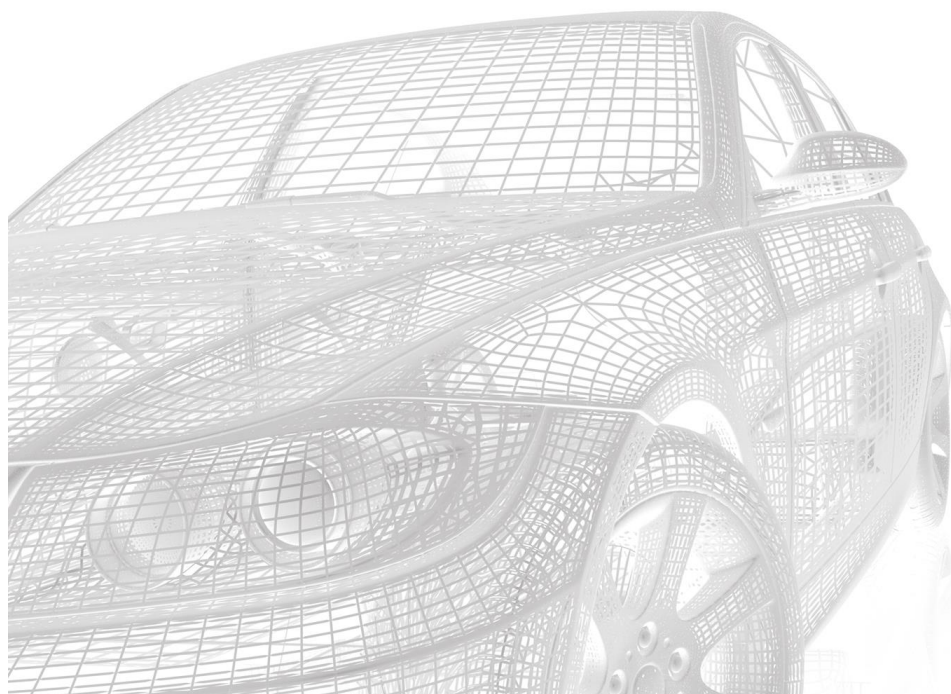


FLASH REPORT ON THE Q1 2020 PERFORMANCE OF THE AUTOWALLIS GROUP



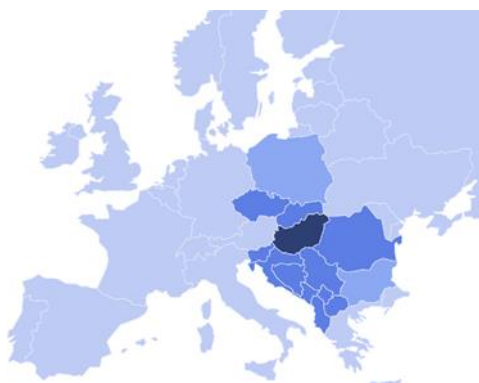
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FLASH REPORT ON THE Q1 2020 PERFORMANCE OF THE AUTOWALLIS GROUP

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Introduction

The goal of AutoWallis Nyrt (referred as “AutoWallis Nyrt” or “Company”), listed in the Premium category of the Budapest Stock Exchange and included in the BUX and BUMIX indices, is to become a dominant mobility service provider in the Central and Eastern European region by 2029 and operate as an asset management company with a classic, conservative business policy, which expands its investment portfolio in the automotive industry through continuous acquisitions.



The AutoWallis Group (meaning AutoWallis Nyrt and its subsidiaries together, see Legal summary) is engaged in the retail and wholesale trade of vehicles and parts, the provision of repair services as well as short- and long term vehicle rental services in 14 countries of the Central and Eastern European region (Albania, Bosnia and Herzegovina, the Czech Republic, Bulgaria, Croatia, Kosovo, Poland, Romania, Serbia, Slovakia, Slovenia, North-Macedonia, Hungary, and Montenegro).

The members of the Group include Wallis Automotive Europe, Wallis Motor Pest, Wallis Motor Duna as well as the Wallis Vehicle Rental Company. The brands represented by the Group include BMW passenger cars and motorcycles, MINI, Isuzu, Jaguar, Land Rover, Maserati, Ssangyong, Saab parts, and the Sixt rent-a-car service. BMW occupies a dominant position on the premium car market, while Sixt leads the vehicle rental market.



The AutoWallis Group (hereinafter: Company. website: www.autowallis.hu), today announced its flash report on the Q1 2020 performance of the AutoWallis Group. This report contains consolidated, unaudited financial statements for the 31 March 2020 as prepared by the management in accordance with International Financial Reporting Standards.

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MANAGEMENT REPORT AND BUSINESS ANALYSIS OF AUTOWALLIS GROUP

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Main financial results

- The AutoWallis Group's **sales revenue** was **HUF 20,2 billion**, which is 10% higher than was in the comparative period of Q1 2019. The growth level is below than increase in KPIs (20% above), due to the sudden drastic decline in car rental sales in the automotive services business because of the COVID-19 epidemic starting in March.
- The **12%** increase in **COGS exceeded the increase in sales revenue**, resulting in a decrease in the **margin** production of the AutoWallis Group, from **11,4% to 10,2%**. This is due to the impact of the COVID-19 epidemic, which started in March, because the sudden drastic decline in car rental within the automotive service sector could not be immediately followed within a month by a decrease in cost levels.
- In the opinion of the management, the **EBITDA**, that best summarises the results of the AutoWallis Group, **decreased by 7%**, HUF 35,7 million, to **HUF 509**. million. This includes the loss of unlawfully appropriated property discovered in February 2020 in the amount of HUF 158 million for 2020. Without this one-off item the *normalised EBITDA* would be *HUF 667 million*, which would mean an increase of 22,5% compared to the comparative period.
- **The balance of financial revenues and expenses is HUF 705 million**, which is six times the value of the previous year's comparative period. However, the unrealised foreign exchange loss of HUF 580 million resulting from the revaluation of open FX trade payables at the end of the period should be interpreted against the FX rate of actual payments and the FX rate gain on the invoicing of sold items in the meantime. Without this item, *the normalised balance of financial revenues and expenses is HUF 125 million, which would be 19% higher* than the balance at the end of Q1 2019.
- The **overall loss was HUF 582 million**, including the temporary and one-off effects highlighted above, while *the normalised overall profit for Q1 2020 would have been HUF 157 million*, compared to the HUF 116 million of Q1 2019.

Main operating results

Changes in the market situation

The operation of the AutoWallis Group is not independent of the changing European automotive market as a whole, but in assessing its activity, efficiency, business opportunities and ability to create value, it is important to take into account that the Group's actual operating region is Central and Eastern Europe and the Balkans. The strategy formulated by the Company also focuses on this region; in this particular environment, the specialists of the company group have tangible and usable knowledge, and it has a competitive advantage over its sometimes significantly larger Western European competitors.

The Total EU + EFTA + United Kingdom passenger car market showed a dramatic (-26,3%) decline in new vehicle registrations in Q1 2020 due to the COVID-19 outbreak (in March - 55% decline). As a result of the confinement measures introduced in most markets from the middle of the month, the vast majority of European dealerships closed in the second half of March. As a result, demand in EU countries fell by more than 25% in Q1, from 4 146 822 units registered in Q1 2019 to 3 054 703 units.

Registration numbers for new passenger cars have fallen significantly (-25,6%) in most EU countries. The number of registrations fell the most in Italy: falling by 35,3% to 347 193 vehicles (compared to 538 067 in Q1 2019). Similarly, the demand also collapsed in France (-34,1%) and Spain (-31,0%). Germany experienced a less extreme decline than the other key markets, but still saw a decline of 20,3% in registrations.

In contrast, in Q1 2020, last year's upward trend in AutoWallis Group's new vehicle sales continued: growth was driven by international sales with a 22,5 percent expansion, while 20,6 percent more vehicles were sold domestically. In the service sector, the number of service hours increased by 2,5 percent. With regard to car rental, the number of rental transactions fell by 24,1 percent due to a significant drop in tourism and business travel since March, temporarily reversing the upward trend of the first two months.

