Separate financial statements

AutoWallis

Public Limited Liability Company

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2019

English translation of the original 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.

The abbreviations have the following meaning

AB	Audit Committee
BÉT	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash generating unit
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPS	Earnings per share
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
ROU	Right-of-use asset
PPE	Property, plant and equipment
PO	Performance obligation

Amounts in parenthesis are negative figures.

I. Content

amounts are in thousand forints

II. The numerical part of the financial statements

1 Separate statement of comprehensive income

		365 days ending on 31st December 2019. (audited)	365 days ending on 31st December 2018. (audited)
Revenue	(1)	31 417	-
Material used	(2)	(1 529)	(89)
Services	(3)	(77 708)	(49 492)
Personal type expenses	(4)	(46 028)	(8 311)
Depreciation	(5)	(558)	(194)
		(94 407)	***(58 086)***
Other income and expenses, net	(6)	(18)	120
		(18)	***120***
Operating profit		**(94 426)**	**(57 966)**
Interest income		4 752	12 879
Interest expenses		(87)	(72)
Net gain or loss on currency translations		(0)	145
Other gain or loss from financial items, net		810 000	-
Expected credit loss expense		-	5
Profit on financial items	**(7)**	**814 664**	**12 957**
Profit before taxes		**720 239**	**(45 008)**
Taxation	(8)	(598)	-
Net profit		**719 641**	**(45 008)**
Other comprehensive income		-	-
Total comprehensive income		**719 641**	**(45 008)**

Items in the statement of comprehensive income and in the cash-flow are presented using the sign of the item. The references are above referring to Chapter VI.

amounts are in thousand forints

2 Separate balance sheet

Description		31. 12. 2019. (audited)	31. 12. 2018. (audited)
Assets			
Non-current assets			
Property, plant and equipment	(9)	824	574
Intangible assets	(9)	-	66
Investments in subsidiaries	(11)	16 045 354	15 725 000
Non-current assets total:		**16 046 178**	**15 725 640**
Current assets			
Account receivables	(12)	34 420	-
Income tax receivables	(12)	2 711	967
Other receivables	(12)	7 361	12 534
Investments in debt instruments	(10)	-	540 557
Cash and cash equivalents	(13)	397 353	58 511
Current assets total:		**441 844**	**612 569**
Assets total		**16 488 023**	**16 338 208**
Issued capital (face value: 12,5 HUF/share)	(18)	3 383 268	3 383 268
Share premium	(19)	13 157 884	13 157 884
Retained earnings	(19)	(77 724)	(222 365)
		16 463 427	**16 318 786**
			-
Equity:		**16 463 427**	**16 318 786**
Long term liabilities			
Long term liabilities:		-	-
Short term liabilities			
Short term loans	(14)	-	7 000
Account payables	(15)	11 074	2 935
Income tax payable		598	-
Other short term liabilities	(16)	12 923	9 487
Short term liabilities:		**24 595**	**19 422**
Liabilities:		**24 595**	**19 422**
Equity and liabilities:		**16 488 023**	**16 338 208**

Items in the financial statements are presented using the sign of the item. The references are above referring to Chapter VI.

amounts are in thousand forints

3 Statement of changes in equity

	Issued capital	Share premium	Own shares	Retained earnings	Total
1st Januar 2017.	344 344	386 808	(144 359)	(258 115)	**328 678**
Total comprehnsive income - 2017.				(58 940)	**(58 940)**
Disposal of own shares			144 359	142 153	**286 512**
31st December 2017.	344 344	386 808	-	(174 902)	**556 250**
Transiton to IFRS 9				(2 457)	**(2 457)**
Total comprehnsive income - 2018.				(45 008)	**(45 008)**
Share issue - "C" class	3 038 924	12 771 077			**15 810 000**
31st December 2018.	3 383 268	13 157 885	-	(222 367)	**16 318 785**
Total comprehnsive income - 2019.				719 641	**719 641**
Dividend paid (05.13.)				(575 000)	**(575 000)**
31st December 2019.	**3 383 268**	**13 157 885**	**-**	**(77 726)**	**16 463 426**

Items in the financial statements are presented using the sign of the item. The references are above referring to Chapter VI.

amounts are in thousand forints

4 Separate Cash flow statement

		365 days ending on 31st December 2019. (audited)	365 days ending on 31st December 2018. (audited)
Profit before taxes		**720 239**	**(45 008)**
Interest expense		87	72
Non-cash items:			
Depreciation		558	194
Impairment/reversal of impairment			(5)
Corrections of the net profit:			-
Interest income		(4 752)	(12 879)
Dividend income		(810 000)	-
Changes in the net working capital			
Changes in the receivables		(29 247)	1 569
Changes in the account payables		8 139	2 706
Changes in the other payables		3 435	6 169
		(111 540)	*(47 182)*
Interest paid		(87)	(72)
Taxes paid		(1 744)	(3 676)
Cash used in operating activities		**(113 371)**	**(50 930)**
Repayment of additinal capital payment		485 346	85 000
Investment in subsidiaries		(805 700)	
Acquisition of PPE		(742)	(457)
Interest received		4 752	359
Dividend received		810 000	-
Repayment of loans given		540 557	545 451
Loans given to other parties			(543 012)
Cash generated in investing activities		**1 034 213**	**87 341**
Dividend paid		(575 000)	-
Acquisition of short term loans/repayment of short term loans		(7 000)	7 000
Cash generated in financing activities		**(582 000)**	**7 000**
Cash generated during the period		**338 842**	**43 411**
Opening cash balance		58 511	15 092
Expected credit loss of cash balances		-	8
Closing cash balance		**397 353**	**58 511**

Items in the statement of comprehensive income and in the cash-flow are presented using the sign of the item.

III. The identification of the Entity and basis of preparing the financial statements

1 Basis of the preparation and the going concern

Statement of IFRS compliance

The management declares that the Entity fully complied with the provisions of IFRSs/IASs and IFRICs/SICs as endorsed by the European Union applicable in the current period. The management made this declaration in full awareness of its responsibility.

Scope of the financial statements

These financial statements present the financial position, performance and financial situation of the AutoWallis Plc. The financial statements are prepared and approved by the management.

The basis of the preparation; the underlying set of rules and underlying assumptions, the valuation philosophy

The financial statements are prepared using the International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB). The standards were used how it was endorsed by the European Union.

The management of the Entity concluded that the Entity is going concern, so there are no signs that foresees that the Entity will stop operating in the foreseeable future – which is at least one year – or have no realistic alternative to do so.

The Entity generally measures its assets and liabilities on historical cost basis, except for cases where a given item should be measured at fair value under IFRS. Latter one includes derivatives at fair value through profit and loss that are measured at fair value. The Entity did not elect to measure any item on fair value if is allowed but not required by the IFRS.

The Entity presented its financial statements under IFRS in 2017 for the first time. The accounting policies remained unchanged, from this perspective the data in the financial statements are comparable, but the activity of the Entity and the size of the managed assets has changed significantly. This must be considered when making conclusions. The Entity also changed the structure of the financial statements in 2018 due to this change.

