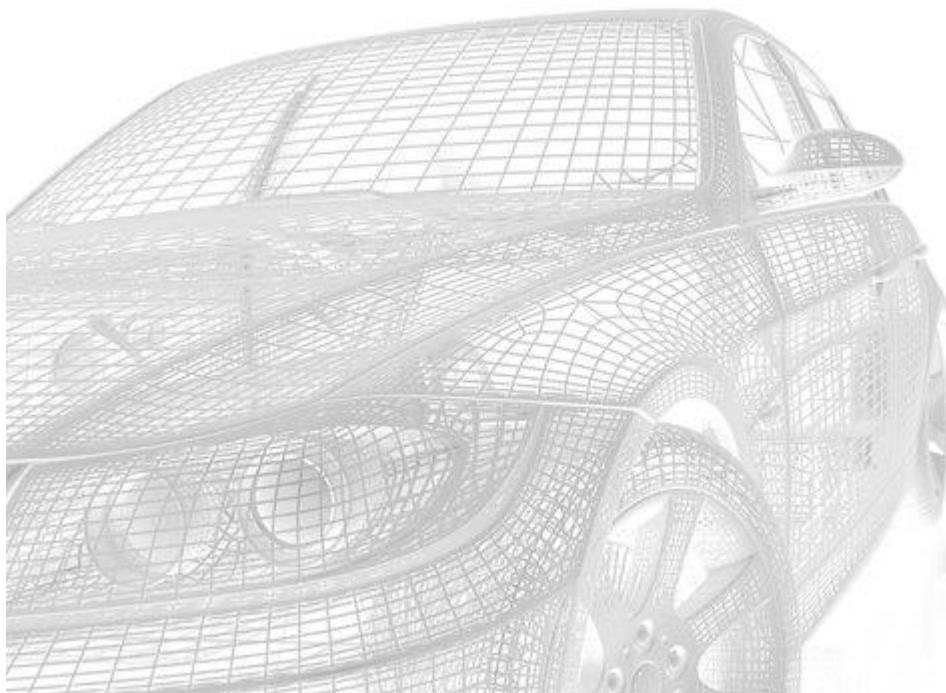


FLASH REPORT ON THE Q1 2021 PERFORMANCE OF THE AUTOWALLIS GROUP

AutoWallis
GROUP

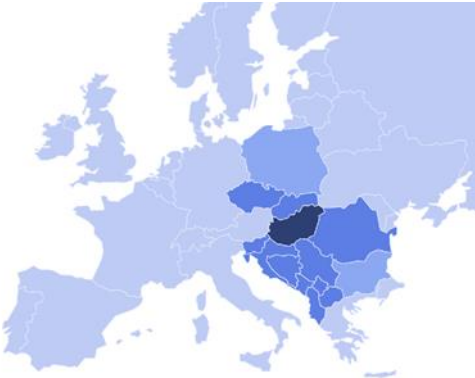


This is the English translation of the Hungarian document. In the event of inconsistency or discrepancy between the English version and any of the other linguistic versions of this publication, the Hungarian language version shall prevail.

FLASH REPORT ON THE Q1 2021 PERFORMANCE OF THE AUTOWALLIS GROUP

Introduction

The objective of AutoWallis Nyrt., whose shares are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX and BUMIX indices, is to become the leading car dealership and mobility service provider and to continuously expand its investment portfolio that focuses on automotive investments through acquisitions while operating as a traditional asset management company adopting a conservative business policy. AutoWallis received an award for "Capital increase of the year" at the Legek 2020 event of the Budapest Stock Exchange.



The AutoWallis Group (which collectively refers to AutoWallis Nyrt. and its subsidiaries, as explained in the Legal summary section) operates in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities and short-term and long-term car rental.

The brands represented by the Group include BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, Ssangyong, Suzuki, Toyota, Saab parts and Sixt rent-a-car, of which BMW and Sixt are dominant players in the premium car market and the car rental market, respectively.



AutoWallis Nyrt. (website: www.autowallis.hu) published its report on its performance in Q1 2021 today. The report contains the unaudited consolidated financial statements for the period ended 31 March 2021 prepared by the Company's management in accordance with the International Financial Reporting Standards (IFRS).

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REPORT ON THE PERFORMANCE OF THE AUTOWALLIS GROUP IN Q1 2021

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Key financial results

- The **sales revenue** of the AutoWallis Group was **HUF 48.7 billion**, exceeding the sales revenue for the comparative period of 2020 by 142% despite the restrictions imposed due to the third wave of COVID-19, partly as a result of the transactions conducted in 2020. The sudden and dramatic decline in the sales revenue of car rental services within the automotive services business due to the COVID-19 pandemic was offset by the improvement in vehicle and parts sales both in the distribution business and the retail & services business. However, the number of rental days was up during the first three months of the year and exceeded the figures for the base period by nearly 43%, with improvement in the number of service hours as well.
- The increase in sales revenue surpassed the growth rate of **COGS**, as a result of which the **profit margin** of the AutoWallis Group **was up from 10.2% to 12.0%** during the first three months of 2021 as the Group was able to increase its prices (partly in response to the unfavourable changes in exchange rates) while observing market needs.
- The **EBITDA**, the indicator that best summarises the results of the AutoWallis Group in the management's opinion, **increased by 188% to HUF 1,465 million** thanks to both organic volume growth and growth through acquisitions, an improvement in the profit margin and disciplined cost management.
- The **balance of financial income and expenses was a loss of HUF 149 million**, which is 79% lower than the amount for last year's comparative period. The reason behind this is that exchange rate loss was exceptionally high in Q1 2020 due to the sudden and significant weakening of the HUF against the Euro, as well as the fact that this effect was not observed in Q1 2021. In addition to the impact of exchange rates, interest expenses were up from the previous year, as a result of the transactions successfully completed in 2020.
- The **overall profit or loss was a profit of HUF 406 million** in Q1 2021, which includes the temporary and one-off effects highlighted above, compared to the loss of HUF 582 million for the same period of 2020.
- Accordingly, earnings per share (**EPS**) for the calendar quarter in question was **HUF 1.15**.

Key operating results

Changes in the market situation

The operation of the AutoWallis Group is not independent from the changing European automotive market as a whole, but when assessing its operations, efficiency, business opportunities and ability to create value, it is important to consider that the region where the Group's actual business is carried out is Central and Eastern Europe. The strategy formulated by the Company also focuses on this region, and this is the specific environment where the Group's experts have gained hands-on and relevant experience.

Despite the fact that the restrictions imposed in response to the COVID-19 pandemic still affected Q1 2021, there was a 3.2% growth in the EU passenger car market in terms of first registrations of new vehicles during the first three months.

The passenger car market of EU and EFTA countries and the United Kingdom expanded by nearly 1% in terms of first registrations of new vehicles in Q1 2021 as a result of the exceptional performance of March compared to March last year (+63%), a month that had already been hit hard by the restrictions in the previous year. Thanks to the outstanding figures recorded in the month of March, the number of first registrations of passenger vehicles was up by almost 27,000 in Q1 compared to the same period of last year.

As a result of the above, demand in EU and EFTA countries and the United Kingdom increased by 0.9% in Q1 2021 from 3,054,035 units to 3,080,751.

At the same time, despite the challenging external environment caused by the prolonged COVID-19 pandemic, the performance of the AutoWallis Group was well above market average in terms of new vehicle sales during Q1 2021: while the average decline in sales in Hungary was 1.5%, AutoWallis recorded a 228% growth in domestic sales compared to the previous year, partly as a result of growth through acquisitions and organic growth.

Starting from Q4 2020, the company has presented its results broken down by its businesses (distribution and retail & services).

New vehicle registrations by country

	January - March		% change	change
	2021	2020		
Austria	63 522	54 680	16,2%	8 842
Belgium	119 237	127 416	-6,4%	-8 179
Bulgaria	5 584	5 927	-5,8%	-343
Croatia	10 468	10 001	4,7%	467
Cyprus	2 699	2 941	-8,2%	-242
Czech Republic	49 534	50 194	-1,3%	-660
Denmark	43 900	48 847	-10,1%	-4 947
Estonia	5 728	5 647	1,4%	81
Finland	27 978	28 272	-1,0%	-294
France	441 791	364 679	21,1%	77 112
Germany	656 452	701 362	-6,4%	-44 910
Greece	23 439	21 390	9,6%	2 049
Hungary	32 194	32 671	-1,5%	-477
Ireland	48 139	49 795	-3,3%	-1 656
Italy	446 978	347 406	28,7%	99 572
Latvia	3 442	3 870	-11,1%	-428
Lithuania	7 614	10 728	-29,0%	-3 114
Luxembourg	12 456	11 912	4,6%	544
Netherlands	80 885	103 203	-21,6%	-22 318
Poland	117 865	107 636	9,5%	10 229
Portugal	31 039	45 282	-31,5%	-14 243
Romania	20 762	27 979	-25,8%	-7 217
Slovakia	15 402	18 996	-18,9%	-3 594
Slovenia	16 291	14 508	12,3%	1 783
Spain	186 061	218 703	-14,9%	-32 642
Sweden	90 870	66 141	37,4%	24 729
European Union	2 560 330	2 480 186	3,2%	80 144
EU14	2 272 747	2 189 088	3,8%	83 659
EU12	287 583	291 098	-1,2%	-3 515
Iceland	2 090	2 482	-15,8%	-392
Norway	36 309	32 358	12,2%	3 951
Switzerland	56 497	55 452	1,9%	1 045
EFTA	94 896	90 292	5,1%	4 604
United Kingdom	425 525	483 557	-12,0%	-58 032
TOTAL (EU + EFTA + United Kingdom)	3 080 751	3 054 035	0,9%	26 716
WESTERN EUROPE (EU14 + EFTA + United Kingdom)	2 793 168	2 762 937	1,1%	30 231

Source: ACEA

The AutoWallis Group improved its vehicle sales by 309.8% in volume terms in Q1 2021, which includes an increase of 382.5% in new vehicle sales for the distribution business and a growth of 238.3% for the retail & services business.

Starting from the beginning of the year, the sale of Opel vehicles brought a substantial change in the distribution business of the AutoWallis Group. As a result of its business transactions and organic growth, the Group sold 4,555 cars during Q1 2021 compared to 944 last year, of which 32.5% was attributable to organic growth during the period.

Within the retail & services business, the number of new and used vehicles sold increased by 238.3% from 496 to 1,678 and from 187 to 434, respectively, a significant part of which was down to the four transactions concluded last year (the acquisition of the Inicial Group and Wallis Kerepesi, as well as the launch of the Jaguar Land Rover dealership in Hungary and the BMW dealership in Ljubljana). It is important to note that, if we exclude these four high-performing dealerships, the number of first registrations still increased by 42% from 705 to 973 compared to the 0.9% growth in the market. The decline in demand for servicing activities due to the restrictions was completely cancelled out thanks to the effect of last year's transactions and, as a result, the number of service hours increased to 29,447 in Q1 2021, which is two and a half times the previous figure.

