of services used

Significant service types used:

data in kHUF

Description	Amount
<b>Services used</b>	<b>1 762 825</b>
Freight	625
Rents	1 505 405
Maintenance fees	688
Trainings	84
Travelling and foreign assignment expenses	171 943
Advisory and professional services (accounting, audit, legal, IT)	55 712
Communication expenses	7 822
Recruitment	10 287
Office utilities (sewage, heating)	9 312
Other service fees	947

#### 4.5 Related party income and expenses

data in kHUF

Related party income				
Description	Parent company	Subsidiary	Other related parties	Total
<b>Income from related parties</b>	<b>3 727 291</b>	<b>0</b>	<b>0</b>	<b>3 727 291</b>
Net sales revenue	3 727 291	0	0	3 727 291
Other operational income	0	0	0	0
Financial income	0	0	0	0

data in kHUF

Related party expenses				
Description	Parent company	Subsidiary	Other related parties	Total
<b>Expenses from related parties</b>	<b>41 031</b>	<b>0</b>	<b>0</b>	<b>41 031</b>
Services used	8 530	0	0	8 530
Other operating expenses	0	0	0	0
Financial expenses	32 501	0	0	32 501

Services used include IT services and graphic design services.

#### 4.6 Personnel expenses

Presentation of personnel expenses and average FTE by employee groups:

data in kHUF

Personnel expenses and average FTE				
Description		Average staff number (person)	Staff cost	Other staff cost
<b>Total</b>		<b>106,85</b>	<b>1 232 335</b>	<b>130 303</b>
Full-time employees	Physical workers	0	0	130 303
	Intellectual employees	106,85	1 232 335	
Part-time employees	Physical workers	0	0	
	Intellectual employees	0	0	
Other employees		0	0	

data in kHUF

Payroll taxes by type	
Description	Amount
<b>Total</b>	<b>252 908</b>
Social contribution	227 585
Vocational training contribution	18 183
Rehabilitation contribution	7 140

#### 4.7 Other operating expenses and expenditures

Significant other operating expenses:

data in kHUF

Details of other operating charges	
Description	Amount
<b>Total</b>	<b>127 922</b>
Fines, penalties, default interests, demurrage, late fees, fixed recovery costs, compensations paid	1 445
Declared or payable taxes, duties and contributions for the current year settled with the subsystems of the central budget	85 099
Expat personal income tax took over	41 039
Rounding differences (loss)	12
Other expenses	327

#### 4.8 Environmental expenditure

The Company did not incur any environmental expenditure.

#### 4.9 Result of financial transactions

The income of financial transactions (191,649 kHUF) is derived from the exchange gains and losses of foreign currency transactions and revaluations.

data in kHUF

Details of expenses of financial transactions	
Description	Amount
<b>Total</b>	<b>46 414</b>
Interest payable and similar charges	32 501
Exchange losses on foreign currency transaction translation and valuation	13 913

#### 4.10 Income, expenses and expenditure of exceptional magnitude or incidence

The Company did not incur any income, expense or expenditure of exceptional magnitude or incidence in the reporting year.

#### 4.11 Taxation

data in kHUF

Description	Amount
Sales revenue	3 727 291
Other operating income	9 378
Income from financial transactions	191 649
<b>Total income</b>	<b>3 928 318</b>
+ 50 % increase of member's loan	
Expected profit minimum (2%)	78 566
Net result before taxes	247 003
Tax base	288 368
Declaration on minimum income	no
<b>Real tax base</b>	<b>288 368</b>
<b>Corporate income tax (9%)</b>	<b>25 953</b>

As the modified corporate tax base is higher than the tax base determined by the expected minimum profit rule, the corporate tax is not calculated based on the expected profit minimum rules.

Corporate tax base modifying factors:

data in kHUF

Breakdown of tax base modifying factors	
Description	Amount
<b>Profit/(loss) before taxation</b>	<b>247 003</b>
<b>Tax base decreasing factors:</b>	<b>91 500</b>
Tax deductible depreciation and amortization for the tax year, furthermore, tax value of retired, sold, scrapped assets	91 500
<b>Tax base increasing factors:</b>	<b>132 865</b>
Depreciation for the tax year, furthermore, book value of assets when intangible assets and tangible assets are retired from the books or transferred to the current assets account for any reason	91 500
Non-deductible costs or expenditures, expenses which are not related to the business operations	41 364
Other	1

## 5. Additional information

### 5.1 Key management remuneration

Two persons are responsible for the management of the Entity and for this activity no remuneration was paid. The Company did not provide any benefits, loans, advances or guarantees or have any pension liabilities to the senior officers.

### 5.2 Material errors

The Company did not find any material reporting errors made in previous years.

### 5.3 Accounting service data

Accounting service provider entity:	Mazars Kft.
The person responsible for the management of accounting services	Bak Dezsó
Address:	2740 Abony, Tamási Áron utca 14.
Registration ID:	196255

### 5.4 Impact of the COVID-19 epidemic on financial statements

Covid-19 has not significantly or detrimentally impacted the operations of JLR Hungary. The main impact to JLR Hungary is around workforce availability. The all staff to work remotely from home is a change to normal however the business is fully able to cope with appropriate and resilient IT systems and networks in place. Some purchases will be delayed however this is for non-essential purchases. The key resource for the entity is our employees and IT software which we already have access too.

Sales channel is all via intercompany service agreement. Corporate office for JLR HU close temporarily but staff able to continue working and cost base remains, therefore revenue and profit will continue. Entity works on a Cost+ model with its immediate parent and therefore all cost incurred is reimbursed with 5% margin.

Therefore FY2020/2021 should be at least if not more profitable than F2019/2020.

## 6. Analysis of the financial position, liquidity and profitability

Financial ratios presenting the financial position of the Company:

Name of the indicator	Method of calculation	Previous year	Actual year
Non-current asset ratio	Non-current assets / Total assets	0,28%	12,25%
Current asset ratio	Current assets / Total assets	99,22%	69,17%
Debt to equity ratio	Liabilities / Equity	16 927,73%	1 459,51%
Shareholder Equity Ratio	Equity / Total assets	0,55%	6,12%

The main factor in the changes of the financial position of the Company has been that it was founded last year and assets were purchased during reporting year, which is its first full financial year with extended business activity.

Liquidity ratios:

Name of the indicator	Method of calculation	Previous year	Actual year
Liquidity ratio	Current assets / Current liabilities	1,07	0,77
Current cash debt coverage ratio	Cash /Current liabilities	0,22	0,01

Liquidity ratios has deteriorated because of the lower year-end cash balance and higher income tax payables due to higher profit and higher payables to employees (staff number increased significantly).

Financial ratios presenting the profitability of the Company:

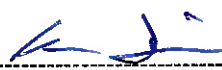
Name of the indicator	Method of calculation	Previous year	Actual year
Return on Assets	Net result / Total assets	0,44%	5,73%
Return on Equity	Net result / Equity	80,10%	93,62%
Profit margin	Net result / Revenue	2,40%	5,93%

The company's profitability has improved due to higher revenue relative to costs generated in supporting JLR group activities.

## 7. Cash Flow

Item	Previous year 08.06.2018 - 31.03.2019	Current year 01.04.2019 - 31.03.2020
<b><i>I. Cash flows from operating activities (rows 1-13.)</i></b>	<b>557 965</b>	<b>46 592</b>
1a. Profit/loss before tax ±	14 049	247 003
- including: financially settled aid received for operation funding	0	0
1b. Adjustments in the profit/loss before tax ±	0	-1 814
1. Adjusted profit/loss before tax (1a+1b) +	14 049	245 189
2. Depreciation, amortisation +	990	91 500
3. Impairment losses and reversals ±	0	0
4. Difference between making and using provisions ±	0	0
5. Non-current assets sold ±	0	0
6. Changes in trade debtors ±	3 783	604 374
7. Changes in other short term liabilities ±	2 547 733	290 353
8. Changes in accruals and deferred income ±	194 569	-19 161
9. Changes in trade debtors ±	0	0
10. Changes in current assets (without trade debtors and cash) ±	- 2 187 396	-436 586
11. Changes in accrued and deferred assets ±	-13 787	-703 124
12. Tax paid (income) -	-1 976	-25 953
13. Dividends and profit-sharing paid -	0	0
<b><i>II. Investment cash flow (rows 14-18.)</i></b>	<b>-8 657</b>	<b>-556 283</b>
14. Purchase of fixed assets -	-8 657	-556 283
15. Sale of fixed assets +	0	0
16. Repayment, termination or redemption of long-term loans and bank deposits +	0	0
17. Long-term loans provided and bank deposits -	0	0
18. Dividends and profit-sharing received +	0	0
<b><i>III. Cash flows from financing activities (rows 19-26.)</i></b>	<b>3 000</b>	<b>0</b>
19. Receipts from shares issue, capital raising (capital) +	3 000	0
20. Receipts from the issue of bonds and debt securities +	0	0
21. Borrowings +	0	0
22. Non-repayable liquid assets received +	0	0
23. Cancellation of shares, disinvestment (capital reduction) -	0	0
24. Redeemed bonds and debt securities -	0	0
25. Loan installment payments, repayment of loans -	0	0
26. Non-repayable liquid assets transferred -	0	0
<b><i>IV. Change in cash and cash equivalents (rows I+II+III) +</i></b>	<b>552 308</b>	<b>-509 691</b>
27. Effect of FX revaluation of cash and cash equivalents ±	0	1 814
<b><i>V. Changes in cash and cash equivalents as per balance sheet (rows IV.+27.)</i></b>	<b>552 308</b>	<b>-507 877</b>

Budapest, 26th June, 2020

  
 Graham Charles Robert Dixon  
 Managing Director

## BUSINESS REPORT

The directors present their business report for Jaguar Land Rover Hungary KFT ('the Company' or 'JLR Hungary') for the year ended 31 March 2020.

### Results and dividends

The income statement shows a profit after tax for the financial period of 221,050 THUF (2018: 12,073 THUF)

The directors do not recommended payment of a dividend in respect of the financial results for the year ended 31 March 2020, (2019: nil).

### Principal activity

The company's principal activities during the year under review were in automotive product engineering and purchasing. Our product engineering group focused on the development of ECU hardware, validation, IT simulation and launch support. The main components were in the field of audio, antenna systems, advanced driver assistance systems ("ADAS"), infotainment and body engineering. Our purchasing group managed key strategic European suppliers of production materials to confirm components used in our vehicles were delivered on time, to a high quality and at a competitive price to ensure the success of our new product launches in the UK, Austria and Slovakia.

### Review of the business and future developments

The product engineering group is utilising a team with a lean management structure and a wide range of experienced engineers in the fields of validation, architecture design, hardware in the loop rig operation, systems engineering, body components and hardware reviews. This team brings a wealth of directly relevant automotive experience and an established engineering network to support future growth. With ongoing recruitment and this established team, the company can become a central hub for the overall JLR global mechatronics development, validation and launch support for the nearby manufacturing locations at Nitra in Slovakia and at Graz in Austria.

The purchasing group utilises a team of procurement and quality specialists working across all vehicle commodities and manufacturing technologies with a focus on the sourcing, development and launch of new parts for our future product launches. The company has become a key central hub for the management of our European supplier partners and is already managing key large accounts critical to our Destination Zero electrified product journey.

The company collaborates with other JLR teams worldwide to support the delivery of key technologies, components and suppliers to maintain its recognised position of innovative excellence.