2 The activity of the Entity

The name of the Entity is AutoWallis Nyilvánosan Működő Részvénytársaság (until 17th December 2018 ALTERA Nyrt., hereinafter the legal parent) is a public limited company registered by the Company Registry Court of Budapest-Capital Regional Court.

amounts are in thousand forints

The shareholder structure of the Entity went through material change in 2018. The previous shareholder exited the Entity and at the same time a new controlling person acquired control over the Parent who introduced additional capital and a new group was established in a reverse acquisition where the legal parent is the AutoWallis Nyrt.

Due to the this change in control in 2018 several items were disposed, and positions were closed by the Entity.

The Entity is only operating as a holding company, meaning that there no activities other than holding (owning) the subsidiaries.

3 General information about the Entity

The Entity is incorporated under the laws of Hungary (relevant law). The official address and the center of operation is 1055 Budapest, Honvéd utca 20. (previously until 17th December 2018.: 1124 Budapest, Lejtő utca 17/A., until 8th January 2018: 1121 Budapest, Normafa út 7).

The controlling shareholder of the Entity is the Wallis Asset Management Zártkörűen Működő Részvénytársaság (1055 Budapest, Honvéd utca 20). The ultimate parent of the Entity is WALLIS PORTFOLIÓ Korlátolt Felelősségű Társaság (1055 Budapest, Honvéd utca 20.). The latter company only has shareholders who are private persons.

The shareholders of the Entity as at 31st December at the end of each period:

Shareholders	**Shareholding 2019. 12. 31.**	**Shareholding 2018.12.31.**
Wallis Asset Management Zrt.	72,47%	83,05%
AutoWallis MRP Szervezet	7,36%	0%
Andrew John Prest	5,81%	6%
Free float	14,36%	10,99%
	100,00%	100,00%

The subsidiaries

AutoWallis Nyrt. as the legal parent controls the following legal subsidiaries. The following table includes the acquisition and the disposal of the group entities:

	Acquisition	Disposal	Acquired trough
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	09.09.2018	-	in kind contribution
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	09.09.2018	-	in kind contribution
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	09.09.2018	-	in kind contribution
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	09.09.2018	-	in kind contribution
Wallis Adria d.o.o	09.09.2018	-	in kind contribution
Polar Import Polska Sp. Zo.o.	09.09.2018	28.06.2019.	in kind contribution
POLAR PROPERTY Korlátolt Felelősségű Társaság *	09.09.2018	-	in kind contribution

**From 2020 the name of the entity is: Wallis British Motors Kft.*

4 The activity of the subsidiaries

Entity	Main activity
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	vehicle retail
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	vehicle retail
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	vehicle retail
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	automotive service
Wallis Adria d.o.o	vehicle import
Polar Import Polska Sp. Zo.o.	no activities
POLAR PROPERTY Korlátolt Felelősségű Társaság	no activities

5 A presentation currency of the financial statements, rounding

The functional currency of the Entity is Hungarian forint. The financial statements were presented in Hungarian forint and if not stated otherwise all amounts are rounded to the closest thousand (kHUF or '000).

From the Entity's perspective Croatian Kuna and Euro are significant currencies due to the activities of the subsidiary companies. These two currencies had the following relevant rates in the period (using the rate published by the central bank of Hungary; FC/HUF):

	31. 12. 2019	**31. 12. 2018**	**2019 average**	**2019 average**
EUR/HUF	330,52	321,51	325,35	318,87
HRK/HUF	44,42	43,38	43,86	42,99

The financial statements are presented for one year. The end of the reporting period is 31st December for all years. The Group publishes interim financial statements for the first six months of the business period. These interim financial statements are prepared under IAS 34, those do not include all disclosures required by IAS 1 and the date will be disclosed in condensed format. The interim financial statements are – as allowed by the regulation – are not audited.

The financial statements include one comparative period, except is a period needs to be restated due to a prior error or due to a change in the accounting policy. In this case the opening balance sheet of the comparative period is also presented. The previous period was not restated this year.

The Entity does not present segment report according to IFRS 8.4. The Entity does not have operating segments as it is a holding entity.

The management will be responsible for publishing these financial statements, under the relevant legislation (regulation, handbook of the stock exchange).

IV. Significant elements of the accounting policies. The basis of the preparation of the financial statements

1 The parts of the financial statements

The full set of financial statements contains:

- separate balance sheet (also called as consolidated statement of financial position);
- separate statement of comprehensive income;
- separate statement of changes in equity;
- separate statement of cash flows;
- notes to the separate financial statements.

The Entity decided to present the statement of comprehensive income in a single statement where the items of other comprehensive income shall be presented after the net profit position.
Other comprehensive income are those items that will change the net assets (that is the difference between assets and liabilities) but these changes may not be accounted for directly against an asset or a liability, nor against the net profit, so it shall change indirectly an item in equity. These items are in connection with the performance of the Entity in a comprehensive manner. Equity transactions will not be part of other comprehensive income. Equity transactions are those where the Entity transacts with its shareholder in its capacity as a shareholder.

2 Accounting policies – income statement

(a) Revenues

Revenues shall be accounted for according to the IFRS 15. IFRS 15 creates a general model for all the income that are coming from contracts with the customers. The standard uses the so-called five step model to identify when and how much revenue shall be accounted for. The standard has explicit requirements for the situation when several items are transferred to the customer in one contract. IFRS 15 includes two methods for the timing of revenue recognition: point in time and over the time

method. IFRS 15 also includes fundamental rules how to account for the cost incurred that will not be accounted for according to an other standard. The Entity applies the five-step model when entering into contracts with customers. Since in case of most of the contract the fulfillment date and the date of the invoicing do not differ, realization will happen in the period of invoicing.
IFRS 15 does not regulate the accounting of income from financial instruments, those are under IFRS 9. The incomes related to subsidiaries will be accounted using the regulation in IAS 27R. The Entity accounts for the dividend income when the right to receive the amount is established (aka IFRS 9).

The Entity did not enter into contracts and realized revenue where the timing of the revenue recognition requires complex considerations (ie. package deals).

(b) Other incomes

Other incomes are those incomes that cannot be classified as revenues, financial income or other comprehensive income but will be accounted for as an increase in the net profit. On the other hand, other expenses are related to the operation indirectly and they cannot be classified as financial expenses nor other comprehensive items. The other incomes and expenses are presented on net basis in the income statement.

(c) Financial income and expense

The Entity accounts for these items under IFRS 9.
IFRS 9 reconsidered the accounting for financial instruments, introduced the concept of expected credit loss. Instead of basing the impairment on objective evidence the basis of accounting for impairment loss will be expected credit loss. The ECL model will bring the timing of the recognition of such losses closer to recognition.
The model uses a three-step approach, where each step is based on the changes in the credit quality of the underlying item. The model requires the Entity to account for the 12-month ECL at the time of the recognition (for accounts receivable the lifetime ECL is immediately required). If there is a significant increase in the credit risk the ECL will be charged based on the lifetime ECL rather than the 12-month ECL. The model includes the simplified model where for certain items instead of the complex methodology another method shall be used. This model is very close to the approach what the Entity used before the introduction of IFRS 9.