New personal vehicle registration by countries (ACEA)

	Jan - March		Vált. %
	2020	2019	
Austria	54 680	80 855	-32,4%
Belgium	127 416	155 865	-18,3%
Bulgaria	5 927	8 419	-29,6%
Croatia	10 001	12 173	-17,8%
Cyprus	2 941	2 800	5,0%
Czech Republic	50 194	59 616	-15,8%
Denmark	48 859	66 266	-26,3%
Estonia	5 647	6 174	-8,5%
Finland	28 266	29 102	-2,9%
France	364 679	553 335	-34,1%
Germany	701 362	880 092	-20,3%
Greece	21 390	26 289	-18,6%
Hungary	32 670	34 338	-4,9%
Ireland	50 700	64 126	-20,9%
Italy	347 193	538 067	-35,5%
Latvia	3 870	4 461	-13,2%
Lithuania	10 728	10 200	5,2%
Luxembourg	11 912	14 867	-19,9%
Netherlands	103 203	115 451	-10,6%
Poland	107 636	139 809	-23,0%
Portugal	45 282	59 445	-23,8%
Romania	27 979	35 836	-21,9%
Slovakia	18 966	23 897	-20,6%
Slovenia	14 508	20 262	-28,4%
Spain	218 705	316 890	-31,0%
Sweden	66 141	73 880	-10,5%
European Union (EU)	2 480 855	3 332 515	-25,6%
EU14	2 189 788	2 974 530	-26,4%
EU12	291 067	357 985	-18,7%
Izland	2 481	2 721	-8,8%
Norvégia	32 358	38 485	-15,9%
Svájc	55 452	72 065	-23,1%
EFTA	90 291	113 271	-20,3%
United Kingdom	483 557	701 036	-31,0%
TOTAL (EU + EFTA + United Kingdom)	3 054 703	4 146 822	-26,3%
WESTERN EUROPA (EU14 + EFTA + United Kingdom)	2 763 636	3 788 837	-27,1%

Description	January - March		Change %
	2020	2019	
International distribution business line			
Number of sold vehicles (unit)	696	568	+22,5%
Domestic retail business line			
Number of new sold vehicles (unit)	744	617	+20,6%
Number of used vehicles (unit)	187	217	-13,8%
Total	931	834	+11,6%
International + Domestic distribution business line (unit)	1 627	1 402	+16,0%
Automotive service business unit			
Number of service hours	11 655	11 367	+2,5%
Average fleet size - rent a car fleet (unit)	539	445	+21,1%
Number of rental casess (unit)	3 610	4 755	-24,1%

Source: AutoWallis

Issue of bonds

In accordance with the announced strategy, the Group intends to meet the funding needs of the planned organic and transactional growth with the lowest possible capital cost, with long-term, low-risk HUF-based bank loans, the issuance of corporate bonds, or closed or public capital increases. Based on preliminary consultations with potential financiers, the current economic environment, and the yield and interest rate environment support the feasibility of the strategy chosen by the Company.

The Company was one of the first to join the Bond Funding for Growth Scheme announced by the National Bank of Hungary in order to finance the approximately HUF 3 billion already stated in the strategy. The Company obtained the international credit rating required for participation on 18 September 2019.¹

The Company held a successful bond auction on 9 April 2020, which was significantly oversubscribed by banks bidding from among the qualified investors. Following the auction 60 registered, fixed-rate, dematerialised 2030/1 AutoWallis NKP Bonds were issued with a nominal value of HUF 50,000,000 each, totalling a nominal value of HUF 3,000,000,000. The primary purpose of issuing the Bonds is to refinance the existing loans and/or operating leases of the Issuer's subsidiaries.



¹ <https://www.scoperatings.com/#search/rating/detail/CR0000563879>

Consolidated IFRS Profit & Loss Statement

Description HUF ths	Q1 2020	Q1 2019	Change %
Revenue	20 151 946	18 295 732	+10%
<i>International distribution business unit</i>	9 079 944	9 023 948	+1%
<i>Domestic distribution and wholesale and direct sales business unit</i>	9 238 505	7 649 029	+21%
<i>Automotive services business unit</i>	1 833 496	1 622 755	+13%
Material type expenses	-554 860	-558 695	-1%
Services	-608 755	-646 775	-6%
Cost of goods sold	-18 096 961	-16 216 225	+12%
Personal type expenses	-486 880	-391 061	+25%
Depreciation	-327 527	-242 360	+35%
Profit or loss from trading	76 962	240 615	-68%
Other income / expenses	104 532	61 718	+69%
Other income and expenses	104 532	61 718	+69%
OPERATING PROFIT OR LOSS - EBIT	181 494	302 333	-40%
Interest expense	-18 949	-23 054	-18%
Financing expenses from leases	-42 875	-44 134	-3%
Foreign exchange gains or losses, net	-650 719	14 248	-4667%
Other financial gains or losses, net	7 107	-51 204	-114%
Financial gains or losses	-705 435	-104 143	+577%
PROFIT BEFORE TAX	-523 941	198 189	-364%
Taxation	-67 844	-111 772	-39%
NET PROFIT OR LOSS	-591 785	86 418	-785%
Retranslation of subsidiaries	9 333	29 603	N/A
Total comprehensive income	-582 452	116 020	-602%
EPS (HUF/share)	-2,15	0,43	-600%
EBITDA	509 021	544 693	-7%

The **sales revenue** of the AutoWallis Group in Q1 2020 exceeded HUF 20 billion. *This is 10% higher* than in the previous period despite of the effect of the Covid-19 restrictive measures were felt in Q1 2020. While all segments of the Group in the region as a whole developed dynamically (in generally above 20%) in terms of in-kind and collateral production capacity in the first two months, a rapid unexpected decline in car rental bookings appeared in March.

The value of **material costs** *remained at the same level* in Q1 2020 compared to the comparative period despite the increasing turnover.

The value of **services used** decreased by 6% in Q1 2020.

The *12% increase* in **COGS** exceeded the increase in sales revenue for Q1, as the drastic decline in Automotive Service Segment's sales in March could not be immediately followed by the cost level of cars held for rental. As a result, the collateral level also decreased from 11.4% to 10.2%.

Similarly, to the previous year, the *23% increase* in **personnel-type expenses** was higher than the average increase in turnover, but the nominal amount of the increase is only 5% of the increase in sales revenue (despite its stagnation). The AutoWallis Group is making increased efforts to ensure the staff numbers and expertise that will support growth and maintaining this will remain a priority despite the loss of capacity demand due to the epidemic. The average statistical headcount increased to 332.



The 35% increase in **depreciation** mainly reflects the increase in the short- and long-term car rental fleet, which was also supported by the increase in turnover in the first two months.

The **HUF 105 million balance of other revenues and expenses** includes the effect of the *HUF 158 million expense* of the events for this year included in the Extraordinary Announcement of AutoWallis Nyrt. dated 07.02.2020. Assets with a book

value of approximately total HUF 250 million were unlawfully removed from the premises of Wallis Motor Duna Kft. and Wallis Motor Pest Kft., with regard to which a criminal report was filed immediately and other necessary measures were taken.

Operating profit (EBIT) decreased to *HUF 181 million* (by 40%) during the period under review, which reflects the outstanding performance of the first two months and the loss from one-off items and COVID-19 measures.

The value of **financial revenues and expenses** at the end of Q1 2020 is a loss of HUF 705 million. A significant part of this, HUF -581 million, is the unrealised exchange rate loss due to the revaluation of open FX supplier stock at the end of the period. The magnitude of the unrealised revaluation difference was due to the exceptionally high level of inventories outstanding at the end of March due to the coronavirus measures imposed in the Balkans and the high supplier stock invoiced in euros and unpaid for liquidity management reasons. The revaluation of the inventory at the end of the period in accordance with IFRS rules took place at the exceptionally high rate of HUF 359.09/EUR, which was also valid for only a few days. The exchange rate at the time of the actual payment of the invoices has since stabilised at around HUF 350/EUR, which has significantly reduced the book value of this expense. In international distribution, average 86% of inventories are invoiced in euros, therefore euro invoices, that started with the reduction of stocks after the lifting of the restrictions, are expected to be compensated in order of magnitude for this unrealised exchange rate loss recorded at the end of Q1.