### Future developments

JLR Hungary will continue to explore further JLR opportunities to deliver innovative technology advancements that contribute to the overall JLR global R&D strategy.

### Key performance indicators

The key performance indicators used are set out below:

KPI	2019/20	Commentary
Number of employees	137	Number of employees as at 31 March 2020, reflecting the growth of the company.
Operating cost base - total of employee costs and other expenses	3,634,901 THUF	Costs are in line with the directors' expectations.

### Employee information

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The average number of employees within the company is disclosed in note 4.6 to the financial statements.

## **BUSINESS REPORT (continued)**

### **Employee information (continued)**

The company is committed to a workplace that is inclusive and values diversity. It is the policy of the company that the training, career development and promotion opportunities for disabled people should be identical to that of other employees. The company actively encourages a diversity of applications for all job vacancies.

Apart from determining that an individual has the ability to carry out a particular role, the company does not discriminate in any way. It endeavours to retain employees if they become disabled, making reasonable adjustments to their role and, if necessary, looking for redeployment opportunities within the company. The company also ensures that training, career development and promotion opportunities are available to all employees irrespective of gender, race, age or disability.

### **Environmental responsibility**

The company acts as a 'Responsible Business' and contributes to the group's drive to Destination Zero in accordance with the Jaguar Land Rover group strategy as detailed in the Strategic Report of the Jaguar Land Rover Automotive plc Annual Report 2019/20.

### **Risks and uncertainties**

The principal risks and uncertainties of the Jaguar Land Rover group, of which the company is part, are included in the Jaguar Land Rover Automotive plc Annual Report 2019/20. The principal risks and uncertainties are considered at a group level, and those for the company are considered to be similar. Please refer to the Jaguar Land Rover Automotive Plc Annual Report 2019/20 for further details of these.

The Board of Management is ultimately responsible for the management of risks within the company, while the wider organisation is responsible for the proactive day-to-day management and control. All risks and uncertainties are managed in accordance with the policies of the Jaguar Land Rover group.

The key specific risks and uncertainties faced by the business are:

- Being unable to keep pace with development due to rapidly evolving technology areas and multiple possible technology and strategy approaches; and
- The company is still in its infancy and staff recruitment to required numbers will be a challenge, alongside longer-term retention of key staff.
- Coronavirus and its impact to the company and wider economy (see additional information below)

### **Directors**

The directors who held office during the period and subsequently to the date of this report unless otherwise stated are as follows:

#### **Directors**

I. J. Harnett  
G. C. R. Dixon

#### **Directors' interests**

The directors in office at 31 March 2020 did not have any interest in the share capital of the company or any group undertaking as at 31 March 2019 and 31 March 2020

#### **Events subsequent to the financial year end**

In response to the global Covid-19 pandemic, the Hungarian government is currently offering companies financial support equal to 40% of the average wage for employees working in Research & Development related activities. A pre-condition for this state support is that the employees continue to work or conduct relevant training. In addition, during the period of receiving subsidies no reduction of salary is allowed and staffing levels must be sustained during and after the pandemic period. The company is currently in the process of applying for this support in respect of relevant employees in its product engineering and purchasing teams. Further information regarding the impact of Covid-19 to the Jaguar Land Rover group, of which the company is part, are included in the Jaguar Land Rover Automotive plc Annual Report 2019/20.

There have been no other significant events since the end of the financial year.

## **BUSINESS REPORT (continued)**

### **Going concern**

The following statement is given in the context of the company's position within the Jaguar Land Rover group, headed by Jaguar Land Rover Automotive plc. Jaguar Land Rover Automotive plc obtains borrowings from external lenders and shares this funding across the group, including with JLR Hungary. The consolidated group financial statements of Jaguar Land Rover Automotive plc have concluded that the going concern assumption is appropriate.

The directors have considered the financial position of the company at 31 March 2020 and the financial performance of the company for at least 12 months from the date of approval of these financial statements. The directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the company, that the company has adequate resources to continue in operation as a going concern for the foreseeable future. The directors have not assumed receipt of financial support from the Hungarian government is guaranteed in coming to this conclusion. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

### **Relevant audit information**

Each of the persons who is a director at the date of approval of this report confirms that:

- a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

### **Independent auditor**

KPMG Hungaria Konyvvizsgalo, Ado-es Kozgazdasagi Tanacsado Kft

Seat: 1134 Budapest, Vaci street 31.

Approved by the Board and signed on its behalf by:



Graham Dixon

Director

26 June 2020



**KPMG Hungária Kft.**  
**31 Váci street**  
**1134 Budapest**

This representation letter is provided in connection with your audit of the annual financial statements of Jaguar Land Rover Hungary Kft. (the "Reporting Entity") for the period from 1 April 2019 to 31 March 2020 (hereinafter referred to as „financial statements”), for the purpose of expressing an opinion as to whether these financial statements give a true and fair view of the financial position of the Reporting Entity as at 31 March 2020, and of its financial performance for the period from 1 April 2019 to 31 March 2020 in accordance with Act C of 2000 on Accounting in force in Hungary (the "Law”), and whether the business report is consistent, in all material respects, with the financial statements and the applicable provisions of the Law, and reporting whether you have identified material misstatements in the business report, and if so, the nature of such misstatement.

We confirm that the representations we make in this letter are in accordance with the definitions set out in Appendix A to this letter.

We acknowledge our responsibilities, as set out in the terms of the engagement contract dated 17 April 2020, for the preparation and fair presentation of the financial statements in accordance with the Law.

We also acknowledge our responsibilities, as set out in the terms of the engagement contract dated 17 April 2020, for the preparation of the business report in accordance with the provisions of the Law and other applicable legal requirements, if any.

We also acknowledge our responsibilities, as set out in the terms of the engagement contract dated 17 April 2020, for such internal control as we determined necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error, and to provide you with access to all information of which we are aware that is relevant to the preparation of the financial statements, additional information that you may request and unrestricted access to persons within the entity.

Accordingly, we confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial statements and business report**

1. We have fulfilled our responsibilities, as set out in the terms of the engagement contract dated 17 April 2020, for the preparation and fair presentation of financial statements that give a true and fair view in accordance with the Law.
2. We have fulfilled our responsibilities, as set out in the terms of the engagement contract dated 17 April 2020, for the preparation of the business report in accordance with the provisions of the Law and other applicable legal requirements, if any.

3. We have made such inquiries of others who participate in preparing and presenting the financial statements and assertions therein, including individuals who have specialized knowledge relating to the matters about which written representations are requested, as we considered appropriate to place ourselves in the position to be able to make the requested written representations.
4. The methods, data and significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the Law.
5. There are no uncorrected misstatements.
6. No significant error has been identified that would require a modification of the prior period financial statements.

#### **Information Provided**

7. We have provided you with:
  - (a) access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - (b) additional information that you have requested from us for the purpose of the audit;
  - (c) unrestricted access to persons within the Reporting Entity from whom you determined it necessary to obtain audit evidence.
8. The financial statements have been prepared from the accounting records that have been properly maintained.
9. All transactions have been recorded in the accounting records and are reflected in the financial statements.
10. The business report includes the information required by the Law and other applicable legal requirements, if any, and the information is consistent with these requirements and the financial statements.
11. We confirm the following:
  - (a) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in Appendix A to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.
  - (b) There have been no instances of fraud or suspected fraud that we are aware of and that affect the Reporting Entity and involve:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements.

- (c) There have been no allegations of fraud, or suspected fraud, affecting the Reporting Entity's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, we acknowledge our responsibility for such internal control as we determine necessary for the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We have communicated to you any deficiencies in internal control of which we are aware.

12. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Further, we have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements in accordance with the Law all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

13. We have made available to you all books of account and supporting documentation, and resolutions of the supreme body dated 28 June 2019, 30 March 2020.

There have been no meetings held after the reporting period for which minutes have not yet been prepared.

14. We acknowledge our responsibility for designing and implementing the process aimed at the identification and assessment of all related party transactions as to whether they are adequately recognized and disclosed in the financial statements in accordance with the Law.

15. We have disclosed to you the identity of the Reporting Entity's related parties and all the related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the Law. Related party transactions do not involve undisclosed side agreements.

Included in Appendix A to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in the Law.

16. We have analyzed related party transactions carried out by the Reporting Entity. Based on our analysis, we confirm that there were no related party transactions not conducted at arm's length during the reporting period.

17. There have been no communications from regulatory agencies, governmental representatives, tax authorities, employees or others concerning investigations or allegations of non-compliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.

#### **Information Provided in Respect of Key Judgements and Assumptions Made by Management**

18. We confirm that we have provided you with all relevant information regarding the following:

- (a) judgments, apart from those involving estimations, management has made in the process of applying the Reporting Entity's accounting policies that have the most significant effect on the amounts recognized in the financial statements;
- (b) key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Management Intent and Plans, and Other Information that is Known Only to Management**

- 19. All sales transactions are final.
- 20. There are no liens or encumbrances on the Reporting Entity's assets.
- 21. We confirm that there are no:
  - (a) onerous contracts, i.e. contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received under it, including losses arising from sale and/or purchase commitments
  - (b) liabilities for interest on deposits and other indebtedness, including subordinated notes and participation loans
  - (c) losses from transactions not recognized in the balance sheet
  - (d) agreements and options to buy back assets previously sold, including sales with recourse
  - (e) assets pledged as collateral
  - (f) arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements
- 22. The Reporting Entity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, for example debt covenants.
- 23. Except as disclosed in the notes to the financial statements, we have no other line of credit arrangements.
- 24. We have no plans or intentions that may affect the carrying amount or classification of assets and liabilities.
- 25. There are no inventories.

**Title to Assets and Impairment of Assets**

- 26. The Reporting Entity has satisfactory title to all assets.
- 27. We confirm that we have appropriately accounted for any unplanned depreciation or impairment loss in accordance with the Law including the following:

- (a) At the reporting date we have performed impairment testing for any asset for which there is an indication of a possible impairment or reversal of impairment at that date. In this regard we confirm that we have appropriately assessed, at the reporting date, whether there is any indication that an asset may be impaired or that an impairment should be reversed;
- (b) Information provided to and used by management for determining the recoverable amount of assets is consistent with the Reporting Entity's planning and with the requirements of the Law;
- (c) Reasonableness comparisons to market data, e.g., market capitalization, have been performed and management is satisfied that the results are not inconsistent with its overall assessment of recoverable amounts;
- (d) We confirm that we have provided you with all relevant information relating to the impairment testing and unplanned depreciation including key assumptions used and judgments made.

#### **Compliance with Externally Imposed Capital Requirements**

- 28. The Reporting Entity has complied with all capital requirement imposed by law or regulations as at the reporting date.

#### **Derivatives and Hedging Activities**

- 29. There are no derivatives and hedging activities.

#### **Exposures to Risks Arising from Financial Instruments**

- 30. We confirm that we have provided you with all information relating to Reporting Entity's exposures to risks arising from financial instruments and how those exposures arise, including descriptions of our objectives, policies and processes for managing the risks arising from financial instruments and the methods used to measure risks.
- 31. The quantitative data disclosed in the business report are representative of the Reporting Entity's exposure to risks arising from financial instruments during the period.