IFRS 9 reregulated the accounting for hedges. Lot more hedge relationship now qualifies for these accounting and certain criteria is now less strict. The Entity does not apply hedge accounting.

Interest income will be classified to financial income. The interest income will be recognized proportionally. The interest expense will be calculated using the effective interest rate method and will be classified as financial expense. The Entity recognizes the foreign exchange rate differences in financial profit (if it is not part of the other comprehensive income as per IAS 21). The financial profit shall be presented on a net basis.

(d) Income taxes

The Entity considers an item to be an income tax if it is taxing any level of the profit. The following taxes are considered to be income taxes:

- corporate income tax;
- local business tax and
- innovation contribution.

(e) Offsetting

The Entity will offset items on net basis in the financial statements if IFRS requires that or the nature of the transaction requires that and the item is not relevant from the point of view of the core activity (ie.: disposal of PPE).

(f) Property, plant and equipment (PPE)

The Entity classifies items to the PPE category if the asset is used for production or is held for administrative purposes and it is expected to be used for more than a year. For the classification purposes the Entity distinguishes assets directly used in the production (plant) and not directly used in the production (equipment).

The initial measurement of PPE includes all items that is needed for the intended use of the asset at the intended place including the borrowing cost which is explained in the relevant chapter of the policies.

If the asset is dismantled or removed at the end of its useful life (when not needed and will not be used or disposed any more) than the cost of this removal will be added to the initial value of the asset and at the same time a provision will be recognized, if the Entity can demonstrate that they have at least a constructive obligation for this removal. It the value of the ARO is less than 50 000 kHUF the ARO is ignored. The assets working together shall be assessed on a collective basis and if the ARO becomes material it will be recognized.

The Entity applies the component approach for the PPEs, meaning that each major part of the asset is separately recognized if the useful life is different.

PPEs are measured at cost after the initial measurement (cost minus accumulated depreciation and accumulated impairment). The depreciable amount is the initial cost of the asset less any residual value. The residual value is determined if it is material, meaning it reaches 10% of the initial value but at least 2 000 kHUF. The residual value is the amount to be realized on the disposal of the asset in question. Depreciation is calculated based on the depreciable amount, on component-by-component basis. the following rates are used for the calculation:

Asset group	Depreciation
Land	not depreciated
Building	1 - 5%
Other assets	14 – 33%

The useful life and residual value of the asset is reviewed periodically to see if the amounts are reasonable. If not, the depreciable amount and the useful life is adjusted prospectively.

The value of the PPE will be modified for subsequent expenditure if they qualify for capitalization (ie. enhancement to the asset). This enhancement will be recognized as a separate component.

Sale of the PPE will be recognized as other income which will be decreased by the remaining book value of the same asset. The scrap of the PPE will be taken to other expenses without generating any income.

(g) Intangible asset

Intangible assets are measured initially the same way as PPEs. The intangible assets shall be tested, whether they have a definite or an indefinite useful life.
Indefinite useful life intangible assets are not depreciated but an impairment test is applied at the end of every period (see impairment for details).
For the other intangible assets, the Entity will consider characteristics like contractual life that may limit the utilization of the asset. The amortization period may not be longer than this contractual life. By default, the contractual period will be considered as the useful life.

Software and similar items will be amortized at the rate of 20-33%. All intangible assets are measured using the cost method. The residual value of the intangible asset is deemed to be 0 unless proven otherwise.

Internally generated intangible assets are only recognized if it meets all the recognition criteria.

(h) Leases

A contract will be a lease or contains a lease, if for a given period it transfers the right of use of the underlying asset in exchange of a series of cash flow. The lessee will have the right to use the asset and collect all benefits and make all the relevant decision regarding the asset. It is not a lease if there is a rental agreement, but the asset is not controlled by the entity (ie. company car provided for the personal use of the employee).

The Entity did not enter into contracts that meets the definition of lease.

(i) Borrowing costs

The Entity capitalizes the borrowing costs if the borrowing cost is related to the qualifying asset. If the loan is dedicated (the loan was taken out for a specific reason) the effective interest of the loan will be used to calculate the capitalized rate. For general purpose loan an activation rate will be calculated. This rate is calculated using the effective interest rate of such loans, the time passed since the loan taken and the date of the asset being ready to use. The capitalized amount will be arrived to by calculating the weighted average of these interests.

An asset (project) will be qualifying, if it is an asset that is being built for more than six months. When assessing the asset, the value is ignored. The Entity starts capitalization once there is a firm commitment for the acquisition of the asset. This may mean starting the project or starting the planning phase of the project.

The capitalization will be suspended if the building of the asset is stopped for a longer period without a technological reason. The capitalization is ceased once the asset is ready for the intended use, or the use of the asset was authorized.

(j) Impairment of non-financial assets, identification of the CGUs

The Entity tests its significant assets for impairment each year. Testing consists of two stages. The first stage is to examine whether there are signs indicating that the assets in question are impaired. The following are signs that a given asset is impaired:

- damage;
- decline in income;
- unfavorable changes in market conditions and a decline in demand;
- increase in market interest rates.

Should there be any indication that an asset is impaired, a calculation which allows the recoverable amount of the asset to be determined is performed (this is the second step). The recoverable amount is the higher of the fair value of the asset reduced by the cost of disposal and the present value of the cash flows derived from continuous use.

If the value in use of a group of assets cannot be determined as it does not generate any cash flows itself (it is not in use), the test is performed with respect to the cash-generating units (CGUs).

Firstly, the impairment is determined on the level of the individual asset (if possible).

If the value in use can only be determined with respect to the CGUs and impairment needs to be accounted for, impairment losses are recognized as follows:

- firstly, damaged assets are impaired;
- secondly, goodwill is reduced;
- thirdly, the remaining amount of impairment losses are split among property, plant and equipment (PPE) and intangible assets in the CGU in proportion to their carrying amount prior to impairment.

The value of assets may not drop below their fair value reduced by their individual cost of disposal.

Impairment testing is performed by the Entity at the year-end or when it is clear that impairment needs to be recognized.

The impairment – in case of changes in the circumstances – may be reversed against net profit. The book value after the reversal may not be higher than the book value if no impairment loss was recognized previously.

(k) Cash and cash equivalents

Cash includes deposits repayable on demand. Cash equivalents includes liquid investments with maturity of three months or less when acquired at that there is insignificant risk of value change. Typically, certain state bonds and treasury bills may meet the foresaid definition. Cash and cash equivalents are carried at amortized cost in the Consolidated Balance Sheet.

(l) Financial assets and financial liabilities

(i) Classification

Financial assets or financial liabilities at fair value through profit or loss (FVTPL) are financial assets and financial liabilities that are classified as held for trading mainly for the purpose of profit-taking or are derivative instruments.

