INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of
LIMITED LIABILITY COMPANY "MEBEL-SERVICE"

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of LIMITED LIABILITY COMPANY "MEBEL-SERVICE" (hereinafter – "the Company"), which comprise the statement of balance sheet (statement of financial position) as at December 31, 2021, income statement (statement of comprehensive income), statement of cash flows (direct method) and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, expect for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statement present fairly, in all material respects, the statement of financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

Basis for Qualified Opinion

As at January 1, 2018 the Company made a transition to IFRS. IFRS 1 "First-time Adoption of International Financial Reporting Standards" provides for the possibility for the Company to measure fixed assets (property, plant and equipment) at their fair value as at the date of transition to IFRS and to use that fair value as its deemed cost at this date.

We didn't obtain sufficient and appropriate audit evidence that the net book value of fixed assets as at January 1, 2018, totaling UAH 206,930 thousand corresponds to the fair value. In this regard, we were not able to determine the impact of this fact on the amount of the Company's fixed assets, which, as of December 31, 2021 and December 31, 2020, were totaling UAH 346,107 thousand and UAH 336,152 thousand respectively, as well as on deferred tax liabilities as of December 31, 2021 and December 31, 2020, respectively, on depreciation and amortization expenses and on income tax expenses for 2021.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, namely: with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (hereinafter - 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 4 to the financial statements, which states that the Russian Federation has launched the invasion of the territory of Ukraine. Military action can have a significant impact on the economic situation in the country, and its consequences cannot be assessed with a sufficient level of predictability. After analyzing the existing internal, economic and military factors of uncertainty, and taking into account their possible impact, the Company's management concluded that the assumption of going concern falls under uncertainty due to military aggression of the Russian Federation against Ukraine. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matter that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to the key audit matters to be communicated in our report.

Inventory accounting. As of the reporting date, the Company's balance sheet accounts for significant inventory balances. In order to comply with the inventory accounting requirements provided by IAS 2 "Inventory", the Company management shall perform estimation of inventory at the end of each reporting period to determine whether the net realizable value of the inventory has not decreased and whether the inventory on the balance sheet is valued at the lower of: the cost or the net realizable value.

Taking into account that this estimation requires that the management develops general approaches and procedures to assess the possible inventory impairment and to implement appropriate controls over the observance of the lower-of-two-values inventory assessment as of the reporting date, we consider this issue to be one of the key audit matters.

We based our approach on assessing the risk of material misstatement to evaluate the need for accumulating reserves for possible inventory impairment on the following:
- verification whether the records of the inventory on the Company's accounts are complete and its actual availability corresponds the accounting data;
- assessment whether any facts of selling the inventory items below their book value exist at the Company;
- analysis of the approaches and procedures used by the Company to estimate the net realizable value;
- assessment whether presentation and disclosures of the inventory in the financial statements are complete.

Assessing allowance for expected credit losses of trade and other account receivables. The Company management's understanding of IFRS 9 "Financial instruments" requirements in the part of assessing the methods and methodology for modeling allowance for expected credit losses needs application of the professional judgment of the Company's staff to determine what is considered to be a significant increase in credit risks, and the use of subjective assumptions in analysing past events, current conditions and economic forecasts.

Taking into account the materiality of trade and other receivables balances on the Company's balance sheet and uncertainty of assessment and judgment used in calculation of allowance for expected credit losses, we considered this as a key audit matter.

Our approach to assessing the risk of material misstatement in the recognition and measurement of allowance for expected credit losses of trade and other account receivables was based on:
- assessments of the compliance with the selected accounting policy;

- analysis of the validity of judgments and estimates used to calculate the probability of default, and the forecast information used to model an allowance for expected credit losses;
- testing the balances of trade and other account receivables on the basis of sampling and alternative recalculation of the amount of the formed allowance on the reporting date;
- assessment of the completeness and reliability of disclosures made in the financial statements and notes thereto.

Other Information

Management of the Company is responsible for other information. The other information comprises:

- The Governance Report, which is prepared by the Company upon the requirement of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" and which is not the financial statements of the Company and does not contain our Independent Auditor's Report thereon. The Governance report is expected to be available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the Governance Report and we do not conclude with any level of assurance on this Governance Report as at the date of this Independent Auditor's Report. In connection with our audit of the financial statements, our responsibility is to read the Governance Report and, in doing so, consider whether there is a material inconsistency between the Governance Report and the financial statements or our knowledge obtained during the audit, or if the Governance Report otherwise appears to be materially misstated. When we read the Governance Report, and if we come to the conclusion that it contains a material misstatement, we will be required to communicate this fact to those charged with governance.

Responsibilities of Management of the Company and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
(the Law of Ukraine "On Audit of Financial statements and Auditing" #2258-VIII dated December, 21 2017)

The information in this section of the Independent Auditor's Report is provided in accordance with paragraphs 3 and 4 of article 14 of the Law of Ukraine "On Audit of Financial Reporting and Auditing", #2258-VIII dated December, 21 2017.

We were appointed to conduct the statutory audit of the financial statements of the Company by the decision of the General Meeting of Shareholders #2 dated October 8,2021; the total duration of the audit engagement without interruption, taking into account the extension of the mandate that took place and reappointments is 2 (two) year.

Audit estimates

Our assertion about identification and our assessments of risks of material misstatement of the financial statements due to fraud or error are set out in the Auditor's Responsibilities for the Audit of the Financial Statements section of this Independent Auditor's Report.

