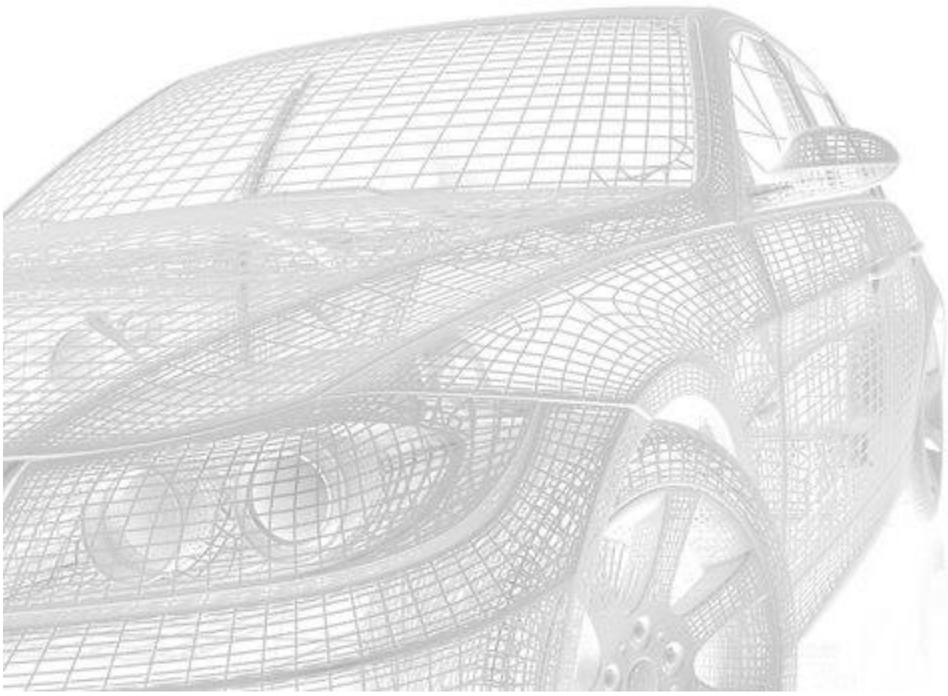
SEMI-ANNUAL REPORT ON THE AUTOWALLIS GROUP FOR H1 2021



2 September 2021

SEMI-ANNUAL REPORT ON THE AUTOWALLIS GROUP FOR H1 2021

Introduction

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

The AutoWallis Group[1] operates in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities and short-term and long-term car rental.

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

AutoWallis Nyrt. (website: www.autowallis.hu) published its report on H1 2021 today. The report contains the unaudited consolidated financial statements for the period ended 30 June 2021 prepared by the Company's management in accordance with the International Financial Reporting Standards (IFRS).

[1] which collectively refers to AutoWallis Nyrt. and its subsidiaries, as explained in the Legal summary section

Table of Contents

SEMI-ANNUAL REPORT ON THE AUTOWALLIS GROUP FOR H1 2021

Key financial results

- The **revenue of the AutoWallis Group was HUF 97.7 billion**, exceeding the revenue for the comparative period of 2020 by 156% despite the restrictions imposed and maintained due to the third wave of COVID-19, partly as a result of the transactions conducted in 2020. The sudden and dramatic decline in the revenue of rent-a-car activities within the automotive services business due to the COVID-19 pandemic was offset by the improvement in vehicle and parts sales both in the Distribution Business Unit and the Retail & Services Business Unit. However, the number of rental days was up significantly during the first half of the year and exceeded the figures for the base period by 101%, with improvement in the number of service hours as well.
- The increase in revenue surpassed the growth rate of **COGS,** as a result of which the **profit margin** of the AutoWallis Group was **up from 11.5% to 12.3%** during the first half of 2021 as the Group was successfully able to implement its pricing policy (partly in response to the unfavourable changes in exchange rates) while observing the needs and price sensitivity of the market.
- The **EBITDA**, the indicator that best summarises the results of the AutoWallis Group in the management's opinion, **increased by 320% to HUF 3,181 million** thanks to both organic volume growth and growth through acquisitions, an improvement in the profit margin and disciplined cost management.
- **Profit on financial items was a loss of HUF 111 million**, which is HUF 678 million lower than the amount for last year's comparative period. The reason behind this is that unrealised exchange rate loss resulting from revaluation at the end of the period was exceptionally high in H1 2020 due to the sudden weakening of the HUF against the Euro, as well as the fact that, in aggregate, there was a profit on revaluation and hedge transactions in H1 2021. In addition to the impact of exchange rates, interest expenses were up from the previous year, as a result of the aggregate effect of the bonds issued and transactions successfully completed in 2020.
- **Total comprehensive income was a profit of HUF 1,193 million** in H1 2021, compared to the loss of HUF 854 million for the same period of 2020.
- Accordingly, earnings per share **(EPS)** for the six-month period in question was **HUF 3.52**.

4

Key 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 when assessing its operations, efficiency, business opportunities and ability to create value, it is important to consider that the region where the Group's actual business is carried out is Central and Eastern Europe. The strategy formulated by the Company also focuses on this region, and this is the specific environment where the Group's experts possess hands-on and relevant experience and an ability to create value.

New vehicle registrations by country

	January - June 2021	January - June 2020	% change	Change
Austria	134,396	112,787	19.2%	21,609
Belgium	232,391	216,605	7.3%	15,786
Bulgaria	12,926	10,161	27.2%	2,765
Croatia	25,975	17,423	49.1%	8,552
Cyprus	5,794	4,913	17.9%	881
Czech Republic	112,805	95,029	18.7%	17,776
Denmark	96,506	88,395	9.2%	8,111
Estonia	12,940	9,133	41.7%	3,807
Finland	56,730	47,392	19.7%	9,338
France	922,765	715,798	28.9%	206,967
Germany	1,390,889	1,210,622	14.9%	180,267
Greece	58,362	36,570	59.6%	21,792
Hungary	64,794	55,674	16.4%	9,120
Ireland	63,861	52,885	20.8%	10,976
Italy	884,750	584,237	51.4%	300,513
Latvia	7,684	6,569	17.0%	1,115
Lithuania	18,648	16,821	10.9%	1,827
Luxembourg	25,287	20,793	21.6%	4,494
Netherlands	163,173	157,971	3.3%	5,202
Poland	243,113	179,821	35.2%	63,292
Portugal	81,445	64,848	25.6%	16,597
Romania	47,169	49,615	-4.9%	-2,446
Slovakia	38,449	34,015	13.0%	4,434
Slovenia	31,009	28,001	10.7%	3,008
Spain	456,833	339,855	34.4%	116,978
Sweden	173,163	125,685	37.8%	47,478
European Union	**5,361,857**	**4,281,618**	**25.2%**	**1,080,239**
EU14	**4,740,551**	**3,774,443**	**25.6%**	**966,108**
EU12	**621,306**	**507,175**	**22.5%**	**114,131**
Iceland	6,044	4,193	44.1%	1,851
Norway	83,930	59,224	41.7%	24,706
Switzerland	124,547	103,201	20.7%	21,346
EFTA	**214,521**	**166,618**	**28.8%**	**47,903**
United Kingdom	909,973	653,502	39.2%	256,471
TOTAL (EU + EFTA + United Kingdom)	**6,486,351**	**5,101,738**	**27.1%**	**1,384,613**
WESTERN EUROPE (EU14 + EFTA + UNITED KINGDOM)	**5,865,045**	**4,594,563**	**27.7%**	**1,270,482**

Source: ACEA

Despite the fact that the restrictions imposed in response to the COVID-19 pandemic still affected H1 2021, there was a 25.2% growth in the EU passenger car market in terms of first registrations of new vehicles during the first half of the year.

The passenger car market of EU and EFTA countries and the United Kingdom expanded by 27% in terms of first registrations of new vehicles in H1 2021 as a result of the exceptional performance of March (+63%) and Q2 (+66%) compared to the previous year, periods that had been hit hard by the restrictions in the previous year. Thanks to the outstanding figures recorded in the month of March and Q2, the number of first registrations of passenger vehicles was up by almost 1.4 million in H1 in comparison with the same period of last year.

As a result of the above, the number of vehicles registered in EU and EFTA countries and the United Kingdom increased by 27% in H1 2021 from 5,101,738 units to 6,486,351.

At the same time, despite the challenging external environment caused by the prolonged COVID-19 pandemic, the performance of the AutoWallis Group was well above market average in terms of new vehicle sales during H1 2021: while the average growth in sales in EU and EFTA countries was 27%, AutoWallis recorded a 287% increase in new cars compared to the previous year, with growth through acquisitions and organic growth contributing 231% and 56%, respectively.

The AutoWallis Group improved its new vehicle sales by 287.4% in volume terms in H1 2021, which includes an increase of 309.4% in new vehicle sales for the Distribution Business Unit and a growth of 247.3% for the Retail & Services Business Unit.

Starting from the beginning of the year, the sale of Opel vehicles brought a substantial change in the Distribution Business Unit of the AutoWallis Group. As a result of its business transactions and organic growth, the Distribution Business Unit sold 7,385 cars during H1 2021 compared to 1,804 last year, of which 32.2% was attributable to organic growth during the period.

Within the Retail & Services Business Unit, the number of new and used vehicles sold increased by 247.3% from 987 to 3,428 and from 349 to 842, respectively, a significant part of which was down to the four transactions concluded last year (the acquisition of the Iniciál Group and Wallis Kerepesi, as well as the launch of the Jaguar Land Rover dealership in Hungary and the BMW dealership in Ljubljana). It is important to note that, if we exclude these four high-performing dealerships, the number of first registrations still increased by 100% from 987 to 1,978 compared to the 27% growth in the EU + EFTA and the UK markets. Following a decline in demand due to the restrictions, servicing activities experienced organic growth once again and, taking into account the effect of last year's transactions as well, the number of service hours increased over two-and-a-half fold to 62,666 in H1 2021.

Within the Retail & Services Business Unit, rent-a-car services were adversely affected by the sudden, significant and probably temporary decline in tourism and business travel as a result of the measures adopted with a view to limiting the spread of COVID-19, and the third wave of the pandemic had an impact during the current period as well. Despite this, the number of rental days recorded by the Group grew by 101.5% (66,183 compared to 32,850), even though the fleet size was only 9% larger, which demonstrates the fact that AutoWallis was able to respond well to the changes in the business environment caused by the COVID-19 lockdown.

6

Key sales figures

Item	January - June		% change
	2021	2020	
Distribution Business Unit			
Number of vehicles sold (units)	7,385	1,804	*+309.4%*
Retail & Services Business Unit			
Number of new vehicles sold (units)	3,428	987	*+247.3%*
Number of used vehicles sold (units)	842	349	*+141.3%*
Total vehicle sales	***11,655***	***3,140***	***+271.2%***
Number of service hours (hours)	62,666	23,772	*+163.6%*
Fleet size for car rental (units)	478	438	*+9.0%*
Number of rental transactions (units)	4,396	4,352	*+1.0%*
Number of rental days (units)	66,183	32,850	*+101.5%*

* Intra-group sale of 554 vehicles

Source: Q2 2021 Sales Report

The management of the AutoWallis Group managed the challenges posed by the transformed business environment effectively, even during the third wave of COVID-19. AutoWallis had an outstanding six-month period both in terms of organic growth and completed acquisitions as both the Distribution Business Unit and the Retail & Services Business Unit performed exceptionally well, exceeding last year's figures by several factors. The services segment is likely to continue expanding as a result of the economic recovery and the expected boom in tourism, and the number of orders already placed for new vehicles is also promising. However, the temporary chip shortage for certain brands could negatively impact the expected sales figures of subsequent periods, although, according to our current expectations, these supply issues will likely only cause temporary shifts in the timing of sales.

Growth objectives and trends in 2021

The AutoWallis Group is aiming to achieve consolidation in the region and intends to do so through frequent acquisitions and significant organic growth, in line with the strategy[2] published in 2019. In order to work towards this objective, the AutoWallis Group completed the following five transactions in 2020 (hereinafter: "transactions concluded in 2020"):

1. **acquisition of one of the largest Opel and KIA dealerships in Hungary** (in connection with the transaction, the Issuer acquired Wallis Kerepesi Kft. and K85 Kft. through in-kind contribution)
2. **acquisition of the distribution rights for Jaguar and Land Rover models in Hungary** in April (in connection with the transaction, the Issuer acquired Wallis British Motors Kft. and VCT78 Ingatlanhasznosító Kft.),
3. **acquisition of the largest BMW dealership in Slovenia** (the approvals of the authorities, mainly the Competition Authority, were successfully obtained after the end of Q3 2020, and Wallis Motor Ljubljana d.o.o. was established in connection with the transaction),
4. **acquisition of a business share in Iniciál Autóház Kft.,** a **market leader in Western Hungary** selling and servicing seven high-profile car brands (Dacia, Nissan, Opel, Peugeot, Renault, Suzuki and Toyota); in connection with the transaction, the Issuer acquired a share in ICL Kft. as well,

[2] https://assets.website-files.com/6037b38e9678adaf68416dbd/60b0981809341a651d5b9b10_AutoWallis_Strategia_20190522.pdf.

5. **acquisition of the import rights for Opel vehicles, spare parts, tools and accessories** (including the import rights for Chevrolet spare parts, tools and accessories) **in Croatia, Slovenia, Bosnia and Herzegovina and Hungary** (in connection with the transaction, WAE Kft. acquired WAE HUN Kft., WAE S d.o.o. and WAE C d.o.o., and the Issuer established WAE CEE Kft.).