(Note: The Entity did not have any financial instruments during the current period which is classified to the category FVTPL due to its nature being held for trading.

Debt instruments that meet both SPPI test (i.e. cash flows from those are solely payments of principal and interest) and the business model of it is hold to collect the cash flows (business model test) will be classified as financial assets measured at amortized costs (AC category) and will be carried at amortized cost. This category includes balances of trade and other receivables, receivables from banks and cash balances.

Debt instruments that meet SPPI test with but based on the business model the purpose is collect the cash flows from holding the instruments or sell those will be classified at FVTOCI category.

The Entity classifies the held equity instruments – excluded instruments held for trading purposes – into the FVTOCI category, that shall be measured at fair value at each reporting date. Remeasurement of these items will be accumulated in other comprehensive income and will be accumulated in equity. The equity accumulated will be reclassified to the net profit once the items are derecognized.

The equity items of the Entity when held for trading will be classified into the FVTPL category, if not held for trading will be classified into the FVTOCI category. Both items are marked to market at the end of the period and the difference will be included in the net profit for FVTPL items and OCI for the FVTOCI items. When the asset is derecognized the OCI accumulated in the equity shall not be reclassified to the income statement but will be transferred directly to the retained earnings.

Other liabilities contain all financial liabilities that were not classified as at fair value through profit or loss.

(ii) Recognition

Financial assets and liabilities are recognized in the financial statements of the Entity on the trade date. Financial assets or financial liabilities are initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue in case of all financial instruments that are not measured at fair value through profit or loss

(iii) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets expire or the Entity transfers substantially all risks and rewards of ownership of the financial asset (without retaining significant right).

(iv) Measurement

Subsequent to initial recognition, all financial assets and financial liabilities measured at fair value through profit or loss, and financial assets measured through other comprehensive income are measure at fair value. If no quoted market price exists from an active market and fair value cannot be reliably measured, the Entity uses valuation techniques to determine fair value.

Financial assets classified to AC and all financial liabilities other than financial liabilities measured at fair value through profit or loss, are measured at amortized cost. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Gains and losses on financial assets or financial liabilities measured at fair value through profit or loss are recorded in Consolidated Statement of Comprehensive income, as gains on securities (as an element of current year profit or loss, on a net basis)

The gain or loss on the debt instruments will be included in net profit when the interest of it is amortized or when derecognized or impaired.

(v) Fair value measurements

The fair value of financial instruments is determined based on the quoted market price at the end of reporting period without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using valuation models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Entity's economic estimates and the discount rate is a market related rate at the end of reporting period for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the end of reporting period.
Level 1: The input for the fair value is the unadjusted quoted price, no other input is used for the valuation.
Level 2: All inputs are directly or indirectly observable but there are inputs other than the quoted price.

Level 3: The fair value of derivatives that are not exchange-traded are estimated at the amount that the Entity would receive upon normal business conditions to terminate the contract at the end of reporting period taking into account current market conditions and the current creditworthiness of the counterparties.

(vi) Measurement of amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility for financial assets.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Entity estimates cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses.

(vii) Impairment of financial assets (expected credit losses)

For financial assets measured at AC or FVTOCI, impairment losses is recognized based on expected credit losses. ECL can be determined as the cash shortfall throughout the life of the financial asset. The expected credit loss is determined from multiplying:

- exposure at default (EAD);
- loss given default (ratio) (LGD);
- probability of default (PD) for the relevant period.

When items are recognized the 12-month ECL is considered. This is arrived to using the 12 month PD, reflecting the probability of default occurring in the next 12 months (referred as ‘Stage 1’). This loss is considered without lowering the gross carrying amount of the instrument but a contra-active asset is used (allowance). The gross carrying amount (i.e. calculated without ECL) of the asset remains unchanged.

If the credit quality of the asset significantly deteriorates, the instrument is reclassified into Stage 2, where impairment loss is calculated based on expected credit losses determined in accordance with probability of default during the whole lifetime of instrument. Impairment is recorded in profit or loss, without deduction of gross carrying amount.

It is assumed that the credit quality of the asset is deteriorated when any of following conditions is met or based on assessment of the management this is occurred.

- the contractual cash flows are more than 30 days past due (‘DPD 30 days rule’), excluding that case, when the delay has another reason.
- Regardless DPD 30 days rule, increase in risk shall be assumed, if based on market information the financial status of the partner is deteriorated, that can cause shortfall if cash flows.

It is assumed that there is significant deterioration in the credit quality if any of the following situations exist:

- severe financial difficulties of the issuer or the borrower;
- breach of the contract, missing repayment of capital or principal repayment;
- renegotiation of the contract or other reliefs due to the financial difficulties of the counterparty;
- it becomes probable that borrower will be subject to liquidation or other similar reorganizational procedure
- disappearance of an active market
- it can be concluded that the contractual cash flows are not going to be collected.

If the credit quality of the asset deteriorates even further – so the asset becomes impaired – the item will be classified into Stage 3, in that case the item’s carrying amount is directly deducted with any previously recognized accumulated impairment loss.

It is considered that an item is ‘defaulted’ if the contractual cash flow are 90 days past due (‘DPD 90 days rule’) excluding that case, when the delay has another reason. Regardless to DPD 90 days rule, default can be determined if market conditions suggest the defaulted status may be concluded earlier.

The following signs are considered to be deteriorations in the credit quality and to be impaired:

- market data
- change in the economic environment
- independent rating agencies

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- comparable data
- conclusions of the risk assessors
- forbearance
- payment behavior

If the quality of the financial asset later improves the asset may be reclassified back from Stage 3 to Stage 2 and from stage 3 to Stage 1.

For certain individually small balance receivables ECL is calculated on a collective basis. In the case of accounts receivables, the simplified method is applied, where immediately the lifetime ECL is charged but there is no continuous tracking of credit quality.

For this purpose, the Entity splits the accounts receivables into two portfolios: receivables from the gas activity other account receivables.

The ECL is determined using the following ratios:

Past due	ECL ratio
Less than 90 DPD	0,1 – 0,6%
Between 90 – 180 DPD	5%
Between 181 – 360 DPD	10%
Over 360 DPD	75% or individual

If ECL decreased, reversal of impairment loss shall be recognized in profit or loss (decreasing the expected credit loss expense).

(viii) Hedge accounting

The Entity does not use hedge accounting.

(m) Interest in other entities

The Entity holds several investments that will be consolidated as subsidiaries or equity accounted as associates. In the separate financial statements these investments are measured at cost after deducting any accumulated impairment. The dividend received from the subsidiary will be recognized as income.

