

## Consolidated financial statements



Public Limited Liability Company and its consolidated subsidiaries

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2020

*English translation of the original document*

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

The abbreviations have the following meaning

AB	Audit Committee
BÉT	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash generating unit
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPS	Earnings per share
FB	Steering Committee
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IFRIC/SIC	Interpretations to IFRS
IFRS/IAS	International Financial Reporting Standards International Accounting Standards
IG	Board of Directors
ROU	Right-of-use asset
PPE	Property, plant and equipment
kHUF	thousand forints
k€	thousand euros

*Amounts in parenthesis are negative figures.*

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I. The numerical part of the financial statements

1 Consolidated statement of comprehensive income

Description		365 days ending on 31st December 2020. (audited)	365 days ending on 31st December 2019. (audited)
Revenue	(1)	88 412 726	75 272 908
Material used	(2)	(2 675 705)	(2 519 905)
Services	(3)	(4 231 452)	(3 704 672)
Cost of goods sold	(4)	(77 236 279)	(64 439 124)
Personal type expenses	(5)	(2 681 180)	(1 758 630)
Depreciation	(6)	(1 484 216)	(1 177 184)
<b>Profit of sales</b>		<b>103 896</b>	<b>1 673 395</b>
Other income	(7)	1 881 811	948 404
Impairment and write off of non-financial assets	(8)	(102 115)	(143 566)
Other expenses	(7)	(1 228 326)	(673 876)
<b>Other income and expenses</b>		<b>551 371</b>	<b>130 962</b>
<b>Operating profit</b>		<b>655 266</b>	<b>1 804 357</b>
Interest income	(9)	5 447	16 910
Interest expenses	(9)	(252 028)	(105 289)
Lease expenses	(10)	(170 875)	(202 402)
Net gain or loss on currency translations	(11)	(691 377)	(101 234)
Gain or loss on disposal of equity items	(13)	3 531	3 965
Impairment and expected credit loss of financial assets	(12)	(29 691)	(160 015)
Revaluation gain or loss of financial instruments	(14)	69 230	3 655
<b>Profit on financial items</b>		<b>(1 065 764)</b>	<b>(544 410)</b>
<b>Profit before taxes</b>		<b>(410 497)</b>	<b>1 259 947</b>
Taxation	(15)	(268 833)	(343 336)
<b>Net profit</b>		<b>(679 331)</b>	<b>916 611</b>
Other comprehensive gain or loss on translating subsidiaries	(16)	21 196	34 661
<b>Total comprehensive income</b>		<b>(658 135)</b>	<b>951 272</b>
<i>attributable to shareholders of the parent</i>		(675 663)	951 272
<i>attributable to the non-controlling interest</i>		17 529	-

<b>EBITDA</b>	<b>(17)</b>	<b>2 139 482</b>	<b>2 981 540</b>
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Items in the statement of comprehensive income and in the cash flow are presented using the sign of the item. The references are above refer to Chapter VII.

## 2 Consolidated balance sheet

Description		31st December 2020. (audited)	31st December 2019. (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(18)	7 600 682	1 940 274
Assets held for operating leases	(19)	1 833 469	2 072 060
Right-of-use assets	(20)	7 657 595	3 797 811
Goodwill	(21)	898 738	515 034
Rights and similar assets	(22)	3 752 964	50 038
Deferred tax assets	(23)	13 241	6 160
Equity instruments	(24)	2 200	-
Investments in debt instruments	(24)	-	865
<b>Non-current assets total:</b>		<b>21 758 889</b>	<b>8 382 242</b>
<b>Current assets</b>			
Goods	(25)	22 245 246	14 137 468
Other inventories	(25)	70 628	413
Account receivables	(26)	4 477 784	3 812 609
Income tax receivables	(27)	155 374	85 501
Other receivables	(28)	3 906 080	3 674 346
Loan receivables	(24)	35	-
Other financial assets	(28)	72 885	3 655
Cash and cash equivalents	(29)	5 076 070	1 890 714
<b>Current assets total:</b>		<b>36 004 101</b>	<b>23 604 706</b>
<b>Assets total</b>		<b>57 762 990</b>	<b>31 986 948</b>