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

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

Issue of shares

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

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

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

On 20 January 2021, the above shares of the Company were created by KELER Zrt. as part of a tap issue and, in its resolution no. 14/2021, Budapesti Értéktőzsde Zrt. (the Budapest Stock Exchange) admitted the shares to trading as of the same date.[3]

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

Based on the contract for in-kind contribution signed on 16 March 2021, WALLIS ASSET MANAGEMENT Zártkörűen Működő Részvénytársaság (registered office: 1055 Budapest, Honvéd utca 20., company registration number: 01-10-046529) transferred and assigned its 100% business share ("Business Share") in DALP Szolgáltató Korlátolt Felelősségű Társaság (registered office: 1055 Budapest, Honvéd utca 20.; company registration number: 01-09-931205) to the Issuer in the form of an in-kind contribution. In exchange for the in-kind contribution of the Business Share, the Issuer issued, as part of a capital increase, a total of 15,400,000 (say fifteen million four hundred thousand) units of new series "C" dematerialised

[3] https://bet.hu/newkibdata/128514443/20210120_Rendkivuli%20kozzetetel_Tozsdei%20bevezetes.pdf

8

ordinary shares with a face value of HUF 12.50 (say twelve forints and fifty fillérs) per share and an issue price of HUF 100 (say one hundred forints) per share (for accounting purposes, the capital increase was recognised at a share price of HUF 99.43), as a result of which the share capital of AutoWallis Nyrt. increased by HUF 192,500,000 (say one hundred and ninety-two million five hundred thousand forints) from HUF 4,053,921,000 (say four billion fifty-three million nine hundred and twenty-one thousand forints) to HUF 4,246,421,000 (say four billion two hundred and forty-six million four hundred and twenty-one thousand forints), while the remaining amount of HUF 1,347,500,000 (say one billion three hundred and forty-seven million five hundred thousand forints) was transferred to the Company's capital reserve. Through this in-kind contribution, AutoWallis acquired one of the largest and most state-of-the-art BMW dealerships in Central and Eastern Europe, one that boasts unique architectural features. The dealership at Hungária körút 95. selling and servicing BMW and MINI vehicles had already been rented by the subsidiary of the Company before.

The previous issue of bonds and the above issue of shares are in line with the capital market strategy of AutoWallis, which supports its growth strategy[4] announced in 2019 and confirmed in December 2020 and in which AutoWallis outlined its plan to become the leading car dealership and mobility service provider in the Central and Eastern European region as a consolidation platform and through organic business development.

Stock exchange results

Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the BUX basket increased by more than 35 per cent. As a result, the weight of the automotive group's shares within the index has been 0.3125% since 2021 March, which is the 11th largest percentage share.

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

.


[4] https://assets.website-files.com/6037b38e9678adaf68416dbd/60b097b43cf853e46831e131_AutoWallis_2020_tranzakciok_hatasa_20201217.pdf

MANAGEMENT REPORT AND ANALYSIS OF THE AUTOWALLIS GROUP

Consolidated IFRS income statement

Income statement (thHUF)	H1 2021	H1 2020 (restated)*	% change	Change
Revenue	97,651,046	38,152,265	+156%	59,498,781
Distribution Business Unit	54,919,266	19,575,257	+181%	35,344,009
Retail & Services Business Unit	42,731,781	18,577,009	+130%	24,154,772
Own performance capitalised	12,703	0	+0%	12,703
Material used	-1,789,722	-1,172,767	+53%	-616,955
Material used + own performance capitalised	-1,777,019	-1,172,767	+52%	-604,252
Services	-4,014,929	-1,452,261	+176%	-2,562,667
Cost of goods sold	-85,630,998	-33,766,534	+154%	-51,864,464
Personal type expenses	-3,235,554	-1,051,849	+208%	-2,183,705
Depreciation	-1,430,022	-669,387	+114%	-760,635
Profit of sales	***1,562,524***	***39,467***	**+3859%**	***1,523,057***
Other income and expenses	**99,574**	**-40,776**	**n/a**	**140,349**
OPERATING PROFIT - EBIT	**1,662,098**	**-1,309**	**n/a**	**1,663,407**
Interest income	9,340	4,313	+117%	5,027
Interest expenses	-222,372	-151,055	+47%	-71,317
Lease expenses	-98,568	-84,722	+16%	-13,847
Foreign exchange gains or losses, net	285,768	-474,995	n/a	760,764
Value difference of financial instruments	-78,937	-3,655	+2060%	-75,282
Other financial income, net	4,009	0	+0%	4,009
Others	-10,586	-78,737	-87%	68,150
Profit on financial items	**-111,346**	**-788,850**	**-86%**	**677,504**
PROFIT BEFORE TAXES	**1,550,751**	**-790,159**	**n/a**	**2,340,911**
Taxation	-351,324	-72,370	+385%	-278,955
NET PROFIT	**1,199,427**	**-862,529**	**n/a**	**2,061,956**
Other comprehensive gain or loss on translating subsidiaries	-6,474	8,044	n/a	-14,519
TOTAL COMPREHENSIVE INCOME	**1,192,953**	**-854,485**	**n/a**	**2,047,438**
EPS (HUF/share)	**3.52**	**-3.19**	**n/a**	**6.71**
Profit impact of items which never generate any net outflow of assets	89,090	89,090	-0%	0
EBITDA	**3,181,210**	**757,168**	**+320%**	**2,424,042**

* As recommended by the auditor, the Group's management modified the accounting treatment of the Employee Share Ownership Plan ("ESOP") program launched in 2019 (ESOP1). As a result, the part of the program where the beneficiaries are employees of the Group is shown in personal type expenses, despite the fact that the consideration for the program was provided by WALLIS ASSET MANAGEMENT Zrt. free of charge.The prorated cost of the ESOP1 program for H1 2020 was HUF 89 million. The program was not presented in the financial statements for financial years 2019 and 2020 and for Q1 2021; therefore, it is included in the report for H1 2021 retrospectively by way of restatement and is presented against the comparative period.

A unique feature of this program is that the shares transferred to the ESOP Organisation in 2019 were not provided by the Company or a member of the Group, but instead by the legal entity that controls the Company (WALLIS ASSET MANAGEMENT Zrt.), as a result of which the ESOP1 share-based compensation program will never have an impact on the Group's net assets and will never cause and has never caused any cash outflows.

The profit impact of items which never generate any net outflow of assets is not taken into account by the Group when calculating the EBITDA indicator and, therefore, this effect is adjusted for.

The **revenue** of the AutoWallis Group for H1 2021 was HUF 97.7 billion, which is HUF 59.5 billion higher than the revenue for the comparative period of the previous year, despite the prolonged COVID-19 pandemic. The reasons behind this increase in revenue include organic growth and the transactions concluded in 2020 as described above.

10

Despite the 156% increase in revenue, **material used** was up by a mere 53% in H1 2021 from the comparative period, the reason being that the significant increase in the volume generated by the Distribution Business Unit entails a much less considerable increase in material used in relative terms.

The value of **services** was *up by 176%* from the comparative period, primarily due to rising logistics costs relating to sales in Hungary, Croatia, Slovenia and Bosnia and Herzegovina in connection with the import of Opel vehicles. Such costs were first recognised at the beginning of 2021.

The increase in revenue surpassed the growth rate of **COGS,** as a result of which the **profit margin** of the AutoWallis Group was **up from 11.5% to 12.3%** during the first half of 2021 as the Group was able to enforce its pricing policy (partly in response to the unfavourable changes in exchange rates) while observing market needs.

The *208% increase* in **personal type expenses** was caused by the transactions concluded in 2020 as presented herein, as a result of which average wages were up and the average statistical headcount of the AutoWallis Group increased by 355 to 686 compared to 331 in H1 2020.

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

The 114% increase in **depreciation** is attributable to the depreciation recognised on the assets newly added to the Group's portfolio in connection with the new transactions.

The HUF 99.6 million balance of **other income and expenses** includes bonuses paid to dealerships and received from car manufacturers during the current period.

As a result of the above, **operating profit** (EBIT) *increased to HUF 1,662 million* during the current period, which reflects both the outstanding sales figures resulting from organic growth in H1 and the acquisitions completed in 2020 as well as the results of the continuation of disciplined cost management in H1 2021.

Profit on financial items in H1 2021 was a loss of HUF 111 million, the majority of which is attributable to financial expenses associated with interest and leases as part of the normal course of business. The net balance of the gain on exchange rate differences (HUF 286 million) and the loss on financial instruments (HUF 79 million) is a profit of HUF 207 million, including an unrealised exchange rate gain of HUF 147 million. Unrealised exchange rate gain arises from the revaluation of open FX inventory financing credit at the end of the period and future liabilities relating to the acquisition of the import rights for Opel vehicles using the exchange rate at the end of the period. Contrary to H1 2020, the exchange rate effect in 2021 was insignificant, thanks to an exchange rate and pricing policy which adequately supports operations. Despite this, in order to ensure comparability across years, we also present how this year's profit is adjusted for this unrealised exchange rate effect and for other one-off but material items.

ADJUSTED profit or loss of the AutoWallis Group

ADJUSTED PROFIT OR LOSS data in thHUF	H1 2021	2021 ADJUSTED	H1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Loss from unlawfully appropriated assets		0		-158,322	n/a	158,322
EBITDA	3,181,210	3,181,210	757,168	915,490	+247%	2,265,720
Adjustment due to unrealised revaluation loss at the end of the six-month period		56,102		-580,671	n/a	636,773
Profit on financial items	-111,346	-167,448	-788,850	-208,179	+20%	40,731
PROFIT BEFORE TAXES	1,550,751	1,494,650	-790,159	-51,166	n/a	1,545,816
TOTAL COMPREHENSIVE INCOME	1,192,953	1,136,851	-854,485	-115,492	n/a	1,252,343

Total comprehensive income was a profit of HUF 1,193 million, accounting for the temporary and one-off effects highlighted above in accordance with IFRS rules. By filtering out the above one-off items, the ***adjusted total comprehensive income for H1 2021 would have been a profit of HUF 1,137 million***, compared to a loss of HUF 854 million and an adjusted loss of HUF 115 million for H1 2020.

The **EBITDA**, the indicator which best describes the Group's performance, **increased by 320% to HUF 3,181 million** from the comparative period. In H1 2021, there were no factors to be adjusted for at the level of the EBITDA, which means that the adjusted EBITDA is equal to the EBITDA itself, representing an *increase* of HUF 2,266 million (+247%) compared to the adjusted EBITDA for H1 2020.

BUSINESS ENVIRONMENT OF THE AUTOWALLIS GROUP

Based on the figures of the European Commission,[5] average GDP growth in the European Union was 13.2% in H1 2021 (compared to the 6.0% annual decline in 2020). The economies in the Central and Eastern European region, the area considered to be the immediate business environment of AutoWallis, returned to levels observed before the downturn. The preliminary estimates of GDP growth for 2021 show strong economic recovery in Hungary, Romania and Slovakia, although to a somewhat lesser degree than expected in the case of the latter two. The quarterly growth rates of Romania and Slovakia were 1.8% and 2%, respectively. Due to the slower growth observed in Romania, the forecast annual growth rate for 2021 was reduced to 7.4%. The Slovakian growth rate is still under review and has not yet been finalised. Of all countries in the Central and Eastern European region that have already published their preliminary estimates, the Czech Republic undoubtedly stands out in terms of GDP growth during Q2.[6]

Hungary's economy was hit hard by the pandemic primarily due to its exposure to highly cyclical industries (tourism and air transportation). The Hungarian economy, which accounts

[5] https://ec.europa.eu/eurostat/documents/2995521/11563211/2-30072021-BP-EN.pdf/0567c280-b56c-2734-2a4b-e4af85a55bf5?t=1627630313030
[6] https://www.erstegroup.com/en/research/report/en/SR239081

for approximately half of the revenue of AutoWallis, grew by 17.9% in Q2 2021[7] compared to the previous year, while the unemployment rate dropped to 4.0%.[8]

Based on the most recent prediction of the European Commission, the GDP of the Eurozone is expected to bounce back by 4.8% in 2021 following a decline of 6.0% in 2020.

Changes in GDP in neighbouring European countries in 2021[9] are 4.9% in Slovakia, 3.8% in Austria and 7.4% Romania, while expected changes in GDP in major European countries are 7.2% in the United Kingdom,[10] 3.6% in Germany, 6.0% in France, 6.2% in Spain and 5.0% in Italy.

The new car market in all EU and EFTA countries and the United Kingdom expanded by an average of 27.1% in H1 2021 compared to the previous year. New car registrations in EU member states increased by an average of 25.2% in H1 2021 compared to the year 2020, according to ACEA statistics.[11]

Within the major EU markets, new car registrations were up by 14.9% in Germany, 34.4% in Spain, 28.9% in France and 51.4% in Italy. Sales in the AutoWallis Group's Central and Eastern European markets improved by 15.0% on average, with growth rates varying by country.

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

Market trends and sales analyses for H1 2021 for each business

Distribution Business Unit

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

Compared to the previous year, the Distribution Business Unit of AutoWallis quadrupled its sales during H1 2021 in comparison with the previous year, selling a total of 7,385 new cars. Much of this growth was attributable to the launch of the sale of Opel vehicles in four countries (5,000 units), but there was a substantial increase in the sale of existing brands as well (+32.2%).

---

7 https://www.ksh.hu/nemzeti-szamlak-gdp
8 https://www.ksh.hu/docs/hun/xftp/gyor/mun/mun2106.html
9 https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/summer-2021-economic-forecast_en
10 https://www.reuters.com/world/uk/imf-lifts-forecast-uk-growth-2021-after-vaccine-roll-out-2021-07-27/
11 ACEA: European Automobile Manufacturers' Association

Number of new vehicles sold (units)

Distribution Business Unit	January - June		% change
	2021	2020	
Number of new vehicles sold (units)	7,385	1,804	*+309.4%*

Automotive trends in the international markets of the AutoWallis Group

Similarly to the growth in Western Europe, the number of new car registrations in the international markets of the AutoWallis Group increased in H1 2021 compared to the previous year, which is a promising result considering the effects of the COVID-19 pandemic. The total number of first registrations of new passenger cars in the region was 592,641, compared to the previous figure of 482,577.