NORMALIZED RESULT HUF ths	Q1 2020	Q1 2020 - Normalized	Q1 2019 - Normalized	Changes % - 2020Q1N/2019Q1
Losses from unlawfully removed assets	0	158 322	0	N/A
NORMALIZED EBITDA	509 021	667 343	544 693	+23%
Q1 2020 non-realized FX revaluation loss	0	580 671	0	N/A
Normalized Financial revenue and expenses	-705 435	-124 764	-104 143	20%
NORMALIZED PROFIT BEFORE TAX	-523 941	215 052	198 189	9%
NORMALIZED TOTAL COMPREHENSIVE INCOME	-582 452	156 541	116 020	35%

The **comprehensive result was - HUF 582 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 normalised overall profit for Q1 2020 would have been HUF 157 million*, compared to the HUF 116 million of Q1 2019.

The **EBITDA**, which best describes the Group's performance, **decreased by 7% to HUF 509 million** compared to the comparative period. After eliminating the two significant items highlighted above that are not typical of the AutoWallis Group's normal business operations,

its normalised EBITDA at the end of Q1 2020 would have been HUF 667 million, an increase of 23% compared to Q1 2019.

BUSINESS ENVIRONMENT OF AUTOWALLIS GROUP

According to the Central Statistical Office (CSO), the average GDP growth in the eurozone was 1.2% in 2019, while economic performance in most markets in the Central and Eastern European region, which can be considered the direct business environment for AutoWallis, grew well above this, e.g., in Romania by + 4.3%, in Slovakia by + 2.0%, in the Czech Republic by + 1.8%. The Hungarian economy, which accounts for about half of AutoWallis' sales, grew by 4.9% in 2019. According to the optimistic scenario of the Hungarian government and the central bank, the 2020 indicator will be around zero, but according to the forecast published by the EU Commission in May, the annual balance could be -7%, while unemployment will double to 7%.

The advantage does not appear to be diminishing in 2020 during the time for the coronavirus. According to the IMF's April report, Hungary will be the least affected by the economic downturn after Malta. Based on the forecast, a GDP decline of 3.1% can be expected. Expected changes in GDP in neighbouring European countries: Slovakia: -6.2%, Austria -7%, Romania -5%, Expected changes in GDP in major European countries: United Kingdom: -6.5% Germany: -7%, France: -7.2%, Spain -8%, Italy -9.1%.

The Total EU + EFTA + United Company new car market declined by an average of 26,3% in in Q1 2020 compared to the same period in 2019. Thus, new car registrations in EU member states fell by an average of 25,6% in Q1 of this year compared to the same period in 2019, according to ACEA² statistics. With the exception of Cyprus, where 5% more new cars were put into circulation, there was a decline in all major EU markets: the number of registrations fell by 34,1 percent in France, 35,5 percent in Italy and 31,0 percent in Spain. In contrast, sales in the AutoWallis Group's Central European markets declined to varying degrees, but typically they were able to realise a smaller decline than the decline at international level. (see next chapter).

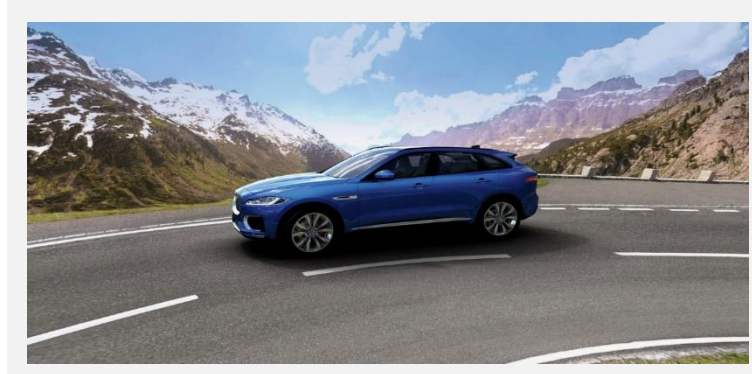
The change in the volume of GDP of the Hungarian economy, which accounts for approximately half of AutoWallis' sales revenue, was 2.2% compared to the same period of the previous year.

The rapid depreciation of the forint and other regional currencies due to the corona epidemic poses a significant exchange rate risk for domestic sales, however, this has a delayed price-boosting effect in the car markets, so AutoWallis can typically benefit from it. In the case of items of the export activities typically invoiced in euros, this effect with natural coverage only appears as an unrealized exchange rate difference at the closing of the accounting period.

The still low interest rate environment and abundance of funds will support economic growth throughout the European region. The domestic operations of AutoWallis are greatly strengthened by the expansion of the government's range of subsidies to encourage the purchase of various new cars, one of the new elements of which is the expanded subsidy for new passenger cars with a purely electric drive chain, costing less than HUF 15 million.

² ACEA: European Automobile Manufacturers' Association

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



Q1 2020 YEARLY MARKET TRENDS AND SALES BY SEGMENTS

International distribution business line

Within the framework of international distribution, the AutoWallis Group is engaged in the wholesale of new vehicles and parts of various brands (Jaguar, Land Rover, Ssangyong and Saab) in the countries of Central and South-East Europe. (Albania, Bosnia Herzegovina, Croatia, Serbia, Slovenia, North-Macedonia, Montenegro and Kosovo, Romania, Czech Republic, Slovakia and Poland)

The international distribution sector of AutoWallis sold 22,5 percent more cars than last year, totalling 696 new cars in the first three months of this year.

Description	January - March		Change %
	2020	2019	
International distribution business line			
Number of sold vehicles (unit)	696	568	+22,5%

Automotive trends in the international markets of the AutoWallis Group

In contrast to the overall decline in the Western European automotive market, the AutoWallis Group's international markets saw a selective growth in Q1 2020 compared to the same period last year. The total number of passenger cars placed into circulation was 237 804 in the region.

New personal vehicle registration in AutoWallis Group's countries

unit	January - March		Change %
	2020	2019	
Albania	681	708	-3,8%
Bosnia-Herzegovina	2 112	2 052	+2,9%
Czech Republic	50 194	59 616	-15,8%
Croatia	10 001	12 173	-17,8%
Poland	107 636	139 809	-23,0%
Macedonia	1 210	1 562	-22,5%
Romania	27 979	35 836	-21,9%
Serbia	4 517	4 851	-6,9%
Slovakia	18 966	23 897	-20,6%
Slovenia	14 508	20 262	-28,4%
Total	237 804	300 766	-20,9%

Source: Datahouse, ACEA

Premium segment's share within the new car registration by countries

%	January - March		Change %
	2020	2019	
Albania	9,1%	8,9%	+0,2%
Bosnia-Herzegovina	15,5%	13,7%	+1,9%
Czech Republic	8,7%	7,6%	+1,1%
Croatia	10,3%	8,5%	+1,8%
Macedonia	8,4%	9,0%	-0,6%
Romania	9,3%	7,5%	+1,8%
Serbia	12,5%	12,8%	-0,3%
Slovakia	9,4%	8,6%	+0,9%
Slovenia	7,3%	6,8%	+0,5%
Total	+9,1%	+8,0%	+1,2%

Source: Datahouse, ACEA, S.C. A.P.I.A. CONSULT; ZAP

Jaguar Land Rover's shares within the premium segment by countries	7,9%	9,4%	-1,4%
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In these markets, the share of the premium segment³ is 9,1% of the total passenger car market, which is 1,2% higher than in the previous year. Jaguar Land Rover's share of the premium segment in these regions fell by 1,4% compared to the same period of the previous year.