Description and assessment of risks of material misstatement in the financial statements

In planning our audit, we determined that the audit of the Company's financial statements is accompanied by a high audit risk, the components of which are: business risk of the Company and its inherent accounting risk. The information on the assessment of risks of material misstatement in the financial statements due to fraud is provided below in subsection *Main reservations regarding the risks of material misstatement in the financial statements* of this section of our Independent Auditor's Report.

According to our audit estimates, the business risk is that the Company belongs to:
- financial risks inherent in the Company's activities;

- risks associated with the instability of the wood market and the renewable energy market;
- market risks and other risks associated with economic uncertainty, the outcome of which depends on the events that are not under the direct control of the Company.

We identified the accounting risk during the audit as probable in the matters described in the *Key Audit Matter* section of our Independent Auditor's Report.

References to information in the financial statements to describe and assess the risk of material misstatement in the financial statements

The description of business risk is provided in note 2 to the financial statements. The description of accounting risk is given in the Key audit issues section of our report.

Description of the measures taken to resolve the identified risks of material misstatement in the financial statements

Based on the identified and assessed risks of material misstatement in the financial statements, we have performed the following audit procedures:

- increased the level of professional skepticism (ie, increased attention to documentation and the need to confirm explanations or statements of management of the Company);
- appointed appropriate staff to carry out the statutory audit, including the assignment of a second engagement partner and quality control reviewer in accordance with RSM International Audit Manual;
- increased the sample size and the volume of analytical review procedures;
- investigated whether there were significant and / or unusual transactions that took place close to the end of the year and at the beginning of the next year;
- assessed the acceptability of the applied accounting policies and the validity of accounting estimates and relevant disclosures in the financial statements made by management of the Company;
- assessed the appropriateness of the applied accounting policies and the validity of accounting estimates and relevant disclosures in the financial statements made by management of the Company;
- evaluated the overall presentation, structure and content of the financial statements including with the disclosure, as well as whether the financial statements show transactions and events, underlying its preparation, so as to achieve their fair presentation;
- analysed the conclusion regarding the appropriateness of management’s use of the going concern basis of accounting on the basis of the audit evidence obtained. The period of assessment of the going concern covered a period of at least twelve months from the date of approval of the financial statements.

analyzed the information on whether there is significant uncertainty about events or conditions that would cast significant doubt on the Company's ability to continue as a going concern.

Main reservations about the risks of the material misstatement in the financial statements

The main reservation is reservation about the risk of fraud. In planning the audit, in accordance with the requirements of ISA 240, we considered the Company's disposition to fraud, taking into account the business environment, as well as the means and methods of control established and maintained by management, as well as the nature of transactions, assets and liabilities reflected in the accounting.
In planning our audit, we made inquiries to the Company's management about whether they had any knowledge of actual cases of occurred, suspected or alleged fraud that affects the Company. In response to such inquiries, management provided a written assessment of the risk of fraud in the Company, according to which the fraud risk is low.

However, the primary responsibility for prevention and detection of fraud rests with the Company's management, who should not rely on an audit to avoid their responsibilities, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, which may be undetected due to inherent limitations of the audit. The inherent limitations of the audit are set out in the *Auditor's Responsibilities for the Audit of the Financial Statements* section in this Independent Auditor's Report.

Audit effectiveness in terms of detecting violations

According to the results of the audit, we did not identify significant deficiencies in internal control. Some recommendations for accounting in subsequent periods, in addition to the issues that formed the basis for the modification of our Independent Auditor's Report, were below the amounts of overall and performance materiality.

The inherent limitations of the audit are set out in the *Auditor's Responsibilities for the Audit of the Financial Statements* section in this Independent Auditor's Report.

Consistency of Independent Auditor's Report with Additional Report to the Audit Committee

Our Independent Auditor's Report is consistent with the Additional Report to the Audit Committee dated September 2, 2022, which was prepared in response to requirement of article 35 of the Law of Ukraine "On Audit of Financial Reporting and Auditing".

Providing the services prohibited by law and independence of the key audit partner and audit firm from the Company during the audit

We did not provide services to the Company prohibited by law as specified in article 6 of the Law of Ukraine "On Audit of Financial Reporting and Auditing".

The assertion of our independence vis-à-vis the Company, including the key audit partner are set out in *Basis for Qualified Opinion* and *Auditor's Responsibilities for the Audit of the Financial Statements* sections of this Independent Auditor's Report.

Information about other services provided to the Company or its controlled entities, except for statutory audit services

In addition to statutory audit services, information on which is not disclosed in the Governance Report and the financial statements of the Company for 2020, we did not provide other services to the Company

During the period under audit, we did not provide services to companies controlled by the Company.

Explanation of the audit scope and the inherent limitations of the audit

The audit scope is described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of this Independent Auditor's Report.

Due to the inherent limitations of the audit together with the inherent limitations of internal control system, there is an unavoidable risk that some material misstatements may not be detected even if the audit is properly planned and performed in accordance with ISAs.

Basic information about the audit firm:

- *Full name according to statutory documents:* LIMITED LIABILITY COMPANY "RSM UKRAINE";
- *Legal and actual address*: 47, Nyzhnyoyurkivska St., 04080, Ukraine and 37/19, Donetska Str., 03151, Kyiv, respectively;
- *information about including to Register* - registration number 0084 in Register of Auditors and Audit Entities, including in Section "Audit Entities Entitled to Conduct Statutory Audit of Financial

Statements" and in Section "Audit Entities Entitled to Conduct Statutory Audit of Financial Statements of Public Interest Entities".

The key audit partner of the audit resulting in this Independent Auditor's Report is Iryna Khyrna.

Iryna Khyrna
Key audit partner

Registration number in
Register of Auditors and Audit
Entities 100226

37/19, Donetska Str., 03151, Kyiv, Ukraine
September 2, 2022