Within the retail & services business, car rental services were adversely affected by the sudden, significant and probably temporary decline in tourism and business travel as a result of the confinement measures adopted by the government with a view to limiting the spread of COVID-19, and the third wave of the pandemic had an impact during the current period as well. Despite this, the number of rental days recorded by the Group was up by 42.9% (30,320 compared to 21,211) even though the fleet size was 22% smaller, which demonstrates the fact that AutoWallis was able to respond well to the changes in the business environment caused by the COVID-19 lockdown.



Key sales figures

Item	January - March		% change
	2021	2020	
Distribution business			
Number of new vehicles sold (units)	4 555	944	+382,5%
Retail & services business			
Number of new vehicles sold (units)	1 678	496	+238,3%
Number of used vehicles sold (units)	434	187	+132,1%
Total vehicle sales	6 667	1 627	+309,8%
Number of service hours (hours)	29 447	11 655	+152,7%
Fleet size for car rental (units)	421	539	-21,9%
Number of rental transactions (units)	1 862	3 610	-48,4%
Number of rental days (units)	30 320	21 211	+42,9%

* Intra-group sale of 331 vehicles

Source: Q1 2021 Sales Report

The management of the AutoWallis Group managed the challenges posed by the transformed business environment effectively, with a view to the third wave of COVID-19. AutoWallis had an outstanding quarter both in terms of organic growth and completed acquisitions as both the distribution business and the retail & services business performed exceptionally well, exceeding last year's figures by several factors. The services segment is likely to continue

expanding as a result of the economic recovery and the expected boom in tourism, and the number of orders already placed for new vehicles is also promising. However, the temporary chip shortage for certain brands could negatively impact the expected sales figures of subsequent quarters, although these supply issues will likely only cause minor temporal shifts. The effects of the five transactions completed by AutoWallis in 2020 will be fully reflected in the sales figures for 2021 when the results of last year's business development efforts will become visible.

Growth objectives and trends in 2021

The AutoWallis Group is aiming to achieve consolidation in the region and intends to do so through frequent acquisitions and significant organic growth, in line with the strategy¹ published in 2019. In order to work towards this objective, the AutoWallis Group completed five transactions in 2020. These transactions in 2020 were as follows:

1. **acquisition of one of the largest Opel and KIA dealerships in Hungary** (in connection with the transaction, the Issuer acquired Wallis Kerepesi Kft. and K85 Kft. through in-kind contribution),
2. **acquisition of the distribution rights for Jaguar and Land Rover models in Hungary** in April (in connection with the transaction, the Issuer acquired Wallis British Motors Kft. and VCT78 Ingatlanhasznosító Korlátolt Felelősségű Társaság),
3. **acquisition of the largest BMW dealership in Slovenia** (the approvals of the authorities, mainly the Competition Authority, were successfully obtained after the end of Q3 2020, and Wallis Motor Ljubljana d.o.o. was established in connection with the transaction),
4. **acquisition of a business share in Inicial Autóház Kft., a market leader in Western Hungary** selling and servicing seven high-profile car brands (Dacia, Nissan, Opel, Peugeot, Renault, Suzuki and Toyota), and
5. **acquisition of the import rights for Opel vehicles, spare parts, tools and accessories** (including the import rights for Chevrolet spare parts, tools and accessories) **in Croatia, Slovenia, Bosnia and Herzegovina and Hungary** (in connection with the transaction, WAE Kft. acquired WAE HUN Kft., WAE S d.o.o. and WAE C d.o.o., and the Issuer established WAE CEE Kft.).

In November 2020, the Issuer entered into a preliminary agreement on an additional transaction in Slovenia, as a result of which **the Issuer could acquire Avto Aktiv, another significant player in the Slovenian market** (registered office: Ljubljanska cesta 24, 1236 Trzin, Slovenia), which **distributes and services BMW, MINI, Jaguar, Land Rover, Toyota and Suzuki vehicles in four cities.**

As a result of the transactions concluded in 2020, midsize car brands have been added to the product offering to complement premium vehicles, meaning that the AutoWallis Group is now able to target a much wider range of customers, particularly in terms of fleet sales.

¹ http://autowallis.hu/wp-content/uploads/2019/07/AutoWallis_Strategia_20190522.pdf The information presented on the website (other than the information referred to herein) do not form a part of this Flash Report and has not been reviewed or approved by the competent authority.

Issue of shares

In addition to the transactions carried out partly by way of in-kind contribution in 2020, the Board of Directors of AutoWallis resolved to increase the Company's registered capital by issuing new shares in exchange for a cash contribution in accordance with Resolution No. 1/2020 (XII. 9.) of the Board of Directors adopted on 9 December 2020.

As part of the capital increase involving selected institutional investors, a total of 16,501,486 units of new series "C" dematerialised ordinary name shares with a face value of HUF 12.5 and an issue price of HUF 83 each were issued through private placement for a total face value of HUF 206,268,575.

The issue price of HUF 83 per unit of the new shares was determined on the basis of fair market negotiations with the investors and was approximately equal to the average price on the stock exchange for a period of 30 days preceding the date of the binding offer (HUF 82.95 per unit).

On 20 January 2021, the above shares of the Company were created by KELER Zrt. as part of a tap issue and, in its resolution no. 14/2021, Budapesti Értéktőzsde Zrt. (the Budapest Stock Exchange) admitted the shares to trading as of the same date.²

As a result of the above, the registered capital of AutoWallis increased by HUF 206,268,575 from HUF 3,847,652,425 to HUF 4,053,921,000, while the number of ordinary shares increased from 307,812,194 units to 324,313,680 units.

Based on the contract for in-kind contribution signed on 16 March 2021, WALLIS ASSET MANAGEMENT Zártkörűen Működő Részvénytársaság (registered office: 1055 Budapest, Honvéd utca 20., company registration number: 01-10-046529) transferred and assigned its 100% business share ("Business Share") in DALP Szolgáltató Korlátolt Felelősségű Társaság (registered office: 1055 Budapest, Honvéd utca 20.; company registration number: 01-09-931205) to the Issuer in the form of an in-kind contribution. In exchange for the in-kind contribution of the Business Share, the Issuer issued, as part of a capital increase, a total of 15,400,000 (say fifteen million four hundred thousand) units of new series "C" dematerialised ordinary shares with a face value of HUF 12.50 (say twelve forints and fifty fillérs) per share and an issue price of HUF 100 (say one hundred forints) per share, as a result of which the registered capital of AutoWallis Nyrt. increased by HUF 192,500,000 (say one hundred and ninety-two million five hundred thousand forints) from HUF 4,053,921,000 (say four billion fifty-three million nine hundred and twenty-one thousand forints) to HUF 4,246,421,000 (say four billion two hundred and forty-six million four hundred and twenty-one thousand forints), while the remaining amount of HUF 1,347,500,000 (say one billion three hundred and forty-seven million five hundred thousand forints) was transferred to the Company's capital reserve. Through this in-kind contribution, AutoWallis acquired one of the largest and most state-of-the-art BMW dealerships in Central and Eastern Europe, one that boasts unique architectural features. The dealership at Hungária körút 95. selling BMW and MINI vehicles had already been rented by the subsidiary of the group before.

The previous issue of bonds and the above issue of shares are in line with the capital market strategy of AutoWallis, which supports its growth strategy announced in 2019 and confirmed in December 2020 and in which AutoWallis outlined its plan to become the leading car dealership and mobility service provider in the Central and Eastern European region as a consolidation platform and through organic business development.³

² https://bet.hu/newkibdata/128514443/20210120_Rendkivuli%20kozvetetel_Tozsdei%20bevezetes.pdf

³ https://autowallis.hu/wp-content/uploads/2020/12/AutoWallis_2020_tranzakciok_hatasa_20201217.pdf

Stock exchange results

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Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the BUX basket increased by more than 35 per cent. As a result, the weight of the automotive group's shares within the index has been 0.3125% since 22 March, which is the 11th largest percentage share.

In 2021, as part of the BÉT Legek event, the Budapest Stock Exchange handed out awards in 22 categories to capital market players who performed exceptionally well last year despite the unique economic situation. AutoWallis received the award for capital increase of the year from the professional jury of the Budapest Stock Exchange for raising a total of HUF 4.4 billion in capital during 2020, of which shares equalling HUF 3 billion were admitted to trading last year, with the remaining amount of HUF 1.4 billion to follow this year.



MANAGEMENT REPORT AND ANALYSIS OF THE AUTO WALLIS GROUP

Consolidated IFRS income statement

Description	90 days ending on 31st March 2021 (not audited)	91 days ending on 31st March 2020 (not audited)
Revenue	48 708 079	20 151 946
Own performance capitalized	7 027	-
Material used	(825 305)	(554 860)
Services	(2 150 241)	(608 755)
Cost of goods sold	(42 861 175)	(18 096 961)
Personal type expenses	(1 437 311)	(486 880)
Depreciation	(720 235)	(327 527)
Profit of sales	720 839	76 962
Other income	698 601	894 572
Impairment and write off of non-financial assets	(7 713)	(21 762)
Other expenses	(667 432)	(768 278)
Other income and expenses	23 456	104 532
Operating profit	744 295	181 494
Interest income	9 402	2 517
Interest expenses	(70 628)	(18 949)
Lease expenses	(60 568)	(42 875)
Net gain or loss on currency translations	78 604	(650 719)
Other financial income, net	1 631	-
Gain or loss on disposal of equity items	-	-
Impairment and expected credit loss of financial assets	(61 371)	(40 215)
Revaluation gain or loss of financial instruments	(45 628)	44 805
Profit on financial items	(148 558)	(705 435)
Profit before taxes	595 737	(523 941)
Taxation	(184 797)	(67 844)
Net profit	410 940	(591 785)
Other comprehensive gain or loss on translating subsidiaries	(5 143)	9 333
Other comprehensive income from revaluation	-	-
Total comprehensive income	405 797	(582 452)
<i>attributable to shareholders of the parent</i>	373 456	(582 410)
<i>attributable to the non-controlling interest</i>	32 340	(42)
EBITDA	1 464 530	509 021

The **sales revenue** of the AutoWallis Group for Q1 2021 was HUF 48.7 billion, which is HUF 28.6 billion higher than the sales revenue for the comparative period of the previous year, despite the prolonged COVID-19 pandemic. The primary reasons behind the growth in sales revenue included the new businesses launched in 2020 (the Jaguar Land Rover retail business) and the effects of the transactions conducted in 2020 which were already reflected in the figures for Q1 (e.g. acquiring the import rights for Opel vehicles involving four countries and the effect of the Wallis Kerepesi transaction).

Despite the 142% increase in sales revenue, **material costs** were up by a mere 49% in Q1 2021 from the comparative period, the reason being that the significant increase in the volume generated by the distribution business entails a much less considerable increase in material costs in relative terms.

The value of **services used** was *up by 253%* from the comparative period, primarily due to rising logistics costs relating to sales in Hungary, Croatia, Slovenia and Bosnia and Herzegovina in connection with the import of Opel vehicles. Such costs were first recognised in Q1 2021.