(n) Provisions

Provisions may only be recognized if it is based on a past event and the timing or the amount of the liability is uncertain. Provision shall not be recorded if it is not based on a legal or constructive obligation. If the existence of an obligation cannot be decided than a provision is only recognized if the likelihood of the obligation’s existence is more likely than not (probable obligation). If the probability

is lower than this, a contingent liability exists which shall be disclosed as a possible obligation. This is not recognized in the balance sheet but only disclosed.
The provisions are presented together with the liabilities and shall be split between long and short term. If the time value of the money is material the future cash flows shall be discounted. The time value of the money is deemed to be material when the last cash flow happens over three years time.
Typical issues leading to provisions:

- legal cases, payable damages;
- payable damages, compensation based on agreement;
- guarantees;
- asset retirement obligation;
- termination benefits, reorganization expenses.

When measuring the provision – if it is possible – the most likely amount is taken considering other possibilities if it is reasonable. If the provision shall be calculated for a population (ie. guarantees, payments made to a population) the weighted average of the expected payments shall be considered.

When a contract leads to more outflow than inflow (onerous contract) a provision shall be made for the smaller of the expected losses and the consequences.
For a reorganization (ie. termination benefits) shall lead to a provision if there is a formal plan that was approved, and it was disclosed to the people who are affected. Only issues that will be discontinued shall lead to provisions, for continuing operations no provision is recognized (ie. retraining, relocation).

There shall be no provision recognized for:

- future operating losses;
- for “safety purposes” with no specific reason;
- for impairments and write-offs, those will lower the value of the asset in question.

(o) Employment benefits

The Entity mostly provides short term employee benefits. This will be recognized in the net profit once they the service is provided.

The premiums and bonuses and other similar items shall be recognized as a liability in the balance sheet if they lead to liabilities:

- if it is linked to a condition the liability is recognized when the conditions are met;
- if it is linked only to the decision of the management it will be recognized when the decision is made known to the people involved (contingent liability).

The Entity only participates in defined contribution pension plans which shall be recorded together with the wages, so it will be accounted for then.

The Entity operates in a legal environment where employees are entitled to paid leave. If there is an agreement where this leave may be carried forward to future periods, the value of the not used leaved will be recognized as a liability and at the same time the net profit will be debited.

(p) Equity

The Entity presents it's equity in the following structure

Name of the equity item	Included in the equity item
Issued capital	Issued capital of the legal parent
Share premium	The premium of on the share issue of the legal parent
Retained earnings	Accumulated earnings that was not distributed to the shareholders.
Transactions with the shareholder	Any gain or loss recognized directly in equity when transaction is made with the shareholder in the capacity of the shareholder

In the notes to the financial statements the Entity discloses for each class of the shares:

- the number of shares authorized to issue;
- issued and fully paid and the issued but not fully paid number of shares
- the face value of the shares
- the reconciliation between the opening and closing number of shares
- the rights and limitations attached to each class of the equity
- limitations on distribution to shareholders
- the treasury shares owned by the entity
- the options that give right to the shareholders to sell shares, including conditions and price.

The Entity prepares the equity reconciliation table as required by the accounting act of Hungary [para. 114/B]. This reconciliation includes the opening and closing balance of the equity according the IFRS and derives the following equity categories:

Item	What is included
Equity capital	equity under IFRSs plus supplementary payments received and shown under liabilities in accordance with IFRSs, minus supplementary payments provided and shown under assets in accordance with IFRSs, including any cash to be transferred to the capital reserve on the basis of legal provisions, and assets received, shown under deferred income, minus any sum of receivables from owners in connection with making capital contribution in the form of equity instrument;
Subscribed capital under IFRSs	subscribed capital provided for in the instrument of constitution, if classified as an equity instrument;
Subscribed capital unpaid	part of the subscribed capital under IFRSs that has not yet been paid up and made available for the economic entity;
Capital reserve	all equity components that are not covered by the definition of subscribed capital under IFRSs, subscribed capital unpaid, retained earnings, revaluation reserve, post-tax profit or loss or tied-up reserve;

Retained earnings	retained earnings: previous years' accumulated results after tax shown in the annual accounts prepared in accordance with IFRSs, not yet distributed among the owners (including the combined total of the earnings retained according to this Act on the balance sheet date of the financial year preceding the year of transition to IFRSs and the after-tax profit adjusted by the effect the transition to IFRSs had on retained earnings), as well as the sums credited or charged directly to such accumulated results in accordance with IFRSs [including the part of supplementary payment, if the owner (shareholder) of the business association waived his claim from such supplementary payment], transferred from the subscribed capital or from the capital reserve to cover the losses, any sum transferred from other reserves, as required or permitted by IFRSs. The sum thus received shall be decreased by the supplementary payments shown under assets in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted. Retained earnings may not include other comprehensive income, as provided in IAS 1 - Presentation of Financial Statements, with the exception of value adjustments in respect of transfers
Revaluation reserve	other comprehensive income shown in the comprehensive income statement provided for in IAS 1 - Presentation of Financial Statements, including other comprehensive income accumulated and from the current year, furthermore, the revaluation reserve from before the date of transition to IFRSs
Post-tax profit or loss	as defined in Point 9 of Section 114/A in the Accounting Law;
Tide-up reserve	supplementary payments received and shown under liabilities in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted.

3 Other items of the accounting policies

(a) Government grant

Government grants are recognized in the net profit by default. The profit must be split between the period when the related asset is used for. If a part of the grant cannot be recognized in the net profit it shall be recognized as a liability as deferred grant. The part credited to net profit shall be netted against the related expense – if possible.

If a grant is connected to an expense it shall be accounted for as decrease in the expense. If this is not possible it will be recognized as other income.

A grant shall be accounted for if…

- it is virtually certain that the group can fulfill the criteria attached to the grant;
- the grant will be later received.

When a grant is repayable later the liabilities will be increased, and the effect is debited to the expenses. When an advance is paid for a government grant it shall be recognized as a deferred income and income will only be recognized when the claim together with the underlying documentation submitted.

If an asset is received for free the asset is recognized and at the same time a government grant is recognized and deferred, if needed.

(b) Assets held for sale and discontinued operations

Assets held for sale are those assets that's value will be recovered not by continuous sale but by a sales transaction in the near future. Assets held for sale also include disposal groups: this includes a pool of assets and liabilities which will be disposed in a single sales transaction (ie. a subsidiary held for sale). An item maybe classified as held for sale if it is very probable that the asset will be sold within a year from the date when it was classified as held for sale the asset or the group is available for sale, appropriately marketed and the asset is for sale at a reasonable price.

The asset held for sale are disclosed separately in the balance sheet and will not be added to the non-current nor to the current assets. These assets are not depreciated and they are measured at the end of the reporting period lower of their book value and fair value less cost to sell. The differences are recognized in the net profit.

If later the conditions to classify an asset to the category is not met, the asset is reclassified to non current assets and the catch up deprecation is charged and reviewed for impairment. Any difference will be taken to the net profit.

The Entity shall separate the profit from discontinued operation if material. It is not classified as discontinued operation if only the legal form of the activity is altered but the underlying economic substance remains the same.

(c) EPS – Earnings per share

The EPS will only be disclosed in the consolidated financial statements as it is allowed by IAS 33.