New vehicle registrations in the international markets of AutoWallis

	January - June		% change
Units	2021	2020	
Bosnia and Herzegovina	3,664	3,203	*+14.4%*
Bulgaria	12,926	10,161	*+27.2%*
Czech Republic	112,805	95,029	*+18.7%*
Croatia	25,975	17,423	*+49.1%*
Poland	243,113	179,821	*+35.2%*
Hungary	64,794	55,674	*+16.4%*
Romania	47,169	49,615	*-4.9%*
Serbia	12,737	9,635	*+32.2%*
Slovakia	38,449	34,015	*+13.0%*
Slovenia	31,009	28,001	*+10.7%*
Total	**592,641**	**482,577**	***+22.8%***

Source: ACEA, Datahouse, Carinfo

Share of the premium segment in new vehicle registrations by country

	January - June		% change
Units	2021	2020	
Bosnia and Herzegovina	17.7%	18.0%	*-1.8%*
Bulgaria	14.7%	8.9%	*+65.4%*
Czech Republic	10.4%	9.0%	*+15.5%*
Croatia	9.9%	11.5%	*-14.0%*
Hungary	13.6%	11.5%	*+18.9%*
Romania	12.0%	8.9%	*+34.4%*
Serbia	12.8%	14.3%	*-10.3%*
Slovakia	10.5%	9.7%	*+8.1%*
Slovenia	8.2%	7.5%	*+9.9%*
Total	**6.7%**	**6.1%**	***+8.7%***

Source: Datahouse

In these markets, the share of the premium segment[12] is 6.7% of the total passenger car market, which is 8.7% higher than in the previous year.

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

Performance of the Distribution Business Unit in H1 2021

Profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	January - June		% change
	2021	2020	
Revenue	54,919,266	19,575,257	*+180.6%*
COGS	-49,623,558	-18,513,336	*+168.0%*
Profit before taxes	1,148,443	-888,369	*n/a*
Profit margin %	*9.6%*	*5.4%*	
Profit before taxes / Revenue %	*2.1%*	*-4.5%*	

The revenue of the Distribution Business Unit was up by 181% in 2021 in comparison with the previous year's sales figures as a result of a 309.4% increase in the number of new vehicles sold to 7,385 compared to the figures for H1 2020. In addition to the organic growth of 32.2% (2,385 units), this extraordinary growth rate is attributable to the launch of Opel sales in four countries as the distribution of this brand alone boosted the number of units sold by 277% (5,000 units). COGS increased at a slower rate than the growth in revenue, leading to an increase in the profit margin from the comparative period, mainly as a result of the fact that a growth in the sales volume for SsangYong could be achieved despite the reduction of discounts given.

After adjusting for the material one-off items of the AutoWallis Group as presented above, the adjusted profit before taxes of the Distribution Business Unit for H1 2021 was HUF 1,080 million, with a profit before taxes/revenue ratio of 2.0%, compared to the adjusted profit before taxes of HUF -476 million and an adjusted profit before taxes/revenue ratio of -2.4% for 2020.

ADJUSTED profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	H1 2021	2021 ADJUSTED	H1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Revenue	54,919,266	54,919,266	19,575,257	19,575,257		
COGS	-49,623,558	-49,623,558	-18,513,336	-18,513,336		
Loss from unlawfully appropriated assets		0		0		
EBITDA	**1,343,979**	**1,343,979**	**-98,322**	**-98,322**	**n/a**	**1,442,301**
Adjustment due to unrealised revaluation loss at the end of the quarter		68,436		-412,449		
Profit before taxes	**1,148,443**	**1,080,007**	**-888,369**	**-475,920**	**n/a**	**1,555,927**
Profit margin %	*9.6%*	*9.6%*	*5.4%*	*5.4%*		
Profit before taxes / Revenue %	*2.1%*	*2.0%*	*-4.5%*	*-2.4%*		

Retail & Services Business Unit

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

Vehicle sales

Number of vehicles sold (units)

Retail & Services Business Unit	January - June		% change
	2021	2020	
Number of new vehicles sold (units)	3,428	987	+247.3%
Number of used vehicles sold (units)	842	349	+141.3%
Total vehicle sales	***4,270***	***1,336***	*+219.6%*

The Retail & Services Business Unit recorded outstanding growth in H1 2021, substantially exceeding the 16.4% growth in the Hungarian market for passenger cars and small commercial vehicles in H1 2021. The number of new vehicle sales was up by 100% if we exclude the effect of last year's transactions, whereas the effect of the four transactions in the previous year (Iniciál Group, Wallis Kerepesi Kft., the launch of Jaguar and Land Rover sales in Hungary and the opening of the BMW dealership in Ljubljana) was a growth of 147%, resulting in an aggregate improvement of 247% to 3,428 units. Used vehicle sales also produced excellent results as the number of vehicles sold increased by 141% to 842 units compared to the figures for H1 2020 if we include the effects of the above transactions.

In H1 2021, growth opportunities in the field of car rental were still limited by the restrictions imposed due to COVID-19, but positive signs are already being observed: the number of rental days increased by 101% from the same period of the previous year, while capacity utilisation improved as the growth came at a time when fleet size and the number of rental transactions increased by 9% and 1%, respectively. All of this demonstrates that the Issuer responded well to the changes in the business environment caused by the restrictions relating to COVID-19 and restructured its business in a cost-efficient manner.

The rate of organic growth in car sales was also in line with expectations in both businesses. The manufacturing issues caused by the chip shortage had no impact during the first half of this year as yet; however, starting from H2, even longer production lead times and delays in deliveries are expected, which may result in delays in realising revenue in the remainder of financial year 2021.

New vehicle registrations in Hungary and Slovakia

Units	January - June		% change
	2021	2020	
Hungary	64,794	55,674	+16.4%
Slovenia	31,009	28,001	+10.7%

Source: ACEA

The premium segment makes up a significant portion of the sales of the AutoWallis Group. The share of the premium segment within the total number of first registrations of passenger cars in Hungary increased by 7.9 percentage points in H1 2021 compared to the previous year.

Share of the premium segment in new vehicle registrations

Units	January - June		% change
	2021	2020	
Hungary	*61.1%*	*53.3%*	**+7.9%**

In Hungary, the premium segment[13] saw a significant growth of 33.5% during the current period, exceeding the 16% expansion in the market in general.

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

New vehicle registrations in the premium segment - Hungary (units)	January - June		% change
	2021	2020	
Mercedes	13,477	9,486	+42.1%
BMW	10,370	8,242	+25.8%
Audi	6,578	4,628	+42.1%
Volvo	4,471	3,423	+30.6%
Lexus	1,042	857	+21.6%
Mini	821	649	+26.5%
Land Rover	1,390	1,258	+10.5%
Porsche	1,046	752	+39.1%
Jaguar	420	370	+13.5%
Total	**39,615**	**29,665**	**+33.5%**

Source: ACEA

The BMW Group continues to be among the world's leading premium car manufacturers. As a result of the economic recession caused by the pandemic, the Munich-based group delivered a total of 1,339,080 new BMW, MINI and Rolls-Royce vehicles worldwide to its clients in H1 2021, which represents an improvement of 39.1% compared to its performance in H1 2020 (39.9% for BMW, 32.6% for MINI and 91.6% for Rolls-Royce).

In Hungary, the market for BMW vehicles grew in H1 2021, in line with European trends. Compared to the same period of the previous year, new BMW sales experienced an increase of 30.47%. However, the market for new MINI vehicles grew by a massive 109.02%, the main reason being that the brand was hit hard by the pandemic in Q2 of the previous year.

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

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

The period of Q1 2021 had a negative impact on the capacities of our repair shops as several countries reintroduced lockdown measures and catering and accommodation facilities were completely closed down. Car owners used their cars more rarely. There was no sign of the typical ski season, either. The Hungarian passenger car market shrank by 1.5% in Q1 2021 in terms of new car registrations; however, thanks to the significant growth compared to the low sales figures of Q2 2020, the Hungarian passenger car market achieved a growth of 16% during the first half of the year. Despite temporary difficulties, the group benefited from the conclusion of Brexit negotiations: although its cars were subjected to customs procedures, these did not result in any increase in prices. Jaguar and Land Rover performed well, not only in comparison with 2020, but also compared to 2019.

As for the BMW dealership in Ljubljana, which was acquired in October 2020 but was actually opened only in the current period due to the restrictions, we would like to point out that household spending in Slovenia in the previous two months was lower than one year ago, but regained momentum in March and was back at pre-crisis levels. Vehicle sales in January remained at the level observed in December; in February, however, following the reopening of non-food stores, sales increased once again according to preliminary data. On average, the number of new car registrations in Slovenia increased by 10.7% in 2021 compared to the same period of 2020, with premium brands recording an increase of 21.7% in new car registrations in comparison with the same period of the previous year.

Automotive services

The Retail & Services Business Unit of the AutoWallis Group includes servicing activities as well as short-term and long-term rent-a-car services.

The negative economic impacts of the confinement measures adopted by the government with a view to limiting the spread of COVID-19 affected the business of short-term rent-a-car services in a pronounced manner. However, the month of May in 2021 marked a reversal of trends, followed by clearly observable growth in June.

Compared to the figures for H1 2020, the number of service hours was up by 67% if we exclude the effect of the above-mentioned transactions and increased more than two-and-a-half fold (by 163.6%) to 62,666 if these transactions are included.

The fleet size for car rental was up by 9% to 478, while the number of rental transactions increased by 1% to 4,396.

Automotive services

	January - June		% change
	2021	2020	
Number of service hours (hours)	62,666	23,772	*+163.6%*
Fleet size for car rental (units)	478	438	*+9.0%*
Number of rental transactions (units)	4,396	4,352	*+1.0%*
Number of rental days (units)	66,183	32,850	*+101.5%*

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

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

Number of passengers arriving at the airport in Budapest

	January - June		% change
Persons	2021	2020	
Total	**289,434**	**1,417,084**	***-79.6%***

Source: Budapest Airport, Hungarian Central Statistical Office

In H1 2021, there was an overall decline of 79.6% in the number of passengers arriving at Liszt Ferenc International Airport compared to the same period of the previous year as the number of rental transactions increased by 1.0% as a result of an increase in the number of long-term

18

rental transactions. Accordingly, it was the domestic market (primarily long-term company rentals within Hungary) that provided stability to operations in H1 2021.

Performance of the Retail & Services Business Unit in H1 2021

Profit or loss of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	January - June		% change
	2021	2020	
Revenue	42,731,781	18,577,009	*+130.0%*
COGS	-36,007,440	-15,253,198	*+136.1%*
Profit before taxes	402,308	98,210	*+309.6%*
Profit margin %	*15.7%*	*17.9%*	
Profit before taxes / Revenue %	*0.9%*	*0.5%*	

As a result of a growth in volume, the revenue of the Retail & Services Business Unit was up more than two-fold by 130.0% in H1 2021 from the previous year. This is largely explained by the fact that the decline in revenue from car rental compared to last year due to COVID-19 was offset by the increase in volume arising from both organic growth and business transactions. The volume growth resulting from the new transactions in 2020 include the sale of vehicles at the Jaguar Land Rover dealership launched last April, as well as the turnover of Wallis Kerepesi, Wallis Motor Ljubljana and the Iniciál Group in H1 2021.

The fact that airport services within rent-a-car services were temporarily suspended due to COVID-19 hampered the profitability of the Retail & Services Business Unit in H1 2021 as well. As a result, the performance of rent-a-car services continues to be practically missing from the profit figures of this business for H1 2021.

After adjusting for the material one-off items of the AutoWallis Group as presented above, the adjusted profit before taxes of the Retail & Services Business Unit for 2021 was HUF 415 million, with a profit before taxes/revenue ratio of 1.0%, compared to the adjusted profit before taxes of HUF 280 million and an adjusted profit before taxes/revenue ratio of 1.5% for 2020.

ADJUSTED profit or loss of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	H1 2021	2021 ADJUSTED	H1 2020	2020 ADJUSTED	2021/2020 ADJUSTED % change	2021/2020 ADJUSTED change
Revenue	42,731,781	42,731,781	18,577,009	18,577,009		
COGS	-36,007,440	-36,007,440	-15,253,198	-15,253,198		
Loss from unlawfully appropriated assets		0		-158,322		
EBITDA	**1,837,231**	**1,837,231**	**855,490**	**1,013,812**	**+81%**	**823,419**
Adjustment due to unrealised revaluation loss at the end of the quarter		-12,334		-22,999		
Profit before taxes	**402,308**	**414,643**	**98,210**	**279,530**	**+48%**	**135,112**
Profit margin %	*15.7%*	*15.7%*	*17.9%*	*17.9%*		
Profit before taxes / Revenue %	*0.9%*	*1.0%*	*0.5%*	*1.5%*		

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

OBJECTIVES, PROSPECTS AND STRATEGY OF THE AUTOWALLIS GROUP

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

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

The strategic objective of the AutoWallis Group is to become the most prominent automotive and mobility service provider in the Central and Eastern European market by the end of the decade and to generate a reasonable yield for its shareholders.

On 22 May 2019, the management of the AutoWallis Group published its five-year strategy and long-term vision which include plans for doubling the Group's revenue for 2018 during this period. The presentation describing the strategy is available at the following link:

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

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

https://assets.website-files.com/6037b38e9678adaf68416dbd/60b097b43cf853e46831e131_AutoWallis_2020_tranzakciok_hatasa_20201217.pdf

The AutoWallis Group intends to take advantage of the opportunities afforded by its presence in the public capital market and, therefore, the Group is open to funds being raised by public offering in order to seize any favourable opportunities for acquisition, also through the issue of shares and bonds.