The increase in sales revenue surpassed the growth rate of **COGS**, as a result of which the **profit margin** of the AutoWallis Group was **up from 10.2% to 12.0%** during the first three

months of 2021 as the Group was able to increase its prices (partly in response to the unfavourable changes in exchange rates) while observing market needs.

The 195% increase in **personnel-type expenses** was caused by the transactions concluded in 2020 as presented herein, as a result of which average wages were up and the average statistical headcount of the AutoWallis Group increased by 330 to 662 compared to 332 in Q1 2019.

The AutoWallis Group is making increased efforts to ensure the availability of staff and expertise that will support growth and maintaining this will remain a top priority despite the fact that less capacity is required temporarily due to the prolonged pandemic.



The 120% increase in **depreciation** is attributable to the depreciation recognised on the assets newly added to the Group's portfolio in connection with the new transactions.

The HUF 23 million balance of **other income and expenses** includes bonuses paid and received during the current period.

As a result of the above, **operating profit or loss (EBIT)** increased to HUF 744 million during the current period,

which reflects both the outstanding sales figures resulting from organic growth in Q1 and the acquisitions completed in 2020 as well as the results of the continuation of disciplined cost management in Q1 2021.

The balance of **financial income and expenses** in Q1 2021 was a loss of HUF 149 million, the majority of which is attributable to financial expenses associated with interest and leases as part of the normal course of business. The net balance of the gain on exchange rate differences (HUF 79 million) and the loss on financial instruments (HUF 46 million) is a profit of HUF 33 million, including an unrealised exchange rate loss of HUF 69 million. Unrealised exchange rate loss arises from the revaluation of open FX inventory financing credit at the end of the period and future liabilities relating to the acquisition of the import rights for Opel vehicles using the closing exchange rate at the end of the quarter. Contrary to Q1 2020, the exchange rate effect in 2021 was insignificant, thanks to an exchange rate and pricing policy which adequately supports operations. Despite this, in order to ensure comparability across years, we also present how this year's profit is adjusted for this unrealised exchange rate effect and for other one-off but material items.

ADJUSTED profit or loss of the AutoWallis Group

ADJUSTED PROFIT OR LOSS data in thHUF	Q1 2021	2021 ADJUSTED	Q1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Loss from unlawfully appropriated assets		0		-158 322	n/a	158 322
EBITDA	1 464 530	1 464 530	509 021	667 343	+119%	797 187
Adjustment due to unrealised revaluation loss at end of quarter		-68 506		-580 671	n/a	512 165
Financial income and expenses	-148 558	-80 052	-705 435	-124 764	+36%	44 712
PRE-TAX PROFIT	595 737	664 243	-523 941	215 052	+209%	449 191
OVERALL PROFIT OR LOSS	405 797	474 303	-582 452	156 541	+203%	317 762

The **overall profit or loss was a profit of HUF 406 million**, accounting for the temporary and one-off effects highlighted above in accordance with IFRS rules. By filtering out the above one-

off items, the **adjusted overall profit or loss for Q1 2021 would have been a profit of HUF 474 million**, compared to a loss of HUF 582 million and an adjusted profit of HUF 157 million for Q1 2020.

The **EBITDA**, the indicator which best describes the Group's performance, **increased by 188% to HUF 1,465 million** from the comparative period. In Q1 2021, there were no factors to be adjusted for at the level of the EBITDA, which means that the adjusted EBITDA is equal to the EBITDA itself, representing an *increase* of HUF 797 million (+119%) compared to the adjusted EBITDA for Q1 2020.

BUSINESS ENVIRONMENT OF THE AUTOWALLIS GROUP

According to the figures provided by the European Commission, the average GDP decline in the European Union in Q1 2021 was 1.7% (compared to the 2.7% decline registered in Q1 2020). Of the markets in the Central and Eastern European region, the area considered to be the immediate business environment of AutoWallis, the Czech Republic saw a decline of 2.1% and Slovakia recorded a growth of 1.2% during this period⁴. During the first wave, government measures adopted in Hungary were less strict than the EU average.

Hungary's economy was hit hard by the pandemic primarily due to its exposure to highly cyclical industries (tourism and air transportation). In Q1 2021, the Hungarian economy, which accounts for approximately half of AutoWallis' sales revenue, shrank by 2.3% compared to the previous year as the unemployment rate rose to 4.5%⁵.

Based on the most recent prediction of the European Commission, the GDP of the Eurozone is expected to bounce back by 3.8% in 2021 following a decline of 6.8% in 2020.

Expected changes in GDP in neighbouring European countries in 2021 are 3.6% in Slovakia, 3.6% in Austria and 5.9% Romania, while expected changes in GDP in major European countries are 7.2% in the United Kingdom, 2.0% in Germany, 5.1% in France, 6.2% in Spain and 4.3% in Italy.

The new car market in all EU and EFTA countries and the United Kingdom expanded by an average of 0.9% in Q1 2021 compared to the previous year. New car registrations in EU member states increased by an average of 3.2% in Q1 2021 compared to the year 2019, according to ACEA statistics⁶.

Within the major EU markets, there was a decline in new car registrations in both Germany (dropping by 6.4%) and Spain (with a decline of 14.9%). However, the number of registrations was up by 21.1% and 28.7% in France and Italy, respectively. In contrast, sales in the AutoWallis Group's Central and Eastern European markets declined to varying degrees by country, but the rates of decline were typically higher than at international level at 6% on average.



⁴ https://ec.europa.eu/info/sites/default/files/economy-finance/ecfin_forecast_spring_2021_statistical-annex_en.pdf

⁵ <https://www.ksh.hu/>

⁶ ACEA: European Automobile Manufacturers' Association

The low interest rate environment and the ample availability of funds facilitate economic growth throughout the European Union. However, more and more analyses predict inflation and an increase in benchmark interest rates globally (and, as a result, in Hungary as well), but no dramatic changes are expected as yet.

The transition of automotive manufacturing companies to new technologies (production of electric cars) is very costly and the new EU environmental rules, which came into force in 2020, will also place a heavy burden on them. Therefore, the profits of all manufacturers decreased compared to the previous periods, accompanied by a reduction of certain support and subsidies, which the subsidiaries of AutoWallis in the relevant international and domestic distribution business intend to compensate through volume growth.

MARKET TRENDS AND SALES ANALYSES FOR Q1 2021 FOR EACH BUSINESS

Distribution business

As part of its distribution business, the AutoWallis Group is engaged in the distribution of new motor vehicles and parts involving various brands (Opel, Jaguar, Land Rover, SsangYong and Saab) in Central and Eastern European countries (Albania, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia).

Compared to the previous year, the sales of the distribution business of AutoWallis during the year 2021 were up by 382.5% in Q1 2021 in comparison with the previous year, selling a total of 4,555 new cars. Much of this growth was attributable to the launch of the sale of Opel vehicles in four countries (3,304 units), but there was a substantial increase in the sale of existing brands as well (+32.5%).

Number of new vehicles sold (units)

Distribution business	January - March		Vált. %
	2021	2020	
Number of new vehicles sold (units)	4 555	944	+382.5%

Automotive trends in the international markets of the AutoWallis Group

Contrary to the slight average growth in Western Europe, the number of new car registrations in the international markets of the AutoWallis Group stagnated in Q1 2021 compared to the previous year. This, however, is a promising result considering the effects of the COVID-19 pandemic. The total number of first registrations of passenger cars in the region was 274,489, compared to the previous figure of 274,479.

New vehicle registrations in the international markets of AutoWallis

Units	January - March		% change
	2021	2020	
Bosnia and Herzegovina	1 872	1 584	+18,2%
Bulgaria	5 584	5 927	-5,8%
Czech Republic	49 534	50 194	-1,3%
Croatia	10 468	10 001	+4,7%
Poland	117 865	107 636	+9,5%
Hungary	32 194	32 671	-1,5%
Romania	20 762	27 979	-25,8%
Serbia	4 517	4 983	-9,4%
Slovakia	15 402	18 996	-18,9%
Slovenia	16 291	14 508	+12,3%
Total	274 489	274 479	+0,0%

Source: ACEA, Datahouse, Carinfo

Total less Czech Republic	224 955	224 285	+0,3%
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* No market data available

Percentage share of the premium segment in new vehicle registrations by country

Units	January - March		% change
	2021	2020	
Czech Republic	10,8%	9,0%	+20,3%
Croatia	9,9%	10,9%	-9,4%
Hungary	12,9%	11,2%	+15,7%
Romania	12,6%	9,9%	+28,2%
Serbia	13,1%	10,5%	+24,9%
Slovakia	11,5%	9,6%	+19,9%
Slovenia	7,3%	7,5%	-2,2%
Total	6,1%	5,6%	+8,3%

Source: Datahouse

In these markets, the share of the premium segment⁷ is 6.1% of the total passenger car market, which is 8.3% higher than in the previous year.

Performance of the distribution business in Q1 2021

Profit or loss of the distribution business

Distribution business (thHUF)	January - March		% change
	2021	2020	
Sales revenue	28 097 614	10 587 322	+165,4%
COGS	-25 455 793	-10 044 719	+153,4%
Pre-tax profit	303 491	-223 340	-235,9%
<i>Profit margin %</i>	9,4%	5,1%	
<i>Pre-tax profit / Sales revenue %</i>	1,1%	-2,1%	

The sales revenue of the distribution business was up by 165% in 2021 in comparison with the previous year's sales figures as a result of a 382.5% increase in the number of new vehicles sold to 4,555 compared to the figures for Q1 2020. In addition to the organic growth of 32.5% (1,251 units), this extraordinary growth rate is attributable to the launch of Opel sales in four countries as the distribution of this brand alone boosted the number of units sold by 250% (3,304 units). COGS increased at a slower rate than the growth in sales revenue, leading to an increase in the profit margin from



⁷ The following car brands are classified in the premium segment according to industry practices: Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes, MINI, Porsche, Volvo

the comparative period, mainly as a result of the fact that a growth in the sales volume for SsangYong could be achieved despite the reduction of discounts given.

After adjusting for the material one-off items of the AutoWallis Group as presented above, the adjusted pre-tax profit of the distribution business for Q1 2021 was HUF 383 million, with a pre-tax profit/sales revenue ratio of 1.4%, compared to the adjusted pre-tax profit of HUF 301 million and adjusted pre-tax profit/sales revenue ratio of 2.8% for 2020.

Distribution business (thHUF)	Q1 2021	2021 ADJUSTED	Q1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Sales revenue	28 097 614	28 097 614	10 587 322	10 587 322		
COGS	-25 455 793	-25 455 793	-10 044 719	-10 044 719		
Loss from unlawfully appropriated assets		0		0		
EBITDA	609 756	609 756	371 156	371 156	+64%	238 600
Adjustment due to unrealised revaluation loss at end of quarter		-79 600		-523 863		
Pre-tax profit	303 491	383 090	-223 340	300 523	+27%	82 567
<i>Profit margin %</i>	<i>9,4%</i>	<i>9,4%</i>	<i>5,1%</i>	<i>5,1%</i>		
<i>Pre-tax profit / Sales revenue %</i>	<i>1,1%</i>	<i>1,4%</i>	<i>-2,1%</i>	<i>2,8%</i>		

Retail & services business

As part of its retail & services business, the AutoWallis Group is engaged in the sale of newly manufactured and used Isuzu, SsangYong, MINI, Maserati, Opel, KIA, Renault, Dacia, Nissan, Peugeot, Toyota, Suzuki and BMW passenger cars and parts and BMW motorcycles in Hungary and Slovenia.