#### **Taxation Balances**

- 32. We have not received any advice or opinion that contradicts the Reporting Entity's support for accounting for income taxes, or contradicts the amounts and presentations in the financial statements in respect of tax, or that is necessary to understand the Reporting Entity's tax accrual and related matters and has not been disclosed to you.
- 33. We confirm that we have disclosed to you our assessment of the Reporting Entity's exposures to risks related to taxation, including uncertain income tax treatments, that we have appropriately accounted for such risks and that we have disclosed information that is adequate to enable users to evaluate the nature and extent of the risks to which the Reporting Entity is exposed at the end of the reporting period.

#### **Transfer pricing**

34. We confirm that in compliance with the applicable legal requirements, the required documentation with respect to related party transactions is ready and complete.
35. We confirm that the Reporting Entity possesses relevant and complete supporting documentation confirming the fact that the Reporting Entity has received the services embedding economic benefits for all transactions with the related parties.

**Provisions, Contingent Assets, Contingent Liabilities**

36. There are no:
  - (a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the Law, including liabilities or contingent liabilities arising from illegal or possibly illegal acts, or
  - (b) other environmental matters that may have a material impact on the financial statements.

**Going concern**

37. We have made an assessment of the Reporting Entity's ability to continue as a going concern taking into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Our assessment has been updated as of 26 June 2020 to include the effects of the outbreak of the coronavirus pandemic, declared by the World Health Organization on 11 March 2020. We confirm that we have not identified any events or conditions including the outbreak of the coronavirus pandemic that may cast significant doubt upon the Reporting Entity's ability to continue as a going concern.

**Other information**

38. We confirm that the business report is consistent, in all material respects, with the financial statements and the business report does not contain any material misstatements.

**Subsequent events**

39. All events subsequent to the date of the financial statements through to the date of this letter and for which the Law requires adjustment or disclosure have been adjusted or disclosed.

26 June 2020



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Graham Charles Robert Dixon  
Managing Director

## **Appendix A to the Management Representation Letter of**

### **Jaguar Land Rover Hungary Kft.**

#### **Definitions**

##### **Financial statements**

According to the Law, a set of annual financial statements comprises:

- balance sheet as at the end of the period;
- the profit and loss account for the period;
- the supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

##### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

Section 16 (4) of the Law states the following:

For the purposes of the financial report, information is material if its omission or misstatement could influence - within reason - the economic decisions of users taken on the basis of the financial report.

Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

##### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

##### **Error**

An error is an unintentional misstatement in financial statements including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorized for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

### **Related Party and Related Party Transaction**

#### Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as adopted by the European Union as the “reporting entity”).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i) has control or joint control over the reporting entity;
  - ii) has significant influence over the reporting entity; or
  - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#### Related party transaction

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



**SUBSEQUENT EVENTS INQUIRY**  
Jaguar Land Rover Hungary Kft

For the audit of the financial statement as at 31/03/2020

Question	Management's answer	Notes (required in case of "Yes" answer)
What procedures were applied by the Company to identify the post-balance sheet events that could have effect on the financial statement/group reporting package/financial information? (e.g. departments required)	Review of April and May financial reporting transactions and bank transactions. Attendance at weekly management meetings	
Has any subsequent event occurred that would affect the financial statement/group reporting package/financial information?	No	
Did you identify any subsequent event based on recent management meetings or based on meetings held with the representatives of the owners?	No	
According to your knowledge and based on discussion with the Company's legal representative has any subsequent event identified due to any new litigations or claims or changes in case of litigations and claims already existed at the balance sheet date?	No	
Were there any significant change identified in case of items that were accounted for on the basis of preliminary or inconclusive data?	No	
Were there any significant change in the capital stock, long-term debt or working capital?	No	
Have there any unusual accounting adjustments been made or contemplated, during the period from the balance sheet date and the date of this representation?	No	
Are there any substantial contingent liabilities or commitments existed at the date of the balance sheet being reported on or at the date of this representation?	No	
Were there any changes in the basis of preparation in case of the entity's latest interim financial information as that used for the financial statements/group reporting package/financial information under audit?	No	
Were there any meeting of the entity's owners, management and those charged with governance, including relevant committees of these groups that have been held after the date of the financial statements/group reporting package/financial information?	No	
In case of any meetings meeting of the entity's owners, management and those charged with governance were there any matters discussed or decision made that could have any effect on the financial statements/group reporting package/financial information?	No	
Were there any changes in the estimated fair value of assets or liabilities?	No	
Were there any transactions or events affecting allowances for loan losses?	No	
Were there any issues in case of compliance with debt and other executory contract covenants?	No	
Were there any bankruptcy filings by significant customers or vendors?	No	
Were there any distressed sales of over-stocked inventory items?	No	
Were there any natural disaster that affected the Company?	No	Covid-19 has not significantly or detrimentally impacted the operations of JLR Hungary. See below.
Were there any going concern uncertainty matters or changes in the going concern assumptions?	No	
Were there any new commitments, borrowings or guarantess have been entered into?	No	
Were there any sales or acquisition of assets have occurred or planned?	No	
Were there any agreements to merge or liquidate has been made or is planned?	No	
Were there any assets have been appropriated by government or destroyed, for example, by fire or flood?	No	
Were there any developments regarding contingencies?	No	
Were there any events occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements/group reporting package/financial information?	No	
Were there any events occurred that are relevant to the measurement of estimates (e.g. recoverability of assets) or provisions made in the financial statements/group reporting package/financial information?	No	
Were there any events occurred that are relevant to the recoverability of assets?	No	
Did you dispose significant assets, or do you intend to do so?	No	
Did you set up significant additional provisions or impairment losses after the balance sheet date?	No	
Did you receive any significant invoices, which relate to the period before the balance sheet date, however, not recorded in the Financial Statements/group reporting package/financial information?	No	
Were there any changes in the entity's related parties?	No	
Were there any significant new related party transactions?	No	
Has the entity entered into any significant unusual transactions?	No	
Were there any change in the following assumptions used in the determination of significant estimates?	No	
<b>Expected financial and operational information relevant for the financial year ending on 31/03/2020</b>	<b>Management's answer</b>	
Major expected change in the operation (e.g. new or discontinuing business, significant asset purchase or sale, significant change is considered above approximately 25%)	No significant expected activity change	
Detailed description of the major expected change, if any		
Significant expected one-off transaction	No	
Detailed description of the expected one-off transaction, if relevant		
Currency		
Expected Sales Revenue based on approved budget, if relevant		
Expected Profit before tax based on approved budget, if relevant		
Expected Total Assets based on approved budget, if relevant		
<b>Auditor's acceptance</b>		
The auditor's acceptance is valid until	31/08/2020	
Please note, that in accordance with the requirements of the Act on Accounting (155. § (6)) the supreme body of the company has to appoint the registered statutory auditor at the time of the approval of the annual financial statements for the previous financial year.		
<b>Coronavirus (Covid-19) Outbreak</b>	<b>Management's answer</b>	
What procedures were carried out by the Company to identify and evaluate the potential effects of Coronavirus (Covid-19) Outbreak on the Company's operation?	The operational steps taken were first we stopped hot desking and visitors, then we started to work in rotating teams / shift patterns and the final step was the full working from home. We will open the office with the same approach, so start working in rotating teams, no hot desking, no visitors. We will follow the JLR UK approach and measure the temperature for every employee entering the office.	
	Otherwise minimal impact on operations due to explanations given below	

<p>What are the factors identified as a consequence of the Coronavirus and how do these factors affect the Company's operations (see questions on the checklist "Understanding-implications-of-covid-19-for-private-companies")?</p>	<p>The main impact to JLR Hungary is around workforce availability, or more specifically workforce disruption. Requirement for all staff to work remotely from home is a change to normal however the business is fully able to cope with appropriate and resilient IT systems and networks in place. The majority of the other risks, whilst a consideration, do not pose a major risk due to the nature of the business - e.g. sales revenue derived from Interco Service Agreement at Cost+ 5% of all costs incurred. See responses to questions below.</p>		
<p>How are suppliers and purchases, physical logistics, inventory, customers, demand and sales, contracts (including legal risk) impacted?</p>	<p>See below. Minimal impact. Some suppliers / purchases will be delayed however this is for non-essential purchases. The key resource for the entity is our employees and IT software which we already have access too.</p>		
<p>What is the impact on production, commercial and marketing activities, and sales channels (e.g. closure of production facilities/retail shops, reduction number of shifts/opening hours, shift to online sale)?</p>	<p>Minimal impact. Sales channel is all via intercompany service agreement at Cost+ 5%. Corporate office for JLR HU close temporarily but staff able to continue working and cost base remains, therefore revenue and profit will continue.</p>		
<p>How are commercial and investment plans, business plans (budgets, forecast), cash-flows, financial stability and liquidity, cost base and profitability impacted? Please provide us with the Company's analysis relating to the potential effects of Covid-19 on the cash flows of the Company.</p>	<p>Given JLR Hungary operates an Interco Service Agreement with its immediate parent company, and this is its primary revenue stream, there is minimal impact to JLR HU's financial stability and profitability. Profit margin will remain at c.5% and the major costs driving this revenue / profit are staff costs and property rental, both of which will not be impacted by Covid-19, therefore FY21 should be at least if not more profitable than F20.</p>		
<p>How are corporate governance, workforce, technology, communication, timely completion of the financial and tax reporting impacted?</p>	<p>No impact - the entity is set up to cope with such issues to allow it to operate effectively and with all designated controls. All financial and tax reporting is completed by a third party 'remotely' from site at all times therefore minimal impact.</p>		
<p>What are the applicable government measures, restrictions, public health requirements and mitigation plans and their impact on the Company?</p>	<p>Social distancing required and non-essential outlets closed. The offices of JLR Hungary have been closed during the peak of the Coronavirus however all staff members have the ability to work remotely from home, utilising IT infrastructure effectively to do so (e.g. Teams video conferencing, remote system access, etc)</p>		
<p>What is the expected impact on the valuation of the Company's assets and liabilities, cash-generating units including related key assumptions and judgements? How are recoverability of receivables (credit risk of debtors, expected credit loss, probability of default, loss given default) and breaches and covenant compliance impacted?</p>	<p>No impact on valuation of assets / liabilities. Receivables are all due from immediate parent company only and based on Cost+ interco revenue agreement.</p>		
<p>What is the Company's assessment of its ability to continue as a going concern in the next 12 months, and what mitigating plans does the Company have?</p>	<p>No impact on Going Concern. Entity works on a Cost+ model with its immediate parent and therefore all cost incurred is reimbursed with 5% margin. Going Concern of immediate parent concurred via Group audit and statutory accounts.</p>		
<p><b>Information to be attached or send to KPMG</b></p>	<table border="1"> <thead> <tr> <th data-bbox="801 790 933 824">Reference to the attachment</th> <th data-bbox="933 790 1398 824">Notes</th> </tr> </thead> </table>	Reference to the attachment	Notes
Reference to the attachment	Notes		
<p>Minutes, if any, of the meetings, of the entity's owners, management and those charged with governance, including relevant committees of these groups that have been held after the date of the financial statements/group reporting package/financial information and matters discussed at any such meetings for which minutes are not yet available.</p>	<table border="1"> <tbody> <tr> <td data-bbox="801 824 933 902">N/A</td> <td data-bbox="933 824 1398 902"></td> </tr> </tbody> </table>	N/A	
N/A			
<p>Entity's latest subsequent interim financial statements/group reporting package/financial information/trial balance.</p>	<table border="1"> <tbody> <tr> <td data-bbox="801 902 933 945"></td> <td data-bbox="933 902 1398 945"></td> </tr> </tbody> </table>		

Date: 26th June 2020

26/06/2020

Signature:

  
Graham Charles Robert Dixon  
Managing Director

## ENGAGEMENT CONTRACT

(Reference: Client and Engagement Code 218961A19)

1 The parties entering into this contract are:

1.1

Jaguar Land Rover Hungary Kft.  
H-1133 Budapest, Váci út 76.  
("Client")  
(Registration Number: 01-09-327763)  
(Tax registration number: 26390150-2-41)

and

1.2

KPMG Hungária Kft.  
H-1134 Budapest, Váci út 31.  
("KPMG")  
(Registration Number: 01-09-063183)  
(Registered Chamber of Auditors Number: 000202)  
(Tax registration number: 10263332-2-44)  
(EU Tax registration number: HU10263332)

1.3 The Client regards its ultimate parent company as being Tata Motors Limited, a company which is incorporated in India.