Accordingly, and in line with its stated capital market strategy, AutoWallis Nyrt. successfully held a green bond auction as part of the Bond Funding for Growth Scheme of the National Bank of Hungary on 23 July 2021 and issued 10-year green bonds with a total face value of HUF 6.6 billion and an average fixed yield of 2.89%, with substantial oversubscription. AutoWallis is committed to sustainable development, and the significance of this auction is demonstrated by the fact that AutoWallis is the first company in the Premium category of the Budapest Stock Exchange to have issued green bonds.

The issue took place as part of the Bond Funding for Growth Scheme ("BFGS") of the National Bank of Hungary (MNB) after Scope Ratings GmbH confirmed the Company's credit rating during the course of the review necessary for the issue, and the Company was the first enterprise listed in the Premium category of the Budapest Stock Exchange (BÉT) to have developed and approved a Green Finance Framework.

After first issuing a credit rating to AutoWallis Nyrt. in 2019, Scope Ratings GmbH conducted a review of the rating by taking into account the plans to issue bonds. As a result, the

20

Company’s rating and that of the bonds issued by the Company both remained at B+, while the rating outlook was adjusted from positive to stable owing to the temporary excess risks of the new bond issue planned by AutoWallis for a total face value of HUF 6.6 billion. Therefore, both AutoWallis and all of the bonds issued so far with a total face value of HUF 9.6 billion continue to meet the requirements of the Bond Funding for Growth Scheme (BFGS) launched by the National Bank of Hungary.

The amount received from the green bonds will be used by the AutoWallis Group in line with the principles laid down in the Green Finance Framework, which included commitments to develop e-mobility, including adding new charging stations, installing fast chargers, and increasing the number of electric or hybrid vehicles in its own fleet as well as in its rental fleet. Among others, it will also be making green investments that result in additional energy savings at the Group’s current properties and will take steps to increase, as much as possible, the percentage of renewable energy within the total energy it uses and generates in the course of its operations.

With this capital raise, AutoWallis has now raised a total of HUF 9.69 billion through the issue of long-term bonds and has increased its capital by nearly HUF 6 billion through various arrangements during the past two years, which shows that a wide range of investors have demonstrated their trust in the Company and its growth strategy. In order to continue ensuring the funding required for achieving its strategic objectives, AutoWallis is planning a public capital raise in the second half of the year and has already taken the preparatory steps necessary for doing so. The automotive company of the Budapest Stock Exchange plans to raise capital for between HUF 4 and 6.5 billion from institutional and, for the first time, retail sources. This could assist the Company in its efforts to become the leading car dealership and mobility service provider in the Central and Eastern European region by the end of the decade.

ALTEO and AutoWallis concluded a strategic cooperation agreement with a view to harmonising their services relating to e-mobility in the future. The foundation of the agreement between these two companies listed in the Premium category of the Budapest Stock Exchange is that both are committed to sustainable and transparent operation and the transition to a green economy. The agreement also covers the sale of innovative energy solutions relating to the charging of electric vehicles. The cooperation agreement between these two companies listed in the Premium category of the Budapest Stock Exchange will further promote the use of electric vehicles and, in general, the spreading of green mobility services in Hungary. Additional areas where ALTEO and AutoWallis will contribute to the development of the market include the improvement of the charging infrastructure and further strengthening the distribution of electric vehicles.

The shares of the AutoWallis Group are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX, BUMIX, FTSE Micro Cap and FTSE Total-Cap indices.

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

Key resources of the AutoWallis Group:

- The AutoWallis Group owns a stable portfolio of automotive operations developed over the past 30 years which is able to generate cash despite the downturn caused by COVID-19.
- The AutoWallis Group works with stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, OPEL, KIA, Saab, Ssangyong, Dacia, Nissan, Peugeot, Renault, Suzuki, Toyota and Sixt.
- Supported by the 30 years of experience and capabilities of the Wallis Group, the ultimate owner of AutoWallis,[14] the AutoWallis Group is capable of acquiring new brands and expanding into new markets, as well as undertaking new mobility-related activities, either through acquisitions or by founding new companies and developing existing ones.
- The objective of the AutoWallis Group is to adapt to technological changes and to the shift in customer demand in the automotive industry (currently the most prominent industry segment in the European Union) in a flexible manner, while adopting a conservative investment policy.
- By using a portfolio-based approach, the AutoWallis Group is able to mitigate the cyclical nature of the automotive industry though the combination of various activities that react differently to changes in the market and through diversification.
- The transformation of the mobility industry, including advances in electric cars, the introduction of self-driving vehicles and car sharing, presents further opportunities for growth.
- Rational retail and distribution portfolio size and volume-efficient business operations.
- Coordinated financing and revenue structure.
- The operation of the AutoWallis Group is cost-efficient.

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

- The COVID-19 pandemic, which emerged from the Chinese province of Hupei in December 2019, has had a significant impact on the automotive industry in China as a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) and its more recent waves have had a temporary adverse impact on demand and may potentially affect the supply chain as well. Nonetheless, similarly to the entire corporate sector, the implications of the measures introduced to combat the new waves of COVID-19 may continue to affect not only car manufacturers, but also other entities in the value chain.
- The manufacturing issues caused by the chip shortage had no impact at the end of 2020 and during the first half of this year as yet; however, in subsequent quarters,

[14] Shareholders of the Company with a share greater than 5% as at 30 June 2021: Wallis Asset Management Zrt. (60.43%) and AutoWallis ESO Organisation (6.05%).

22

longer production lead times may result in a restructuring of revenue. This delay is not expected to be regarded as lost revenue for the next 12 to 18 months as customer orders are being placed regardless of whether sales are delayed. However, there is a chance that a long-term chip shortage could negatively impact demand.

- Although the AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its projects, delays or failure in the case of certain projects cannot be completely avoided. In addition, the complexity and organisational restructuring brought about by exceptional growth also result in additional responsibilities in terms of management control and strategic governance.
- The operation, financing and profitability of the AutoWallis Group are indirectly or directly related to the economic processes of Hungary and the countries where the Company's subsidiaries operate. In the event of adverse changes in the macroeconomic position of Hungary and the rest of the countries concerned, or if the growth rate declines and the external and internal balances deteriorate, the AutoWallis Group will be unable to escape the effects of any unfavourable economic processes.
- Technological advancements can significantly affect how the automotive industry operates. Technological development doesn't merely transform the areas where the AutoWallis Group is present: in some cases, it may even cause certain areas to disappear entirely or may substantially reduce their significance.
- The dynamic growth in salaries, the shortage of workforce and the deficiencies of the education and training system in the countries where the AutoWallis Group is present (especially in Hungary) may have an adverse impact on the operation of the AutoWallis Group.
- The AutoWallis Group intends to implement its business plans partly through its existing business operations and/or by carrying out new development and construction projects and company acquisitions. Although each transaction is preceded by careful planning, there may be unavoidable events relating to the target companies when completing an acquisition which may have a negative impact on the business operations and profitability of the AutoWallis Group.
- Despite the fact that SsangYong Motor Company is undergoing a reorganisation process and its agreement with new investors has not yet been concluded, the management of AutoWallis is of the opinion that there is a high probability that SsangYong's car manufacturing operations may be rescued in some form. As a result, we are still distributing this brand, though with increased caution and international commercial guarantees, and sales are rising.
- Stellantis, a company comprising 14 car brands, terminated all dealership contracts within the EU (for retail) in Q2 2021, primarily due to regulatory changes in the industry. This decision also affects AutoWallis' own (Opel) dealerships, but the Group considers this termination to be only a technical issue in terms of its operation. The decision does not affect AutoWallis' 5-year import contracts (for distribution) concluded in 2020.

SUSTAINABILITY REPORT

Registered offices and sites of the AutoWallis Group

- AutoWallis Nyilvánosan Működő Részvénytársaság, registered office: 1055 Budapest, Honvéd utca 20.
- WAE Autóforgalmazási és Szolgáltató Kft.: registered office: 2040 Budaörs Szabadság utca 117.
- WAE CEE Distribution Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- WAE Hun Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- WAE S d.o.o.: registered office: Leskoškova cesta 9E, 1000 Ljubljana
- WAE C d.o.o.: registered office: 10020 Zagreb, Ulica Damira Tomljanovića – Gavrana 15.
- Wallis Adria d.o.o.: registered office: 10020 Zagreb, Ulica Damira Tomljanovića – Gavrana 11.
- Wallis British Motors Kft.: registered office: 1095 Budapest, Máriássy utca 5.
- Wallis Motor Duna Autókereskedelmi Kft.: registered office: 1097 Budapest, Könyves Kálmán krt. 5.
- Wallis Motor Pest Autókereskedelmi Kft.:
  - registered office: 1138 Budapest, Váci út 175.
  - sites: 1140 Budapest, Hungária krt. 95.; 1143 Budapest, Francia út 38.
- Wallis Autókölcsönző Kereskedelmi és Szolgáltató Kft.: registered office: 1138 Budapest, Váci út 141., and its office opened at the Debrecen International Airport in April 2020 is used as an alternative place of administration.
- Iniciál Autóház Kft. and ICL Kft.:
  - registered office: 9028 Győr, Külső Veszprémi utca 6.;
  - sites: 9400 Sopron, Balfi út 162.; 9700 Szombathely, Vásártér u. 3.; 9200 Mosonmagyaróvár, Szekeres Richárd u. 17.
- Wallis Kerepesi Kft.: registered office: 1106 Budapest, Kerepesi út 85.
- K85 Kft: registered office: 1106 Budapest, Kerepesi út 85.
- Wallis Motor Ljubljana d.o.o.: registered office: Celovška cesta 182, 1000 Ljubljana
- VCT78 Ingatlanhasznosító Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- AW Csoport Szolgáltató Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- DALP Kft.; registered office: 1055 Budapest, Honvéd utca 20.
- AW Property Kft.; registered office: 1055 Budapest, Honvéd utca 20.

24

Governance system of the AutoWallis Group

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

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

Acting in its capacity as the general meeting in accordance with Section 9 (2) of Government Decree No. 502/2020. (XI. 30.), in Resolution No. 1/2020. (XI.30.) of the Board of Directors the Board of Directors of AutoWallis Nyrt. authorised the Board of Directors to acquire treasury shares in accordance with Section 3:223 (1) of the Civil Code and Section 9.27 of the Statutes, as follows:

- Types of shares that may be acquired: ordinary shares.
- Number of shares that may be acquired: the total number of the shares issued in the particular series, not exceeding 25% of the share capital.
- Face value of the shares that can be acquired: HUF 12.5.
- The lowest amount of consideration in case of a purchase: a price that is 20% lower than the closing price on the trading day preceding the transaction.
- The highest amount of consideration in case of a purchase: a price that is 25% higher than the closing price on the trading day preceding the transaction.

This authorisation also covers the acquisition of convertible bonds and mandatory convertibles that secure the acquisition of treasury shares.

The above authorisation is valid for multiple occasions, but no longer than a period of 18 months starting on the day following the date of adoption of this resolution by the Board of Directors.

Acting in its capacity as the general meeting in line with Section 9 (2) of Government Decree No. 502/2020. (XI. 30.), in Resolution No. 2/2020. (XI.30.) of the Board of Directors the Board of Directors of AutoWallis Nyrt. authorised the Board of Directors to increase the Company's share capital in accordance with Section 3:294 (1) of the Civil Code and Section 11.1 of the Statutes, as follows:

- The highest amount to which the Board of Directors may increase the share capital of the Company: HUF 6,000,000,000, i.e. six billion forints.
- The share capital of the Company may be increased by issuing new ordinary shares and/or any type of preferential shares and/or convertible bonds and/or mandatory convertibles and/or any combination thereof.
- The Board of Directors is also authorised to limit or exclude pre-emptive subscription rights granted under the Civil Code or the Statutes.
- The new ordinary shares to be issued during the capital increase must be admitted to trading on the stock exchange by the Board of Directors.

- Period available for the capital increase: 5 (five) years from the day following the date of the meeting of the Company's Board of Directors on 30 November 2020.
- This authorisation to increase the share capital is renewable and applies to all cases and methods of share capital increase and any combination thereof, and may be exercised several times during the above period.
- On the basis of the authorisation to increase the share capital, the Board of Directors also decides on matters relating to capital increase which are otherwise among the responsibilities of the general meeting under the Civil Code or the Statutes.

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

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

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

In order to ensure that the funds raised are used in line with the commitments and that green aspects are also taken into account when adopting investment decisions, AutoWallis has set up a green committee. The body (whose members are Beatrix Szabó, Sustainability and EHS Director at ALTEO Nyrt., and three members of the Board of Directors of AutoWallis, namely Andrew John Prest, Péter Antal and Gábor Székely) prepares a report on the fulfilment of the commitments each year. The Green Finance Framework of AutoWallis was certified by Sustain Advisory.

The AutoWallis Group and the going concern principle

The AutoWallis Group prepared its business plans for the period following the year 2020, in which the Company's management determined that the Company qualifies as a going concern. After the emergence of the COVID-19 pandemic but prior to the publication of this report, the management reviewed the business plans for the year 2021, on the basis of which it confirmed that the Company's reserves of cash equivalents are sufficient for covering any foreseeable temporary losses, and so the going concern principle is not violated.

Financial instruments and risk management

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

26

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

Environmental protection

The AutoWallis Group does not carry out any activities which are hazardous or harmful to the environment and is dedicated to environmental protection. The hazardous materials and waste generated in the course of its operation (spent oil, oil filters, air filters, paint and paint thinner, paint-soaked paper, batteries, tyres, windscreens, brake and clutch parts and plastic parts) are removed by its contractual partners. Neither the Company nor the subsidiaries carried out any environmental projects or incurred any environmental liabilities.

AutoWallis Nyrt. was the first enterprise listed in the Premium category of the Budapest Stock Exchange (BÉT) to have developed and approved a Green Finance Framework. The amount received from the green bonds will be used by the AutoWallis Group in line with the principles laid down in the framework, which included commitments to develop e-mobility, including adding new charging stations, installing fast chargers, and increasing the number of electric or hybrid vehicles in its own fleet as well as in its rental fleet. Among others, it will also be making green investments that result in additional energy savings at the Group's current properties and will take steps to increase, as much as possible, the percentage of renewable energy within the total energy it uses and generates in the course of its operations.