Vehicle sales

Retail & services business	January - March		% change
	2021	2020	
Number of new vehicles sold (units)	1 678	496	+238,3%
Number of used vehicles sold (units)	434	187	+132,1%
Total vehicle sales	2 112	683	+209,2%

The retail & services business recorded substantial growth in Q1 2021, which is particularly impressive considering that the Hungarian market for passenger cars and small commercial vehicles shrank by 1.5% in the first three months of 2021. The number of new vehicle sales was up by 42% if we exclude the effect of last year's transactions, whereas the effect of the four transactions in the previous year (Iniciál Autóház Kft., Wallis Kerepesi Kft., the launch of Jaguar and Land Rover sales in Hungary and the opening of the BMW dealership in Ljubljana) was a growth of 238% to 1,678 units. Used vehicle sales also produced excellent results as the number of vehicles sold increased by 132% to 434 units compared to the figures for Q1 2020 if we include the effects of the above transactions.

In Q1 2021, the restrictions imposed due to COVID-19 are still limiting growth opportunities in the field of car rental, but positive signs have already been observed: the number of rental days increased by 43% from the same period of the previous year, while capacity utilisation improved as the growth came at a time when fleet size and the number of rental transactions declined by 22% and 48%, respectively. All of this demonstrates that the Issuer responded well to the changes in the business environment caused by the restrictions relating to COVID-19 and restructured its business in a cost-efficient manner.

The rate of organic growth in car sales also exceeded expectations in both businesses. The manufacturing issues caused by the chip shortage had no impact at the end of 2020 and during the first quarter of this year as yet; however, starting from Q2, longer production lead times may result in a restructuring of sales revenue.

Units	January - March		% change
	2021	2020	
Hungary	32 194	32 671	-1,5%
Slovenia	16 291	14 508	+12,3%

Source:ACEA

The AutoWallis Group is present mostly in the premium segment. The share of the premium segment within the total number of first registrations of passenger cars in Hungary increased by 1.8 percentage points in Q1 2021 compared to the previous year.

Units	January - March		% change
	2021	2020	
Hungary	12,9%	11,2%	+1,8%

In Hungary, the premium segment⁸ saw a significant growth of 14.1% during the current period, compared to a decline in the market in general.

New vehicle registrations in the premium segment in Hungary (units)	January - March		% change
	2021	2020	
Mercedes	1 442	1 088	+32,5%
BMW	912	947	-3,7%
Audi	572	520	+10,0%
Volvo	696	636	+9,4%
Lexus	198	231	-14,3%
Mini	104	96	+8,3%
Land Rover	128	34	+276,5%
Porsche	76	69	+10,1%
Jaguar	27	22	+22,7%
Total	4 155	3 643	+14,1%

The BMW Group continues to be among the world's leading premium car manufacturers. As a result of the economic recession caused by the pandemic, the Munich-based group delivered a total of 636,606 new BMW, MINI and Rolls-Royce vehicles worldwide to its clients in Q1 2021, which represents an improvement of 33.5% compared to its performance in Q1 2020 (36.2% for BMW, 16.2% for MINI and 61.8% for Rolls-Royce).

In Europe, despite authorities introducing one major restriction after the other due to the spread of the pandemic and ordering the temporary closure of dealerships, BMW and MINI were able to surpass their sales figures for Q1 2020 by a total of 8.3%.

In Hungary, the market for BMW vehicles declined in Q1 2021, contrary to European trends. Compared to the same period of the previous year, new BMW sales experienced a decline of 3.7%. However, the market for new MINI vehicles managed to record growth (+8.3%).

German premium manufacturers continue to focus on new technologies, including alternative powertrain solutions (with a focus on hybrid and all-electric systems), car-sharing services, self-driving technologies and other automated services (e.g. parking in major cities). The BMW Group announced that it plans to increase the sales of plug-in electric vehicles by 50% in 2021. (192,646 all-electric and plug-in hybrid BMW and MINI vehicles were sold worldwide in 2020, which is 31.8% more than in 2019. In Europe, plug-in electric vehicles make up as much as approximately 15% of total sales revenue.)

⁸ During the full period covered by this Flash Report, the AutoWallis Group sold the BMW and Mini premium brands in Hungary; however, as of 1 April 2020, the Jaguar and Land Rover brands were also added to the product offering.

In a year full of challenges brought about by COVID-19, the AutoWallis Group opened its new Jaguar Land Rover dealership in Budapest. Following its launch in April 2020, the sales figures were as expected, despite the effects of COVID-19.

The period of Q1 2021 had a negative impact on the capacities of our repair shops as several countries reintroduced lockdown measures and catering and accommodation facilities were completely closed down. Car owners used their cars more rarely. There was no sign of the typical ski season, either. Despite temporary difficulties, the group benefited from the conclusion of Brexit negotiations: although its cars were subjected to customs procedures, these did not result in any increase in prices. The Hungarian passenger car market registered a 1.5% decline in Q1 2021, with significant differences across brands. Jaguar and Land Rover performed well, not only in comparison with 2020, but also compared to 2019.

As for the BMW dealership in Ljubljana, which was acquired in October 2020 but was actually opened only in the current period due to the restrictions, we would like to point out that household spending in Slovenia in the previous two months was lower than one year ago, but regained momentum in March and was back at pre-crisis levels. Vehicle sales in January remained at the level observed in December; in February, however, following the reopening of non-food stores, sales increased once again according to preliminary data. On average, the number of new car registrations in Slovenia increased by 12.3% in 2021 compared to the same period of 2020, with premium brands recording an increase of 16.6% in new car registrations in comparison with the same period of the previous year. The Slovenian market for BMW vehicles experienced an increase in Q1 2021 from the previous year. The sales figures for Q1 exceeded the numbers for the same period of the previous year by 18.5%.

Automotive services

The retail & services business of the AutoWallis Group includes servicing activities as well as short-term and long-term car rental services.

The negative economic impact of the confinement measures adopted by the government with a view to limiting the spread of COVID-19 was more pronounced in the case of short-term car rental services. The sudden, significant and, in retrospect, permanent decline in tourism and business travel caused a considerable decline in the car rental business, which was compensated by the reduction and alternative use of the rental fleet (e.g. for courier services) to a smaller extent and, more significantly, by the 43% increase in revenues from long-term company car rental.



Compared to the figures for Q1 2020, the number of service hours was up by 40% if we exclude the effect of the above-mentioned transactions and by 152.7% if these transactions are included.

The fleet size for car rental dropped by 21.9% to 421, while the number of rental transactions fell by 48.4% to 1,862.

Automotive services

	January - March		% change
	2021	2020	
Number of service hours (hours)	29 447	11 655	+152,7%
Fleet size for car rental (units)	421	539	-21,9%
Number of rental transactions (units)	1 862	3 610	-48,4%
Number of rental days (units)	30 320	21 211	+42,9%

During the period in question, AutoWallis carried out servicing activities at five sites in Budapest, four sites around the country (the Inicial Group) and one foreign site (Ljubljana), all of which continuously operate at a high level of capacity utilisation. In line with the resurgence in market demand observed during the period, we pay special attention to retaining existing workforce and are constantly looking to recruit new employees, and we implement the most state-of-the-art technologies that are available.

Obviously, the sharp decline in the number of passengers arriving at Liszt Ferenc Airport after the last week of February 2020 due COVID-19 continued to have a significant impact on the number of rental transactions even in the current period.

Persons	January - March		% change
	2021	2020	
Total	183 416	2 775 390	-93,4%

Source: Budapest Airport, Hungarian Central Statistical Office

In Q1 2021, there was an overall decline of 93.4% in the number of passengers arriving at Liszt Ferenc International Airport compared to the same period of the previous year as the number of rental transactions fell by 48.4%.

Performance of the retail & services business in Q1 2021

Retail & services business (thHUF)	January - March		% change
	2021	2020	
Sales revenue	20 610 466	9 564 624	+115,5%
COGS	-17 405 382	-8 052 243	+116,2%
Pre-tax profit	292 246	-300 601	-197,2%
<i>Profit margin %</i>	15,6%	15,8%	
<i>Pre-tax profit / Sales revenue %</i>	1,4%	-3,1%	

As a result of a growth in volume, the sales revenue of the retail & services business was up by 115.5% in Q1 2021 from the previous year. This is largely explained by the fact that the decline in sales revenue from car rental compared to last year due to COVID-19 was offset by the increase in volume arising from both organic growth and business transactions. The volume growth resulting from the new transactions in 2020 include the sale of vehicles at the Jaguar Land Rover dealership launched last April, as well as the turnover of Wallis Kerepesi and Inicial Autóház in Q1 2021.

The fact that airport services within car rental services were temporarily suspended due to



COVID-19 hampered the profitability of the retail & services business in Q1 2021 as well. As a result, the performance of car rental services continues to be practically missing from the profit figures of this business for Q1 2021.

After adjusting for the material one-off items of the AutoWallis Group as presented above, the adjusted pre-tax profit of the retail & services business for 2021 was HUF 281 million, with a pre-tax profit/sales

revenue ratio of 1.4%, compared to the adjusted pre-tax profit of HUF -95 million and an adjusted pre-tax profit/sales revenue ratio of -1.0% for 2020.

Retail & services business (thHUF)	Q1 2021	2021 ADJUSTED	Q1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Sales revenue	20 610 466	20 610 466	9 564 624	9 564 624		
COGS	-17 405 382	-17 405 382	-8 052 243	-8 052 243		
Loss from unlawfully appropriated assets		0		-158 322		
EBITDA	854 774	854 774	137 865	296 187	+189%	558 587
Adjustment due to unrealised revaluation loss at end of quarter		11 094		-47 760		
Pre-tax profit	292 246	281 153	-300 601	-94 519	-397%	375 672
Profit margin %	15,6%	15,6%	15,8%	15,8%		
Pre-tax profit / Sales revenue %	1,4%	1,4%	-3,1%	-1,0%		

In line with the strategy formulated by the AutoWallis Group, dealerships have immense significance despite their generally lower profitability which is typical for the industry, since the sale of new and used cars serves as the most important customer entry point for the exceptionally profitable service activity of the AutoWallis Group.

OBJECTIVES, PROSPECTS AND STRATEGY OF THE AUTOWALLIS GROUP

The revenues of the AutoWallis Group have been growing dynamically in recent years, and the Company's objective is to expand further in a selective manner.

The AutoWallis Group is engaged in retail, distribution and automotive service activities in a wide range of domestic and international markets. The Company's objective is to capitalise on business opportunities in a changing environment in the automotive industry.

The strategic objective of the AutoWallis Group is to be among the most reliable and prominent distributors, retailers, wholesalers and automotive service providers in the domestic market and regional markets and to generate a sufficient return for its shareholders and its financing entities.