1.4 KPMG is the Registered Auditor of the Client.

### 2 Services to be provided by KPMG

2.1 The Services set out in this Clause 2.1 shall be collectively referred to as the "Services".

2.1.1 Statutory Audit of the annual financial statements of the Client for the period from 1 April 2019 to 31 March 2020 prepared in accordance with Hungarian Accounting Law and issuance of an auditor's report thereon by KPMG.

2.2 The fee specified in Section 5 is solely for the Services specified in this Section 2. Other services such as the provision of accounting advice (except for accounting advice directly related to the provision of the specified services), tax advice, tax reviews or other reports are not included within the scope of this contract. The provision by KPMG of any services not included in this contract shall be the subject of separate contracts or amendments to this contract.

### 3 Obligations and responsibilities

3.1 The parties mutually agree that the General Terms of Business (Hungary) (GTOB 05.2020) set out in Appendix 1, as amended by the Additional Terms: Audit and Related Services (ATARS 05.2020) set out in Appendix 2 form an inseparable part of and govern all Services performed under this Contract.

EC 05.2020

#### 4 Timetable

The timetable will be determined at a later date in the form of "Scheduling-emails" between KPMG and the Client contact responsible for the engagement.

#### 5 Professional fee and payment

5.1 KPMG is due for the Services set out in Clause 2.1 the following fee amounts:

(i)

Services	Clause	Fee	Currency
Services defined in Clause 2.1	2.1	15,000	EUR
Total		15,000	EUR

Plus

(ii) reimbursement for outlays and VAT.

5.2 The parties mutually agree that the Client will pay the fee referred to in Clause 5.1 in the following installments relating to the specified periods based on invoices issued at the dates specified below:

Regarding the Services mentioned in Clause 2.1:

Installment	From	To	Issuance date of the invoice
40%	31 March 2020	17 April 2020	17 April 2020
60%	18 April 2020	15 June 2020	15 June 2020

#### 6 Persons responsible for the work

6.1 On behalf of KPMG:

Nagy Zsuzsanna	Engagement Director, Registered Auditor
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6.2 On behalf of the Client:

Graham Charles Robert Dixon	Managing Director
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EC 05.2020

6.3 Client contact details for invoicing (named addressee for invoice):

Matthew Glenn	Engineering Finance Manager
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6.4 E-mail address relating to electronic invoicing at the Client:

E-mail address	JLR_invoice@mazars.hu
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6.5 Client contact responsible for the engagement:

Matthew Glenn	Engineering Finance Manager
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## 7 Language of the reports

Reports will be issued by KPMG as follows:

Services	Clause	Report type	Binding language	Convenience translation
Statutory Audit of the annual financial statements	2.1.1	Auditor's Report	Hungarian	English

## 8 Other

8.1 With respect to the Statutory Audit of the annual financial statements of the Client conducted by KPMG as the Registered Auditor of the Client, this Engagement Contract is concluded in accordance with the resolution dated 30 March 2020 of the members' meeting, and is effective for the audit of business year ended 31 March 2020, for the definite period from 31 March 2020 to the date of the members' meeting approving the statutory annual financial statements of the Client of the business year ended 31 March 2020, but not later than 31 August 2020.

8.2 During the preparation of this Contract KPMG informed Client, in accordance with Section 6:78 of Act V of 2013 on the Civil Code ("Civil Code"), that the Clauses 35.1, 35.3, 37.1, 39.2 and 40 significantly differ from the general provisions of contractual liability of Civil Code, as well as Clauses 4, 5, 6, 7, 8, 10, 11, 12, 17, 21, 31, 35.1, 35.3, 40, 41.1, 43, 51 of General Terms of Business (Hungary) and Clause 51 of Additional Terms: Audit and related services include terms that differ from the former applied terms between the Parties.

EC 05.2020

Based on the foregoing Client expressly accepts as part of this contract the General Terms of Business (Hungary) and the Additional Terms: Audit and Related Services including those terms that are referred to as different from the laws, or from the terms previously applied between the parties.

Budapest, 17 April 2020

Signed on behalf of:

Client:

KPMG:



Graham Charles Robert Dixon  
Managing Director

Nagy Zsuzsanna  
Director

EC 05.2020



These General Terms of Business (Hungary) apply to the delivery of services by KPMG to a client pursuant to a letter or contract enclosing these General Terms of Business (Hungary) and recording the engagement (the "**Engagement Contract**").

**Definitions**

The meanings of the following terms used in these General Terms of Business (Hungary) shall be as set out below and shall apply whenever used in the Services Contract:

**Services** - the services to be delivered by us under the Engagement Contract.

**KPMG or we** (or derivatives) - the KPMG member firm as named by the Engagement Contract.

**KPMG Member Firm** - any separate legal entity associated with KPMG through membership of KPMG International Cooperative ("KPMG International"), a Swiss entity. Each member firm of KPMG International is a separate and independent legal entity. KPMG International provides no client services.

**You** (and derivatives) - the party (or parties) contracting with KPMG in the Engagement Contract.

**Services Contract** - these General Terms of Business (Hungary) and the Engagement Contract, together with any additional terms applicable to the Services ("**Additional Terms**") to which specific contractual reference is made in the Engagement Contract.

**KPMG Persons** -, each and all of the partners, directors, employees and agents of KPMG as the contracting party, as the case may be, together with any other body or entity controlled by us or owned by us or associated with us as a KPMG Member Firm and each and all of its partners, members, directors, employees and agents and "**KPMG Person**" shall mean any one of them.

**Agents** (when referable to KPMG) - persons whom we authorize to act on our behalf or whom we treat as our employees, and for whose conduct we accept responsibility, in connection with the Services.

**Partners** - any KPMG Person having the title "partner" (whatever that KPMG Person's legal status).

**Infrastructure Provider** - a provider of products or services to KPMG who has no involvement in the delivery of the Services but who might, in the provision of such products or services, have access to Confidential Information that is incidental to such provision.

**Other Beneficiaries** - any and each person or organization identified in the Engagement Contract (other than you) as a beneficiary of the Services or any product thereof.

**Our Services and responsibilities**

1. The Engagement Contract sets out the Services to be delivered by us and associated contractual terms. These General Terms of Business (Hungary) may be amended by the Engagement Contract and/or in the Additional Terms.
2. We deliver the Services with the skill and care required of a professional firm.
3. Where individuals who are involved by us in delivering the Services are named in the Engagement Contract, we shall use all reasonable endeavours to ensure that the named person is so involved. We may substitute the named person for others of equal or similar skills.
4. We may acquire sensitive, confidential information concerning your business or affairs in the course of delivering the Services ("**Confidential Information**"). In relation to Confidential Information we shall comply with the confidentiality restrictions imposed on us by any authority in Hungary with whose requirements we are bound to comply, as well as any obligations imposed on us by the Hungarian law, including in particular but not restricted to confidentiality obligation required by respective industry sector laws or regulations. We are obliged to comply with any requirement of Hungarian law or with any resolution of any authority applicable onto us with whose requirements we are bound to comply to disclose Confidential Information. While complying with the rules relating to the confidentiality obligation and the treatment of confidential information, we may share information, including Confidential Information, with our Infrastructure Providers (including but not limited to email, cloud and/or AI services providers we may use from time to time) and other KPMG Persons relating to you, to our relationship with you and to our Services, to facilitate the administration of our business activities, to maintain the quality and standards of our work, and to train our colleagues. We aim to require that such recipients implement measures to ensure the confidential processing of such information. We shall remain responsible for confidentiality if Confidential Information is shared with other KPMG Persons or accessed by our Infrastructure Provider. Furthermore, following the removal of names, any other identifying data and/or Confidential Information, we are also entitled to use such anonymised information for lawful purposes at our own discretion. This clause shall not prohibit our disclosure of Confidential Information where we wish to disclose it to our professional indemnity insurers or advisers, in which event we may do so in confidence only.
- 4.1 For the purposes of marketing or publicizing or selling our services we may wish to disclose that we have performed work (including the Services) for you, in which event we may identify you by your name. However, we may indicate only the general nature or

category of such work (or of the Services) and any details which have properly entered the public domain.

5. We may supply written advice or confirm oral advice in writing or deliver a final written report or make an oral presentation on completion of the Services. Prior to completion of the Services we may supply oral, draft or interim advice or reports or presentations but in such circumstances our written advice or our final written report shall take precedence. No reliance shall be placed by you on any draft or interim advice or report or any draft or interim presentation. Where you wish to rely on oral advice or on an oral presentation made on completion of the Services, you shall inform us and we shall supply documentary confirmation of the oral advice.
6. We shall not be under any obligation in any circumstances to update any advice, report or any product of the Services, oral or written, for events occurring after the advice, report or product has been issued in final form.
7. Any product of the Services released to you in any form or medium shall be supplied by us on the basis that it is for your benefit and information only and that, save as may be required by law or by a competent authority (in which case you shall, unless prohibited by law, inform us in advance), it shall not be copied, referred to or disclosed, in whole (save for your own internal purposes) or in part, without our prior written consent. Such consent may be subject to terms. The Services are not intended to be, and may not be, relied on by any other person and KPMG accepts no responsibility or liability to any other person in connection with the Services. The Services shall be delivered on the basis that you shall not quote our name or reproduce our logo in any form or medium without our prior written consent. You may disclose in whole any product of the Services (except for our legal services) to your legal and other professional advisers for the purposes of your seeking advice concerning the Services, provided that when doing so you inform them that
  - disclosure by them (save for their own internal purposes) is not permitted without our prior written consent, and
  - we accept no responsibility or liability to them in connection with the Services.

Any advice, opinion, statement of expectation, forecast or recommendation supplied by us as part of the Services shall not amount to determination or prediction of future events or circumstances.

8. We may provide support with the help of software, script, technology, tool, application owned or used by us under any other title (hereinafter jointly referred to as KPMG Technology) to automate download of specified reports from the database made available by you. We shall be

indemnified from liability in respect of any damage arising in connection with using KPMG Technology, or any claims made by you and/or any third party. If you use KPMG Technology to fulfil data supply obligation related to other services used by you, you have sole responsibility for the completeness and accuracy of the data provided during the fulfilment of the data supply obligation.