(d) Segment reporting

The segment report is only disclosed in the consolidated financial statements as allowed by IFRS 8.4. The Entity did not identify segments on separate level.

(e) Accounting policies related to the cash flows

The Entity prepares the cash flow using the indirect method for the operating section. For the investing and financing part, the cash flow is built on the direct method. The overdrafts are considered to be cash equivalents unless otherwise proven.

(f) Foreign currency transactions

The Entity came to the conclusion that the functional currency of the Entity is forint since that is the currency that describes in the most relevant way the operation of the company. The following characteristics were considered when arriving to the conclusion:

- which is the currency in which most of the revenue is generated in;
- which is the currency in which most of the costs incurred;
- which is the currency of financing.

The characteristics are hierarchical. The entity may only record foreign exchange rate difference on foreign currencies. When retranslating foreign currency transactions into forint the rate of the CBU is used except those where the calculation must be based on Act CXXVII. of year 2007 on value added tax where the rate there prescribed is used. The exchange rate difference comes from the difference in the rate between the fulfilment date and the settlement date. These differences are recognized in the financial profit.

The Entity classifies all assets and liabilities into monetary and non-monetary items. The monetary items are those which settlement result in change in the cash. Cash is also considered to be a monetary item. The other assets and liabilities are non-monetary items (ie. advances for services, inventory etc.). All balances in monetary items shall be retranslated to the closing rate. The rate used is the rate of the Central Bank of Hungary.

(g) Materiality, errors and effects of error

An item is material if the omission or the misstatement of it influences the decisions of the users.

The errors are can be omissions or misstatements in the prior periods of the entity which is coming from omission of know reliable information or the misuse of it. They may be computational errors, errors in applying the accounting policies or ignoring facts or misinterpretation of those and they may be frauds.

Prior period errors are corrected retrospectively, unless it is impracticable, explaining the effect of it for all prior period. The application is impracticable if the retrospective restatement can not be executed if all reasonable efforts are carried out for the right treatment. Impartibility may also come from the not availability of data required.

V. Changes in the accounting policy, the effect of adopting new and revised IFRSs and IFRICs, not yet effective standards, expected changes to the regulation, early application

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- IFRS 16 “Leases” – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 9 “Financial Instruments” - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 19 “Employee Benefits” - Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” - Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),
- Amendments to various standards due to “Improvements to IFRSs (cycle 2015 -2017)” resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),
- IFRIC 23 “Uncertainty over Income Tax Treatments” – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

New and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, there are new standards, amendments to the existing standards nor interpretations which are issued by IASB and adopted by the EU and which are not yet effective:

- Amendments to References to the Conceptual Framework in IFRS Standards – adopted by EU on 6 December 2019 (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Material – adopted by EU on 10 December 2019 (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures" – Interest rate Benchmark Reform – adopted by EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),

The Entity does not adopt these new standards and amendments to existing standards before their effective date. The Entity anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at [date of publication of financial statements] (the effective dates stated below is for IFRS in full):

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 3 "Business Combinations" - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).
- The IASB issued the new version of the Framework, which has a goal to clarify certain basic concepts and the concept of the reporting entity. Furthermore, numerous smaller changes were done to the Framework. The new Conceptual Framework will be applicable for the entities from 2020.

The Entity anticipates that the adoption of these new standards, amendments to the existing standards and new interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

amounts are in thousand forints

VI. Notes to the statement of comprehensive income and the balance sheet

1 Revenue

The revenue of 2019 is realized from consultancy.

2 Cost of material

The cost of the material is the following:

	Year 2019	Year 2018
Fuel	1 356	89
Stationary, other material	173	
	1 529	89

The cost of material includes mostly fuel and includes fuel and items that are consumed within a year.

3 Services

The following items are recognized in services:

	Year 2019	Year 2018
Accounting, legal and capital market services	43 522	31 183
Rental fees, rates	13 543	140
PR and communication	12 506	11 394
Administrative services	3 325	699
Sundry services	2 598	561
Official fees	1 637	4 984
Bank fees and insurance	578	532
	77 708	49 492

4 Personal type expenses

The following items are recognized in personal type expenses:

	Year 2019	Year 2018
Wages	31 998	3 749
Renumeration	5 696	3 090
Social security contribution	7 451	1 447
Other personal type expenses	884	25
	46 028	8 311

5 Depreciation

The depreciation includes the depreciation of fixtures and fittings and low assets which all supports the administration.

amounts are in thousand forints

6 Other income and expenses

The gains and losses not classified otherwise will be recognized on this positon. Non of the items recognized here are material. The items include damages and gain or loss on selling PPE and intangible assets.

7 Financial income and expenses

The finance income includes 810 000 kHUF that is dividend from the subsidiaries. Furthermore, interest received from banks and in the previous period also interest for the given loan is disclosed under this heading (4 752 kHUF, previous year: 12 897 kHUF). An immaterial FX difference is also recognized under this heading.

8 Taxation

Under taxation only local business tax is recognized.

9 Property, plant and equipment; intangible assets

The PPEs and intangible assets do not include individually material items. There are no material commitment to purchase PPE or intangible assets.

The following is the schedule for those assets:

Cost	Fixtures and fittings	Software
Opening balance	1 392	1 129
Purchases	875	0
Sale	-532	0
Closing balance	**1 735**	**1 129**

Accumulated depreciation	Fixtures and fittings	Software
Opening balance	818	1 063
Dereciation for the year	492	66
Sale	-400	0
Closing balance	**910**	**1 129**
Net book value - opening	**574**	**66**
Net book value - closing	**824**	**0**

amounts are in thousand forints

The comparative period:

Cost	Fixtures and fittings	Software
Opening balance	935	1 129
Purchases	457	
Scrap		
Closing balance	**1 392**	**1 129**

Accumulated depreciation	Fixtures and fittings	Software
Opening balance	712	974
Dereciation for the year	106	88
Sale		
Closing balance	**818**	**1 062**
Net book value - opening	**223**	**155**
Net book value - closing	**574**	**66**

10 Investment in debt instruments and equity instruments

The balance of the equity instruments at the end of the period was 0. The previously recognized instruments were all held for trading and were fully impaired by the end of 2018.

The balance of the debt instruments by the end of the period was 0.
In the comparative period the value of the debt instruments had the following items. The Entity assessed the instruments using the SPPI test and concluded that all items belong to the AC category.

	2018.12.31
Loans to other entities	543 000
Corporate bonds	39 032
Write off of financial assets	-39 032
ECL for loans (1st stage)	-2 444
	540 557

The loans to to other entities include the following items:

amounts are in thousand forints

	2018.12.31
TEXBER Ingatlanforgalmazó Kft.	543 000
ECL for loans (1st stage)	-2 443
	540 557

The loan outstanding in the previous period was fully paid back. The fair value and the book value of these items were not materially different.