On 22 May 2019, the management of the AutoWallis Group published its five-year strategy and long-term vision which include plans

for doubling the Group's revenue for 2018 during this period. The presentation describing the strategy is available at the following link:

https://www.bet.hu/newkibdata/128229178/AutoWallis_Strategia_20190522.pdf

On 17 December 2020, after successfully closing out six transactions in 2020, AutoWallis reinforced its strategy published the year before and, at the same time, presented the effects of the transactions of 2020 on the year 2021. The presentation is available at the following link:

https://autowallis.hu/wp-content/uploads/2020/12/AutoWallis_2020_tranzakciok_hatasa_20201217.pdf

The AutoWallis Group intends to take advantage of the opportunities afforded by its presence in the public capital market and, therefore, there is a chance of additional funds being raised by public offering in order to seize any favourable opportunities for acquisition, also through the issue of shares and bonds. The shares of the AutoWallis Group are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX, BUMIX, FTSE Micro Cap and FTSE Total-Cap indices.

KEY RESOURCES AND RISKS OF THE AUTOWALLIS GROUP AND RELATED CHANGES AND UNCERTAINTIES

Key resources of the AutoWallis Group:

- The AutoWallis Group owns a stable portfolio of automotive operations developed over the past 26 years which is able to generate cash despite the downturn caused by COVID-19.
- The AutoWallis Group works with stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, OPEL, KIA, Saab, Ssangyong, Dacia, Nissan, Peugeot, Renault, Suzuki, Toyota and Sixt.
- Supported by the 30-year history and capabilities of the Wallis Group, the ultimate owner of AutoWallis⁹, the AutoWallis Group is capable of acquiring new brands and expanding into new markets, as well as undertaking new mobility-related activities, either through acquisitions or by founding new companies and developing existing ones.
- The objective of the AutoWallis Group is to adapt to technological changes and to the shift in customer demand in the automotive industry (currently the most prominent industry segment in the European Union) in a flexible manner, while adopting a conservative investment policy.
- By using a portfolio-based approach, the AutoWallis Group is able to mitigate the cyclical nature of the automotive industry through the combination of various activities that react differently to changes in the market and through diversification.
- The transformation of the mobility industry, including advances in electric cars, the introduction of self-driving vehicles and car sharing, presents further opportunities for growth.
- Rational retail and distribution portfolio size and volume-efficient business operations.

- Coordinated financing and revenue structure.
- The operation of the AutoWallis Group is cost-efficient.

The key risks faced by the AutoWallis Group and the related changes and uncertainties are as follows:

- The COVID-19 pandemic, which emerged from the Chinese province of Hubei in January 2020, has had a significant impact on the automotive industry in China as a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) has had a temporary adverse effect on demand. The shutdown of operations as announced by automakers before the end of March 2020, which was planned to last for a few weeks, may cause a temporary slowdown in supply later on, but as the restrictive measures are lifted and customer activity bounces back, the supply chain is expected to return to normal soon and there are already signs that indicate this. Nonetheless, similarly to the entire corporate sector, the implications of the measures introduced to combat COVID-19 may continue to affect not only car manufacturers, but also other entities in the value chain.
- The manufacturing issues caused by the chip shortage had no impact at the end of 2020 and during the first quarter of this year as yet; however, in subsequent quarters, longer production lead times may result in a restructuring of sales revenue. This is not expected to be regarded as lost revenue for 2021 as customer orders are being placed regardless of whether sales are delayed. However, there is a chance that a long-term chip shortage could negatively impact demand.
- Although the AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its projects, delays or failure in the case of certain projects cannot be completely avoided. In addition, the complexity and organisational restructuring brought about by exceptional growth also result in additional responsibilities in terms of management control and strategic governance.
- The operation, financing and profitability of the AutoWallis Group is indirectly or directly related to the economic processes of Hungary and the countries where the Company's subsidiaries operate. In the event of adverse changes in the macroeconomic position of Hungary and the rest of the countries concerned, or if the growth rate declines and the external and internal balances deteriorate, the AutoWallis Group will be unable to escape the effects of any unfavourable economic processes.
- Technological advancements can significantly affect how the automotive industry operates. Technological development doesn't merely transform the areas where the AutoWallis Group is present: in some cases, it may even cause certain areas to disappear entirely or may substantially reduce their significance.
- The dynamic growth in salaries, the shortage of workforce and the deficiencies of the education and training system in the countries where the AutoWallis Group is present (especially in Hungary) may have an adverse impact on the operation of the AutoWallis Group in terms of both its distribution and service activities. The effects of COVID-19 on the economy have, at least for the time being, halted this trend noticeably.
- The AutoWallis Group intends to implement its business plans partly through its existing business operations and/or by carrying out new development and construction projects and company acquisitions. Although each transaction is preceded by careful planning, there may be unavoidable events relating to the target companies when completing an acquisition which may have a negative impact on the business operations and profitability of the AutoWallis Group.

- Despite the fact that SsangYong Motor Company is undergoing a reorganisation process and its agreement with new investors has not yet been concluded, the management of AutoWallis is of the opinion that there is a high probability that SsangYong's car manufacturing operations may be rescued in some form. As a result, we are still distributing this brand, though with increased caution and international commercial guarantees, and sales are rising.
- Stellantis, a company comprising 14 car brands, announced that it would soon terminate all dealership contracts within the EU (for retail), primarily due to regulatory changes in the industry. This decision also affects AutoWallis' own (Opel) dealerships, but the Group considers this termination to be only a technical issue in terms of its operation. The decision does not affect AutoWallis' 5-year import contracts (for distribution) concluded in 2020.
- In terms of Brexit, if certain agreements between the United Kingdom and non-EU countries where the AutoWallis Group operates are not signed, then this may have adverse implications on demand for certain models imported by the AutoWallis Group due to customs duties which are currently levied or may be levied in the future.

SUSTAINABILITY REPORT

Registered offices and sites of the AutoWallis Group

- WAE Autóforgalmazási és Szolgáltató Kft.: registered office: 2040 Budaörs Szabadság utca 117.
- WAE CEE Distribution Kft.: registered office: 2040 Budaörs Szabadság utca 117.
- WAE Hun Kft.: registered office: 2040 Budaörs Szabadság utca 117.
- WAE S d.o.o.: registered office: Leskoškova cesta 9E, 1000 Ljubljana
- WAE C d.o.o.: registered office: Ulica Damira Tomljanovića – Gavrana 15.
- Wallis Adria d.o.o.: registered office: 10000 Zagreb, Strojarska Cesta 20.
- Wallis British Motors Kft.: registered office: 1095 Budapest, Máriássy utca 5.
- Wallis Motor Duna Autókereskedelmi Kft.: Registered office: 1097 Budapest, Könyves Kálmán krt. 5.
- Wallis Motor Pest Autókereskedelmi Kft.:
 - registered office: 1138 Budapest, Váci út 175.
 - sites: 1140 Budapest, Hungária krt. 95.; 1143 Budapest, Francia út 38.
- Wallis Autókölcsonzó Kereskedelmi és Szolgáltató Kft.: registered office: 1138 Budapest, Váci út 141.
- Iniciál Autóház Kft és ICL Kft.:
 - registered office: 9028 Győr, Külső Veszprémi utca 6.;
 - sites: 9400 Sopron, Balfi út 162.; 9700 Szombathely, Vásártér u. 3.; 9200 Mosonmagyaróvár, Szekeres Richárd u. 17.
- Wallis Kerepesi Kft.: registered office: 1106 Budapest, Kerepesi út 85.
- K85 Kft.: registered office: 1106 Budapest, Kerepesi út 85.
- Wallis Motor Ljubljana d.o.o.: registered office: Celovška cesta 182, 1000 Ljubljana

- VCT78 Ingatlanhasznosító Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- AW Csoport Szolgáltató Kft.: registered office: 1055 Budapest, Honvéd utca 20.

Governance system of the AutoWallis Group

The Company has a Board of Directors in place. The powers of the Board of Directors are regulated in the Company's Statutes, the Rules of Procedure of the Board of Directors and the Corporate Bylaws. Along with its financial statements, the Company also published a document package presenting its corporate governance system.

The Company is managed by a Board of Directors consisting of six members. The Board of Directors elects the Chairman of the Board of Directors from its members itself. The Board of Directors is responsible for any decisions or actions which are not in the exclusive competence of the General Meeting or any other body or person on the basis of a provision of the Civil Code or the Statutes. The Board of Directors develops and manages the Company's work organisation, outlines the Company's business activities and ensures that the business activities are profitable. The employer's rights with respect to the Company's employees are exercised by the Chairman of the Board of Directors and the Chief Executive Officer.

In accordance with the 1/2020 (XI.30) resolution The Board of Directors of AutoWallis Nyrt. in the competence of General Meeting authorises the Board of Directors to repurchase its own shares pursuant to Section 3: 223 (1) and Article 9.27 of the Articles of Association:

- Types of shares that may be acquired: ordinary shares
- Number of shares that may be acquired: the total number of the shares issued in the particular series, not exceeding 25% of the share capital
- Nominal value of the shares that may be acquired: HUF 12.5
- In the case of a purchase with recourse the lowest amount of consideration is the price which is 20% lower than the closing price of the stock exchange on the day which precedes the day of the transaction
- In the case of a purchase with recourse the highest amount of consideration is: the price which is 25% higher than the closing price of the stock exchange on the day preceding the day of the transaction

This authorization also covers the acquisition of a convertible/ transforming bond securing the acquisition of own shares.

The General Meeting of AutoWallis Nyrt. states that the above authorisation is for multiple occasions, or for a maximum period of 18 months, starting on the day following the date of adoption of this resolution by the General Meeting.

In accordance with the 1/2020 (XI.30) resolution the Board of Directors of AutoWallis Nyrt. in the competence of the General Meeting authorises the Board of Directors to increase the share capital of the Company pursuant to Section 3: 294 (1) and Article 11.1 of the Articles of Association:

- The highest amount to which the Board of Directors may increase the share capital of the Company is HUF 6,000,000,000, i.e., six billion Forints.
- The share capital of the Company may be increased by issuing new ordinary shares and/or any type of preferential shares and/or convertible bonds and/or exchangeable bonds and/or any combination thereof.
- The General Meeting also authorises the Board of Directors to or to limit or exclude a pre-emptive subscription right under the Articles of Association.
- The Board of Directors is obliged to list on the stock exchange the new ordinary shares to be issued during the share capital increase.
- Period available for the capital increase: 5 (five) years from the date of the extraordinary General Meeting of the Company of 30 November 2020.
- This authorisation to increase the share capital is renewable and applies to all cases and methods of share capital increase and any combination thereof and may be exercised several times during the above period.



In **Resolution No. 9/2021. (IV. 07.) of the Board of Directors** dated 7 April 2021 and in accordance with Section 9.26 of the Company's Statutes, the Board of Directors of AutoWallis Nyrt., acting in its capacity as the general meeting, granted the Board of Directors a preliminary approval to complete one or more additional bond issues in one or more tranches, subject to the terms set out by the Board of Directors, provided that the principal amount of the bonds that have not yet matured do not exceed HUF 9 billion at any point in time (which includes the bond issue of HUF 7 billion that has already been completed, as well as any additional bond issues).