You acknowledge that the service related to the use of KPMG Technology may be used until the other service used by you is used and only by you or third parties who have a valid contract in effect with KPMG for the same services as the subject of the contract concluded with you. You acknowledge that other third parties may use KPMG Technology only based on KPMG's prior written consent, provided that such third parties need to use KPMG Technology to be able to fulfil their obligations to you and if application of technical, legal and other security requirements, tools and controls is ensured.

You undertake to treat KPMG Technology as confidential information and take all necessary actions to prevent it from being obtained, known and/or used by unauthorised third parties; furthermore, you undertake to inform KPMG in writing within 3 (three) days after you have learned that unauthorised third parties got to know and/or are using KPMG Technology.

You undertake that should you breach any of your obligations under this Clause, KPMG shall be entitled to a penalty amounting to 20% of the gross (aggregate) fee, and if the fee for the KPMG Technology service can be specified separately, to a penalty not less than four times the gross fee for the KPMG Technology service, and we are also entitled to claim any loss exceeding the penalty due from you.

#### Ownership

9. We shall retain ownership of the copyright and all other intellectual property rights in the product of the Services, whether oral or written, and ownership of our working papers. Our working papers and other internal documentation created for the purpose of carrying out our Services belong solely to KPMG and shall not be provided to you. You shall acquire ownership of any product of the Services in its tangible form and become ultimately entitled to use the product of our Services on payment of our Charges for any such product. We shall be entitled to use, develop or share with other KPMG Persons, for the purposes of delivering services to you or other clients, knowledge, experience and skills of general application gained through performing the Services.

**Our Charges**

10. We shall render electronic invoices (“**Invoice**”) with qualified electronic stamp that shall be accepted by you and in respect of the Services comprising fees, outlays and taxes thereon (where appropriate), including any foreign taxes that might be payable thereon or deductible therefrom (“**our Charges**”). Details of our Charges and any special payment terms shall be set out in the Engagement Contract. Our fees shall be based on the seniority and degree of responsibility of the KPMG Persons involved in delivering the Services, their skill and time spent by them in performing the Services and the nature and complexity of the Services. When we appoint sub-contractors to assist us in delivering the Services in accordance with clause 34, our fees include fees in respect of services rendered to us by the sub-contractors. Outlays will include both directly incurred costs and an amount, equal to 1.5% of the fees, to cover incidental expenses which are not charged directly to the engagement. Our Charges may differ from estimates or quotations that may have been supplied, for example, where additional fees and outlays arise from any delay as a result of failure to supply information required to enable us to perform the Services.
11. In return for the delivery of the Services by us, you shall pay our Charges (without any right of deduction or set-off), on presentation of our Invoice or at such other time as may be specified in the Engagement Contract. Payment should be sent to the bank account of KPMG named on the Invoice. Unless otherwise indicated in the Engagement Contract, payments are due within 15 days from the date of Invoice.
12. We may charge default interest on any outstanding balances at a rate of 8% over the base rate of the Hungarian National Bank (Forint balances) or the relevant LIBOR rates quoted by the British Bank Association (non Forint balances), from time to time in force (this rate applying after as well as before any court award or judgment in our favour in respect of outstanding balances). If the rate is replaced by any other rate, we are entitled to refer to this other rate.
13. If the Services Contract is terminated or any part of the Service is suspended, we shall be entitled to payment for outlays incurred to that time and to payment of fees for work done, plus taxes thereon (where appropriate). Our fees for work done shall in this event be calculated by reference to our hourly rates at the time of performance of our work on the basis set out in clause 10.
14. Where more than one party contracts with us in the Engagement Contract, unless provision is made in the Engagement Contract for payment of our Charges by one of you or by a third party, all of you shall each be fully liable separately to pay our Charges as well as being so liable

jointly and severally as a group and we shall be entitled to call upon any of you and all of you for payment in full.

15. If we are required by any court or authority in any proceedings or forum in which we are not a party or participant but you are, or if we are required by a parliamentary select committee or body, to provide information or to produce documents relating in any way to the Services, you shall pay our costs incurred in preparing for and responding to any such requirement at our standard rates applicable at the time of responding, together with outlays including legal expenses, and VAT thereon (where appropriate).

**Your responsibilities**

16. Notwithstanding our duties and responsibilities in relation to the Services, you shall retain responsibility and accountability for:
- the management, conduct and operation of your business and your affairs
  - deciding on your use of, choosing to what extent you wish to rely on, or implementing advice or recommendations or other product of the Services supplied by us
  - making any decision affecting the Services, any product of the Services, your interests or your affairs
  - the delivery, achievement or realization of any benefits directly or indirectly related to the Services which require implementation by you.
17. Where you require us or the nature of the Services is such that it is likely to be more efficient for us to perform work at your premises or using your computer systems or telephone networks, you shall authorize and ensure that all arrangements are made for access, security procedures, virus checks, facilities, licenses or consents as may be required (without cost to us).
18. You shall not, and you shall ensure that your related companies (as defined by the Hungarian Act on Accounting) do not, directly or indirectly, solicit the employment of any KPMG Persons involved in performing the Services while the Services are being performed or for a period of 12 months following their completion or following termination of the Services Contract, without our prior written consent. This prohibition shall not prevent you at any time from running recruitment advertising campaigns nor from offering employment to any KPMG Persons who may respond to any such campaign. In the event of a breach of this clause 18, you shall pay us a contractual penalty equal to 4 times the monthly remuneration (gross salary and benefits), paid to

the respective KPMG Persons for the month preceding the month in which the breach of the prohibition occurred.

#### Information

19. To enable us to perform the Services, you shall supply promptly all information and assistance and all access to documentation in your possession, custody or under your control and to personnel under your control where required by us. You shall use your best endeavours to procure these supplies where not in your possession or custody or under your control. You shall inform us of any information or developments which may come to your notice and which might have a bearing on the Services.

You shall supply information in response to our enquiries (if any) to enable us to comply with our statutory responsibilities to make disclosures to relevant authorities in respect of money laundering and any other criminal activity that we may encounter during performance of the Services and any such disclosures may include Confidential Information.

20. We may rely on any instructions or requests made or notices given or information supplied, whether orally or in writing, by any person whom we know to be or reasonably believe to be authorized by you to communicate with us for such purposes. We may communicate with you by electronic mail where any such person wishes us to do so, on the basis that in consenting to this method of communication you accept the inherent risks (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices), that to the extent permitted by law we may intercept such communications in order to monitor them for internal compliance or other purposes, and that you shall perform virus checks.

21. We may receive information from you or from other sources in the course of delivering the Services. We shall not be liable to you for any loss or damage suffered by you arising from fraud, misrepresentation, withholding of information material or relevant to the Services or required by us, or any default relating to such information, whether on your part or that of the other information sources, unless such fraud, misrepresentation, withholding or default is evident to us without further enquiry.

#### Knowledge and conflicts

22. In clauses 22 to 28 the following definitions shall apply:

- **"the Engagement Team"** shall mean, collectively or individually, KPMG Persons (excluding corporate bodies, entities or firms) who is or are involved in delivering the Services,

- **"Other KPMG Person(s)"** shall mean, collectively or individually, KPMG Persons who are not members of the Engagement Team,

- **"Barriers"** shall mean safeguards designed to facilitate the protection of each client's interests and may include (for example): separate teams, their geographical and operational separation and/or access controls over data, computer servers and electronic mail systems.

23. The Engagement Team shall not be required, expected or deemed to have knowledge of any information known to Other KPMG Persons which is not known to the Engagement Team.

24. The Engagement Team shall not be required to make use of or to disclose to you any information, whether known to them personally or known to Other KPMG Persons, which is confidential to another client.

25. KPMG Persons may be delivering services to, or be approached to deliver services to, another party or parties who has or have interests which compete or conflict with yours (a **"Conflicting Party"** or **"Conflicting Parties"**).

26. KPMG Persons are and shall remain free to deliver services to Conflicting Parties, except that where the interests of the Conflicting Party conflict with yours specifically and directly in relation to the subject matter of the Services:

- the Engagement Team shall not deliver services to the Conflicting Party;
- Other KPMG Persons may only deliver services to the Conflicting Party where appropriate Barriers are applied. The effective operation of such Barriers shall constitute sufficient steps to avoid any real risk of a breach of our duty of confidence to you; and
- Other KPMG Persons may only deliver services to Conflicting Parties if there is no breach of any duties of confidence we owe to you.

We seek to identify Conflicting Parties in the circumstances set out in this clause 26. If you know or become aware that a KPMG Person is advising or proposing to advise such a Conflicting Party, you shall (subject to any duties of confidence) inform us promptly.

27. Without limiting the general applicability of clause 26, the following examples are specific circumstances in which Other KPMG Persons may deliver services to a Conflicting Party or Conflicting Parties:

- where at any time during performance of the Services, you are an employee (including a director) and a KPMG Person is delivering services to your employer, in which

case Other KPMG Persons shall be entitled to deliver services to your employer, or

- where Other KPMG Persons are asked to deliver services (“Other Services”) to a Conflicting Party (whose existence may or may not be known to you) who is actually or potentially interested in a transaction aimed at acquiring the same or a similar interest to which both the Other Services and the Services relate (for example, where you and the Conflicting Party are both interested in acquiring a company, asset or operation which has been put up for sale by auction), in which case Other KPMG Persons shall be entitled to deliver the Other Services to the Conflicting Party.

28. Where a party has engaged us to deliver services before you have done so and subsequently circumstances change, we may consider that, even with the applied Barriers, your interests are likely to be prejudiced and we may not be satisfied that the situation can be managed. In that event we may have to terminate the Services Contract and we shall be entitled to do so on notice taking effect immediately on delivery but we shall consult you before doing this.

#### The Services Contract

29. The Services Contract sets out the entire agreement and understanding between us in connection with the Services and supersedes any prior agreements, understandings, arrangements, statements or representations (unless made fraudulently) relating to the Services. Any modifications or variations to the Services Contract must be in writing and signed by an authorized representative of each of us. In the event of any inconsistency between the Engagement Contract and any other elements of the Services Contract, the Engagement Contract shall prevail. In the event of any inconsistency between these General Terms of Business and Additional Terms that may apply, the Additional Terms shall prevail.

#### Third party rights

30. The Services Contract shall not create or give rise to, nor shall it be intended to create or give rise to, any third party rights. No third party shall have any right to enforce or rely on any provision of the Services Contract which does or may confer any right or benefit on any third party, directly or indirectly, expressly or impliedly. The application of any legislation giving to or conferring on third parties contractual or other rights in connection with the Services Contract shall be excluded. No KPMG Person shall be a third party for the purposes of this clause.

#### Force majeure events beyond your or our control

31. Neither we nor you shall be liable for any damages arising from a breach of our contractual obligations nor shall either of us incur any liability to pay compensation to the other if we or you are unable to comply with the Services Contract as a result of any force majeure event. In the event of any such occurrence affecting one of us, that one shall be obliged as soon as reasonably practicable to notify the other, who shall have the option of suspending or terminating the operation of the Services Contract on notice taking effect immediately on delivery.

#### Waiver, assignment and sub-contractors

32. Failure by any one of us to exercise or enforce any rights available to us shall not amount to a waiver of any rights available to either of us.
33. Neither of us shall have the right to assign the benefit (or transfer the burden) of the Services Contract to another party without the written consent of the other of us, which consent shall not be unreasonably withheld.
34. Subject to clauses 4 and 43, we shall have the right to appoint sub-contractors to assist us in delivering the Services but where any such sub-contractors are not KPMG Persons we shall consult you before doing so. Where we appoint sub-contractors under this clause 34, we may share Confidential Information with them and for all purposes in connection with the Services Contract we shall accept responsibility for their work as if we had performed the same which shall be deemed to be part of the Services.