Q1 2020 performance

Main KPIs' of business line	Q1 2020	Q1 2019	Change %
International distribution business line			
Revenue	9 079 944	9 023 948	+0,6%
COGS	-8 440 654	-7 997 368	+5,5%
Profit before tax	-407 981	247 617	N.A.
<i>Margin %</i>	<i>7,0%</i>	<i>11,4%</i>	
<i>Profit before tax / Revenue %</i>	<i>-4,5%</i>	<i>2,7%</i>	

The sales revenue of the international distribution segment increased by 0,6% in Q1 2020 compared to the sales revenue of the previous quarter, as despite higher sales number of sales units, growth was driven by lower average selling prices due to a shift in the product mix to smaller vehicles. The COGS exceeded the level of turnover growth, therefore the margin decreased despite the 22,5% increase in natural assets. This is due to the significant number of larger fleet sales in international markets, but with lower margins. The pre-tax profit/sales profitability indicator is significantly worsened by the significant revaluation difference at the end of March, due to the temporarily outstanding high FX rate, recognised in respect of the international segment (HUF 580 m).



³ The following car brands are classified in the premium segment according to industry practices: Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes, MINI, Porsche, Volvo

Domestic distribution and wholesale and direct sales

Within the framework of domestic sales the AutoWallis Group sells Isuzu and Ssangyong vehicles, BMW passenger cars and motorcycles, MINI and Maserati passenger cars, new factory parts and second-hand passenger vehicles and motorcycles.

According to the ACEA statistics, although the EU automotive market shrank by 25,6% in Q1 2020, the number of new car registrations in Hungary fell by much less over the same period (by 4,9%).

New personal vehicle registration in Hungary

unit	January - March		Change %
	2020	2019	
Total	32 670	34 339	-4,9%

Source: DataHouse

The AutoWallis Group is mostly present in the domestic automotive market, similarly to its international markets, in the premium segment. The ratio of the premium segment to the total number of passenger cars placed into circulation in Hungary increased by 1,3% in Q1 2020 compared to the same period of the previous year.

Premium segment 's share within the new car registrations in Hungary

unit	January - March		Change %
	2020	2019	
Total	11,2%	9,8%	+1,3%

Source: DataHouse

Premium segment registrations in Hungary

unit	January - March		Change %
	2020	2019	
Mercedes	1 088	970	+12,2%
BMW	947	894	+5,9%
Audi	520	696	-25,3%
Volvo	636	482	+32,0%
Lexus	231	175	+32,0%
MINI	96	69	+39,1%
Land Rover	34	47	-27,7%
Porsche	69	17	+305,9%
Jaguar	22	21	+4,8%
Total	3 643	3 371	+8,1%

Source: DataHouse

In Hungary, the premium segment⁴ grew by more than 8,1% compared to the market average in the period under review.

In contrast to the European trend, the Hungarian BMW and MINI markets do not show a decrease in the first quarter, but an increase. The new BMW saw a growth of 5,9% and the new MINI saw a growth of 39,1% in the first three months compared to the same period last year.

⁴ The AutoWallis Group currently sells the BMW and Mini premium car brands in Hungary.

The domestic distribution sector saw new car sales decrease by 20,6% to 744 units, while used car sales fell 13,8% to 187 units after the last year's extreme high figure.

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Description	January - March		Change %
	2020	2019	
Domestic retail business line			
Number of new sold vehicles (unit)	744	617	+20,6%
Number of used vehicles (unit)	187	217	-13,8%
Total	931	834	+11,6%

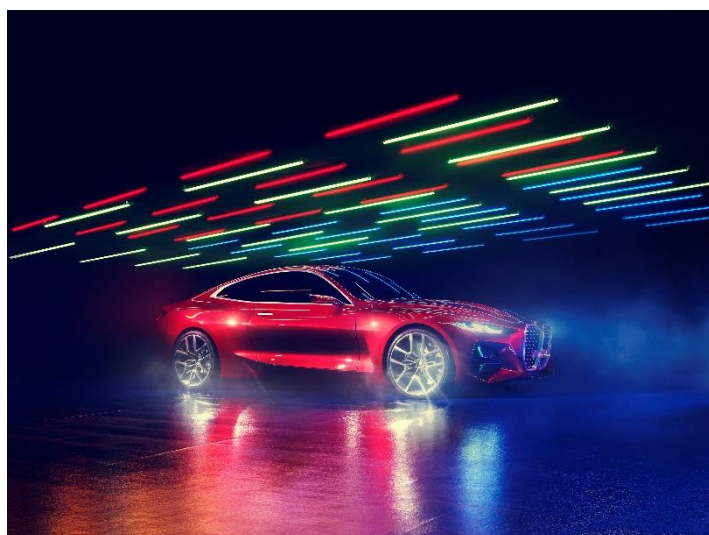
Source: AutoWallis

As a result of the economic recession resulting from the epidemic, BMW AG.'s total vehicle sales in Q1 decreased by 20,6% compared to the same period last year. The reduction is composed as follows; BMW cars -20,1%, and BMW Motorrad -9,9%, MIN -23,4%.

German premium manufacturers continue to focus on new technologies, including alternative propulsion (with a focus on hybrid and purely electrical systems), car-sharing services, self-driving technologies and other automated services (e.g.: parking in major cities). An excellent example of this is the fact that even in an industry heavily affected by the epidemic, BMW Electrified was able to grow by 13,9% in Q1.

Q1 2020 performance

Main KPIs' of business line	Q1 2020	Q1 2019	Change %
Domestic distribution and wholesale and direct sales			
Revenue	9 238 505	7 649 029	+20,8%
COGS	-8 307 692	-7 254 038	+14,5%
Profit before tax	-46 868	-43 637	N.A.
<i>Margin %</i>	<i>10,1%</i>	<i>5,2%</i>	
<i>Profit before tax / Revenue %</i>	<i>-0,5%</i>	<i>-0,6%</i>	



The sales revenue of the domestic trade segment in Q1 2020 was 20,8% higher than in the first 3 months of 2019, which is due to 14,5% higher sales volumes. The proportional profitability of the sector was negatively affected by the events included in the Extraordinary Announcement published by AutoWallis Nyrt on 7 February 2020. Assets with a book value of up to HUF 250 million were unlawfully removed from the premises of Wallis Motor Duna Kft. and Wallis Motor Pest Kft., with regard to which the

affected parties immediately filed a criminal report and implemented the necessary security measures. In connection to that, the result for Q1 2020 includes the settlement of a loss in the amount of HUF -158,322 thousand, for the recovery of which at a later period the management considers it highly probable.

In line with the AutoWallis Group's strategy, brand dealerships play a key role along with their generally lower performance in compliance with industry practice, as new and used car sales provide the most important customer relations entry point for the AutoWallis Group's outstandingly successful service activities.

From Q2 2020, our sector will be expanded to include domestic servicing related to Jaguar and Land Rover, as well as the Opel and KIA brands.

Automotive service business line

The automotive service business line include the servicing activities and short and long-term vehicle rental services of the AutoWallis Group

Within the automotive service sector, the number of service hours increased by 2,5 percent to 11 655 hours, and the average fleet size calculated in connection with car rental increased by 21,1 percent to 539 units. With regard to car rental, the number of rental transactions fell by 24,1 percent primarily due to a sudden, significant and hopefully temporary drop in tourism and business travel

Description	Jan - March		Change %
	2020	2019	
Automotive service business line			
Number of service hours	11 655	11 367	+2,5%
Average fleet size - rent a car fleet (unit)	539	445	+21,1%
Number of rental casess (unit)	3 610	4 756	-24,1%

Source: AutoWallis

AutoWallis provides services at 3 sites in the analysed period, that operate at a consistently high level of utilisation. In line with the increased market demands, we pay special attention to retaining existing employees and are constantly working to recruit new staff and introduce the latest available technological developments.

The short- and long-term car rental business continues to benefit from the positive effects of the international growth of brand owner Sixt SE. Thanks to Sixt's growing international presence:

- (1) the brand awareness is growing steadily;
- (2) the international customer base (B2C & B2B) is growing rapidly;
- (3) the industry processes in line with the latest trends are also becoming available in Hungary.

The development of the number of rental transactions is obviously significantly affected by the dramatic reduction of the number of passengers arriving at Liszt Ferenc Airport due to the coronavirus epidemic from the last week of February.