The Company has a Supervisory Board consisting of five members elected by the General Meeting. The Company has an Audit Committee consisting of five members who are selected from the independent members of the Supervisory Board.

The rules pertaining to the appointment and removal of senior executives and the amendment of the Statutes are included in the Company's Statutes. The Statutes are available at the Company's website: http://autowallis.hu/tarsasagi_dokumentumok/#

The AutoWallis Group and the going concern principle

The AutoWallis Group prepared its business plans for the period following the year 2020, in which the Company's management determined that the Company qualifies as a going concern. After the emergence of the COVID-19 pandemic but prior to the publication of this report, the management reviewed the business plans for the year 2021, on the basis of which

it confirmed that the Company's reserves of cash equivalents are sufficient for covering any foreseeable temporary losses, and so the going concern principle is not violated.

Financial instruments and risk management

The financial risks incurred during the course of operation are analysed by the AutoWallis Group both systematically and by business. The risks analysed include market risks (foreign exchange risk, fair value risk, interest rate risk and price risk), credit risk, payment risk and cash flow interest rate risk. The Group's intention is to minimise the potential effect of these risks. The Group is not involved in financial arrangements serving speculative purposes.

The AutoWallis Group presents its price risk, credit risk, interest rate risk, liquidity risk and cash flow risk (also numerically, if possible) in the consolidated IFRS financial statements of the AutoWallis Group.

Environmental protection

The AutoWallis Group does not carry out any activities which are hazardous or harmful to the environment. It does not use any hazardous materials for its operation. The following types of hazardous waste are generated by the members of the AutoWallis Group and are removed by their contractual partners: spent oil; oil filters; air filters; paint and paint thinner; paint-soaked paper; batteries; tyres; windscreens; brake and clutch parts; plastic parts. Neither the Company nor the subsidiaries carried out any environmental projects or incurred any environmental liabilities.



The employment policy, employee stock option plan and governance program of the AutoWallis Group

The employment policy of the AutoWallis Group focuses on the retention, motivation and development of its employees and, at the same time, recruiting and integrating new employees. The Group believes that the factors which provide the basis for employee loyalty and motivation include a stable workplace, an excellent work environment, complex tasks and a competitive salary. The Group provides opportunities for ongoing professional development in the form of internal and external training courses. Wallis Asset Management Zrt., the majority shareholder of AutoWallis Nyrt., launched an ESO program for the management of AutoWallis Nyrt. and its subsidiaries after the balance sheet date of the semi-annual financial statements, on the basis of which the ESO organisation was founded in September 2019.

Following its successful launch in 2019, AutoWallis decided to extend the ESO program in order to ensure that a select group of employees and managers of the Group remain committed to the growth and profitability of the Group in the long run, thus creating value. Accordingly, AutoWallis approved the 2021 Remuneration Policy launched on 26 April 2021 as part of the Employee Stock Option Program for a duration of 24 months.

Material information

All material information which could materially impact operations outside of the normal course of business was published by the Board of Directors at the places where the documents of AutoWallis Nyrt. are published. The management is not aware of any agreements to indemnify members of the management or employees.

Research and experimental development

The AutoWallis Group is not involved and does not intend to be involved in research and development activities.

EVENTS AFTER THE BALANCE SHEET DATE

Significant events after the balance sheet dates were as follows.

- 1) Acting in its capacity as the general meeting in line with Sections 9 (2) and (5) of Government Decree No. 502/2020 (XI. 16.), the Board of Directors of the Issuer adopted the following resolutions on 7 April 2021:
 - a. **Resolution No. 1/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves its report on the Company's business activity for 2020 and the Company's financial position as set out in the proposal and in accordance with the additions made at the meeting of the Board of Directors.
 - b. **Resolution No. 2/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Supervisory Board's report on the Company's 2020 IFRS financial statements and on the use of the after-tax profit as set out in the proposal.
 - c. **Resolution No. 3/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Audit Committee's report on the Company's 2020 IFRS financial statements and on the use of the after-tax profit as set out in the proposal.
 - d. **Resolution No. 4/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the auditor's report on the audit of the 2020 IFRS financial statements and on the proposal of the Board of Directors regarding the use of the after-tax profit as set out in the annex to the proposal.
 - e. **Resolution No. 5/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Company's 2020 separate IFRS financial statements with a balance sheet total of thHUF 24,274,259, an equity of thHUF 21,056,508 and an overall profit or loss of thHUF 910,530 as set out in the annex to the proposal. The Board of Directors hereby approves the Company's 2020 consolidated IFRS financial statements with a balance sheet total of thHUF 57,762,990, an equity of thHUF 9,177,911 and an overall profit or loss of thHUF -658.135 as set out in the annex to the proposal.

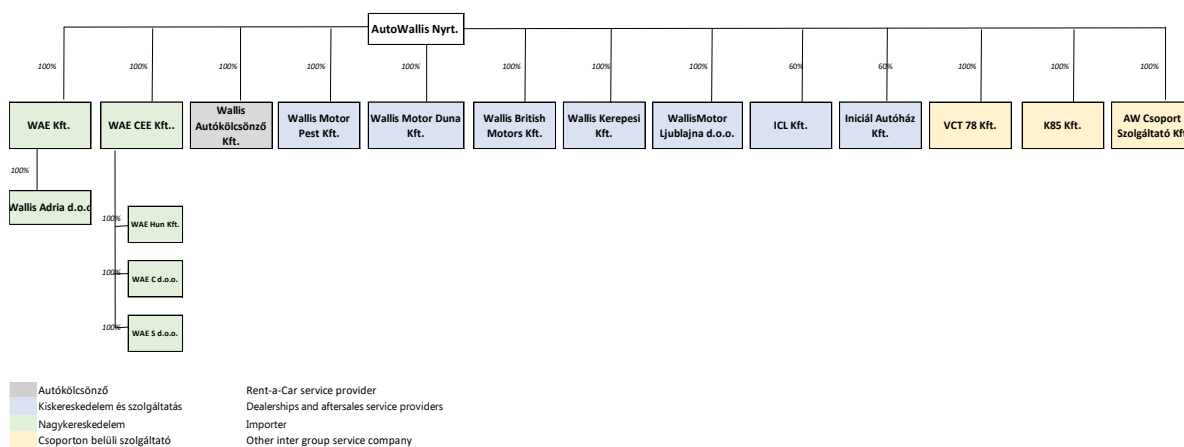
- f. **Resolution No. 6/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby resolves that the Company shall not pay any dividend with regard to financial year 2020, and instead the profit that is not paid as dividend shall be transferred to the profit reserve.
 - g. **Resolution No. 7/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Company's 2020 Corporate Governance Report as set out in the proposal.
 - h. **Resolution No. 8/2021 (IV.07.) of the Board of Directors:** The Board of Directors considers the business and management performance of the Company's Board of Directors for financial year 2020 to be satisfactory and hereby issues the hold-harmless warrant under Section 3:117 (1) of Act V of 2013 on the Civil Code to the members of the Board of Directors.
 - i. **Resolution No. 9/2021 (IV.07.) of the Board of Directors:** In accordance with Section 9.26 of the Company's Statutes, the Board of Directors hereby grants the Board of Directors a preliminary approval to complete one or more additional bond issues in one or more tranches, subject to the terms set out by the Board of Directors, provided that the principal amount of the bonds that have not yet matured do not exceed HUF 25 billion at any point in time (which includes the bond issue of HUF 3 billion that has already been completed, as well as any additional bond issues).
 - j. **Resolution No. 10/2021 (IV.07.) of the Board of Directors:** Having regard to the Audit Committee's proposal, the Board of Directors hereby appoints PricewaterhouseCoopers Könyvvizsgáló Kft. as the Company's auditor for the period from 7 April 2021 until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.
- 2) Once the requirements stipulated in the contract for in-kind contribution were fulfilled, Wallis Asset Management Zrt. contributed its business share in DALP Kft. into the Company on 6 April 2021, in exchange for which the Company issued 15,400,000 new shares. DALP Kft. owns the BMW and MINI dealership and repair shop located at Hungária krt. 95. which is rented by Wallis Motor Pest Kft.
- 3) The Company, as the founder of the AutoWallis Employee Stock Ownership Plan Organisation (registered office: 1055 Budapest, Honvéd utca 20.), approved the remuneration policy entitled "2021 Remuneration Policy" (hereinafter: 2021 Remuneration Policy) on 26 April 2021 as part of the AutoWallis Employee Stock Ownership Plan. In Resolution No. 3/2021 (IV. 26.) of the Board of Directors adopted at its meeting on 26 April 2021, the Board of Directors of the Company established the key terms of the 2021 Remuneration Policy as follows:
- a) The financial instruments that can be acquired as part of the 2021 Remuneration Policy are the series C ordinary shares of AutoWallis Nyrt. with ISIN code HU0000164504 (hereinafter: "Financial Instruments").
 - b) The launch date of the 2021 Remuneration Policy is 26 April 2021.
 - c) The duration of the 2021 Remuneration Policy is 24 months.
 - d) Participation in the 2021 Remuneration Policy is open to certain senior executives and employees of the Company and other entities under the direct or indirect majority control of the Company.
 - e) The budget for the 2021 Remuneration Policy will consist of 700,000 units of Financial Instruments, i.e. this is the total number Financial Instruments that

may be provided to participants, along with any dividend on such Financial Instruments, if the conditions specified in the 2021 Remuneration Policy are met.

LEGAL SUMMARY

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Group structure as at 31 March



Events related to AutoWallis Nyrt. in the period between 1 January 2021 and the date of publication of this Management Report

- Having regard to the Audit Committee's proposal, the Board of Directors hereby appoints PricewaterhouseCoopers Könyvvizsgáló Kft. as the auditor of AutoWallis Nyrt. for the period from 7 April 2021 until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.
- The Board of Directors of AutoWallis Nyrt. approved the draft contract for in-kind contribution relating to the acquisition of 100% of the business share in DALP Szolgáltató Korlátolt Felelősségű Társaság (registered office: 1055 Budapest, Honvéd utca 20.; company registration number: 01-09-931205) In exchange for the in-kind contribution of the Business Share, AutoWallis Nyrt. will issue, as part of a capital increase, a total of 15,400,000 (say fifteen million four hundred thousand) units of new series "C" dematerialised ordinary shares with a face value of HUF 12.50 (say twelve forints and fifty fillérs) per share and an issue price of HUF 100 (say one hundred forints) per share, as a result of which the registered capital of AutoWallis Nyrt. will increase by HUF 192,500,000 (say one hundred and ninety-two million five hundred thousand forints) from HUF 4,053,921,000 (say four billion fifty-three million nine hundred and twenty-one thousand forints) to HUF 4,246,421,000 (say four billion two hundred and forty-six million four hundred and twenty-one thousand forints), while the remaining amount of HUF 1,347,500,000 (say one billion three hundred and forty-seven million five hundred thousand forints) will be transferred to the capital reserve.
- The Board of Directors of AutoWallis Nyrt. approved Ormosy Gábor's report on the dividend payments of subsidiaries with 6 yes votes, 0 no votes and no abstentions.
- The Board of Directors of AutoWallis Nyrt. approved the proposal on the capital increase in Wallis Motor Duna.