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Description		31st December 2020. (audited)	31st December 2019. (audited)
<b>Equity and liabilities</b>			
Issued capital (legal parent)	(36)	4 053 921	3 383 268
Share premium	(36)	3 810 598	-
Treasury shares	(38)	(798 700)	-
Accumulated translation difference	(37)	40 303	19 107
Retained earnings	(37)	1 006 112	1 702 971
<b>Equity attributable to the shareholder of the parent</b>		<b>8 112 233</b>	<b>5 105 346</b>
Non-controlling interest	(39)	1 065 678	-
<b>Equity:</b>		<b>9 177 911</b>	<b>5 105 346</b>
<b>Long term liabilities</b>			
Long term loans	(30)	1 534 354	309 593
3% debentures	(30)	3 041 552	-
Lease liabilities	(30)	7 536 663	3 999 961
Deferred tax liabilities	(23)	116 494	36 798
Provisions	(32)	86 023	8 856
Other long term liabilities	(35)	3 223 145	12 961
<b>Long term liabilities:</b>		<b>15 538 231</b>	<b>4 368 169</b>
<b>Short term liabilities</b>			
Short term loans	(30)	10 000 568	6 998 855
Lease liabilities	(30)	2 131 859	1 739 838
Advance payment received from customers	(33)	2 536 615	1 337 947
Account payables	(33)	15 625 306	11 230 619
Income tax payable	(34)	59 438	20 216
Provisions	(32)	43 438	9 704
Other short term liabilities	(35)	2 649 624	1 176 254
<b>Short term liabilities:</b>		<b>33 046 848</b>	<b>22 513 432</b>
<b>Liabilities:</b>		<b>48 585 079</b>	<b>26 881 602</b>
<b>Equity and liabilities:</b>		<b>57 762 990</b>	<b>31 986 948</b>

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



### 3 Consolidated statement of changes in equity

	Issued capital (legal parent)	Share premium	Reverse acquisition reserve	Treasury shares	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parent	Non-controlling interest	Total equity
<b>1st January 2019</b>	<b>3 383 268</b>	-	-	-	(15 554)	1 361 361	4 729 073	-	4 729 073
Total comprehensive income 2019.	-	-	-	-	34 661	916 611	951 272	-	951 272
Dividend declared (legal parent, 04.30.)	-	-	-	-	-	(575 000)	(575 000)	-	(575 000)
<b>31st December 2019.</b>	<b>3 383 268</b>	-	-	-	19 107	1 702 971	5 105 345	-	5 105 345
Total comprehensive income 2020.	-	-	-	-	21 196	(696 859)	(675 663)	17 529	(658 135)
Subsidiary acquisitions - NCI recognition	-	-	-	-	-	-	-	1 048 149	1 048 149
Acquisition of Treasury shares	-	-	-	(798 700)	-	-	(798 700)	-	(798 700)
Issue of new shares	670 654	3 810 598	-	-	-	-	4 481 251	-	4 481 251
<b>31st December 2020.</b>	<b>4 053 921</b>	<b>3 810 598</b>	-	<b>(798 700)</b>	<b>40 303</b>	<b>1 006 112</b>	<b>8 112 233</b>	<b>1 065 678</b>	<b>9 177 911</b>