Number of arriving passengers at Budapest Airport

person	Jan - March		Change %
	2020	2019	
Total	2 775 759	3 151 375	-11,9%

Source: Budaest Airport

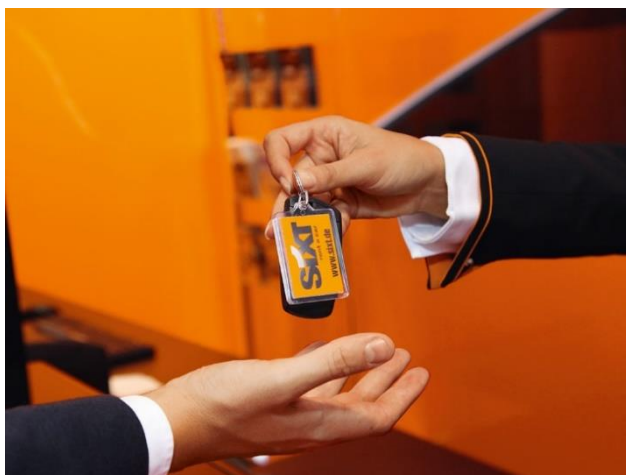
In Q1 2020, the number of passengers arriving at Budapest Liszt Ferenc International Airport fell by 11,9% compared to the first 3 months of 2019.

Q1 2020 performance

Main KPIs' of business unit	Q1 2020	Q1 2019	Change %
Automotive service business unit			
Revenue	1 833 496	1 622 755	+13,0%
COGS	-1 348 615	-964 819	+39,8%
Profit before tax	-69 092	-5 791	+1093,1%
<i>Margin %</i>	26,4%	40,5%	
<i>Profit before tax / Revenue %</i>	-3,8%	-0,4%	

In Q1 of 2020, the sales revenue of the automotive service sector increased by 13%, which is mainly due to the expansion of the servicing activity. The proportional profitability of the sector was negatively affected by the temporary shutdown of the car rental sector within the sector due to COVID-19.

From Q2 2020, our sector will be expanded to include domestic servicing related to Jaguar and Land Rover, as well as the Opel and KIA brands.



GOALS AND STRATEGY OF THE AUTOWALLIS GROUP

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The AutoWallis Group has managed to dynamically increase its revenues over the past few years, the Company intends to expand further.

The AutoWallis Group is a retail and wholesale distribution and automotive industry service provider with a wide presence in the domestic and international markets. The Company aims to harness the business potential of the motor industry in a changing automotive environment.

The strategic goal of the AutoWallis Group is to become one of the most reliable and dominant distributors, retailers and wholesalers and automotive service providers in the Hungarian and regional markets and to generate a sufficient return for its shareholders and financiers.



The management of the AutoWallis Group developed a five-year strategy by May 2019 with a hope of doubling the revenues of the AutoWallis Group earned in 2018 during the period. The presentation is available here:

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

The AutoWallis Group intends to rely on the opportunities stemming from being listed in the public capital market, where favourable acquisition options may result in public fundraising even through the issue of shares and bonds. The shares of the AutoWallis Group are included in the BUX Premium category, BUMIX, FTSE Micro Cap and the FTSE Total-Cap Indices.

MAIN SOURCES AND RISKS OF THE AUTOWALLIS GROUP – AND THE CHANGES AND UNCERTAINTIES ASSOCIATED WITH THEM

Main resources of the Company and the AutoWallis Group:

- The AutoWallis Group has stable operating and a cash generating portfolio in the automotive industry in the markets built over the past 27 years.
- The AutoWallis Group works with the representatives of stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, Saab, Ssangyong and Sixt.
- On the basis of 30 years of traditions and abilities of the Wallis Group, the main owner⁵ of AutoWallis, the Group will be able to acquire new brands and markets and launch new activities in automobility either through acquisitions or the foundation of new companies or development of existing companies.
- The purpose of the Group is to adjust flexibly, yet with a conservative investment business policy, to the changes in technology and in customer requirements in the automotive industry, which is the currently most dominant segment of the economy of the European Union.
- Building with a portfolio approach, the Group can dampen the cyclic trends of the automotive industry with a combination of various activities responding differently to macroeconomic changes.

⁵ Owners of AutoWallis shares over 5% shareholding on December 31, 2019: Wallis Asset Management Zrt. (79,47%), AutoWallis MRP Szervezet (7,36%), Andrew John Prest (5,81%)

- The transformation of the mobility industry provides the further opportunities for development, including the development of electric cars, the appearance of driverless cars and car sharing.
- Carefully elaborated automotive industry small and wholesale trade portfolio size and effective volume management
- Continuation of coordinated financing and revenue structure
- The Company and the AutoWallis Group have a cost-effective operation

The main risks of the Group, and the related changes and uncertainties are as follows:

- The COVID-19 coronavirus, that appeared in December 2019 in Wuhan, Hubei Province, China, has had a major impact on the automotive industry in China, with many large companies having to suspend car production. The intense global, including European spread of the virus has a temporary negative effect on demand. The cuts announced by car producers by the end of March 2020, scheduled for a few weeks, could later cause temporary disruptions in inventory supply, but supply chains are expected to recover soon after the lifting of restrictive measures, with signs of recovery. Nevertheless, like the corporate sector as a whole, the consequences of measures taken to curb the coronavirus will affect not only car factories but also other actors in the value chain.
- Although during preparations for the implementation of its projects, the AutoWallis Group prepares careful commercial, legal and profit plans, certain projects/acquisitions may still be postponed or become impossible to implement.
- The operation, financing and profitability of the AutoWallis Group is directly or indirectly related to the processes in the national economy of Hungary and the other countries involved in the operation of the subsidiaries of the Company. If negative changes occur in the macroeconomic situation of Hungary and the other countries concerned, the growth of the economy slows down, the external and internal balance positions deteriorate, the AutoWallis Group will also be affected by the impacts of the potentially occurring negative processes.
- The technology reforms might influence the operation of the automotive industry significantly. Technology development may not only transform the areas where the AutoWallis Group operates but, in certain cases, can also terminate or significantly reduce the volume of specific activities, concerning especially the introduction of restrictions on diesel vehicles.
- The sudden rise in wages in the countries involved in the operation of the AutoWallis Group (especially Hungary), the labour shortage and the inadequate education/training system may have a negative impact on the operation of the AutoWallis Group both in distribution and its other services.
- The AutoWallis Group intends to implement its business plans with its existing business activities and/or new developments, investments, and acquisitions. Although each transaction is preceded by a thorough preparation process, in relation to the implementation of the acquisitions events may still occur in the acquired companies that have a negative impact on the business and profitability of the AutoWallis Group.
- With respect to Brexit, the potential lack of an agreement between the United Kingdom and the European Union by the detailed agreement deadline set until the end of January 2021 based on the end-January 2020 arrangement, can negatively affect demand for certain models imported by the AutoWallis Group; although according to a statement by the Jaguar Land Rover, the negative changes would not affect the supply

chain beyond production and the manufacturing capacities would be relocated to factories established in the EU within a short period.

SUSTAINABILITY REPORT

Business sites of the AutoWallis Group

- Business site of WAE Autóforgalmazási és Szolgáltató Kft.: 2051, Biatorbágy, Budai út 16.
- Business site of Polar Import Polska Sp. Zo.o: 00-37 Warsaw, ul Wybrzeze Kosciuszkowskie 43/2.
- Business site of Wallis Adria d.o.o: 10000 Zagreb, Strojarska cesta 20.
- Business site of POLAR PROPERTY Kft.: 2051, Biatorbágy, Budai út 16.
- Business site of WALLIS MOTOR DUNA Autókereskedelmi Kft.: 1097 Budapest, Könyves Kálmán krt. 5.
- Business site of WALLIS MOTOR PEST Autókereskedelmi Kft.: 1143 Budapest, Hungária krt. 95. and 1138 Budapest, Váci út 175.
- Business site of WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Kft.: 1138 Budapest, Váci út 141.
- Business site of ICL Autó Kft: 9028 Győr, Külső Veszprémi utca 6.