Events related to subsidiaries of the Company in the period between 1 January 2021 and the date of publication of this Management Report

WALLIS MOTOR DUNA Autókereskedelmi Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.
- In its decision dated 5 March 2021, the Company changed the joint signatory rights of Deák László Attila and Bonnyai Péter so that Sáreczky Richárd and Deák László Attila now have joint signatory rights and Bonnyai Péter does not.
- In its decision dated 29 March 2021, the Company's Founder resolved to increase the Company's capital by HUF 100,000,000, i.e. one hundred million forints, in cash.

WALLIS MOTOR PEST Autókereskedelmi Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

WAE Autóforgalmazási és Szolgáltató Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.
- On 1 March 2021, the Company's founder resolved to change the Company's registered office and to sign a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

Wallis British Motors Kft. (former name: POLAR PROPERTY Ingatlanfejlesztő, Kereskedelmi és Szolgáltató Kft.)

- The audited financial statements for the financial year ended 31 December 2019 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.

- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

WALLIS AUTÓKÖLCSÖNZŐ Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

Wallis Adria d.o.o.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Croatian Accounting Act and the auditor's report were approved.
- The mandate of the auditor was extended until 31 May 2022.

Wallis Kerepesi Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

Iniciál Kft.

- The members' meeting of the Company approved the financial statements for the financial year ended 31 December 2020 prepared in accordance with the Hungarian Accounting Act, the distribution of the Company's profit for 2020 and its auditor's report.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

ICL Kft.

- The members' meeting of the Company approved the financial statements for the financial year ended 31 December 2020 prepared in accordance with the Hungarian Accounting Act, the distribution of the Company's profit for 2020 and its auditor's report.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

K85 Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- The mandate of the auditor was extended until 31 May 2022.

WAE CEE Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- PricewaterhouseCoopers Könyvvizsgáló Kft. was elected as its auditor until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.
- On 1 March 2021, the Company's founder resolved to change the Company's registered office and to sign a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

WAE Hun Kft.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report were approved.
- The mandate of the auditor was extended until 31 May 2022.
- On 1 March 2021, the Company's founder resolved to change the Company's registered office and to sign a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

WAE C d.o.o.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Croatian Accounting Act and the auditor's report were approved.
- The mandate of the auditor was extended until 31 May 2022.

WAE S d.o.o.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Slovenian Accounting Act and the auditor's report were approved.

Wallis Motor Ljubljana d.o.o.

- The audited financial statements for the financial year ended 31 December 2020 prepared in accordance with the provisions of the Slovenian Accounting Act and the auditor's report were approved.

Statements of the Company as issuer

On behalf of AutoWallis Nyrt., we, the undersigned authorised signatories and representatives hereby declare that the Company assumes full responsibility for the fact that, to the best of our knowledge, the consolidated Management Report published by AutoWallis Nyrt. for the financial year 2020 was prepared in accordance with the applicable accounting standards, that it gives a true and fair view of the earnings, financial position and the realized results of the Company (issuer) and the companies included in the consolidation (the AutoWallis Group), as well as the position, development and performance of the Company and the AutoWallis Group, and describes the key risks and uncertainties.

Furthermore, the Company declares that the data included in this Management Report have not been audited.

Budapest, 26 May 2021

On behalf of AutoWallis Nyrt.:

Ormosy Gábor
Chief Executive Officer, Member of the
Board of Directors

Székely Gábor
Member of the Board of Directors

On behalf of the Board of Directors of AutoWallis Nyrt.

Consolidated Interim Financial Statements



Public Limited Liability Company and its consolidated subsidiaries in accordance
with IAS 34

for the interim period ended on 31st March 2021

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Disclaimer!

This is the English translation of the Hungarian document. In the event of inconsistency or discrepancy between the Hungarian version and the English version of this document, the Hungarian language version shall prevail.

Abbreviations:

AB	Audit Committee
BÉT	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash generating unit
Group	AutoWallis Nyrt. and consolidated subsidiaries
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPS	Earnings per share
kHUF	thousand forints
FB	Steering Committee
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IFRIC/SIC	Interpretations to IFRS
IFRS/IAS	International Financial Reporting Standards / International Accounting Standards
IG	Board of Directors
MHUF	million forints
NCI	non-controlling interest
Company	AutoWallis Nyrt.

Amounts in parentheses are negative figures.

I. Consolidated statement of comprehensive income

Description		90 days ending on 31st March 2021 (not audited)	91 days ending on 31st March 2020 (not audited)
Revenue		48 708 079	20 151 946
Own performance capitalized		7 027	-
Material used		(825 305)	(554 860)
Services		(2 150 241)	(608 755)
Cost of goods sold		(42 861 175)	(18 096 961)
Personal type expenses		(1 437 311)	(486 880)
Depreciation		(720 235)	(327 527)
Profit of sales		720 839	76 962
Other income		698 601	894 572
Impairment and write off of non-financial assets		(7 713)	(21 762)
Other expenses		(667 432)	(768 278)
Other income and expenses		23 456	104 532
Operating profit		744 295	181 494
Interest income		9 402	2 517
Interest expenses		(70 628)	(18 949)
Lease expenses		(60 568)	(42 875)
Net gain or loss on currency translations		78 604	(650 719)
Other financial income, net		1 631	-
Gain or loss on disposal of equity items		-	-
Impairment and expected credit loss of financial assets		(61 371)	(40 215)
Revaluation gain or loss of financial instruments		(45 628)	44 805
Profit on financial items		(148 558)	(705 435)
Profit before taxes		595 737	(523 941)
Taxation		(184 797)	(67 844)
Net profit		410 940	(591 785)
Other comprehensive gain or loss on translating subsidiaries		(5 143)	9 333
Other comprehensive income from revaluation		-	-
Total comprehensive income		405 797	(582 452)
<i>attributable to shareholders of the parent</i>		373 456	(582 410)
<i>attributable to the non-controlling interest</i>		32 340	(42)
EBITDA		1 464 530	509 021

II. Consolidated statement of financial position (balance sheet)

Description		31st March 2021 (not audited)	31st December 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment		7 542 064	7 600 682
Assets held for operating leases		1 679 782	1 833 469
Right-of-use assets		7 640 668	7 657 595
Goodwill		898 738	898 738
Rights and similar assets		3 581 855	3 752 964
Deferred tax assets		4 938	13 241
Equity instruments		2 200	2 200
Non-current assets total:		21 350 245	21 758 889
Current assets			
Goods		24 094 174	22 245 246
Other inventories		61 999	70 628
Account receivables		8 404 880	4 477 784
Income tax receivables		230 251	155 374
Loan receivables		35	35
Prepaid expenses and accrued income		2 516 064	2 063 095
Other receivables		3 930 792	1 842 984
Other financial assets		27 257	72 885
Cash and cash equivalents		11 520 982	5 076 070
Current assets total:		50 786 433	36 004 101
Assets total		72 136 678	57 762 990

(Continued on next page.)

Interim financial statements of
AutoWallis Nyrt. and consolidated subsidiaries

Description		31st March 2021 (not audited)	31st December 2020 (audited, represented)*
Equity and liabilities			
Issued capital (legal parent)		4 053 921	4 053 921
Share premium		3 810 598	3 810 598
Treasury shares		(798 700)	(798 700)
Accumulated translation difference		35 160	40 303
Retained earnings		1 384 712	1 006 112
Equity attributable to the shareholder of the parent		8 485 690	8 112 233
Non-controlling interest		930 018	1 065 678
Equity:		9 415 708	9 177 911
Long term liabilities (interest bearing)			
Long term debentures		3 041 552	3 041 552
Long term loans		1 252 352	1 534 354
Lease liabilities		7 389 033	7 536 663
Long term liabilities (non-interest bearing)			-
Deferred tax liabilities		124 038	116 494
Provisions		81 683	86 023
Other long term liabilities (non-interest bearing)		2 432 864	3 223 145
Long term liabilities:		14 321 521	15 538 231
Short term liabilities (interest bearing)			
Short term loans		12 466 086	10 000 568
Lease liabilities		1 309 909	2 131 859
Short term liabilities (non-interest bearing)			
Advance payment received from customers		2 840 918	2 536 615
Account payables		25 231 035	15 625 306
Income tax payable		149 690	59 438
Other taxes payable		1 495 779	613 870
Provisions		47 486	43 438
Accrued expenses and deferred income		2 578 745	1 180 422
Other short term liabilities (non-interest bearing)		2 279 801	855 331
Short term liabilities:		48 399 450	33 046 848
Liabilities:		62 720 970	48 585 079
Equity and liabilities:		72 136 678	57 762 990

* The presentation of receivables and liabilities have been changed.
The changes are shown in Paragraph VI. of Notes.

III. Consolidated statement of changes in equity

	Issued capital (legal parent)	Share premium	Reverse acquisition reserve	Treasury shares	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parent	Non-controlling interest	Total equity
1st January 2020.	3 383 268	-	-	-	19 107	1 702 971	5 105 346	-	5 105 346
Total comprehensive income for the first quarter of 2020	-	-	-	-	9 333	(591 744)	(582 411)	(42)	(582 452)
Acquisition of ICL	-	-	-	-	-	-	-	19 998	19 998
31st March 2020.	3 383 268	-	-	-	28 440	1 111 228	4 522 935	19 956	4 542 892
Total comprehensive income for the rest of 2020	-	-	-	-	11 863	(105 116)	(93 253)	17 570	(75 682)
Issue of new shares	670 654	3 810 598	-	-	-	-	3 682 551	-	3 682 551
Acquisition of Treasury shares	-	-	-	(798 700)	-	-	-	-	-
Acquisition of Inicial	-	-	-	-	-	-	-	1 028 151	1 028 151
31st December 2020.	4 053 921	3 810 598	-	(798 700)	40 303	1 006 112	8 112 233	1 065 678	9 177 911
Total comprehensive income for the first quarter of 2021	-	-	-	-	(5 143)	378 600	373 456	32 340	405 797
Distribution to non-controlling interests	-	-	-	-	-	-	-	(168 000)	(168 000)
31st March 2021.	4 053 921	3 810 598	-	(798 700)	35 160	1 384 712	8 485 690	930 018	9 415 708

IV. Consolidated statement of cash flows

Description	90 days ending on 31st March 2021 (not audited)	91 days ending on 31st March 2020 (not audited)
Profit before taxes	595 737	(523 941)
Depreciation, amortization	720 235	327 527
Impairment and reversal of impairment	56 199	35 437
Recognition and derecognition of provision	(291)	(5 401)
Other non-cash items	(335 611)	(355 249)
Gain or loss sale of property, plant and equipment	(27 553)	(104 030)
	1 008 715	(625 656)
Changes in inventory	(1 993 608)	(4 236 528)
Changes in account receivables	(3 972 305)	(2 807 404)
Changes in other receivables	(2 541 646)	720 344
Changes in loan receivables and debt instruments	45 628	(44 805)
Changes in short term loans financing current assets	2 483 539	(1 280 428)
Changes in advances received from customers	304 302	438 886
Changes in account payables	9 605 729	8 514 245
Changes in other payables	2 914 421	(193 596)
Changes in the net current assets	6 846 062	1 110 715
Income taxes paid	(153 574)	(72 539)
Cash generated in operation	7 701 202	412 519
Acquisition of PPE and intangible assets	(29 574)	(345 574)
Proceeds from sale of PPE and intangible assets	321 118	680 024
Acquisition of subsidiaries, less cash received	-	19 958
Acquisition of subsidiaries through repurchase of treasury shares	-	(28 835)
Cash generated from investing activities	291 544	325 572
Dividends paid	(168 000)	-
Loan taken	581 750	460 314
Loan paid back	(881 774)	(354 448)
Lease repayment	(1 076 520)	(268 041)
Cash used in financing	(1 544 545)	(162 175)
Expected credit loss of cash and cash equivalents	(3 289)	(211)
Changes in cash and cash equivalents	6 444 912	575 705
Opening cash and cash equivalent balance	5 076 070	1 890 714
Closing cash and cash equivalent balance	11 520 982	2 466 419

V. The basis of the preparation of the financial statements

These interim financial statements were prepared following IAS 34 *Interim financial statements*; therefore, they do not include all information required by IAS 1 *Presentation of the financial statements*. These interim financial statements should be read and interpreted together with the financial statements published for the year ending on 31st December 2020. (hereinafter: last full financial statements).