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

#### 4 Consolidated statement of cash flows

Description	365 days ending on 31st December 2020. (audited)	365 days ending on 31st December 2019. (audited)
<b>Profit before taxes</b>	<b>(410 497)</b>	<b>1 259 947</b>
Depreciation, amortization	1 484 216	1 177 184
Impairment and reversal of impairment	106 171	148 824
Recognition and derecognition of provision	91 598	2 344
Other non-cash items	(680 975)	246 943
Gain or loss sale of property, plant and equipment	(350 246)	(39 899)
	<b>240 266</b>	<b>2 795 343</b>
Changes in inventory	(1 120 225)	(4 501 758)
Changes in account receivables	(95 708)	(374 111)
Changes in other receivables	183 579	(1 505 678)
Changes in loan receivables and debt instruments	(69 265)	537 165
Changes in short term loans financing current assets	(470 246)	1 458 069
Changes in advances received from customers	785 154	219 319
Changes in account payables	3 672 669	4 746 183
Changes in other payables	4 345 399	47 948
<b>Changes in the net current assets</b>	<b>7 231 358</b>	<b>627 138</b>
Income taxes paid	(304 833)	(265 057)
<b>Cash generated in operation</b>	<b>7 166 791</b>	<b>3 157 424</b>
Acquisition of PPE and intangible assets	(9 052 732)	(2 320 447)
Proceeds from sale of PPE and intangible assets	2 380 853	2 612 887
Acquisition of subsidiaries, less cash received	(27 045)	-
Acquisition of subsidiaries through repurchase of treasury shares	917	-
Proceeds from sale non-current financial assets	-	(20)
<b>Cash generated from investing activities</b>	<b>(6 698 007)</b>	<b>292 420</b>
Share issue	1 369 624	-
Dividends paid	-	(575 000)
Loan taken	7 289 003	312 393
Loan paid back	(3 790 061)	(114 252)
Lease repayment	(2 151 262)	(2 717 516)
<b>Cash used in financing</b>	<b>2 717 304</b>	<b>(3 094 375)</b>
Expected credit loss of cash and cash equivalents	(732)	(2)
<b>Changes in cash and cash equivalents</b>	<b>3 185 356</b>	<b>355 467</b>
Opening cash and cash equivalent balance	1 890 714	1 535 247
<b>Closing cash and cash equivalent balance</b>	<b>5 076 070</b>	<b>1 890 714</b>

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

## **II. The identification of the Group and basis of preparing the financial statements**

### **1 Basis of the preparation and the going concern**

#### **Statement of IFRS compliance**

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

#### **Scope of the financial statements**

These financial statements present the financial position, performance and financial situation of the AutoWallis Plc. The financial statements are prepared and approved by the management. These financial statements are consolidated financial statements, so it includes the data from all group members and eliminates all transactions and balances between the group entities.

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

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

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

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

The Group prepares consolidated financial statements. The legal parent of the Group – that is AutoWallis Plc. – acquired the other group entities in legal terms, but from accounting perspective this transaction is a reverse acquisition, meaning that the person controlling the acquired companies (legal subsidiaries) just before the transaction became the controlling person of the new parent entity (legal parent). The legal subsidiaries were introduced to the Group as contribution in kind.

The details of the reverse acquisition is explained in Note 5.

## **2 The activity of the Group**

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

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

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

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

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

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

## **3 General information about the Group and the Parent**

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

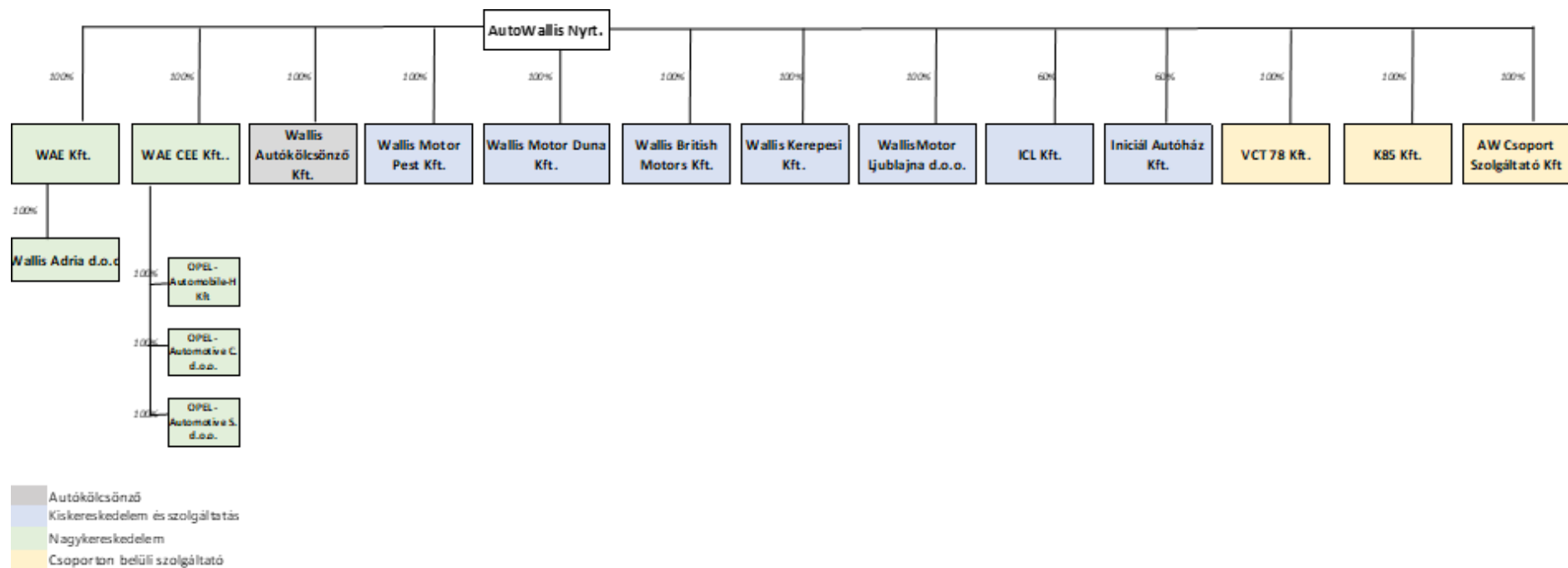
The controlling shareholder of the Parent is the Wallis Asset Management Zártkörűen Működő Részvénytársaság (1055 Budapest, Honvéd utca 20). The ultimate parent of the Group is WALLIS PORTFOLIÓ Korlátolt Felelősségű Társaság (1055 Budapest, Honvéd utca 20.). The latter company only has shareholders who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