Management system of the AutoWallis Group, corporate governance report

The Company has a Board of Directors. The competence of the Board of Directors is defined in the Articles of Association. Together with the Annual Report the Company also discloses a package of documents presenting its responsible corporate governance system.

The Company has a Board of Directors with at 5 members. The Chairman of the Board of Directors is elected by the members of the Board. The scope of competence of the Board of Directors includes all decisions and measures that do not fall within the exclusive competence of the General Meeting or the competence of any other body or person pursuant to the provisions of the Civil Code or the Articles of Association. The Board of Directors develops and controls the working organisation of the Company, defines the financial management and arranges for effective operation. The Chairman of the Board of Directors exercises the employer rights over the employees of the Company.

On behalf of the Company the Board of Directors may approve decisions on the issue of bonds over HUF 10 billion or the issue of any new bonds with the principal amount of which the principal debt resulting from previously issued and still outstanding bonds would exceed the HUF 10 billion principal amount only with the prior approval of the General Meeting.

The General Meeting of the Company authorised the Board of Directors to decide on increasing the capital of the Company within its own competence, with an affirmative vote of at least four members of the Board of Directors. Based on the authorisation, the Board of Directors may decide on increasing the capital of the Company within its own competence. The highest amount of the capital increase with which the Board of Directors may raise the capital of the Company: an amount equivalent to 75% of the subscribed capital entered into the company register on the date of the extraordinary General Meeting of the Company of 17 December 2018. Period available for the capital increase: five years from the date of the extraordinary General Meeting of the Company of 17.12.2018. During the capital increase only 'C' series ordinary shares of HUF 12.5 nominal value may be issued. The Board of Directors defines the volume of new ordinary shares to be issued in a capital increase from the following figures, whichever is higher: the average stock exchange price weighted with the turnover of thirty days prior to the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange or, if the average thirty-day price indicated above is lower than the closing stock exchange price of the day preceding the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange, then the closing stock exchange price of the day preceding the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange.



The General Meeting of the Company authorised the Board of Directors to purchase a sell treasury shares issued by the Company.

- Number of shares that may be acquired: the total number of the shares issued in all 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 20% higher than the closing price of the stock exchange on the day preceding the day of the transaction

The Company has a 3-member Supervisory Board, whose members are elected by the General Meeting. An Audit Committee is appointed, consisting of 3 independent members of the Supervisory Board.

The rules governing the appointment and replacement of executive officers and the amendment of the articles of association are contained in the Company's Articles of Association. The Articles of Association may be viewed on the website of the Company: http://autowallis.hu/tarsasagi_dokumentumok/#

The AutoWallis Group Business continuity framework

The AutoWallis Group prepared its business plans for the period after 2019 in relation to which the management of the Company concluded that the going concern principle of the Company has been fulfilled. Following the appearance of the COVID-19 coronavirus, the 2020 business plans were re-examined by management before the report was issued, confirming that the

Group's cash equivalent reserves were sufficient to offset foreseeable temporary losses, thus not harming the business continuity requirement.

Financial instruments and risk management

The Group assesses the arising financial risks systematically and by company. The assessed risks include market risks (currency risk, fair value, interest rate risk and price risk), credit risk, payment risk and cash-flow interest rate risk. The Group strives to minimise the potential impact of these risks. The Group does not engage in financial instruments for speculative purposes.

The AutoWallis Group presents price, credit, interest rate, liquidity and cash flow risks (also quantified where possible) in the consolidated (aggregated) IFRS financial statements of the AutoWallis Group.

Environmental protection

In the course of its activities, AutoWallis Nyrt. does not carry out activities that are dangerous or harmful to the environment. It does not use any hazardous materials in its operation.

The following hazardous wastes are generated by the member companies of the AutoWallis Group and are removed by their contracted partners: waste oil; oil filter; air filter; paint; diluent; painted paper; battery; tyre; windshield; brake and clutch components; plastic parts. Neither the Company nor its subsidiaries had any environmental investments or environmental obligations.

Employment policy of the AutoWallis Group, Employee share and management program

The employment policy of AutoWallis Nyrt. and the AutoWallis Group focuses on the retention, motivation and development of employees and, simultaneously, the selection and integration of new employees. We believe that the loyalty and motivation of our staff means that they have stable jobs, good working conditions, complex tasks and earn competitive wages. We provide our employees with continuous professional development opportunities both internally and externally. The main shareholder of the Company, Wallis Asset Management Zrt, launched an employee share programme for the managements of AutoWallis Nyrt and its subsidiaries following the balance sheet day of the six-month report, based on which an employee share programme organisation was established in September 2019.

Relevant information

The Board of Directors has disclosed all relevant information that may materially affect the operation of the Company outside of the Company's continuous expected operation. Management is not aware of any indemnity agreement that applies to management members or employees.

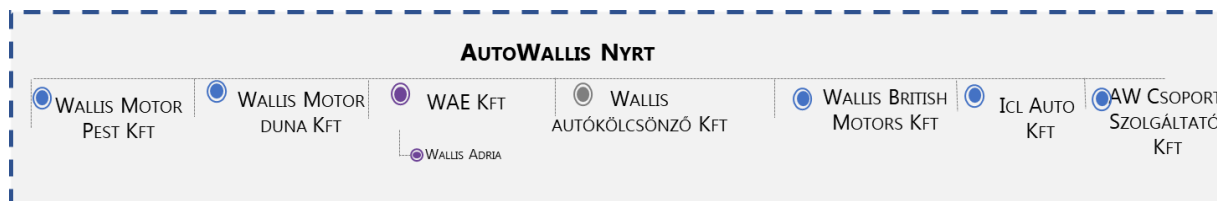
Kutatás és kísérleti fejlesztés

Az AutoWallis Csoport nem foglalkozik és nem vesz részt kutatási és fejlesztési tevékenységekben.



LEGAL SUMMARY

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Note: Group structure as at May 26, 2020

Corporate events related to AutoWallis Nyrt. in the period between 1 January 2020 and the date of publication of this Management Report

- The audited financial statements in accordance with IFRS standards for the financial year ended 31 December 2019 and the auditor's reports have been approved.
- Gábor Dévai was elected a member of the Board of Directors of the Company with the right of joint representation.
- On 03 February 2020, AutoWallis Nyrt. acquired a business share of ICL AUTÓ Kft., which represents 60% of its initial capital.
- On 23 April 2020, AutoWallis Nyrt. acquired a business share of Wallis British Motors Kft. with a nominal value of HUF 3,000,000, representing 100% of its initial capital, therefore, on 23 April 2020, it became the sole owner of Wallis British Motors Kft.
- On 26 March 2020, a contract of transfer and related documents were signed for the acquisition of the business share of K85 Ingatlanhasználó Kft (registered office: 1106 Budapest, Kerepesi út 85; company reg. no: 01-09-861051) with a total nominal value of HUF 3,000,000, representing 100% of its initial capital, and for the business share of Wallis Kerepesi úti Autó Kft (registered office: 1106 Budapest, Kerepesi út 85, company reg. no.: 01-09-078910) with a total nominal value of HUF 139,400,000, representing 100% of its initial capital.
- Sections 6 and 9 of the Company's Articles of Association have been amended.
- AutoWallis Nyrt. established AW Csoport Szolgáltató Kft. (company reg. no.: Cg. 01-09-357786; registered office: 1055 Budapest, Honvéd utca 20) with a 100% ownership share.

Corporate events related to subsidiaries of the Company in the period between 1 January 2020 and the date of publication of this Management Report

WALLIS MOTOR DUNA Autókereskedelmi Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.
- It extended the mandate of its auditor until 31 May 2021.

WALLIS MOTOR PEST Autókereskedelmi Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.
- It extended the mandate of its auditor until 31 May 2021.

WAE Autóforgalmazási és Szolgáltató Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.
- It extended the mandate of its auditor until 31 May 2021.