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

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

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

Material information

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

Research and experimental development

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

EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE

Significant events during the current period were as follows:

1) Acting in its capacity as the general meeting in line with Sections 9 (2) and (5) of Government Decree No. 502/2020 (XI. 16.), the Board of Directors of the Issuer adopted the following resolutions on 7 April 2021:

    a. **Resolution No. 1/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves its report on the Company's business activity for 2020 and the Company's financial position as set out in the proposal and in accordance with the additions made at the meeting of the Board of Directors.

    b. **Resolution No. 2/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Supervisory Board's report on the Company's 2020 IFRS financial statements and on the use of the after-tax profit as set out in the proposal.

    c. **Resolution No. 3/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Audit Committee's report on the Company's 2020 IFRS financial statements and on the use of the after-tax profit as set out in the proposal.

    d. **Resolution No. 4/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the auditor's report on the audit of the 2020 IFRS financial statements and on the proposal of the Board of Directors regarding the use of the after-tax profit as set out in the annex to the proposal.

    e. **Resolution No. 5/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Company's 2020 separate IFRS financial statements with a balance sheet total of thHUF 24,274,259, equity of thHUF 21,056,508 and a total comprehensive income of thHUF 910,530 as set out in the annex to the proposal. The Board of Directors hereby approves the

28

Company’s 2020 consolidated IFRS financial statements with a balance sheet total of thHUF 57,762,990, equity of thHUF 9,177,911 and a total comprehensive income of thHUF -658,135 as set out in the annex to the proposal.

f. **Resolution No. 6/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby resolves that the Company shall not pay any dividend with regard to financial year 2020 and instead the profit that is not paid as dividend shall be transferred to the profit reserve.

g. **Resolution No. 7/2021 (IV.07.) of the Board of Directors:** The Board of Directors hereby approves the Company’s 2020 Corporate Governance Report as set out in the proposal.

h. **Resolution No. 8/2021 (IV.07.) of the Board of Directors:** The Board of Directors considers the business and management performance of the Company’s Board of Directors for financial year 2020 to be satisfactory and hereby issues the hold-harmless warrant under Section 3:117 (1) of Act V of 2013 on the Civil Code to the members of the Board of Directors.

i. **Resolution No. 9/2021 (IV.07.) of the Board of Directors:** In accordance with Section 9.26 of the Company’s Statutes, the Board of Directors hereby grants the Board of Directors a preliminary approval to complete one or more additional bond issues in one or more tranches, subject to the terms set out by the Board of Directors, provided that the principal amount of the bonds that have not yet matured do not exceed HUF 25 billion at any point in time (which includes the bond issue of HUF 3 billion that has already been completed, as well as any additional bond issues).

j. **Resolution No. 10/2021 (IV.07.) of the Board of Directors:** Having regard to the Audit Committee’s proposal, the Board of Directors hereby appoints PricewaterhouseCoopers Könyvvizsgáló Kft. as the Company’s auditor for the period from 7 April 2021 until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

2) Wallis Asset Management Zrt. contributed its business share in DALP Kft. into the Company on 6 April 2021, in exchange for which the Company issued 15,400,000 new shares. DALP Kft. owns the BMW and MINI dealership and repair shop located at Hungária krt. 95. which is rented by Wallis Motor Pest Kft.

3) The Company, as the founder of the AutoWallis Employee Stock Ownership Plan Organisation (registered office: 1055 Budapest, Honvéd utca 20.), approved the remuneration policy entitled "2021 Remuneration Policy" (hereinafter: 2021 Remuneration Policy) on 26 April 2021 as part of the AutoWallis Employee Stock Ownership Plan. In Resolution No. 3/2021. (IV. 26.) of the Board of Directors adopted at its meeting on 26 April 2021, the Board of Directors of the Company established the key terms of the 2021 Remuneration Policy as follows:

   a) The financial instruments that can be acquired as part of the 2021 Remuneration Policy are the series C ordinary shares of AutoWallis Nyrt. with ISIN code HU0000164504 (hereinafter: "Financial Instruments").
   b) The launch date of the 2021 Remuneration Policy is 26 April 2021.
   c) The duration of the 2021 Remuneration Policy is 24 months.

d) Participation in the 2021 Remuneration Policy is open to certain senior executives and employees of entities under the direct or indirect majority control of the Company.
e) The budget for the 2021 Remuneration Policy will consist of 700,000 units of Financial Instruments, i.e. this is the total number Financial Instruments that may be provided to participants, along with any dividend on such Financial Instruments, if the conditions specified in the 2021 Remuneration Policy are met.

4) On 30 June 2021, AutoWallis Nyrt. sold its treasury shares to Generali Alapkezelő Zrt. as part of a stock exchange deal at a price of HUF 93, as a result of which the number of the Company's treasury shares was reduced to zero.

Significant events after the balance sheet date were as follows:

1) On 7 July 2021, ALTEO and AutoWallis Nyrt. concluded a strategic cooperation agreement with a view to harmonising their services relating to e-mobility in the future.

2) After first issuing a credit rating to AutoWallis Nyrt. in 2019, Scope Ratings GmbH conducted a review of the rating. As a result, the Company's rating and that of the bonds issued by the Company both remained at B+, while the rating outlook was adjusted from positive to stable.

3) On 23 July 2021, AutoWallis Nyrt. issued 10-year green bonds with a total face value of HUF 6.6 billion and an average fixed yield of 2.89% as part of the Bond Funding for Growth Scheme of the National Bank of Hungary.

4) AW Property Korlátolt Felelősségű Társaság (registered office: 1055 Budapest, Honvéd utca 20.; company registration number: 01-09-388398) was founded by the Company as its sole owner with a registered capital of HUF 150 million and was incorporated on 29 July 2021.

5) On 23 August 2021, AW Property Korlátolt Felelősségű Társaság (an entity wholly owned by the Company) as buyer and First-Immo Hungary Kft. (registered office: 1117 Budapest, Gábor Dénes u. 2., Infopark building D, a member of the STRABAG Group) as seller entered into a sale and purchase agreement in relation to the property at the intersection of Szerémi út and Építész utca in District XI of Budapest (lot no. 43626/4). The seller refused to allow the disclosure of the purchase price of the property. According to the Company's plans, a multi-brand car dealership and service centre is to be constructed on the property, and the property development project is expected to be completed in 2025.

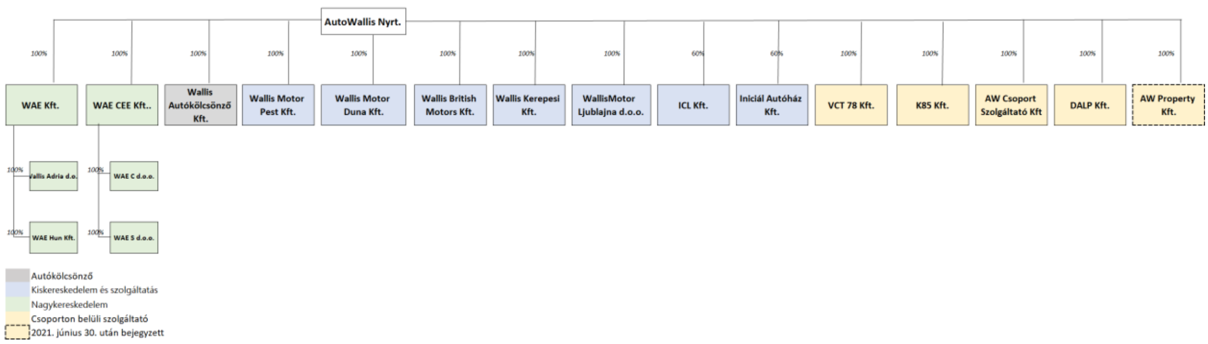
6) Iniciál Autóház Kft., a subsidiary in which AutoWallis Nyrt. has a 60% share, concluded a pre-contract for sale and purchase with LANGEX Kft. as seller in connection with the properties located at Győr, Külső Veszprémi u. 5. (adjacent to the registered office of Iniciál Autóház Kft.) with a total area of 7,368 sqm, including structures on an area of 1,551 sqm. The purchase price of the properties is HUF 380 million, which is payable before the completion of the transaction, i.e. 31 March 2022. The purchase of the properties allows Iniciál Autóház Kft. to double the area of its registered office in Győr, thereby laying the foundation for the further expansion and development of Iniciál Autóház Kft. and for exploiting synergies within the AutoWallis Group, distributing and servicing new brands and launching additional services.

30

7) Wallis Autókölcsönző Kft., a wholly owned subsidiary of AutoWallis Nyrt., purchased a property with an area of 5,768 sqm for a purchase price of HUF 285 million where it plans to construct a Sixt Rent a car service centre and a parking lot with a capacity of 220 cars by renovating and transforming the existing structures. The total budget for the project is nearly HUF 600 million, which includes a non-refundable grant of HUF 282,408,000 provided by the Ministry of Foreign Affairs and Trade for the purpose improving competitiveness. The construction project allows the Group to prepare for the surge in tourism following the full opening of the airport after the pandemic subsides by ensuring that the rent-a-car business and other mobility services (e.g. fleet management) are served in a cost-efficient and timely manner. The construction project will be carried out in line with the commitments made under the Green Finance Framework of AutoWallis.

LEGAL SUMMARY

Group structure as at 30 June 2021



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

- Having regard to the Audit Committee's proposal and acting in its capacity as the general meeting, the Board of Directors hereby appoints PricewaterhouseCoopers Könyvvizsgáló Kft. as the auditor of AutoWallis Nyrt. for the period from 7 April 2021 until the date of the general meeting that closes the financial year 2023, but until 30 June 2024 at the latest.

- The Board of Directors of AutoWallis Nyrt. approved the draft contract for in-kind contribution relating to the acquisition of 100% of the business share in DALP Szolgáltató Korlátolt Felelősségű Társaság (registered office: 1055 Budapest, Honvéd utca 20.; company registration number: 01-09-931205.In exchange for the in-kind contribution of the Business Share, AutoWallis Nyrt. will issue, as part of a capital increase, a total of 15,400,000 (say fifteen million four hundred thousand) units of new series "C" dematerialised ordinary shares with a face value of HUF 12.50 (say twelve forints and fifty fillérs) per share and an issue price of HUF 100 (say one hundred forints) per share, as a result of which the share capital of AutoWallis Nyrt. will increase by HUF 192,500,000 (say one hundred and ninety-two million five hundred thousand forints) from HUF 4,053,921,000 (say four billion fifty-three million nine hundred and twenty-one thousand forints) to HUF 4,246,421,000 (say four billion two hundred and forty-six million four hundred and twenty-one thousand forints), while the remaining amount of HUF 1,347,500,000 (say one billion three hundred and forty-seven million five hundred thousand forints) will be transferred to the capital reserve.

- Acting in its capacity as the general meeting, the Board of Directors of AutoWallis Nyrt. approved the consolidated IFRS financial statements of the Company for Q1 2021 with a balance sheet total of thHUF 72,136,678, equity of thHUF 9,415,708 and a total comprehensive income of thHUF 405,797, as set out in the annex to the proposal.
- The Board of Directors of AutoWallis Nyrt. approved Gábor Ormosy's report on the dividend payments of subsidiaries with 6 yes votes, 0 no votes and no abstentions.
- The Board of Directors of AutoWallis Nyrt. approved the proposal on the capital increase in Wallis Motor Duna.
- The Board of Directors of AutoWallis Nyrt. approved AutoWallis Nyrt.'s issue of 10-year bonds with a total face value of HUF 6 billion and a fixed yield of 3% as part of the Bond Funding for Growth Scheme launched by the National Bank of Hungary, provided that the bond to be issued is rated at least B+ by Scope Ratings GmbH, the rating agency which assesses the credit rating. Based on the decision of the Board of Directors regarding the type of down payment, the bond is an amortised bond, with 10% of the capital being paid down in each of the years 5, 6, 7, 8 and 9 of the term and 50% of the capital being due upon maturity. The Board of Directors approved that AutoWallis Nyrt. may, at its own discretion, allow the issue to be oversubscribed in case of excess demand at the auction, but even in this case AutoWallis Nyrt. may only issue bonds with a total face value of up to HUF 6.6 billion.
- The Board of Directors of AutoWallis Nyrt. approves the Green Finance Framework of AutoWallis Nyrt. as set out in the annex to the proposal.
- Having regard to the Green Finance Framework, the Board of Directors of AutoWallis Nyrt. establishes the Green Finance Committee of AutoWallis Nyrt., which comprises four members. The Board of Directors of AutoWallis Nyrt. elects board members Gábor Székely, Péter Antal and Andrew John Prest and external expert Beatrix Szabó as members of the Green Finance Committee. The Board of Directors of AutoWallis Nyrt. elects board member Gábor Székely as the Chairman of the Green Finance Committee.
- The Board of Directors of AutoWallis Nyrt. approved the Rules of Procedure of the Green Finance Committee of AutoWallis Nyrt.
- The Board of Directors of AutoWallis Nyrt. approved the brand strategy of AutoWallis as set out in the proposal and supports the implementation of such strategy.
- The Board of Directors of AutoWallis Nyrt. approved the proposal on the establishment of central procurement processes.
- On 26 July 2021, AutoWallis Nyrt. established its wholly owned subsidiary AW Property Kft. (registered office: 1055 Budapest, Honvéd utca 20.) with a registered capital of thHUF 150,000.

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

WALLIS MOTOR DUNA Autókereskedelmi Kft.

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

32

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

- In its decision dated 5 March 2021, the Company changed the joint signatory rights of Attila László Deák and Péter Bonnyai so that Richárd Sáreczky and Attila László Deák now have joint signatory rights and Péter Bonnyai does not.