The shareholders of the Parent company as at 31<sup>st</sup> December at the end of each period:

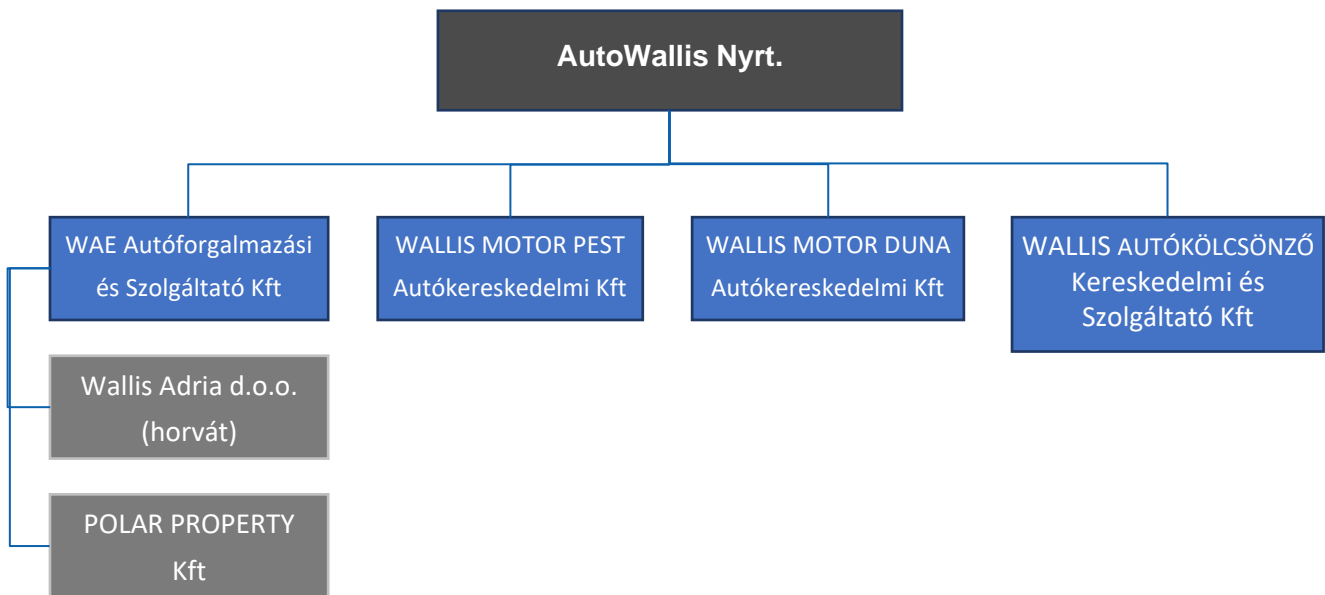
<i>Shareholders</i>	<b>Shareholding 31.12.2020</b>	<b>Shareholding 31.12.2019</b>
Wallis Asset Management Zrt.	66,28%	72,47%
AutoWallis MRP Szervezet	6,45%	7,36%
Andrew John Prest*	-	5,81%
Free float	27,27%	14,36%
	<b>100,00%</b>	<b>100,00%</b>

\*At the end of 2020, it has a share of less than 5%.