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

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.
- It extended the mandate of its auditor until 31 May 2021.
- In its decision dated 13 March 2020, the Company states that in his statement dated 12 March 2020, Roland Czeilinger resigned from his position as managing director on 12 March 2020, therefore his managing director position is terminated as of 12 March 2020, and that it elects Tamás Kovács-Farkas as managing director with independent signatory rights for an indefinite term, from 12 March 2020. It further stated that the new company name of the Company is: Wallis British Motors Kft, new registered office: 1095 Budapest, Máriássy utca 5, new core activity: 4511'08 Sale of cars and light motor vehicles. With regard to the changes, the Deed of Foundation has been amended. Date of amendment of the Deed of Foundation: 12 March 2020, date of registration: 01.04.2020, date of disclosure: 03.04.2020
- It was recorded that, on 23 April 2020, AutoWallis Nyilvánosan Működő Részvénytársaság acquired a business share of the Company with a nominal value of HUF 3,000,000, representing 100% of its initial capital, therefore, on 23 April 2020, it became the sole owner of the Company.

WALLIS AUTÓKÖLCSÖNZŐ Kft

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.
- It extended the mandate of its auditor until 31 May 2021.

Wallis Adria d.o.o

- Its financial statements for the financial year ended 31 December 2019 have been approved.

Statements of the Company as issuer24

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 Flash Report published by AutoWallis Nyrt. for Q1 2020 was prepared in accordance with the applicable accounting standards, it gives a true and fair view of the income, financial position, profit and loss of the Company (issuer) and the companies included in the consolidation (AutoWallis Group), as well as the position, development and performance of the Company and the AutoWallis Group, describing the main risks and uncertainties for the remaining six months of the financial year.

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

Budapest, 26 May 2020

On behalf of AutoWallis Nyrt.:

Gábor Ormosy

Member of the Board of Directors

Gábor Székely

Member of the Board of Directors

Consolidated Interim Financial Statements



Public Limited Liability Company and it's consolidated subsidiaries in
accordance with IAS 34

for the interim period ended on 31th March 2020

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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:

CBH	Central Bank of Hungary
EPS	Earnings per share
kHUF	thousand forints
MHUF	million forints
NCI	non-controlling interest

I. Consolidated statement of comprehensive income

Description	91 days ending on 31st March 2020 (not audited)	91 days ending on 31st March 2019 (not audited)
Revenue	20 151 946	18 295 732
Material used	(554 860)	(558 695)
Services	(608 755)	(646 775)
Cost of goods sold	(18 096 961)	(16 216 225)
Personal type expenses	(486 880)	(391 061)
Depreciation	(327 527)	(242 360)
Profit of sales	76 962	240 615
Other income	894 572	325 568
Impairment and write off of non-financial assets	(21 762)	(14 251)
Other expenses	(768 278)	(249 600)
Other income and expenses	104 532	61 718
Operating profit	181 494	302 333
Interest income	2 517	7 232
Interest expenses	(18 949)	(23 054)
Lease expenses	(42 875)	(44 134)
Net gain or loss on currency translations	(650 719)	14 248
Impairment and expected credit loss of financial assets	(40 215)	(58 435)
Revaluation gain or loss of financial instruments	44 805	-
Profit on financial items	(705 435)	(104 143)
Profit before taxes	(523 941)	198 189
Taxation	(67 844)	(111 772)
Net profit	(591 785)	86 418
Other comprehensive gain or loss on translating subsidiaries	9 333	29 603
	-	-
Total comprehensive income	(582 452)	116 020
<i>of which attributable to the shareholders of the parent:</i>	(582 410)	116 020
<i>of which attributable to the non-controlling interest:</i>	(42)	-

II. Consolidated statement of financial position (balance sheet)

	31st March 2020 (not audited)	31 December 2019 (audited)
Assets		
Non-current assets		
Property, plant and equipment	2 029 968	1 940 274
Assets held for operating leases	1 638 070	2 072 060
Right-of-use assets	3 869 822	3 797 811
Goodwill	515 034	515 034
Other intangible assets	51 234	50 038
Deferred tax assets	0	6 160
Investments in debt instruments	29 700	865
Non-current assets total:	8 133 829	8 382 242
Current assets		
Goods	18 351 844	14 137 468
Other inventories	803	413
Account receivables	6 606 768	3 812 609
Income tax receivables	81 278	85 501
Other receivables	2 953 782	3 674 346
Other financial assets	48 460	3 655
Cash and cash equivalents	2 466 419	1 890 714
Current assets total:	30 509 354	23 604 706
Assets total	38 643 183	31 986 948
Equity and liabilities		
Issued capital (legal parent)	3 383 268	3 383 268
Accumulated translation difference	28 440	19 107
Retained earnings	1 111 228	1 702 971
Equity attributable to the shareholder of the parent	4 522 935	5 105 346
Non-controlling interest	19 958	0
Equity:	4 542 894	5 105 346
Long term liabilities		
Long term loans	314 926	309 593
Lease liabilities	4 077 344	3 999 961
Deferred tax liabilities	37 101	36 798
Provisions	8 773	8 856
Other long term liabilities	221 729	12 961
Long term liabilities:	4 659 873	4 368 169
Short term liabilities		
Short term loans	5 818 960	6 998 855
Lease liabilities	1 316 650	1 739 838
Advance payment received from customers	1 776 833	1 337 947
Account payables	19 744 864	11 230 619
Income tax payable	4 834	20 216
Provisions	4 386	9 704
Other short term liabilities	773 891	1 176 254
Short term liabilities:	29 440 419	22 513 432
Liabilities:	34 100 291	26 881 602
Equity and liabilities:	38 643 183	31 986 948

III. Consolidated statement of changes in equity

	Issued capital of the legal parent	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parents	Non-controlling interest	Total equity
1st January 2019.	<u>3 383 268</u>	<u>(15 554)</u>	<u>1 361 361</u>	<u>4 729 073</u>	<u>-</u>	<u>4 729 073</u>
Total comprehensive income for the first quarter of 2019	-	29 603	86 418	116 020	-	116 020
Other movements in equity	-	-	350	350	-	350
31st March 2019.	<u>3 383 268</u>	<u>14 048</u>	<u>1 448 129</u>	<u>4 845 443</u>	<u>-</u>	<u>4 845 443</u>
Total comprehensive income for the second, third and fourth quarter of 2019	-	5 059	829 843	834 902	-	834 902
Dividend declared by the legal parent (30th April)	-	-	(575 000)	(575 000)	-	(575 000)
31st December 2019.	<u>3 383 268</u>	<u>19 107</u>	<u>1 702 971</u>	<u>5 105 346</u>	<u>-</u>	<u>5 105 346</u>
Total comprehensive income for the first quarter of 2020	-	9 333	(591 743)	(582 410)	(42)	(582 452)
Acquisition of ICL Autó Kft.	-	-	-	-	20 000	20 000
Other movements in equity	-	-	-	-	-	-
31st March 2020.	<u>3 383 268</u>	<u>28 440</u>	<u>1 111 228</u>	<u>4 522 935</u>	<u>19 958</u>	<u>4 542 894</u>

IV. Consolidated statement of cash flows

	91 days ending on 31st March 2020 (not audited)	91 days ending on 31st March 2019 (not audited)
Profit before taxes	(523 941)	198 189
Depreciation, amortization	327 527	242 360
Impairment and reversal of impairment	35 437	16 440
Recognition and derecognition of provision	(5 401)	(692)
Other non-cash items	(355 249)	31 053
Gain or loss sale of property, plant and equipment	(104 030)	(26 717)
	(625 656)	460 633
Changes in inventory	(4 236 528)	(2 182 682)
Changes in account receivables	(2 807 404)	(1 643 431)
Changes in other receivables	720 344	(646 988)
Changes in loan receivables and debt instruments	(44 805)	(2 261)
Changes in short term loans financing current assets	(1 280 428)	112 504
Changes in advances received from customers	438 886	154 111
Changes in account payables	8 514 245	5 717 871
Changes in other payables	(193 596)	711 280
Changes in the net current assets	1 110 715	2 220 404
Income taxes paid	(72 539)	(87 082)
Cash generated in operation	412 519	2 593 955
Acquisition of PPE and intangible assets	(345 574)	(235 072)
Proceeds from sale of PPE and intangible assets	680 024	264 440
Acquisition of subsidiary, net cash acquired	19 958	-
Proceeds from sale non-current financial assets	(28 835)	-
Proceeds from selling non-current financial assets	-	16
Cash generated from investing activities	325 572	29 384
Dividends paid		
Loan taken	460 314	885 369
Loan paid back	(354 448)	(1 037 053)
Lease repayment	(268 041)	(1 290 908)
Other movements in equity	-	-
Cash used in financing	(162 175)	(1 442 592)
Expected credit loss of cash and cash equivalents	(211)	(510)
Changes in cash and cash equivalents	575 705	1 180 236
Opening cash and cash equivalent balance	1 890 714	1 535 247
Closing cash and cash equivalent balance	2 466 419	2 715 482

V. The basis of the preparation of the financial statements

These interim financial statements were prepared in accordance with 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 2019. (hereinafter: last full financial statements).