#### Limitations on our liability

35. Our liability in connection with the Services shall be limited in accordance with this clause 35.

- 35.1 We shall in each case be relieved of liability for a breach of contract if the breach of contract was caused by a circumstance (i) beyond our control, (ii) not foreseeable at the date of signing the contract, and (iii) we were not expected to avoid or eliminate the circumstance. There is no breach of contract and the rules of exemption are not applicable either, if in relation to the Services we comply, in all material respects, with applicable laws, any issued or recognized professional guidelines, or any national or international standards or any other generally accepted or generally applied methodology.

Regarding the applicability of any professional guidelines, standards or other methodology the type, scope and the beneficiary of the Services concerned shall also be taken into consideration.

35.2 The general provisions of the Civil Code relating to breach of contract shall apply to determine the extent of compensation.

35.3 In the particular circumstances of the Services set out in the Engagement Contract and subject to clause 37 and clause 38 below,

- the aggregate liability to you and to Other Beneficiaries of each and all KPMG Persons,
- arising in any way and on any basis,
- for any loss or damage suffered by you (or by any such other party) arising from or in connection with the Services,
- however the loss or damage is caused, including our negligence but not our fraud or other deliberate breach of duty,

shall be limited to the amount or on such alternative basis (if any) as may be specified in the Additional Terms or the Engagement Contract unless it is prohibited by law.

If no amount and no alternative basis are specified in the Additional Terms or the Engagement Contract, the aggregate liability to you and to Other Beneficiaries of each and all KPMG Persons and/or KPMG shall be limited to the amount of 1.5 times the fees payable to us in accordance with the terms of the Engagement Contract on the basis set out in this clause 35.

36. Where there is more than one beneficiary of the Services ("**Beneficiary**") the limitation on our liability agreed under clause 35 to each Beneficiary shall be apportioned by them amongst them. No Beneficiary shall dispute or challenge the validity, enforceability or operation of clause 36 on the ground that no such apportionment has been so agreed or on the ground that the agreed share of the limitation amount apportioned to any Beneficiary is unreasonably low. In this clause 36, "Beneficiary" shall include you and Other Beneficiaries.

37. The following provisions shall govern the extent of our liability to you and to any Other Beneficiaries for any loss or damage suffered by you (or by any such other party) arising from or in connection with the Services:

37.1 The liability of the KPMG Persons shall be limited to that proportion of the foreseeable loss or damage in accordance with the Civil Code, which is fair and reasonable having regard to the degree of culpability (if any) of (i) You, (ii) any Other Beneficiaries, (iii) any other party also liable or potentially liable to you or to Other Beneficiaries in respect of the same loss or

damage ("**Another Liable Party**" and (iv) the KPMG Persons for the loss or damage concerned (or if that cannot be determined, the extent of their contribution to the loss or damage) (the "**KPMG Proportion**").

37.2 For the purposes of determining the KPMG Proportion

- no account shall be taken of Another Liable Party having ceased to exist, having ceased to be liable, having had imposed an agreed limit on its liability or being impecunious or for other reasons unable to pay
- in any relevant court proceedings brought against us by you or Other Beneficiaries ("**the Claimant**"), on request by us, the Claimant shall join Another Liable Party to any such proceedings against us, unless doing so is prohibited by law and on the basis that, provided that the court determines that the conduct of the Claimant has been reasonable both before the proceedings and during them, we shall not resist an application to the court by the Claimant that we (rather than the Claimant) should bear the stamp duty payable by the Claimant to the court in respect of any such joinder of Another Liable Party to proceedings.

38. We accept the benefit of the limitations in clauses 35, 36 and 37 above on our own behalf and in so doing we confer benefits on each and all other KPMG Persons who may be or might have been involved in delivering the Services.

39. This clause shall apply to claims arising from or under the Services Contract.

39.1 You and Other Beneficiaries shall not bring any claim against any KPMG Person other than the KPMG contracting party in respect of loss or damage suffered by you or by Other Beneficiaries arising out of or in connection with the Services. This restriction shall not operate to limit or exclude the liability of the KPMG contracting party as a corporate body for the acts or omissions of any other KPMG Person involved in delivering the Services.

39.2 Any Beneficiary shall be entitled to submit their claim in an eighteen month limitation period that commences

- upon the delivery of the Services where Services have been delivered
- upon the date of termination when the Services Contract has been terminated
- upon the date on which an unauthorized disclosure took place when the loss or damage is suffered as a result of, arising from or in connection with our

unauthorized disclosure of Confidential Information.

Beneficiaries shall be required to inform us of any claim within the shortest time permitted by the prevailing circumstances. The Beneficiaries shall be liable for any damage that results from late notification.

Such eighteen month limitation period shall be preclusive (i.e. the Beneficiary loses his rights upon expiry of that period).

#### Indemnification

40. If based on a resolution of a court or an authority any third party enforces a claim against us under or in connection with the Services Contract, you shall indemnify us against any loss, damage, expense or obligation incurred by us due to or in connection with such claims and exonerate us from paying any related expense. If you pay any amounts pursuant to this clause 40, you may not request reimbursement from us at any time. In this clause 40 "us" shall include all KPMG Persons and "you" shall include Other Beneficiaries.

#### Termination

##### 41.1. Termination with notice

Any of us has the right to terminate the Services Contract by giving 30 days' prior notice in writing to the other party (in the case of a Services Contract for other than audit, without giving any reason).

##### 41.2. Termination without notice

Any of us has the right to terminate the Services Contract by sending notice in writing to the other party effective as of the day the notice is received, without any termination period, if the other party seriously or continuously breaches any of its obligations pursuant to the Services Contract.

Additionally we are particularly but not exclusively entitled to terminate the Services Contract under the following circumstances:

(i) You or any of your related companies (as defined by the Hungarian Act on Accounting) is under an insolvency procedure or is threatened by insolvency;

(ii) The provision of services threatens or infringes our independence, our rules on conflicts of interest, or is for any other reason incompatible with legal regulations, our professional standards or the internal risk management assessment of KPMG;

(iii) You, or any party responsible for the payment of our Fee, failed to pay our Invoice within 20 days of the due date thereof; or

(iv) Any significant change in Your position and/or circumstances which threatens or renders impossible the fulfilment of the Services Contract by You, or which makes us unable to maintain the Services Contract.

Termination or suspension under this clause 41 shall not affect any rights that may have been acquired by either party before termination or suspension and all sums due to us calculated in accordance with clause 13 shall become payable in full when termination or suspension takes effect.

42. Particularly, the following clauses of these General Terms of Business (Hungary) shall survive termination of the Services Contract: clauses 4, 5, 6, 7, 8, 9, 15, 16, 18, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 50 and 51.

#### Data protection

43. KPMG processes personal data that it becomes aware of or receives in connection with the provision of the Services in accordance and in full compliance with current data protection laws at all times.

As a processor we may process data pursuant to your instructions or the instructions of third parties based on your decision. In such cases, you as controller are fully responsible for the processing of data.

On the other hand, we may process personal data as a controller too. Among other things, in such cases we

(i) ensure our processing complies with the basic principles of data processing outlined in data processing regulations and that we have the right legal basis for this;

(ii) ensure adequate information is given to natural persons as data subjects about the processing of their data;

(iii) ensure that the right technical and organisational measures are in place to avoid unauthorised or unlawful processing and the unintended loss, destruction or damage of personal data; and

(iv) ensure natural persons as data subjects can enjoy their full lawful rights.

However, in such cases we also bear no responsibility for the accuracy, scope or lawfulness of the collection of the data received by us or forwarded to us, or for failure to meet any of your obligations pertaining to processing.

To ensure a more efficient distribution of documents required to fulfil the Services Contract and facilitate a more simple communication between the parties, at our discretion we may use an internet platform developed and maintained by an Infrastructure Provider selected by us ("Platform") for communicating with you. In all cases you shall be obliged to accept and agree to the use of the Platform for the purpose of performing the Services Contract and shall comply with the conditions of the use thereof.

Personal Data collected by KPMG during KPMG engagements is used, retained, processed and stored by KPMG, other KPMG Member Firms, third party service providers or subcontractors providing support services to KPMG for administrative, technological and office/organisational purposes, including client engagement acceptance procedures and updating engagement profiles as well as for the purpose of compliance with applicable laws and regulations or professional standards (including quality performance control). KPMG declares that it possesses all the technical and other guarantees, measures and controls to protect your Personal Data.

If we transfer Personal Data to (i) You as other party acting as a Processor (the "Recipient Party") and/or (ii) we as a Recipient Party acting as a Processor transfer them to another KPMG Member Firm which Recipient Party under (i) or which KPMG Member firm under (ii) is in a territory which in each case does not offer an adequate level of protection as required by (any) relevant National Privacy Law (as applicable) (an "Unregulated Territory"), then the Party shall and shall procure that such other KPMG Member Firm shall abide by, and ensure that any transfers of Personal Data to other KPMG Member Firms located in Unregulated Territories, are conducted in compliance with the provisions of the General Data Protection Regulation and pursuant to appropriate security standards.

Personal data may be shared by us with other KPMG Firms, and may be accessed by other parties who facilitate the administration of our business or support our infrastructure. We shall remain responsible for preserving confidentiality if personal data is shared with KPMG Firms or accessed by such other parties.

KPMG represents that it has technical and other safeguards, measures and controls in place to protect your personal data.

If we process personal data of third (natural) persons ("Data Subjects") in connection with the performance of the Services Contract, including use of the Platform, and/or our Infrastructure Provider acts as controller or processor of such data for similar purposes, you represent and warrant that the Data Subjects will be appropriately informed of such

data processing. You shall be liable for any false, inaccurate or incomplete information provided or any failure to give such information.

44. KPMG may in its sole discretion issue its declarations related to or required for the exercising of its rights and the performance of its obligations based on the Services Contract on paper, signed on behalf of KPMG or, in specific cases, by a natural person ("Paper Statement"), and electronically, with a qualified electronic signature or advanced electronic signature based on a qualified certificate or qualified electronic seal or advanced electronic seal based on a qualified certificate pursuant to Act CXXX of 2016 on the Code of Civil Procedure ("Electronic Statement"). When performing the Services Contract you shall accept both Paper Statements and Electronic Statements. Furthermore, we may meet all our statutory obligations for retaining and archiving statements by electronic means.

#### Notices

45. Any notice to you or us delivered under the Services Contract shall be in writing and sent to or left at our respective addresses appearing in the Engagement Contract (or such other address as may be notified in writing). Notices sent by registered post shall be considered delivered on the day of attempted delivery if the addressee refuses to accept it. If delivery fails because the addressee does not claim the document (it was returned marked "unclaimed"), the document shall be considered delivered on the fifth working day following the day of the second attempted postal delivery.

#### Severability

46. Each clause or term of the Services Contract constitutes a separate and independent provision. If any of the provisions of the Services Contract are judged by any court or authority of competent jurisdiction to be void or unenforceable, the remaining provisions shall continue in full force and effect.