The group structure at the end of 2020:



**The group structure at the end of 2019:**



## The subsidiaries

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

Name	Acquisition	Disposal	Acquired through
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	9.09.2018	-	in kind contribution
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	9.09.2018	-	in kind contribution
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	9.09.2018	-	in kind contribution
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	9.09.2018	-	in kind contribution
Wallis Adria d.o.o	9.09.2018	-	in kind contribution
Polar Import Polska Sp. Zo.o.	9.09.2018	28.06.2019	in kind contribution
POLAR PROPERTY Korlátolt Felelősségű Társaság *	9.09.2018	-	in kind contribution
Wallis Kerepesi Korlátolt Felelősségű Társaság	1.07.2020	-	in kind contribution
K85 Korlátolt Felelősségű Társaság	1.07.2020	-	in kind contribution
WallisMotor Ljubljajna d.o.o.	3.07.2020	-	foundation
VCT 78 Korlátolt Felelősségű Társaság	6.07.2020	-	purchase
WAE CEE Korlátolt Felelősségű Társaság	4.11.2020	-	foundation
ICL Autók Korlátolt Felelősségű Társaság	3.12.2019	-	foundation
Iniciál Autóház Korlátolt Felelősségű Társaság	31.11.2020	-	in kind contribution
AW Csoport Szolgáltató Korlátolt Felelősségű Társaság	14.05.2020	-	foundation
WAE HUN Korlátolt Felelősségű Társaság	18.12.2020	-	purchase
WAE C. d.o.o.	4.12.2020	-	purchase
WAE S. d.o.o.	4.12.2020	-	purchase

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

The group acquired – through a reverse acquisition – directly or indirectly seven subsidiaries as of 9<sup>th</sup> September 2018. All the entities are operating within the automotive industry. In the separate financial statements these entities are presented as investments in subsidiaries. The consolidated financial statements, since the previous controlling party of these entities has controlling stake in the parent, using the rules of reverse transaction to include these entities in the financial statements (Wallis Asset Management Zrt.).

The reverse acquisition requires the application of the following rules:

- IFRS 3.6 and IFRS 3.7,
- furthermore IFRS 3.B19-27.

The accounting acquirer is not a legal person, but a group of entities previously controlled by the same person (hereinafter: combined entity, reporting entity). The combined entity is the reporting entity at the same time since

- the management decided to publish these combined statements on their combined financial position, performance and financial situation;
- considering their activities, they are operating as a system from the point of view of the ultimate shareholder.

The Group will publish the data of the combined entity separately.



Reverse acquisition requires the following accounting steps (IFRS 3.B19-B27):

- The cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (ie the acquiree for accounting purposes). The calculation shall be made to determine the number of equity instruments the legal subsidiary would have had to issue to provide the same percentage ownership interest of the combined entity to the owners of the legal parent as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated shall be used as the cost of the combination. The calculation concluded that the “remaining ownership” is 10,18% and the cost of control at the date of the acquisition was calculated to be 1 608 MFt.
- The net assets of the combined entity is recognized as it was recognized previously, but the net assets of the accounting acquiree will be recognized at fair value.
- The pre-acquisition equity of the combined entity is included in the consolidated accounts, but the pre-acquisition equity of the legal acquirer is eliminated.
- The equity is reorganized in such a way that it shall reflect the issued capital of the legal parent.
- The comparative values for 2018 shall include the data of the reporting entity with one adjustment: that is: the equity is reorganized to reflect the issued capital of the legal parent.

The details of the reverse acquisition is explained in Note V.

#### 4 Changes in the group structure

The group structure changed materially during the reporting period, since 10 new entities were included in the consolidated financial statements. These entities all operate in the car retail segment. All the acquisitions are business combinations since all entities resources as inputs, processes and they were able to produce outputs and provide access to new markets.

In 2020 Wallis British Motors Kft. was transferred trough a reorganization to be a direct subsidiary of legal parent. Previously it was held by WAE Kft. As this was a reorganization within the group all differences were recognized directly in equity.