11 Investments in subsidiaries

	31. 12. 2019.	31. 12. 2018.
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	10 900 000	10 500 000
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	960 000	960 000
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	2 020 354	2 100 000
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2 165 000	2 165 000
	16 045 354	15 725 000

The investments were all recognized as an equity contribution which resulted in a reverse acquisition. The following movements were identified during this period:

- the Wallis Motor Pest Kft: paid back 99 346 kHUF additional capital contribution and received 19 700 kHUF additional capital;
- the Wallis Motor Duna Kft.: paid back 386 000 kHUF additional capital contribution and received the same amount as additional capital;
- the WAE Kft. received 400 000 kHUF additional capital.

The changes from the previous period is explained by these movements.

12 Account receivables, income tax receivable, other receivables

The account receivables include sales that were not yet financially settled. The income tax receivable is only includes relevant tax balance. The other receivables include other tax balances and accruals and prepayments. None of the items are individually material. The fair value and the book value of the items are not materially different.

13 Cash and cash equivalents

The cash and cash equivalents are the following:

amounts are in thousand forints

	31. 12. 2019.	31. 12. 2018.
Cash in hand - forint	95	2
Bank balances - forint	397 266	58 516
Bank balances - foreign currency	0	1
Expected credit loss (Stage 1.)	-8	-8
	397 353	**58 511**

The fair value and the book value of the items are not materially different.

14 Short term loans

The short term loan includes a single amount in the previous period which was granted by the controlling shareholder to maintain the liquidity of the Entity. The fair value and the book value of the items are not materially different. The loan was paid back in the current period.

15 Account payables, other payables

These payables are all individually immaterial. The fair value and the book value of the items are not materially different.

16 Other short term liabilities

The following items are included under this heading:

	31. 12. 2019.	31. 12. 2018.
Liabilities toward employees	0	727
Tax liabilities	-1 471	1 850
Accruals	11 452	6 910
	9 487	**9 487**

17 Deferred taxes

The only item leading to deferred taxation is the losses carried forward which has the balance of 430 032 kHUF (previous year: 332 563 kHUF). Since the Entity did not prepare a formal taxation strategy, this asset will not be recognized in either of the periods.

18 Issued capital

The issued capital shows the share structure of the Entity. The number of shares and the share classes are summarized below (no changes in 2019):

amounts are in thousand forints

Class	**A class**	**B class**	**C class**
type	*peferred (voting)*	*preferred (dividend)*	*ordinary*
01. 01. 2017.	2 500	2 500	3 393 440
Issue - 11. 16. 2017.	22 500	22 500	-
31. 12. 3017.	**25 000**	**25 000**	**3 393 440**
Issue - 11.10.2018.	-	-	30 389 235
	25 000	*25 000*	*33 782 675*
8 to 1 split	175 000	175 000	236 478 725
31. 12. 2018.	**200 000**	**200 000**	**270 261 400**
31. 12. 2019.	**200 000**	**200 000**	**270 261 400**

The face values:

Class	**A class**	**B class**	**C class**	**Total**
type	*peferred (voting)*	*preferred (dividend)*	*ordinary*	
01. 01. 2017.	250	250	339 344	339 844
Issue - 11. 16. 2017.	2 250	2 250		-
31. 12. 3017.	**2 500**	**2 500**	**339 344**	**344 344**
Issue - 11.10.2018.	-	-	3 038 924	
	2 500	**2 500**	**3 378 268**	**3 383 268**
8 to 1 split	-	-		-
31. 12. 2018.	**2 500**	**2 500**	**3 378 268**	**3 383 268**
31. 12. 2019.				

The face value of each share until the split (which was done on 17th December 2018.9 was 100 HUF, thereafter it was 12,5 HUF. The split did not modify the sum of the face value of all shares. The preferred shares (voting and dividend) are no longer carry any special rights. After the last dividend payments all special rights have expired. The Parent plans to convert them into ordinary shares.

19 Reserves

The Entity discloses share premium and retained earnings as reserves. The share premium comes from the share issues. The retained earnings accumulates the net profit and the declared dividend decreases it. There are no items identified that would be classified as other comprehensive income.

amounts are in thousand forints

VII. Other disclosures

1 Fair value hierarchy

The classification of the financial instruments for measurement basis and level of the fair value measurement is the following:

	2019.12.31	2018.12.31
Debt instruments		540 557
Account receivables	34 420	-
Cash and equivalents	397 353	58 511
Financial assets	*431 773*	*599 068*
Short term loans	-	7 000
Account payables	11 074	2 935
	11 074	*9 935*

amounts are in thousand forints

31. 12. 2019.	Fair value trough profit or loss assets	Assets at amortized cost	Assets valued at fair value trough OCI	Liabilities at amortized cost	**Book value**	Fair value
Debt instruments		0			**0**	-
Account receivables		34 420			**34 420**	34 420
Cash and equivalents		397 353			**397 353**	397 353
	-	*431 773*	-	-	*431 773*	*431 773*
Short term loans					**0**	0
Account payables				11 074	**11 074**	11 074
	-	-	-	*11 074*	*11 074*	*11 074*

Comparative period data:

31. 12. 2018.	Fair value trough profit or loss assets	Assets at amortized cost	Assets valued at fair value trough OCI	Liabilities at amortized cost	**Book value**	Fair value
Debt instruments		540 557			**540 557**	-
Account receivables		0			**0**	0
Cash and equivalents		58 511			**58 511**	58 511
	-	*599 068*	-	-	*599 068*	*599 068*
Short term loans		7 000			**7 000**	7 000
Account payables		2 935		-	**2 935**	2 935
	-	*9 935*	-	-	*9 935*	*9 935*

amounts are in thousand forints

The financial instruments are measured at the following level:

31. 12. 2019.	Level 1	Level 2	Level 3	Total
Debt instruments, account receivables			34 420	34 420
Cash and equivalents	397 353			397 353
	397 353	**0**	**34 420**	**431 773**
Short term loans				0
Account payables			11 074	11 074
	0	**0**	**11 074**	**11 074**

31. 12. 2019.	Level 1	Level 2	Level 3	Total
Debt instruments			540 557	540 557
Cash and equivalents	58 511			58 511
Short term loans			-7 000	-7 000
Account payables			-2 935	-2 935
	58 511	**0**	**530 622**	**589 133**

amounts are in thousand forints

2 Disclosures on risk

The liquidity analysis was done using the following table:

31st December 2019.	To be realized or payed within one year	To be realized or payed over one year	To be realized or payed under specific circumstances	
Property, plant and equipment		824		
Investments in subsidiaries			16 045 354	
Receivables	44 492			
Cash and cash equivalents	397 353			
	441 844	**824**	**16 045 354**	**16 488 023**
Loans				
Provisions				
Account payables	11 074			
Other liabilities	13 521			
Equity			16 463 427	
	24 595	**-**	**16 463 427**	**16 488 023**
Financing surplus/deficit	**417 249**	**418 074**	**-**	

amounts are in thousand forints

31st December 2018.	**To be realized or payed within one year**	**To be realized or payed over one year**	**To be realized or payed under specific circumstances**	
Property, plant and equipment		640		
Investments in subsidiaries			15 725 000	
Receivables	554 058			
Cash and cash equivalents	58 511			
	612 569	**640**	**15 725 000**	**16 338 208**
Loans	7 000			
Account payables	2 935			
Other liabilities	9 487			
Equity			16 318 786	
	19 422	**-**	**16 318 786**	**16 338 208**
Financing surplus/deficit	**593 147**	**593 787**	**-**	

The Entity accounts for the expected credit loss using the methodology in IFRS 9.