- In its decision dated 29 March 2021, the Company's Founder resolved to increase the Company's capital by HUF 100,000,000, i.e. one hundred million forints, in cash.

WALLIS MOTOR PEST Autókereskedelmi Kft.

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

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

WAE Autóforgalmazási és Szolgáltató Kft.

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

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

- On 1 March 2021, the Company's founder resolved to change the Company's registered office and to sign a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

- WAE C Kft. and WAE S Kft. were transferred under the control of WAE CEE Kft.

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

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

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

WALLIS AUTÓKÖLCSÖNZŐ Kft.

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

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

Wallis Adria d.o.o.

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

- The mandate of the auditor was extended until 31 May 2022.

- The Company's registered office changed to 10020 Zagreb, Ulica Damira Tomljanovića - Gavrana 11.

Wallis Kerepesi Kft.

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

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

Iniciál Autóház Kft.

- The members' meeting of the Company approved the financial statements for the financial year ended 31 December 2020 prepared in accordance with the Hungarian Accounting Act, the distribution of the Company's profit for 2020 and its auditor's report.

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

- On 2 August 2021, the Company signed a Pre-contract for the Sale and Purchase of Movable Property with LANGEX Kereskedelmi és Képviseleti Korlátolt Felelősségű Társaság (registered office: 9028 Győr, Külső Veszprémi út 5.)

ICL Kft.

- The members' meeting of the Company approved the financial statements for the financial year ended 31 December 2020 prepared in accordance with the Hungarian Accounting Act, the distribution of the Company's profit for 2020 and its auditor's report.

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

34

K85 Kft.

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

- The mandate of the auditor was extended until 31 May 2022.

WAE CEE Kft.

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

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

- On 1 March 2021, the Company's founder resolved to change the Company's registered office and to sign a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

- The Company's registered office changed to 2040 Budaörs, Akron utca 1. as of 24 August 2021.

- WAE C Kft. and WAE S Kft. were transferred under the control of WAE CEE Kft.

WAE Hun Kft.

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

- The mandate of the auditor was extended until 31 May 2022.

- On 1 March 2021, the Company's founder resolved to change the Company's registered office and signed a new Deed of Foundation. New registered office: 2040 Budaörs, Szabadság utca 117.

WAE C d.o.o.

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

- The mandate of the auditor was extended until 31 May 2022.

WAE S d.o.o.

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

Wallis Motor Ljubljana d.o.o.

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

Statements of the Company as issuer

- the consolidated semi-annual financial statements for H1 2021 published by AutoWallis Nyrt., which were prepared in accordance with the applicable accounting regulations and to the best of the Company's knowledge, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the consolidated entities, and

- the Company's consolidated Management Report for H1 2021 gives a fair view of the position, development and performance of the Company and the consolidated entities and describes the key risks and uncertainties affecting the remaining six months of the financial year.

Furthermore, the Company declares that the consolidated semi-annual financial statements were not audited by an independent auditor; however, PricewaterhouseCoopers Könyvvizsgáló Korlátolt Felelősségű Társaság (the Company's auditor) conducted a review of the consolidated semi-annual financial statements as set out in ISRE (International Standard on Review Engagements) 2410.

Budapest, 2 September 2021

On behalf of AutoWallis Nyrt.:

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

On behalf of the Board of Directors of AutoWallis Nyrt.

36

Consolidated Interim Financial Statements

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

for the interim period ended on 30 June 2021

Table of content

Abbreviations:

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

Amounts in parentheses are negative figures.

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.

I. Consolidated statement of comprehensive income

Description		Half-year ending on 30 June 2021	Half-year ending on 30 June 2020 (restated)
Revenue		97 651 046	38 152 265
Own performance capitalized		12 703	-
Material used		(1 789 722)	(1 172 767)
Services		(4 014 929)	(1 452 261)
Cost of goods sold		(85 630 998)	(33 766 534)
Personal type expenses		(3 235 554)	(1 051 849)
Depreciation		(1 430 022)	(669 387)
Profit of sales	*(VI.c.)*	***1 562 524***	***39 467***
Other income, (expenses)	*(VII.b)*	118 079	(11 204)
Impairment and write off of non-financial assets		(18 505)	(29 572)
Other income and expenses		***99 574***	***(40 776)***
Operating profit		**1 662 098**	**(1 309)**
Interest income		9 340	4 313
Interest expenses	*(VII.b)*	(222 372)	(151 055)
Lease expenses		(98 568)	(84 722)
Net gain or loss on currency translations		285 768	(474 995)
Other financial income, net		4 009	-
Gain or loss on disposal of equity items		239	-
Impairment and expected credit loss of financial assets		(10 825)	(78 737)
Revaluation gain or loss of financial instruments		(78 937)	(3 655)
Profit on financial items		**(111 346)**	**(788 851)**
Profit before taxes		**1 550 752**	**(790 160)**
Taxation		(351 324)	(72 370)
Net profit		**1 199 428**	**(862 530)**
Other comprehensive gain or loss on translating subsidiaries		(6 474)	8 044
Other comprehensive income from revaluation		-	-
Total comprehensive income		**1 192 954**	**(854 486)**
Net profit attributable to shareholders of the parent		1 137 314	(863 378)
Net profit attributable to the non-controlling interest		62 113	849
		1 199 428	**(862 529)**
Other comprehensive income attributable to shareholders of the parent		(6 474)	8 044
		(6 474)	**8 044**
Total comprehensive income		**1 192 954**	**(854 485)**

EBITDA	*(VI.c.)*	**3 181 210**	**757 168**

EPS (basic, HUF/share)	*(IX.c)*	**3,52**	**(3,19)**
EPS (diluted, HUF/share)	*(IX.c)*	**3,52**	**(3,19)**

The full amount of other comprehensive income is reversed to net profit or loss when it is realized.

II. Consolidated statement of financial position (balance sheet)

Description		30th June 2021.	31st December 2020. (restated)	1st January 2020. (restated)
Assets				
Non-current assets				
Property, plant and equipment		11 232 793	7 600 682	1 940 275
Assets held for operating leases		2 242 777	1 833 469	2 072 060
Right-of-use assets		4 646 741	7 657 595	3 797 811
Goodwill		898 738	898 738	515 034
Rights and similar assets		3 407 860	3 752 965	50 038
Deferred tax assets		6 609	13 239	6 158
Equity instruments		2 200	2 200	-
Debt instruments		-	1	866
Non-current assets total:		**22 437 717**	**21 758 888**	**8 382 242**
Current assets				
Goods		24 017 436	22 245 246	14 137 469
Other inventories		68 854	70 629	414
Account receivables		7 343 834	4 477 785	3 812 609
Income tax receivables		180 157	155 375	85 502
Loan receivables		34	36	-
Prepaid expenses and accrued income	*(VII.a)*	4 140 826	2 063 095	1 460 401
Other receivables	*(VII.a)*	9 827 514	1 842 984	2 213 942
Other financial assets		11 640	72 885	3 655
Cash and cash equivalents		6 830 210	5 076 070	1 890 714
Current assets total:		**52 420 504**	**36 004 102**	**23 604 706**
Assets total		**74 858 221**	**57 762 990**	**31 986 948**
Equity and liabilities				
Issued capital (legal parent)		4 246 421	4 053 921	3 383 268
Share premium		4 913 738	3 363 760	-
Share-based payment reserve	*(VII.c)*	347 384	252 423	74 242
Treasury shares		(64 976)	(798 700)	-
Accumulated translation difference		33 829	40 303	19 107
Retained earnings		1 891 004	753 690	1 628 729
Equity attributable to the shareholder of the parent		**11 367 399**	**7 665 396**	**5 105 346**
Non-controlling interest		959 791	1 065 678	-
Equity:		**12 327 190**	**8 731 074**	**5 105 346**
Long term liabilities (interest bearing)				
Long term debentures		3 037 939	3 041 552	-
Long term loans	*(VII.a)*	3 268 670	1 359 689	309 593
Lease liabilities		4 509 204	7 536 664	3 999 962
Long term liabilities (non-interest bearing)				
Deferred tax liabilities		124 371	116 494	36 799
Provisions		90 967	86 023	8 857
Other long term liabilities (non-interest bearing)	*(VII.a)*	2 137 721	3 223 146	12 959
Long term liabilities:		**13 168 872**	**15 363 566**	**4 368 170**
Short term liabilities (interest bearing)				
Short term loans	*(VII.a, b)*	718 976	158 318	71 903
Lease liabilities	*(VII.a, b)*	1 138 673	1 207 913	1 739 838
Liabilities from reverse factoring (interest bearing)	*(VII.a, b)*	17 876 995	13 413 044	11 691 462
Short term liabilities (non-interest bearing)				
Advance payment received from customers		3 267 977	2 536 616	1 337 948
Account payables	*(VII.a, b)*	11 946 601	11 556 052	4 250 595
Liabilities from reverse factoring (not interest bearing)	*(VII.a, b)*	4 093 400	1 176 005	2 215 512
Income tax payable		186 004	59 438	20 216
Other taxes payable	*(VII.a)*	1 004 310	613 871	268 764
Provisions		250 434	43 438	9 704
Accrued expenses and deferred income	*(VII.a)*	2 916 533	1 180 423	682 607
Other short term liabilities (non-interest bearing)	*(VII.a, c)*	5 962 259	1 723 235	224 885
Short term liabilities:		**49 362 160**	**33 668 351**	**22 513 433**
Liabilities:		**62 531 032**	**49 031 917**	**26 881 602**
Equity and liabilities:		**74 858 221**	**57 762 990**	**31 986 948**

III. Consolidated statement of changes in equity

	Issued capital (legal parent)	Share premium	Share-based payment reserve	Treasury shares	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parent	Non-controlling interest	Total equity
1st January 2020. as published	**3 383 268**	**-**	**-**	**-**	**19 107**	**1 702 971**	**5 105 346**	**-**	**5 105 346**
Restatement due to MRP1 share based payment program			74 242			(74 242)	-		-
1st January 2020. as restated	**3 383 268**	**-**	**74 242**	**-**	**19 107**	**1 628 729**	**5 105 346**	**-**	**5 105 346**
Total comprehensive income for the first half of 2020	-	-	-	-	8 044	(863 378)	(855 334)	849	(854 485)
Equity effect of share-based payment			89 090				89 090		89 090
Issue of new shares	338 765	1 791 267					2 130 032		2 130 032
Acquisition of ICL	-	-	-	-	-	-	-	19 998	19 998
30th June 2020. as restated	**3 722 033**	**1 791 267**	**163 332**	**-**	**27 151**	**765 351**	**6 469 134**	**20 847**	**6 489 982**
Total comprehensive income for the second half of 2020	-	-	-	-	13 151	(11 662)	1 490	16 680	18 169
Equity effect of share-based payment			89 090				89 090		89 090
Issue of new shares (as restated)	331 888	1 572 493		-			1 904 382		1 904 382
Acquistion of Treasury shares				(798 700)			(798 700)		(798 700)
Acquisition of Iniciál							-	1 028 151	1 028 151
31st December 2021 as restated	**4 053 921**	**3 363 760**	**252 423**	**(798 700)**	**40 303**	**753 689**	**7 665 396**	**1 065 678**	**8 731 074**
Total comprehensive income for the first half of 2021					(6 474)	1 137 314	1 130 840	62 113	1 192 953
Equity effect of share-based payment			94 961				94 961		94 961
Acquisition of DALP	192 500	1 549 978					1 742 478		1 742 478
Sale of Treasury shares				733 724			733 724		733 724
Distribution to non-controlling interests							-	(168 000)	(168 000)
30th June 2021.	**4 246 421**	**4 913 738**	**347 384**	**(64 976)**	**33 829**	**1 891 004**	**11 367 399**	**959 791**	**12 327 190**

Additional information:

- The amount recognized in profit or loss from retained earnings and the amount recognized for non-controlling interests is derived from net income.
- The amount recognized in the comprehensive income for each period from the accumulated translation difference is derived from other comprehensive income.
- The additional items recognized in the statement of changes in equity arise from transactions with owners in their capacity as owners.

IV. Consolidated statement of cash flows

Description		Half-year ending on 30 June 2021	Half-year ending on 30 June 2020 (restated)
Profit before taxes		**1 550 752**	**(790 160)**
Interest income		(9 340)	(4 313)
Interest expense	(VII.b)	320 940	235 777
Exchange differences on cash		56 507	-
Depreciation, amortization		1 430 022	669 387
Effect of impairment and expected credit loss		44 283	89 643
Recognition and derecognition of provision		211 941	86 506
Other non-cash items		(272 947)	60 828
Gain or loss sale of property, plant and equipment		(49 770)	(93 043)
		3 282 388	**254 625**
Changes in inventory		(672 950)	(4 493 268)
Correction due to reverse factoring	(VII.b)	62 657 125	32 190 063
Changes in account receivables		(2 859 457)	(1 698 853)
Changes in other receivables		(10 021 557)	(289 427)
Changes in loan receivables and debt instruments		61 246	3 696
Changes in advances received from customers		731 361	372 032
Changes in account payables		384 875	5 536 808
Changes in other payables		5 216 761	(313 090)
Changes in the net current assets		**55 497 403**	**31 307 961**
Cash income from interest received		8 004	4 313
Expenditure on interest paid	(VII.b)	(300 061)	(235 777)
Income taxes paid		(235 032)	(88 219)
Cash generation from operation		**58 252 702**	**31 242 904**
Acquisition of PPE and intangible assets		(1 298 752)	(1 026 519)
Proceeds from sale of PPE and intangible assets		869 507	1 438 308
Acquisition of a subsidiary, adjusted by received cash		39 726	19 998
Cash generated from investing activities		**(389 519)**	**431 787**
Cash from the sale of treasury shares		733 724	(0)
Dividends for non-controlling interest		(168 000)	-
Changes in short term loans		560 659	204 080
Payment of liabilities from reverse factoring	(VII.b)	(55 275 778)	(28 792 620)
Loan taken		1 290 784	3 826 357
Loan paid back		(1 278 001)	(1 106 209)
Lease repayment		(1 914 980)	(1 543 848)
Cash used in financing		**(56 051 593)**	**(27 412 240)**
Expected credit loss of cash and cash equivalents		(945)	(1 333)
Exchange differences on cash		(56 507)	-
Changes in cash and cash equivalents		**1 754 140**	**4 261 117**
Opening cash and cash equivalent balance		5 076 070	1 890 714
Closing cash and cash equivalent balance		**6 830 210**	**6 151 831**

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 31 December 2020. (hereinafter: last full financial statements) and the previously published interim financial statements for 2021.