#### 5 A presentation currency of the financial statements, rounding.

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

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

	<b>31.12.2020</b>	<b>31. 12. 2019</b>	<b>2019 average</b>	<b>2019 average</b>
<i>EUR/HUF</i>	365,13	330,52	351,17	325,35
<i>HRK/HUF</i>	48,35	44,42	46,58	43,86

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

The financial statements include one comparative period, except is a period needs to be restated due to a prior error or due to a change in the accounting policy. In this case the opening balance sheet of the comparative period is also presented.

There were no restatements in 2020.

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

## **6 Application of the IFRSs**

The legal Parent of the group prepares its financial statements under IFRSs since 2017. The legal subsidiaries are using their local legislation for their stand-alone financial statements (the Hungarian for the Hungarian subsidiaries and the Croatian and polish system for the relevant entities). The financial statements of the legal subsidiaries are converted to IFRS financial statements. The legal subsidiaries do not publish stand-alone IFRS financial statements.

The reporting entity (accounting parent) and the Group – in this form- were not required to present financial statements under IFRS.

### **III. Significant elements of the accounting policies. The basis of the preparation of the financial statements.**

#### **1 The parts of the financial statements**

The full set of financial statements contains:

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

The Group decided to present the statement of comprehensive income in a single statement where the items of other comprehensive income shall be presented after the net profit position.

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

## **2 Accounting policies – income statement**

### **(a) Revenues**

Revenues shall be accounted for according to the IFRS 15. IFRS 15 creates a general model for all the income that are coming from contracts with the customers. The standard uses the so-called five step model to identify when and how much revenue shall be accounted for. The standard has explicit requirements for the situation when several items are transferred to the customer in one contract. IFRS 15 includes two methods for the timing of revenue recognition: point in time and over the time method. IFRS 15 also includes fundamental rules how to account for the cost incurred that will not be accounted for according to another standard. The Group applies the five-step model when entering into contracts with customers. Since in case of most of the contract the fulfillment date and the date of the invoicing do not differ, realization will happen in the period of invoicing.

The group realized the following revenues during the period:

- revenue from sale of car
  - domestic market;
  - export market;
- short term car rental income;
- income from automotive services.

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

The Group changed its account policy and from 2019 will not recognized those revenue where there is a possibility that the Group will repurchase the sold item. These transactions will be accounted for as financing transactions under IFRS 9. This means that not only those sales are going to be eliminated where the repurchase is certain but also those where there is a reasonable expectation to do so. The elimination will also be done on the comparative figures.

IFRS 15 does not regulate the accounting of income from financial instruments, those are under IFRS 9. The incomes related to subsidiaries will be accounted using the regulation in IAS 27R. The Group accounts for the dividend income (if not eliminated) when the right to receive the amount is established (aka IFRS 9).

#### **(b) Other income**

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

#### **(c) Financial income and expense**

The Group accounts for these items under IFRS 9.

IFRS 9 reconsidered the accounting for financial instruments, introduced the concept of expected credit loss. Instead of basing the impairment on objective evidence the basis of accounting for impairment loss will be expected credit loss. The ECL model will bring the timing of the recognition of such losses closer to recognition.

The model uses a three-step approach, where each step is based on the changes in the credit quality of the underlying item. The model requires the Group to account for the 12-month ECL at the time of the recognition (for accounts receivable the lifetime ECL is immediately required). If there is a significant increase in the credit risk the ECL will be charged based on the lifetime ECL rather than the 12-month ECL. The model includes the simplified model where for certain items instead of the complex methodology another method shall be used. This model is very close to the approach what the Group used before the introduction of IFRS 9.

IFRS 9 reregulated the accounting for hedges. Lot more hedge relationship now qualifies for this accounting and certain criterion is now less strict. The Group does not apply hedge accounting.

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

#### **(d) Income taxes**

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

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

#### (e) Offsetting

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

#### (f) Application and definition of EBITDA

While IFRS does not use the concept of EBITDA, the Group decided to present this measure as it is a very commonly used figure in the industry. The Group is also convinced that this information carries an important information to the readers of the financial statements.