The maximum exposure for the financial instruments and subsidiaries are the same with the book value. Special guarantee – that does lower the maximum exposure – was not identified.

3 Related party disclosures

The Entity identified related party transaction in the disclosed periods:

- the Entity disclosed a receivable from Texber Kft. in the amount of 543 000 kHUF, which was repaid in this period;
- the management of the Entity received a company car from the Entity which was rented out from one of the subsidiaries;
- the Entity received a loan of 7 000 kHUF for for liquidity purposes which was paid back in the current period;
- the headquarter office of the Entity is rented out from WAM Zrt. (main shareholder).

amounts are in thousand forints

4 Management and their renumeration

During the period the following chief executives and main related parties were identified.

The data for 2019:

Name	Status
Andrew J. Prest	Member of the board
Antal Péter	Member of the board
Ecseri György	Member of the audit committee
ifj. Chikán Attila	Member of the audit committee
Ormosy Gábor	Chief executive officer, MOB
Müllner Zsolt	Chairman of the Board
Székely Gábor	Chief investment officer
Veres Tibor	Controlling owner
Vitán Gábor	Member of the audit committee

The related parties for year 2018:

Név	Status
Andrew J. Prest	Member of the board
Antal Péter	Member of the board
Ecseri György	Member of the audit committee
ifj. Chikán Attila	Member of the audit committee
Müllner Zsolt	Chairman of the Board
Székely Gábor	Chief investment officer
Veres Tibor	Controlling owner
Vitán Gábor	Member of the audit committee

The renumeration of the chief executives:

	Year 2019	Year 2018
Renumeration	5 696	3 090
Wages, salaries	27 332	3 656
Social security contributions	6 496	1 417
	39 524	**8 163**

5 The ESOP of the entity

The controlling shareholder of the Entity decided to launch an ESOP, if certain goals are reached by the Entity. These ordinary shares will be received by the employees and the executives. All the cost of the ESOP is fully met by the shareholder and those costs may not be transferred to the Entity in any way, so these financial statements could not include any items in connection with the program.

VIII. Material judgements and other sources of material uncertainty

The recoverable amount of the investment in the subsidiaries – due to its size – is a material judgement of the Entity. The value was based on a professional valuation where the input date requires significant judgment.

The Entity recognizes material receivable balances where the recoverable amount requires several professional judgments. These judgments are used in the determination of the ECL. The not correct estimation may change net profit.

IX. Events after the end of the reporting period

The following material events were identified as non-adjusting events after the end of the reporting period.

1. The corona virus pandemic changed the social and economic environment substantially in 2020. The management of the Entity concluded that these events are non-adjusting for 2019. The effects of the epidemic are still under review. The Entity monitors the availability of work force, its supply chain and the purchasing power of the relevant markets. There are no signs yet identified that would suggest that the going concern of the Entity cannot be justified, and so far no material effect for the year 2020 was identified.
2. As the first step of their cooperation with the Inicial Group the parent company acquired 60% of the equity of ICL Auto Kft. on 3rd February 2020.
3. The management of the Entity decided that one of the subsidies, WAE Autóforgalmazási és Szolgáltató Kft., shall declare a dividend of 700 million HUF.
4. The management of the Entity decided that one of the subsidies, WALLIS AUTÓKÖLCSÖNZŐ Kft., shall declare a dividend of 300 million HUF.
5. After the end of the reporting period the Entity acquired 100% share of Wallis Kerepesi úti Autó Kft. After the end of the reporting period the Entity acquired 100% shares of K85 Ingatlanhasznosító Kft.. In exchange of these transactions 13 511 723 new common shares were issued (“C” class).
6. The Entity acquired 100% of Polar Property Kft., which was previously the fully owned subsidiary of WAE Kft. After this transaction the value of the net assets did not change only the group structure was reorganized – since before and after the deal the entity was fully

amounts are in thousand forints

owned. Therefore, this transaction will have no effect on the consolidated financial statements. During the process Polar Property Kft. was renamed to Wallis British Motors Kft.

X. Disclosures required by the Hungarian regulation

1 The person responsible for leading the accounting activity and the preparation of the financial statements under IFRS

The preparation of the financial statements must be prepared by a person who has approved qualification according to the accounting regulation of Hungary. The responsible person is:

Service provider:	Kontaktív Kft.
Name of the person in charge:	Norbert László, Dr.
Registration number:	175360 (professional accountant, IFRS qualification)

2 The auditor of the Group

The auditor of the Group and the legal Parent must be a person who is registered as an IFRS qualified auditor by the Chamber of Auditors. The auditor is:

Service provider:	Hadrianus Kft.
Name of the person in charge:	Csaba Adorján, dr;
Registration number:	001089 (registered auditor, with IFRS and issuer qualification)

The fee charged for the audit of the separate and consolidated financial statements for the business year ending on 31st December 2019 is 6 800 kHUF + VAT.

3 Reconciliation of the equity

The reconciliation is required by para 114/B of the Hungarian Accounting Act. The reconciliation is the following:

Equity under IFRSs	16 463 426
Supplementary payments rececived	-
Supplementary payments provided	-
Cash received and credited to capital reserve based on legal requirements	-
Assets received where income deferred	-
Receivables from owners in connection with capital contributon recognized as receivables	-
	16 463 426

amounts are in thousand forints

Considering the dividends of the subsidiaries the equity available for dividend is:

Equity available for distribution	(77 726)
Dividend receivable from WAE Kft	700 000
Dividend receivable from Wallis Autókölcsönző Kft.	300 000
Equity available for distribution (adjusted)	**922 274**

4 Selected information about the subsidiaries

The Entity – to meet shareholder expectations and certain regulatory requirements – discloses the most important measures about the Hungarian subsidiaries for the year ended on 31st December 2019. These measures are audited, but they are according to the Hungarian Accounting regulation (not IFRS).

Subsidiary	WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság
Total assets	11 597 799	4 874 234	9 678 770	2 882 541
Profit before taxes	891 507	(3 287)	80 782	429 499
Equity	3 263 726	539 761	1 361 348	798 646

5 Dividend proposed

The management of the Parent does not recommend the AGM to declare dividend. The dividend is approved by the AGM.

6 The approval of the financial statements

These financial statements were authorized to be issued by the management of the Group on 7th April 2020.

At Budapest, on 7th April 2020

ORMOSY, Gábor
Member of the Board

SZÉKELY, Gábor
Member of the Board