VI. Accounting policies and changing standards

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

- a change in presentation related to liabilities and reverse factoring (see chapter **Hiba! A hivatkozási forrás nem található.**.);
- the new accounting policy now developed in the context of IFRS;
- the new accounting policy for recourse factoring receivables related;
- the new accounting policy for liabilities from reverse factoring related.

a) New accounting policy for IFRS 2

From this period, the Group presents a share-based payment plan that is within the scope of IFRS 2. The Group has only a share-based payment plan settled in an equity instrument, so it now only forms an accounting policy for that.

The Group will start displaying the program on the grant date. The Group considers the grant day to be the date the parties agree on the material terms, and the employees accept the notice. The cost of a share-based payment plan settled in an equity instrument is determined by the Group at the fair value of the shares to be transferred to the Group's employees, based on the stock exchange price. The fair value of the benefit is allocated to the vesting period on a time proportion basis if another indicator provides a more realistic picture of the cost incurred, according to that indicator.

The determined cost is recognized against a separate component of equity (share-based payment reserve). This accumulated reserve has to be eliminated when:

- at the end of the program, the shares are allotted;
- at the end of the program, it is determined that the conditions are not met.

In the first case, the accumulated balance must be considered as a capital increase; in the second case, the reserve is to be eliminated against the retained earnings.

b) Recourse factoring receivables

Based on a factoring agreement which is part of the business model of WAE CEE Kft. (which is a 100% subsidiary of the parent company) from this period, the banks - in case of delay or non-payment of the original obligor of the factored claim - have a right of recourse to demand that the Group pay the outstanding amount. The management of the Group concluded that with the factoring of receivables, the conditions of the derecognition of the financial assets are not met. Therefore, the amount received as consideration for factoring is still recognized as a liability until the factoring receivable is settled with the financing institutions.

If the factored receivable is settled, both the liability and the account receivable are derecognized by the Group.

The factor fee is recognized as a financial expense by the Group.

c) Calculation of EBITDA, calculation of profit of sales

The EBITDA indicator is presented by the Group - as a key performance indicator generally accepted in the industry. The indicator is not defined in IFRS. The content of EBITDA in the Group's financial statements is as follows:

+	Profit before taxes
+	Depreciation
-/+	Profit on financial items
-/+	Effect on net income of items not causing net outflow of cash
=	**EBITDA**

The EBITDA was also calculated in the previous period using this method, except that the elimination of the effect on net income of items not caused by the net outflow of cash, it appears for the first time in these financial statements. There is only one item that leads to this new adjustment: the effect of the ESOP 1 program, which is restated in these financial statements (see b)VII**Hiba! A hivatkozási forrás nem található.** b). point).

EBITDA is calculated as follows:

	Half-year ending on 30 June 2021	Half-year ending on 30 June 2020 (as restated)
Profit before taxes	1 550 752	(790 160)
Depreciation	1 430 022	669 387
Profit on financial items	111 346	788 851
Effect on net income of items not causing net outflow of cash	89 090	89 090
EBITDA	**3 181 209**	**757 168**

The Group discloses a category named a profit of sales in its financial statements, which includes the value of operating profit excluding other income, other expenses, and impairment and write-off of non-financial assets.

d) Liabilities from reverse factoring

The transactions during which the supplier realizes the consideration of liabilities arising from the stock of cars purchased in reverse factoring play a significant role in the Group's operations. The essence of these transactions is that the consideration for the purchase of goods is not paid directly by the Group to the supplier but by a participating financial institution. This financial institution will collect the purchase price from the Group at a later date. Given the number and magnitude of these transactions, the Group has decided to separate its liabilities arising from these transactions from short-term liabilities in the balance sheet (liabilities from reverse factoring), it presents them neither as loans nor as accounts payable. From these liabilities, the Group presents separately in the balance sheet the balances that are already interest-bearing under the contract and those that do not yet bear the contractual interest burden, as they are not so old that the financier would already charge interest on them.

If there is a fee or interest associated with the transaction, the Group recognizes it as an interest expense.

To present inventory purchases financed through reverse factoring in the cash flow statement, the Group develops the following accounting policy - considering the related statements in the latest IFRIC working paper. It recognizes cash flows from the purchase of inventories and the settlement of related accounts payable as operating cash flows if the conditions attached to the reverse factoring obligation are substantially the same as those the supplier would have entered into. If this condition is not met, the Group presents the amount paid to the participating financial institution under reverse factoring as part of the financing cash flow, while in operating cash flow, the related purchase of inventories is presented as a non-cash transaction. The adjustment for this non-cash item appears in the payment of liabilities from reverse factoring line in the operating cash flow section of the consolidated statement of cash flows.

e) Changes in the standards and exposure drafts

The following amendments and consultation documents were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) in 2021:

Accepted standards and interpretations are not yet applicable

- IFRS 16: extending the practical relief regarding COVID-19-related rent concessions (applicable: after 1 April 2021);
- Disclosure of Accounting Policies (amendment to IAS 1 and IFRS PS 2) (applicable: for periods beginning on or after 1 January 2023);
- IAS 8: Definition of Accounting Estimates (applicable: for periods beginning on or after 1 January 2023);

- IAS 12: Deferred Tax on Assets and Liabilities Arising from a Single Transaction (applicable: for periods beginning on or after 1 January 2023).

Ongoing discussion materials:

- Initial Application of IFRS 17 and IFRS 9 (comparative information), exposure draft
- Subsidiaries without Public Accountability – Disclosure Initiative, exposure draft
- Management Commentary, exposure draft
- Lack of exchangebility, exposure draft
- Regulatory Assets and Regulatory Liabilities, exposure draft

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

f) Information in other documents

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

VII. Changes in presentation, reclassifications

a) Changes in the classification and presentation method of liabilities

From 2021 the Group – considering the significant changes in its size and financial state – will modify the presentation method of its liabilities, as the Group thinks that this change will provide better quality and understandability of its financial statements. The new presentation method unequivocally separates liabilities bearing interest and liabilities not bearing interest which makes it possible to identify the existence of further financial obligations expected in the future. Furthermore, the new method presents both prepaid expenses and accrued income and accrued expenses and deferred income in a separate row. Besides separations, the Group decided to apply new summarizing rows in the balance sheet showing liabilities bearing interest and liabilities not bearing interest. According to the experience of the Group, it bears important information from an interpretation point of view.

For the sake of comparability, it presents the change in structure retrospectively (for the previous business year and its first day).

Simultaneously with the representation, the Group also adjusts the classification of its liabilities reported at the end of 2020 because, during the classification of each balance, the content did not correspond to the name of the line. However, this clarification does not lead to a change in the amount of the liabilities concerned or to any movement between the balances of long-term and short-term liabilities.

The following misclassified items have been modified:

1. On 31 December 2020, in the case of Wallis British Motors Kft., short-term loans included related account payables, which were eliminated in the row of account payables during consolidation. As a result of the clarification, the amount of account payables will increase by 563 million HUF, while the amount of short-term loans will decrease by the same amount. The adjustment does not affect the aggregated value of short-term liabilities.

2. The balance sheet of Wallis Autókölcsönző Kft. included 924 million HUF worth of lease liabilities payable to AW Group Service Ltd. During the consolidation, its value was eliminated in the row of other current liabilities instead of the balance sheet line of short-term leases. The effect of eliminating this liability is specified by the Issuer in the restructured structure, as a result of which the interest-bearing lease liability decreases by 924 million HUF, while other short-term liabilities increase by the same amount. The adjustment does not affect the aggregated value of short-term liabilities.

3. At the end of the year, the contingent purchase price related to the acquisition of the Opel operation (the short and the long part together worth 3 223 146 kHUF in total) was not presented on the appropriate line, as its content is primarily non-credit, so the Group has restated it as other non-interest-bearing liability.

The effect of restated and correction is shown in the following table:

Category	31st December 2020. (as published)	Correction	Reclassification	31st December 2020. (as restated)
Other receviables	3 906 080		(2 063 095)	1 842 984
Accruals and prepayments			2 063 095	2 063 095
Effect of the reclassification (current assets)	**3 906 080**	**-**	**-**	**3 906 080**

Category	31st December 2020. (as published)	Correction	Reclassification	31st December 2020. (as restated)
Long term loans	4 575 906	(3 216 217)		1 359 689
Long term debentures		3 041 552		3 041 552
Effect of the reclassification (long-term liabilities)	**4 575 906**	**(174 665)**	**-**	**4 401 240**

Category	31st December 2020. (as published)	Correction*	Reclassification	31st December 2020. (as restated)
Short term loans	10 000 568	(354 397)	(9 487 855)	158 318
Lease liabilities	2 131 859	(923 947)		1 207 913
Accounts payable	15 625 306	529 062	(4 598 313)	11 556 052
Other short term liabilities	2 649 624		(2 649 624)	-
Liabilities from reverse factoring (interest bearing)			13 413 043	13 413 044
Liabilities from reverse factoring (not interest bearing)			1 176 005	1 176 005
Other tax and social security contribution liability			613 870	613 871
Accruals and prepayments			1 180 422	1 180 423
Other non interest bearing liabilities			1 723 235	1 723 235
Effect of the reclassification (short-term liabilities)	**30 407 357**	**(749 282)**	**1 370 784**	**31 028 861**

** See also the effect in item c!*

The net effect of the changes at the balance sheet date in 2020 is an increase of 446 837 kHUF in liabilities, which arose in connection with the displayed option (see item d).

The effect of this reclassification on the opening date of the comparative period (1 January 2020), where only current liabilities were affected by the restatement:

Category	31st January 2020. (as published)	Correction	Reclassification	31st January 2020. (as restated)
Other receviables	3 674 346		(1 460 401)	2 213 942
Accruals and prepayments			1 460 401	1 460 401
Effect of the reclassification (current assets)	**3 674 346**	**-**	**-**	**3 674 346**

Category	31st January 2020. (as published)	Correction	Reclassification	31st January 2020. (as restated)
Short term loans	6 998 855		(6 926 952)	71 903
Liabilities from reverse factoring (interest bearing)			11 691 462	11 691 462
Liabilities from reverse factoring (not interest bearing)			2 215 511	2 215 512
Account payables	11 230 619		(6 980 021)	4 250 595
Other short term liabilities	1 176 254		(1 176 254)	-
Other tax and social security contribution liability			268 764	268 764
Accruals and prepayments			682 607	682 607
Other non interest bearing liabilities			224 884	224 885
Effect of the reclassification (short-term liabilities)	**19 405 727**	**-**	**-**	**19 405 727**

The net effect of the changes in the 2020 opening data is 0.

b) Representation regarding reverse factoring

The Group has a financing solution whereby the inventories acquired are not paid for to the supplier by the Group but by a financing company, usually at the time of the purchase. According to the agreements, the account payables of the Group cease to exist, and the financing company becomes responsible for fulfilling it. The Group pays its debts to the financier later, usually when the inventory is sold, for the amount of the original purchase price combined with any financing fees charged.

The Group adjusts the presentation of these reverse factoring agreements as follows. As the Group enters into such transactions on a significant scale, it highlights its impact in the balance sheet and presents it under reverse factoring liabilities. Previously, these balances were included in accounts payable and short-term loans balance sheet lines. The Group also performs the separation for the comparative period and the opening day of the comparative period.

The effect of the adjustment on the consolidated balance sheet is as follows:

	2020.12.31	2020.01.01
Reclassified from accounts payable	4 598 313	6 980 021
Reclassified from short term loan	9 487 855	6 926 952
Reclassified from other short term liabilities	502 881	-
Liabilities from reverese factoring	**14 589 049**	**13 906 973**
of which interest bearing	*13 413 044*	*11 691 462*
of which non interest bearing	*1 176 005*	*2 215 512*
	14 589 048	**13 906 974**

(The effect of the reclassifications is also included in the tables published under VII (a).)

Of the above balance, 1 176 006 kHUF (in the comparative period: 2 215 511 kHUF) did not yet bear an interest burden because the financing remained within the interest-free period.

The Group adjusted the presentation of costs related to the reclassified items and presented uniformly in finance costs as finance expense (as interest expense).

	Other income and expenses	Interest expense	Total effect
30th June 2020 as presented	(79 484)	(82 775)	
Reclassification	68 280	(68 280)	-
30th June 2020 as restated	**(11 204)**	**(151 055)**	

The Group also adjusts the presentation of these items in the consolidated statement of cash flows in accordance with the accounting policies described above. Based on this, it only shows the cash flow effect of payment solutions and agreements in the future as operating cash flow, for which the conditions related to the reverse factoring obligations are essentially the same as the conditions that the supplier would enter into (maturity, collateral, fees, etc.). If this condition is not met, the Group recognizes the acquisition of inventories as a non-cash item in the cash flow statement and then recognizes the cash outflow from the reverse factoring obligation as a financing cash flow. The presentation is also performed by the Group for the comparative period.

	Operating cash flow	Financing cash flow	Total effect
30th June 2020 as presented	2 654 364	1 176 300	
Reclassification	28 588 539	(28 588 539)	-
30th June 2020 as restated	**31 242 903**	**(27 412 240)**	

c) Restatement regarding a share-based payment plan

As part of the restructuring of the remuneration structure, the parent company decided in 2019 to introduce a share-based payment plan. The new remuneration element will be paid through the ESOP Organization. Under the ESOP program, certain employees of the Group and non-members of the Group receive share benefits if the specified objectives are achieved. The founder of the ESOP organization is the parent company.