The calculation scheme of EBITDA is the following:

+/-	Profit before taxes	X/(X)
-/+	Elimination of finance profit	(X)/X
-/+	Elimination of amortization and depreciation	(X)/X
	<b>EBITDA</b>	<b><u>X/(X)</u></b>

were,

The net profit will be adjusted for

Finance profit: the net profit will be adjusted to eliminate all effects of the finance income/expense;

Taxes: all income taxes (including deferred taxes) are eliminated for the purpose of the calculation;

Depreciation and amortization: depreciation and amortization of items under IAS 16, IAS 38, IAS 40 and IFRS 16 will be eliminated together with those effects that are coming from non-systematic write down of these elements (ie. impairment). Impairment of financial assets will not be adjusted for.

### 3 Accounting policies – items of the balance sheet; recognition and measurement of assets, liabilities and equity

#### (a) Property, plant and equipment (PPE)

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

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

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

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

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

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

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

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

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

#### **(b) Intangible asset**

Intangible assets are measured initially the same way as PPEs. The intangible assets shall be tested, whether they have a definite or an indefinite useful life.

Indefinite useful life intangible assets are not depreciated but an impairment test is applied at the end of every period (see impairment for details).

For the other intangible assets, the Group will consider characteristics like contractual life that may limit the utilization of the asset. The amortization period may not be longer than this contractual life. By default, the contractual period will be considered as the useful life.

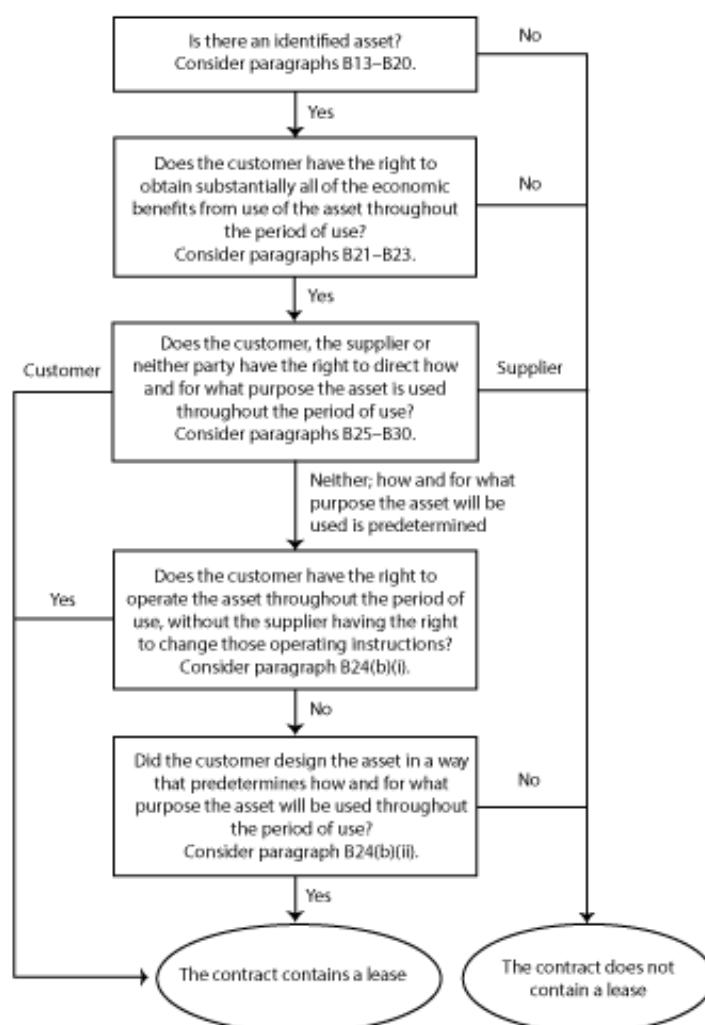
Software and similar items will be amortized at the rate of 20-33%. All intangible assets are measured using the cost method. The residual value of the intangible asset is deemed to be 0 unless proven otherwise.

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

**(c) Lease agreements**

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

For the identification of the lease the Group is using the flowchart in IFRS 16, Annex B, point B31:



### The accounting of the lessee

The lessee will recognize a right of use asset and a lease liability initially.

The group applies the recognition exemption for the low-value asset and short term leases. The Group considers a lease being low value if the underlying asset – when new – does not exceed 1,5 mHUF.