VI. Accounting policies and changing standards

The accounting policies used by the Group for the current period are identical for those used for the financial statements for the year ended on 31st December 2019, except the new accounting policies for measuring non-controlling interest and the new standards coming in force.

Neither of those changes had a material effect on the financial statements.

New accounting policy – non-controlling interest

The Group did not recognize non-controlling interest before the first quarter of 2020, due to the acquisition of ICL Auto Kft. The non-controlling interest will be measured at the proportion of the net asset of the subsidiary, no goodwill will be recognized on non-controlling interest. The losses shall be allocated to NCI even if it will become negative.

The following new or amended standards were issued by the International Financial Standard Board or the International Financial Standard Interpretation Committee which were coming to force on 1st January 2020:

- IFRS 3 Business combinations modification;
- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, accounting estimates and errors;
- Modifications of IFRS 7, IFRS 9 and IAS 39 due to the IBOR reform;
- The modifications of the Conceptual Framework;
- The definition of the materiality and it's consequences.

The Group applied the IFRS 16 standard retrospectively the date of the transition was 1st January 2018.

IFRS 16 Leases

The standard becoming effective on 1st January 2019 changes the definition of lease and it will change the accounting treatment of leases for the lessee. Under the new regulation a contract is or contains a lease if for an agreed period the lessor transfers substantially all the rewards for an underlying asset and the lessee will be able to make all relevant decision for with the underlying asset.

The lessee shall will recognize all lease – except those exceptions stated in the standard – as a right of use asset together with the corresponding liability.

The Group applies the practical expedient allowed in the standard for recognition. The Group considers leases with the lease term less than a year being short term leases and leases with the underlying asset's value less than 1,5 million forint when new being low value assets.

A lease is short term if – when considering all extension options – the lease term will not go above 12 months. For short term leases the Group bases the analysis and for leases cancellable in a short notice (unless the usage of the asset over the 1-year period is not backed up by other circumstances) the Group applies the short term lease exception.

The Group has very material lease agreements (leased buildings and vehicles previously classified as operating leases), so the Group elected to adopt IFRS 16 using the full retrospective approach [IFRS 16 C5a] which requires the restatement of the comparative figures. The Group used the implicit borrowing rates for the vehicles since it was readily available from the financing institution, however for the real estates an incremental borrowing rate was used.

The Group presents the right of use assets as a separate line item in the statement of financial position.

The effect of the adaption is very material, both assets and liabilities will increase materially.

Information in other documents

IAS 34 permits to disclose required information in communications other than the interim financial statements if it makes it available to the general 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. 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, 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 332,4 person in the reported period, in the last comparative period it was 285.

The EPS of the group – based on net profit – is the following:

	<u>First quarter of 2020</u>	<u>First quarter of 2019</u>
Shares issued by the legal parent	(582 410)	116 020
All shares in circulation	270 261 400	270 261 400
EPS (basic, kHUF/share)	<u>(2,15)</u>	<u>0,43</u>
EPS (diluted, kHUF/share)	<u>(2,15)</u>	<u>0,43</u>

The activity of the Group is partially seasonal. The subsidiary providing rental services has reasonably higher turnover in the summer and shortly before and after that – following the seasonality in tourism. The turnover in vehicle trading is usually show 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.

VIII. 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. The are no material intersegment transactions. The management of the group identified the following segments:

- international distribution
- domestic distribution and wholesale and direct sales
- automotive services

The segment revenue, segment cost of goods sold and segment profit calculation is the following for the reported period:

First quarter of 2020	Automotive industry services	Domestic distribution segment	International distribution segment	Total
Segment revenue	1 833 496	9 238 505	9 079 944	20 151 946
Segment expenses	(1 902 588)	(9 285 373)	(9 487 925)	(20 675 887)
Segment profit before taxes	<u>(69 092)</u>	<u>(46 868)</u>	<u>(407 981)</u>	<u>(523 941)</u>
Profit not allocated to segments				
Profit before taxes				<u>(523 941)</u>

The values for the comparative period:

First quarter of 2019	Automotive industry services	Domestic distribution segment	International distribution segment	Total
Segment revenue	1 622 755	7 649 029	9 023 948	18 295 732
Segment expenses	(1 628 546)	(7 692 667)	(8 776 330)	(18 097 543)
Segment profit before taxes	<u>(5 791)</u>	<u>(43 637)</u>	<u>247 617</u>	<u>198 189</u>
Profit not allocated to segments				
Profit before taxes				<u>198 189</u>

IX. Significant events in the reported period (2020 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:

- In 2020 the Group acquired the majority shareholding of ICL Auto Kft. and together with this the control. The acquisition did not lead to goodwill, the net asset included in the consolidated financial statements is approximately 30 MHUF.

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

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

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 Group issued its' bond under the Funding the Groth Scheme of CBH. The face values of the bonds issued is 3 000 MHUF, the proceeds from the issue is 3 004 MHUF.
- The Group – using the funds acquired from the above bond issue – repayed its' significant liability that was towards De Lage Landen Finance Zrt (438 MHUF).
- The Group reorganized its' structure after end of the reporting period. The Wallis British Motor Kft. (previously called: Polar Property Kft.) became the direct subsidiary of the legal parent. This reorganization has no effect on the consolidated financial statements.
- The Group established a new entity: AW Csoport Szolgáltató Kft. which sole purpose is to allocate the financial resources between the group entities optimally.
- Gábor Dévai was elected as member of the board, and he represents the legal parent jointly with an other board member.
- The Group become aware of a claim against one of the subsidiaries which was put forward by one of its suppliers. The value of this claim is 150 MHUF and it is debated by the Group. The Group is convinced that it is more likely than not that this claim will not result in outflow of economic resources, therefore no provisions were recognized for this matter. Due to the nature of this claim, detailed information will be provided after the issue is resolved.

XI. 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. The following information was extracted from the separate statement of comprehensive income (kHUF):

	91 days ending on 31st March 2020 (not audited)	91 days ending on 31st March 2019 (not audited)
Revenues	-	-
Net profit	(21 604)	(17 031)
Total comprehensive profit	(21 604)	(17 031)

Selected information from the separate balance sheet of the legal parent (kHUF)

	31st March 2020 (not audited)	31 December 2019 (audited)
Non current assets	16 076 083	15 725 616
Current assets	380 481	592 280
	<u>16 456 564</u>	<u>16 317 895</u>
Issued capital	3 383 268	3 383 268
Share premium	13 157 884	13 157 884
Retained earnings	(99 328)	(239 396)
<i>Owners equity:</i>	<u>16 441 824</u>	<u>16 301 755</u>
Long term liabilities	-	-
Short term liabilities	14 740	16 140
<i>Liabilities:</i>	14 740	16 140
	<u>16 456 564</u>	<u>16 317 895</u>

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

These interim financial statements were discussed and authorized for issue on the 26th May 2020 by the Board of Management.

The Company declares that its consolidated Interim Financial Statements for the period ending on 31th June 2020 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 30th June 2020 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 26th September 2020.

ORMOSY, Gábor
member of the board

SZÉKELY, Gábor
member of the board

representing the Borad of Directors of AutoWallis Nyrt.