Several benefit programs are currently being implemented through the ESOP organization. The accounting for the ESOP 1 program launched in 2019 is restated by the Group in these consolidated interim financial statements because its effect was not recognized in the financial statements for the year and end of the previous year. The re-establishment concerns only the first program decided in 2019. The settlement is corrected retrospectively until the date of issue.

Under the program, the shares of the parent company, which were issued by Wallis Asset Management Zrt. to the ESOP organization, will be distributed. The benefit plan will never affect the total value of the Group's net assets and will not cause and have not caused cash outflows in the past.

The main features of this program are as follows:

Name of the program	ESOP 1
Number of shares issued in total	19 864 829
Number of shares granted to AutoWallis employees	4 178 715
Fair value of a share on the day of grant	111,50 HUF/share
The total value of the benefit on the grant date	465 927 kHUF
Grant date	7 August 2019
Vesting period – Phase I [1 230 769 pcs]	2 years
Vesting period – Phase II [2 947 946 pcs]	3 years
Vesting conditions	maintenance of employment (legal relationship), maintenance of equity
Type of program	performed in shares

The portion of the benefit plan that relates to the Group's employees is accounted for in the following consolidated interim financial statements. The fair value of the transferred shares determined at the grant date has been allocated pro-rata basis (based on time elapsed). The expense thus incurred is recognized as an expense in the income statement against the separate component of equity (reserve for share-based payments). The repair was also performed by the Group for the comparative period. Expenses incurred up to the first day of the comparative period were taken into account in the separate items of retained earnings and equity.

The impact of ESOP 1 on the consolidated financial statements is as follows:

Income statement	**Year ending on 31st December 2020**	**Half-year ending on 30 June 2021**
Personal type expense	(178 181)	(89 090)

	1st January 2020	**31st December 2020**	**30th June 2020**
Share-based payment reserve	74 242	252 423	341 513
Retained earnings	(74 242)	(252 423)	(341 513)

The ESOP 2 program announced in the period under review did not have a retroactive effect and did not require a re-determination for previous periods.

d) Reassessment related to the acquisition of Iniciál Autóház Kft. and ICL Kft.

During the acquisition of the majority shares in Iniciál Autóház Kft. And ICL Kft., The Group transferred the shares of the parent company arising from the capital increase as part of the purchase price. . The parties have also entered into option agreements for these shares, which may result in AutoWallis Nyrt. repurchasing or having to repurchase the transferred shares at its own discretion. The options expire on 31 May 2026.

This obligation was disclosed by the Group in its financial statements for the financial year 2020 but was not recognized in the balance sheet, although it should have been recognized. A liability arising from the repurchase obligation has been included in these interim financial statements; that is, the treasury shares transferred for the acquisition of a majority stake in the above companies are not recognized as a capital increase but as a liability up to the amount of the option. The repair was also performed retrospectively by the Group for the comparative period.

The effect of the adjustment on the consolidated financial statements is as follows:

	31. December 2020 (as published)	**Correction**	**31. December 2020 (as restated)**
Share premium	3 810 598	(446 838)	3 363 760
Liabilities from share repurchase*	-	446 838	446 838

**Presented as other non-interest bearing liabilities*

The adjustment relates to the share transfer on 6 August 2020 and 3 February 2020. The transaction has no effect on prior periods.

The Group considers that the probability of the option being called remains very low. If the option expires and is not called in the future, the liability will have to be derecognized against the capital.

e) Additional item related to the adjustment of the cash flow statement

The Group has separated the effect of interest and certain exchange rate differences on profit or loss and cash and cash equivalents in the cash flow statements.

VIII. Significant events in the reported period (2021 first half)

a) Increase issued capital of a subsidiary

There were no changes in the structure of the Group in the first half of 2021. The Group increased issued capital of Wallis Motor Duna Kft. by 100 000 kHUF during the second quarter of 2021. The effect of issued capital increase had to be eliminated in the consolidated financial statements.

b) *Acquisition of DALP Kft.*

The parent company acquired a 100% business share in DALP Kft. in exchange for 15 400 000 ordinary shares in AutoWallis Nyrt. The transfer of control took place on 6 April 2021.

The Group classified the transaction as an acquisition of a group of assets and liabilities (asset deal) because it did not take over any processes or employees.

Given that the parent company and the transaction are not a business combination for this Group of assets and liabilities, the transaction was accounted for under IFRS 2. This requires that the Group initially recognize assets and liabilities at fair value if their fair value can be measured. During the valuation, it was only necessary to change the original book value of the acquired property because the book value of other assets and liabilities at the time of acquisition was essentially the same as the fair value.

The incoming of net assets was recorded against equity: the nominal value of the shares issued increased the issued capital and the remaining part the share premium.

Value of net assets acquired in accounting for the acquisition:

Net assets	Original book value	Fair value difference	Initial value
Property (land, bulidng)	2 632 807	789 295	3 422 102
Other non-current assets	8 233		8 233
Current assets	112 695		112 695
Liabilities	(1 940 766)		(1 940 766)
	812 969	**789 295**	**1 602 264**

The property of DALP Kft. is leased by one of the subsidiaries of the parent company under an operating lease on the basis of a previous leasing agreement. With the transfer of control over DALP Kft., this leased property became an asset within the Group, so the related right-of-use asset and lease liability had to be deducted from the consolidated financial statements. The difference from the derecognition of the lease was recognized in equity by the Group (adjusted for the share premium), as the acquisition led to the derecognition, these transactions are related in substance, and their management can be decided jointly.

Effect of the derecognized lease at the same time as the acquisition of the property on the consolidated financial statements:

ROU derecognized as a result of gaining control	2 729 514
Lease liability derecognized as a result of gaining control	(2 869 728)
Effect of derecognised lease	(140 214)

Effect of the acquisition on equity:

Effects on equity	Issued capital	Share premium	Total
Effect of share issue	192 500	1 409 764	1 602 264
Effect of derecognised lease		140 214	140 214
	192 500	**1 549 978**	**1 742 478**

c) Transformation of Group structure, reorganization

In June 2021, WAE C Kft. and WAE S Kft. were transferred to the control of WAE CEE Kft. This reorganization did not materially affect the consolidated financial statements, as only the structure of the Group changed.

d) A criminal proceeding is in process

A criminal proceeding is in process during the period, which is related to the misuse of a significant amount of inventory and certain Group subsidiaries are victims of. There were no substantive developments in the case in this quarter.

e) Authorization to issue bonds

The Board of Directors of the parent company – based on article 9.26. of the Articles of Associations of the parent company - approved in advance that the Board of Directors will carry out additional bond issue(s) in one or more installments, on the condition that the dept of capital originating from non-expired bonds can not exceed the total sum of 25 billion HUF – including the 3 billion HUF worth of issued bonds and other previously issued bonds. No bonds were issued in the second quarter.

f) ESOP 1 program

The condition attached to the first package of the ESOP 1 program (involving two people) was met so that participants were eligible for vesting. The grant is expected to be taken place in October 2021. For additional participants in the ESOP 1 program, the program will continue for another year. The costs of the program and the related capital effects are included in the financial statements. Expenditures related to the ESOP1 program did not and will not result in net asset outflows and cash outflows.

g) ESOP 2 program

In the second quarter of 2021, the Group launched a new ESOP program.

The main features of this program are as follows:

Name of the program	ESOP 2
Number of shares issued in total (all are Group employees)	700 000
Fair value of a share on the grant date	100,64 HUF/share
The total value of the benefit on the grant date	70 450 kHUF
Grant date	26 April 2021
Vesting period	2 years
Vesting conditions	achieving consolidated EBITDA in 2022 (partial performance possible)
Type of program	performed in shares

The total cost of the program is allocated proportionately by the Group over the vesting period. The amount for the 2021 business year falls to 8 months. As a result of the second quarter, this share-based payment had an effect of 5 871 kHUF.

Further analysis of the Group's events is provided in the Management Commentary. Hereafter, corporate events are published separately by the Group, so in this document corporate events are not (fully) disclosed by the Group.

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

The financial statements for the period are presented in the same structure as in the last annual financial statements, the statements are not condensed. The segment report was prepared in an 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.

a) Selected information on fair valuation

IAS 34 requires disclosing information about the measurement of fair values.

The Group currently has two types of assets that are required to be recognized at fair value in the balance sheet at the end of each period:

- FOREX derivatives of foreign currency are to be measured at fair value, which is the third measurement level. To determine the fair value, the Group used the exchange rate quoted by the account manager. In the Group's financial statements, derivatives are included in the balance sheet at the end of the reporting period in the amount of 17 693 kHUF as liabilities (other liabilities, non-interest bearing) and in the amount of 11 640 kHUF as assets, among other financial assets. In the period under review, the derivatives had a detrimental effect on the net result in the total amount of 78 937 kHUF.

  A change in the inputs used for the measurement may directly change the fair value.

- The Group has a contingent purchase price liability in connection with the acquisition of the Opel operation, which must be recognized at fair value at the end of each period, and the difference has to be accounted for in profit or loss. This fair value is on the third measurement level. In the Group's financial statements, the contingent liability at the end of the reporting period is 2 928 818 kHUF (other long term liabilities (non-interest bearing) 1 976 468 kHUF and other short term liabilities (non-interest bearing) 952 349 kHUF), the effect on net profit in the period under review was 110 112 kHUF, which are from foreign currency revaluation (for reasons other than changes in foreign exchange rates, the liability did not have to be revalued due to changes in fair value).

The determination of fair value is based on the following key input data, which the Group itself estimates based on market data and market knowledge:

- number of cars sold;
- sales revenue of cars.

The contingent purchase price must be set in EUR, so its value is also affected by the exchange rate.

In the contingent purchase price calculation, the Group compiled various scenarios, the outcome of which was weighted by the probability of occurrence. No complex calculations were required to determine the outcome of each scenario; however, a change in the inputs used for measurement could directly change the fair value, even significantly.

There is no significant difference between the fair value and the book value of the Group's non-fair value financial assets and liabilities as estimated by the Group.

b) Disclosure of headcount

The full-time equivalent headcount of the Group is 686 people in the reported period; in the last comparative period, it was 331.

c) The EPS indicator

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

	First half of 2021	First half of 2020
Profit attributable to the ordinary shareholders of the parent	1 137 314	(863 378)
Number of shares outstanding	322 999 810	270 622 097
EPS (basic, HUF/share)	**3,52**	**(3,19)**
EPS (diluted, HUF/share)	**3,52**	**(3,19)**

Due to the restatement, the Group also published the EPS indicator for the first half of 2020.

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

X. Operating segments

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

- wholesale segment;
- retail segment.

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

The segment revenue was the following for the reported period:

	Wholesale segment	Retail segment	Total
Segment revenue of the first half of 2021	54 919 266	42 731 781	**97 651 046**
Segment revenue of the first half of 2020*	19 575 257	18 577 009	**38 152 265**

**Re-presented due to segment redesign*

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

First half of 2021	Wholesale segment	Retail segment	Total
Segment revenue	54 919 266	42 731 781	**97 651 046**
Segment expenses	(53 770 822)	(42 329 472)	**(96 100 295)**
Segment profit before taxes	**1 148 443**	**402 308**	**1 550 753**
Profit not allocated to segments			-
Profit before taxes			***1 550 753***

The values for the comparative period:

First half of 2020*	Wholesale segment	Retail segment	Total
Segment revenue	19 575 257	18 577 009	**38 152 265**
Segment expenses	(20 463 626)	(18 478 799)	**(38 942 425)**
Segment profit before taxes	**(888 369)**	**98 210**	**(790 159)**
Profit not allocated to segments			-
Profit before taxes			***(790 159)***

**Re-presented due to segment redesign*

The distribution of assets and liabilities is not followed by decision-makers at the segment level, so it is not disclosed by the Group.

The key decision-makers (CODM) of the Group are the members of the Board of Directors.

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

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

- The parent company established the AW Property Kft, which is its new, 100% subsidiary, on 26 July 2021, with the issued capital of 150 000 kHUF.
- The parent company issued green bonds with a total nominal value of 6.6 billion HUF on 27 July 2021. The term of the bond is 10 years, and the fixed interest rate is 2.89%.
- The general trend in the car market is the lack of chips, which is slowing down the market for the delivery of new cars worldwide. This may affect the Group’s performance in the second half of the year.

XII. Disclosure related to the Covid19 pandemic

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

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

The management of the Group still believes that the positioning of AutoWallis Nyrt. is appropriate and its financial performance is adequate, which was also underpinned by the favorable rating modification of Scope Rating in November 2020 and in July 2021 (B+ rating with a positive outlook). The going concern of the Group is continuously maintained, and the management of the Group does not expect any material decline in the activities.

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

These interim financial statements were discussed and authorized for issue on the 2 September 2021 by the Board of Management.

The Company declares that its consolidated Interim Financial Statements for the period ending on 30 June 2021 were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, based on the Company's best knowledge, providing a true and fair view of the assets, liabilities, financial situation as well as of the profit and loss of the Company as an issuer and of its consolidated subsidiaries.

The Company also declares that its consolidated Interim Financial Statements for the period ending on 30 June 2021 provides a fair view of the situation, development, and performance of the issuer and the enterprises included in the consolidation, outlining the main risks and uncertainties likely to arise in the rest of the financial year.

The Company furthermore declares that the data in this consolidated interim financial statement have not been audited by an independent auditor, however in this consolidated interim financial statement, the PricewaterhouseCoopers Limited Liability Company, as the Company's auditor, performed an audit in accordance with ISRE (International Standard on Review Engagements) 2410.

Budapest, 2 September 2021.

ORMOSY, Gábor CEO, member of the board	SZÉKELY, Gábor member of the board

representing the Borad of Directors of AutoWallis Nyrt.