#### Capacity

47. You agree to and accept the provisions of the Services Contract on your own behalf and as representative for Other Beneficiaries. You shall take such steps as may be necessary to ensure that any Other Beneficiaries act on the basis that they are a party to the Services Contract, as if they had each signed a copy of the Engagement Contract and agreed to be bound by it. However, you alone shall be responsible for payment of our Charges.
48. We accept your agreement to and acceptance of the terms of the Services Contract (save for clauses 35, 36 and 37

above) on our own behalf and in so doing we confer benefits on each and all other KPMG Persons.

#### **Opportunities for improvement, complaints**

49. If at any time you would like to discuss with us how our Services to you can be improved or if you have a complaint, we encourage you to speak first to the responsible partner or director, named in the Engagement Contract. If any matter is not resolved to your satisfaction, please contact Elek Votin, our Quality and Risk Management Partner, or István Henye, his Deputy either by sending a letter to our address specified in the Engagement Contract or by sending an email to [elek.votin@kpmg.hu](mailto:elek.votin@kpmg.hu) or [istvan.henye@kpmg.hu](mailto:istvan.henye@kpmg.hu). We aim to investigate matters brought to our attention promptly and to agree a mutually acceptable resolution wherever this is possible.

#### **Applicable law**

50. The Services Contract shall be subject to and governed by Hungarian law. The Civil Code of Hungary (Act V of 2013 and any subsequent amendment or re-enactment of the Act) in effect will apply to all questions not regulated in the Services Contract.

#### **Dispute resolution**

51. If any dispute or claim arises out of or in connection with the Services Contract (a "Dispute") you and we shall use all reasonable endeavours to resolve the matter amicably. All disputes arising from or in connection with the Services Contract, its breach, termination, validity or interpretation, shall be exclusively decided by the competent court as provided by Act CXXX of 2016 on the Code of Civil Procedure in force.



These *Additional Terms: Audit and related services* supplement our General Terms of Business (Hungary) and apply where expressly incorporated in the Engagement Contract.

### Definitions

The meanings of the following words and phrases which are widely used in these *Additional Terms: Audit and related services* shall be as set out below and shall apply whenever used in the Services Contract:

**Company** - The company or other entity whose Financial Statements are to be audited, reviewed or the subject of agreed-upon procedures, or whose non-historical or non-financial information is the subject of another assurance engagement.

**Management** - The directors or other senior management of the Company.

**Audit** - The objective of an Audit is to enable the auditor to express an opinion on whether the Financial Statements and/or the other historical financial information (the "**Financial Statements**") are prepared, in all material respects, in accordance with an applicable financial reporting framework, or where applicable, on whether the Financial Statements give a true and fair view in accordance with the framework.

**Registered Auditor** - The auditor (the audit firm and the individual responsible for the Statutory Audit) appointed by the owners and registered by the Registry Court for the audit of annual Financial Statements prepared in accordance with Hungarian Accounting Law for statutory filing purposes.

**Statutory Audit** - Any Audit required by laws or regulations of Hungary regardless whether the auditor is the Registered Auditor of a Company.

**Review** - The objective of a review engagement is to enable the auditor to state whether, on the basis of procedures which do not provide all the evidence that would be required in an Audit, anything has come to the auditor's attention that causes the auditor to believe that the Financial Statements, taken as a whole, are not prepared, in all material respects, in accordance with an applicable financial reporting framework.

**Other Assurance Engagement** - An engagement in which the auditor expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter other than historical financial information against criteria. There are two types of Other Assurance Engagements: a reasonable assurance engagement and a limited assurance engagement.

*Other reasonable assurance engagement* - The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the auditor's conclusion.

*Other limited assurance engagement* - The objective of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the auditor's conclusion.

**Prospective Financial Information** - Financial information based on assumptions about events that may occur in the future and possible actions by a Company. Prospective Financial Information can be in the form of a forecast, a projection or a combination of both.

*Forecast* - Prospective Financial Information prepared on the basis of assumptions as to future events which management expects to take place and the actions management expects to take as of the date the information is prepared (best-estimate assumptions).

*Projection* - Prospective Financial Information prepared on the basis of (a) hypothetical assumptions about future events and management actions which are not necessarily expected to take place, such as when some entities are in a startup phase or are considering a major change in the nature of operations; or (b) a mixture of best-estimate and hypothetical assumptions.

**Agreed-upon Procedures Engagement** - The objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature to which the auditor and you and any appropriate third parties have agreed and to report on factual findings.

**Primary Services** - Any Audit, Review, Other Assurance Engagement or Agreed-upon Procedures Engagement to be performed by us under the Services Contract.

### Our duties and responsibilities when performing Audits

1. When performing an Audit we shall have a responsibility to report our opinion on the Financial Statements, in the form, and to those persons, specified by applicable law or in the Engagement Contract ("**our Audit Report**"). Circumstances may arise in which a final report may differ from its expected form and content.
2. We shall address in our Audit Report such other matters as may be required by statute or other regulations governing our Audit.
3. Our responsibility shall be to address in our Audit Report the Financial Statements as a whole.
4. We shall conduct our Audit in accordance with Hungarian National Standards on Auditing (the "**Auditing Standards**"). In addition, we may follow regulations, guidelines and recommendations issued by regulatory and professional bodies to the extent relevant. The Auditing Standards require that we comply with relevant ethical requirements.

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 auditors' 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 Auditing Standards 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 the Financial Statements. As part of an audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - If applicable, 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 achieves fair presentation.
5. Because of the inherent limitations of an Audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the Audit is properly planned and performed in accordance with the Auditing Standards.
  6. We are required by Auditing Standards to communicate audit matters of governance interest arising from our Audit with those charged with governance. Those charged with governance include the directors of a Company, or the members of an audit committee where one exists. If the Company has an audit committee, we shall communicate such matters with that committee. If the Company does not have an audit committee, we shall determine the relevant persons who are charged with governance and with whom audit matters of governance interest are to be communicated by us. We shall then communicate such matters with any such person or persons, who may include any of the Management.
  7. We shall conduct our Audit in such a manner as we consider necessary to fulfil our responsibilities as described above and shall include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting system of the Company in order to assess its adequacy as a basis for the preparation of the Financial Statements. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.
  8. The nature and extent of our tests shall vary according to our assessment of the Company's accounting system and the system of internal control, where we wish to place reliance on it, and may cover any aspect of the business operations that we consider appropriate. Our Audit shall not be designed to identify all significant weaknesses in the Company's systems.
  9. Where we address in our Audit Report the consolidated Financial Statements of a group of entities headed by the Company ("**Consolidated Financial Statements**"), we shall make enquiries of the auditors of other entities within the group concerned and review their work to the extent we consider necessary to form our opinion on the Consolidated Financial Statements. Responsibility for the audits of such other entities shall remain with the auditors of the entities concerned. In accordance with Auditing Standards, we shall accept full responsibility for our opinion on the Consolidated Financial Statements. We may be required to give access to our audit working papers for regulatory purposes or because of other statutory obligations. The Public Oversight Authority for Auditors in Hungary may request access through us to audit working papers in relation to other component parts of the Company's group prepared by audit firms outside the European Economic Area (including other KPMG Persons). You shall take all reasonable steps to procure that the Company's foreign components grant

consent, wherever necessary, to enable their auditors to comply with such requests from us.

10. These *Additional Terms: Audit and related services* clarify our responsibilities but shall not be treated as extending or adding to our obligations in accordance with laws or Auditing Standards.

#### Special stipulations for Statutory Audit

11. The Act on the Prevention and Impeding of Money Laundering and Financing of Terrorism currently in effect (and any subsequent amendment or re-enactment of this regulation) (the "Pmt.") requires the auditor responsible for a Statutory Audit to identify its client. The Company is required to provide a declaration to us in accordance with the relevant provisions of the Pmt. and to provide us with the documents listed in the relevant sections of the Pmt. The Company is responsible under the Pmt. for informing us about any changes in this information, within 5 working days following the change.
12. The Pmt. require the auditor to report to the authorities should any information, fact or circumstance suggesting money laundering and the financing of terrorism arise, without notifying the Company or any other party. You acknowledge that fulfilment of this reporting obligation by us cannot be deemed an infringement of confidentiality.
13. Clauses 39.2 of the General Terms of Business (Hungary) shall apply for Statutory Audit with the modification that the period within which a claim may be submitted shall be 60 months commencing on the date of our report.
14. These *Additional Terms: Audit and related services* clarify our responsibilities but shall not be treated as extending or adding to our Statutory Audit obligations.

#### Special stipulations for Statutory Audit conducted by us as the Registered Auditor of the Company

15. As Registered Auditors we have a responsibility under Section 3:129 of Act V of 2013 of the Civil Code (the "Ptk.") to report to the shareholders of the Company (the "Shareholders") whether in our opinion, the statutory Financial Statements give a true and fair view of the financial position and financial performance of the Company and whether they comply with relevant legislation. In arriving at our opinion, we will consider the following matters, and will report by exception on any in respect of which we are not satisfied:
  - whether adequate accounting records have been kept by the Company;
  - whether the Financial Statements are in agreement with the accounting records;

- whether the Financial Statements have been prepared in conformity with applicable laws and appropriate and acceptable accounting standards and principles; and
- whether we have obtained all the information and explanations which we think necessary for the purpose of our Audit.

In addition, we shall have a responsibility to report in the form specified by Hungarian Accounting Law on the business report for the financial year for which the statutory Financial Statements are prepared.

16. Upon becoming aware of the circumstances set out in Section 3:38 (2) of Ptk. the Registered Auditor is required to take the measures stipulated by law including to request that a meeting of the Company's general meeting be called or (as the case may be) to notify the relevant supervisory court. If we have fulfilled our responsibility as the Company's Registered Auditor to request that a meeting be called, we shall not be held responsible by the Company or a third party for any damage resulting from failure of the Company to convene the general meeting or to make the necessary decisions.
17. In addition to clause 41 of the General Terms of Business (Hungary), termination of contract occurs in the following events:
  - We are recalled as the Company's Registered Auditor by the supreme body of the Company. The Company's Registered Auditor must not be recalled because of findings contained in the Auditor's Report or the refusal to express an opinion on the Company's Financial Statements due to a scope limitation on the Audit. We are required to inform the Public Oversight Authority for Auditors about our recall during the term of our appointment and to provide an adequate explanation of the reasons therefore;
  - We resign as Registered Auditors. In such a case we are required to inform the Public Oversight Authority for Auditors about our resignation during the term of our appointment and to provide an adequate explanation of the reasons therefore;
  - Our Registered Auditor mandate expires based on the resolution of the general meeting appointing us.
18. You shall inform us as Registered Auditors of the Company of any material event occurring between the date of our Audit Report and the date of the Annual General Meeting which may affect the statutory Financial Statements.

#### Our duties and responsibilities when performing Reviews

19. We shall conduct our Review in accordance with Hungarian National Standards on Review Engagements (the "Review Standards"). The Review Standards require that we comply with relevant ethical requirements. A Review consists of making inquiries of Management and others within the

Company involved in financial and accounting matters, applying analytical procedures and evaluating the sufficiency and appropriateness of evidence obtained. Performance of review procedures does not, ordinarily, require corroboration of the information obtained. However a Review requires performance of additional procedures when the auditor becomes aware of matters that cause the auditor to believe the Financial Statements as a whole may be materially misstated. The review procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

20. The scope of a Review is substantially less than the scope of an Audit conducted in accordance with Auditing Standards whose objective is the expression of an opinion regarding the financial statements and, accordingly, we shall express no such opinion. Our review report on the Financial Statements ("**our Review Report**") will state that an Audit has not been performed and will expressly disclaim any audit opinion on the Financial Statements.