VI. Accounting policies and changing standards

The accounting policies used by the Group for the current period are identical to those used for the financial statements for the year ended on 31st December 2020, except for the change in the presentation below.

Changes in separation and presentation of liabilities

The Group changed the presentation of its' liabilities from 2021 - following the significant change in its size and financing structure because the Group is convinced that this will significantly improve the quality and clarity of the financial statements [IAS 1.55]. The new presentation clearly separates the liabilities that interest-bearing and the liabilities, which are non-interest bearing. On this basis, additional liabilities were identified. In addition to the separation, the Group has decided to place additional subtotals in the balance sheet to present the amount of interest bearing and non-interest bearing liabilities, because this is relevant information according to the experience of the Group.

For comparability, it presents the change in structure retroactively (for the previous business year).

Simultaneously with the re-presentation, the Group also adjusts the classification of its liabilities reported at the end of 2020, because classifications of some items need to be clarified, as during the categorization of certain balances a part of the content did not match the specific classification. It did not alter the total sum of liabilities and did not cause any change or movement between the categories of short and long-term liabilities affected by the clarification.

The effect of the re-presentation is shown in the following table:

Category	31st December 2020 (published)	Reclassification	31st December 2020 (redesign)
Other receivables	3 906 080	-	1 842 984
Prepaid expenses and accrued income		2 063 095	2 063 095
Effect of reclassification	3 906 080	-	3 906 080
Long term loans	4 575 906	-	1 534 354
Long term debentures		3 041 552	3 041 552
Effect of reclassification (long term liabilities)	4 575 906	-	4 575 906
Other short term liabilities	2 649 624	-	-
Other taxes payable		613 870	613 870
Accrued expenses and deferred income		1 180 422	1 180 422
Other short term liabilities (non-interest bearing)		855 331	855 331
Effect of reclassification (short term liabilities)	2 649 624	-	2 649 624

New accounting policies – changes in the standards

The following amendments of standards were issued by the International Financial Standard Board or the International Financial Standard Interpretation Committee in 2021:

- IFRS 16: extending the practical relief regarding COVID-19-related rent concessions;
- Disclosure of Accounting Policies (amendment to IAS 1 and IFRS PS 2);
- IAS 8: Definition of Accounting Estimates;
- ISA 12: Deferred Tax on Assets and Liabilities Arising from a Single Transaction.

The above amendments will all take effect in 2023, except for extending the practical relief regarding COVID-19-related rent concessions, which are immediately applicable.

The Group does not expect any changes to have a substantial impact on the financial statements.

Information in other documents

IAS 34 permits disclosing required information in communications other than the interim financial statements if it makes it available to the public and if it appropriately cross-references the information. The Group elects to use this simplification since unneeded repetition may be avoided using the method and the Group is convinced that it will enhance clarity.

VII. Changes in the Group structure in the first quarter of 2021

There were no changes in the Group structure in the first quarter of 2021. The Group carried out a capital increase of 100 000 kHUF in the Wallis Duna Pest Kft. during the quarter. The effect of capital increase had to be eliminated in the consolidated financial statements.

VIII. Presentation of the interim financial statements, fair value disclosures and selected explanatory information

The financial statements for the period is presented in the same structure as in the last annual financial statements, so the statements are not condensed. The segment report was prepared in identical structure with the yearend report. A selected explanatory note is prepared when the Group concludes that the information is regarding a material transaction or IAS 34 explicitly requires the disclosure.

IAS 34 requires disclosing information about the measurement of fair values. The Group does not have any material balances that was required to be measured at fair value. The only item is a derivative coming from a FOREX transaction which is measured as level 3. In the disclosures all other fair value disclosers are at level 3, unless otherwise stated.

The full-time equivalent headcount of the Group is 663 persons in the reported period, in the last comparative period it was 336.

The EPS of the Group – based on net profit – is the following (values in kHUF, except for the EPS, which is HUF/share):

	First quarter of 2021	First quarter of 2020
Profit attributable to the ordinary shareholders of the parent	373 456	(582 410)
Number of shares outstanding	324 313 680	270 261 400
EPS (basic, HUF/share)	1,15	(2,15)
EPS (diluted, HUF/share)	1,15	(2,15)

The activity of the Group is partially seasonal. The turnover in vehicle trading is usually shows higher activity in the III. and IV. quarter. Thus, the performance of the Group is expected to be bigger in the second half of the year.

IX. Operating segments

The operating segments were presented based on the performance evaluation logic of the management. The segmenting is based on the business plans and they can be separated from each other. There are no material intersegment transactions. The management of the Group identified the following segments:

- wholesale segment;
- retail segment.

The Group changed its segmentation approach at the end of 2020 due to a significant change in the Group's operations. The Group also revised the values of comparative period.

The segment revenue was the following for the reported period:

	Wholesale segment	Retail segment	Total
Segment revenue of the first quarter of 2021	28 097 614	20 610 466	48 708 079
Segment revenue of the first quarter of 2020*	10 587 322	9 564 624	20 151 946

**Re-presented due to segment redesign*

The management of the Group allocated the profit of the segments as follows:

First quarter of 2021	Wholesale segment	Retail segment	Total
Segment revenue	28 097 614	20 610 466	48 708 079
Segment expenses	(27 794 123)	(20 318 219)	(48 112 342)
Segment profit before taxes	303 491	292 246	595 737
Profit not allocated to segments			-
Profit before taxes			595 737

The values for the comparative period:

First quarter of 2020*	Wholesale segment	Retail segment	Total
Segment revenue	10 587 322	9 564 624	20 151 946
Segment expenses	(10 810 662)	(9 865 225)	(20 675 887)
Segment profit before taxes	(223 340)	(300 601)	(523 941)
Profit not allocated to segments			-
Profit before taxes			(523 941)

**Re-presented due to segment redesign*

X. Significant events in the reported period (2021 first quarter) and their effect on the financial statements

The events of the reported period is detailed in the management commentary section. The significant events in the past period – together with their effect on the financial statements – are the following:

- The legal parent of the Group contributed additional issued capital to Wallis Motor Duna Kft. in the amount of 100 000 kHUF during the first quarter of 2021. The effect of this contribution had to be eliminated in the consolidated financial statements.
- A criminal proceeding is in process during the period, which is related to the misuse of a significant amount of inventory and which certain subsidiaries of the Group are victims of. There were no substantive developments in the case in this quarter.
- The Board of Directors – based on article 9.26. of the Articles of Associations of the legal parent - approved in advance that the Board of Directors – may carry out additional bond issue(s) in one or more installments, on the condition that the debt from those capital originations and from the current non-expired bonds cannot exceed the total sum of 25 billion HUF – including the 3 billion HUF worth of issued bonds and other previously issued debentures.

The further discussion of these events is presented in the management commentary. Furthermore, the Group discloses the corporate events separately, so those are omitted in this document.

XI. Events after the end of the interim reporting period, significant ongoing matters

The following significant events occurred between the reporting date of the interim financial statements and the date when these financial statements were authorized for issue:

- After fulfilling the preconditions specified in the contribution agreement the Wallis Asset Management Zrt. contributed its business share of DALP Kft. to the Company on 6th on April 2021., in return the Company will issue 15 400 000 new shares. The DALP Kft. owns the car showroom and service at 95. Hungária krt. which is leased by Wallis Motor Pest Kft.

XII. Disclosure related to the Covid19 pandemic

The corona virus pandemic changed the social and economic environment substantially in 2020. The Group was able to deal with the challenges of the first wave of the pandemic appropriately and also got ready for the challenges of the second wave. The cost cutting actions contributed to the desired level of stability, but also provided opportunities to further development and additional businesses.

The Group prepared its operating plan for 2021 in which the effects of Covid 19 were included.

The management of the Group still believes that the positioning of AutoWallis Nyrt. is appropriate and its financial performance is adequate, which was also underpinned by the favorable rating modification of Scope Rating in November 2020 (B+ rating with positive outlook). The going concern of the Group is continuously maintained and the management of the Group does not expect any material decline in the activities.

XIII. Selected information from the separate financial statement of the legal parent (AutoWallis Nyrt.)

The Group – due to its certain legal requirements – publishes selected information from the separate financial statements of the legal parent. Selected information from the financial statements of the legal parent (kHUF):

	Legal parent 31st March 2021 or 90 days ending on 31st March 2021 (kHUF)
Non-current assets	22 204 641
Current assets	2 408 495
Long term liabilities	3 041 552
Short term liabilities	228 823
Equity	21 342 760
Total assets	24 613 135
Revenue	-
Profit before taxes	286 956

XIV. Authorization to issue the financial statements, other statements of the issuer

These interim financial statements were discussed and authorized for issue on the 26th of May 2021 by the Board of Management.

The Company declares that its consolidated Interim Financial Statements for the period ending on 31st March 2021 were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, based on the Company's best knowledge, providing a true and fair view of the assets, liabilities, financial situation as well as of the profit and loss of the Company as an issuer and of its consolidated subsidiaries.

The Company also declares that its consolidated Interim Financial Statements for the period ending on 31st March 2021 provides a fair view of the situation, development and performance of the issuer and the enterprises included in the consolidation, outlining the main risks and uncertainties likely to arise in the rest of the financial year.

The Company declares that the data in this interim financial statement have not been audited by an independent auditor.

at Budapest, on 26 th May 2021.

ORMOSY, Gábor
CEO, member of the board

SZÉKELY, Gábor
member of the board

representing the Board of Directors of AutoWallis Nyrt.