#### **Our duties and responsibilities when performing Other Assurance Engagements**

21. We shall conduct our Other Assurance Engagement in accordance with Hungarian National Standards on Assurance Engagements. These standards require that we comply with relevant ethical requirements and plan and perform our Other Assurance Engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement. The assurance engagement procedures selected depend on our judgment, including the assessment of the risks of the subject matter information being materially misstated.
22. When performing an *Other limited assurance engagement*, our report on the subject matter will state that the evidence-gathering procedures are more limited than for a *Other reasonable assurance engagement*, and that therefore less assurance is provided than in a *Other reasonable assurance engagement*.
23. When the subject matter of the Other Assurance Engagement is Prospective Financial Information, our report will state:
- whether, based on the examination of the evidence supporting the assumptions, anything has come to our attention which causes us to believe that the assumptions do not provide a reasonable basis for the Prospective Financial Information;
  - whether the Prospective Financial Information is properly prepared on the basis of the assumptions and is presented in accordance with the relevant financial reporting framework; and
  - that actual results are likely to be different from the Prospective Financial Information since anticipated

events frequently do not occur as expected and the variation could be material. Likewise, when the Prospective Financial Information is expressed as a range, we will state that there can be no assurance that actual results will fall within the range.

#### **Our duties and responsibilities when performing Agreed-upon Procedures Engagements**

24. We shall conduct our Agreed-upon Procedures Engagement in accordance with Hungarian National Standards on Related Services 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. This standard requires that we comply with relevant ethical requirements. We will report to you the factual findings resulting from our work. Our report will relate only to the elements, accounts, items or financial and non-financial information specified in our report and will not extend to the Company's Financial Statements taken as a whole.
25. The procedures that we will perform are solely to assist you for the purpose stated in the Engagement Contract. Our report is not to be used for any other purpose and is solely for your information. The sufficiency of the agreed-upon procedures for the stated purpose is solely your responsibility. We do not assume any obligations as to whether the agreed-upon procedures we shall perform are sufficient and appropriate for the stated or any other purpose. Our report on the factual findings of our work will expressly state this.
26. The procedures that we will perform will not constitute an Audit or a Review made in accordance with Auditing Standards or Review Standards and, consequently, no assurance will be expressed. Our report on the factual findings of our work will expressly state this.

#### **Primary Services to be conducted in accordance with instructions of the Principal Auditor**

27. Where the Company's financial information being subject of the Primary Services is prepared for inclusion in the Financial Statements of another Company (including a company that is not registered in Hungary) (the "**Other Company**") whose auditors (the "**Principal Auditors**") have responsibility for reporting on the Audit of the Other Company's Financial Statements (that is, the Company is a "component" of the Other Company as defined in International Standard on Auditing 600) the Primary Services shall be conducted in accordance with the instructions of the Principal Auditors (including the specification by the Principal Auditors of the standards applicable for the Primary Services to be applied). We may communicate directly with the Principal Auditors in response to any reasonable request from those Principal Auditors for information.

#### **Other related services**

28. Other related services are services provided together with a Primary Service which do not form part of the Primary Service. Other related services may include but are not limited to:
- Accounting advisory services such as the provision of guidance relating to accounting regulations and generally accepted accounting principles, and consideration of whether accounting proposed by the Company complies with the applicable financial reporting framework.
  - Translations or proofreading of the Financial Statements or other historical financial information.
29. We shall bear responsibilities only in connection with accounting advice that we have provided to the Company in writing. Accounting advice will be based on the facts and hypotheses disclosed by you to us and on the facts and hypotheses stated in our written advice.
30. The fees for other related services will be based on the actual time spent by us in providing these services, evaluated at our standard hourly rates applicable at the time the work was performed, except for translation services. The fee for translation services will be based on the actual character count on the final target text word count in Word format including spaces, evaluated at our standard rates per character count applicable at the time the work was performed. Fee estimates will be provided upon request. Invoices for other related services will be issued when each service is delivered.
31. In some instances we may need to obtain pre-approval before agreeing to provide Other related services.
- Duties and responsibilities of Management**
32. Management is responsible for ensuring that the Company maintains proper accounting records, for designing, implementing and maintaining an adequate system of internal financial controls and for preparing Financial Statements which comply with the applicable financial reporting framework and are otherwise properly prepared in compliance with any regulatory or other requirements. Management shall be responsible for making available to us all the Company's accounting records and all other records and other information (including the annual report of the Company, which contains the Financial Statements), if any, in time, for informing us in advance of inventory and other physical asset counts so that we may attend these (if we consider this necessary for our work), and for providing us with unrestricted access to Company personnel and other persons who may be able to provide us with audit evidence.
33. Audits and Reviews will be conducted on the basis that Management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:
- For the preparation and, where applicable, the fair presentation of the Financial Statements in accordance with the applicable financial reporting framework;
  - 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; and
  - To provide us with access to all information of which Management is aware that is relevant to the preparation of the Financial Statements such as records, documentation and other matters; additional information that we may request for the purpose of the Audit or Review; and unrestricted access to persons within the Company from whom we determine it necessary to obtain evidence.
34. As part of our normal audit or review procedures we may ask Management and those charged with governance, when applicable, to confirm formally in writing certain matters affecting the Financial Statements, such as those which are significantly dependent on the judgement of Management. We may also rely on information or advice given by persons suitably professionally qualified (whether or not employed by the Company), banks and other regulated entities.
35. When engaged to perform a Statutory Audit as the Registered Auditor of the Company we shall be entitled to attend all general meetings of the Company and to receive notice of all such meetings. When engaged to perform an Audit or Review we shall be entitled to receive copies of all written shareholder resolutions.
36. Our professional responsibilities shall also include considering whether other information in documents containing audited or reviewed Financial Statements is materially consistent with those statements.
37. The responsibility for safeguarding the assets of the Company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with Management. We shall endeavour to plan and perform our Audit or Review so that we have a sufficient expectation of detecting material misstatements in the Financial Statements (including those resulting from fraud, error or non-compliance with law or regulations), but our examination cannot be relied on to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.
38. We shall not perform a detailed examination of tax, social security and customs duty issues, calculations or returns related thereto as part of the Primary Services. Nor shall we provide tax advice as part of the Primary Services. Management is fully responsible for the preparation and submission of complete and correct tax returns by the Company, for the maintenance of appropriate supporting records and for seeking such taxation advice as they deem necessary to account for the tax implications of transactions.

The Hungarian and other relevant tax authorities are entitled to make their own examinations of all returns and underlying documents and may do this some years subsequent to the date of our Audit or Review Report, sometimes seeking amendments, additional tax payable, onerous penalties and interest. Our Audit or Review Report on the Financial Statements is not a representation by us that the Financial Statements or the returns submitted by the Company will not be challenged at a later date, and extra payments required, by any tax authority.

39. You shall inform us of any material event occurring or any material error identified subsequent to the date of our Audit or Review Report which require adjustment or restatement of the audited or reviewed Financial Statements.
40. In case of Other Assurance Engagements the responsibility for the subject matter's compliance with the identified criteria, including the design, implementation and maintenance of an adequate system of internal controls to achieve that rests with Management. When the subject matter of the Other Assurance Engagement is Prospective Financial Information management is responsible for ensuring that the assumptions on which the Prospective Financial Information is prepared provide a reasonable basis for the Prospective Financial Information, and that the Prospective Financial Information is properly prepared on the basis of the assumptions and is presented in accordance with the relevant financial reporting framework.

#### Variations in the scope of our work

41. Fees for Primary Services set out in the Engagement Contract expressed as fixed amounts are agreed by you and us on the understanding that you will fulfil all your obligations under the Services Contract and that all information provided to us with the data content and in the format specified by us will be provided when due, is complete, is accurate, is supported with appropriate explanations and will not require significant adjustment. Should you not fulfill all your obligations set out in the Services Contract then the terms of clause 42 of these Additional Terms: Audit and related services shall apply.
42. If you have not complied with clause 41 of these *Additional Terms: Audit and related services* or should any delays arise from other causes outside our control, we shall have the right to defer completion of the Primary Services until the issues requiring additional work by us are resolved, and shall also have the right to invoice additional fees based on the additional work needed to complete the Services. This includes any accounting advisory services needed to assist you to resolve accounting issues identified during the Primary Services. Any such additional fees shall be determined in accordance with clause 30 of these *Additional Terms: Audit and related services*.

#### Deliverables

43. The fee amounts for the Primary Services set out in the Engagement Contract assume that we will issue our Report in 5 (five) copies or less.

#### Miscellaneous

44. We may retain copies of any and all paper or electronic Company confidential information, obtained from the Company or from third parties for the purpose of performing the Services, to the extent required for compliance with applicable laws, professional standards and the requirements of our internal policies.
45. Should there be any unpaid past-due fees for services provided by us under this Services Contract or by any KPMG Persons under other contracts, we shall have the right to defer issuance of our Report until the settlement of the fees.
46. Our liability is restricted to the addressees of our Report unless such restriction is prohibited by laws and regulations.
47. In the event of expiry or termination of the Services Contract, we shall have your authority to discuss your affairs with our successors, if any, in accordance with professional standards and guidance.

#### Restrictions on reproduction and distribution of our Reports

48. You shall not reproduce our Audit or Review Report separately from the Financial Statements to which it refers. The definitive version of the Financial Statements which we have audited or reviewed shall be that bound together with our Audit or Review Report bearing our original manuscript signature and we shall not be responsible or liable for any errors or inaccuracies appearing in any reproduction in any form or medium.
49. You shall not include the Financial Statements and our Audit or Review Report thereon as part of a publication containing other financial or non financial information without first obtaining our written consent to the inclusion of our Report in that particular publication and context. We shall be entitled to a separate fee for the performance of the additional work required before we provide such written consent.
50. We recognise that Management may be required by law or may wish to publish the Financial Statements together with our Audit or Review Report thereon on the Company's web site or to distribute such material by electronic means, such as e-mail.

Where required to do so by law Management is entitled to publish the Financial Statements together with our Audit or Review Report thereon on the Company's web site. In any other cases Management shall not carry out any electronic publication or distribution without first obtaining our consent, which we shall not unreasonably withhold or delay. We may withhold our consent to the electronic publication or

distribution of our Audit or Review Report if the audited or reviewed Financial Statements or our Audit or Review Report are to be published or distributed in an inappropriate manner. Where we consent we shall, if appropriate, supply an electronic version of our Audit or Review Report suitable for such publication or distribution.

It is and shall remain the responsibility of Management to ensure that any such electronic publication or distribution properly presents the Financial Statements and our Audit or Review Report. Management shall ensure that financial information on the Company's web site distinguishes clearly between financial information that we have audited or reviewed and other information and avoids any inappropriate association.

Management shall retain responsibility for the controls over and the security of the Company's web site and our work shall not extend to any consideration or examination of such matters, which shall be beyond the scope of our Audit or Review of the Financial Statements.

#### **Survival on termination**

51. Particularly, the following clauses of these *Additional Terms: Audit and related services* shall survive expiry or termination of the Services Contract: clauses 9, 14, 17, 18, 37, 38, 40, 41, 44, 46, 47, 48, 49 and 50.