The lease is a short term lease if the lease term does not exceed twelve months considering all extension options. If a lease term is indefinite the Group will assess the likelihood of the lease period will exceed 12 months.

### Initial measurement

The lessee will recognize a right of use asset and a lease liability initially. For this the lessee will

- assess the cash flows that is considered to be lease cash flow
- assesses the non-guaranteed residual value of the underlying asset



- if possible, assesses the initial direct cost of the lessor

and using this data calculates the rate implicit in the lease, which yields to the following equation:

present value of the lease payments + present value of the non-guaranteed residual value

=

fair value of the underlying asset + initial direct cost of the lessor.

When any data is not readily available instead of the interest rate implicit in the lease shall be replaced by an interest rate used in similar financing transaction.

When the lessor receives an incentive (ie. rent-free period), it will be considered in the cash flows and shall not be taken to the income statement immediately.

### **Right of use asset (ROU)**

The Group recognize the assets acquired in a lease as a ROU. The initial value of the ROU is the net present value of the lease payments plus any direct cost of the lessor. The Group measures the ROU using the cost method, the depreciation is charged considering the contractual life of the asset. The ROU shall be tested for impairment using IAS 36. The asset shall be presented together with the asset group in which the underlying asset belongs to.

### **Measuring the lease liability**

The lease liability initially is the present value of the lease cash flows. The interest is calculated considering the implicit rate of the interest (which shall be presented as financing loss) and the future payment will be split between interest payment and repayment of capital.

### **Accounting of the lessor**

Lessor shall classify the leases into operating and finance lease groups. A lease is a finance lease if the ownership risk of the underlying asset and the benefits of the underlying asset is transferred to the lessor. Otherwise the lease is an operating lease: if the risk and rewards are not transferred.

A lease is a finance lease if any of the following conditions are met:

- the ownership title passes at the end of the period;
- the lease term reaches or covers the majority of the economic life of the asset (where majority usually means more than 75%);
- the present value of the lease payments reaches substantially all of the fair value of the underlying asset (substantially all is 90%);
- the asset is special, only the lessee can use it.

The lessor shall remove the asset transferred in a finance lease transaction from the balance sheet and the present value of the lease payments are recognized as a receivable (net investment in the lease). For the calculation the rate implicit in the lease will be used. The lease receivables are impaired the simplified method (ECL).

The lease payments from operating lease shall be distributed over the lease term using a linear method unless other method is more appropriate while the asset is not derecognized by the lessor, but it is depreciated. Any incentive connected to the lease shall be distributed over the lease term and recognized in net profit.

#### **(d) Inventory**

Inventories are measured at lower of cost and net realizable value in the financial statements. Within inventory the Group distinguishes those which will be realized within a year and those that are realized over a year. The closing book value will be assessed using the AVCO method (unless it is not measured individually). All cost are included in the book value which is needed to have the inventory at the right place with the intended use.

The following items are included in the book value:

- Cost of purchase
  - purchase price lowered by discounts included rebates;
  - import duties;
  - other taxes which may not be later reclaimed;
  - transportation and logistics cost;
  - every other item directly attributable to the purchase.
- Cost of conversion (not relevant for the Group)
  - the direct cost of conversion (cost of material, wages and similar);
  - allocated fix and variable manufacturing overhead.
- Every other cost directly related to the inventory
  - all cost needed to have the asset at the intended place in the intended way.
  - borrowing costs.

The following costs are excluded:

- selling expenses;
- cost of storage;
- general overhead.

#### **(e) Borrowing costs**

The Group capitalizes the borrowing costs if the borrowing cost is related to the qualifying asset. If the loan is dedicated (the loan was taken out for a specific reason) the effective interest of the loan will be used to calculate the capitalized rate. For general purpose loan an activation rate will be calculated.

This rate is calculated using the effective interest rate of such loans, the time passed since the loan taken and the date of the asset being ready to use. The capitalized amount will be arrived to by calculating the weighted average of these interests.

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

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

#### **(f) Impairments of the non-financial assets and identifying CGUs**

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

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

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

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

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

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

- firstly, damaged assets are impaired;
- secondly, goodwill is reduced;

- thirdly, the remaining amount of impairment losses are split among property, plant and equipment (PPE) and intangible assets in the CGU in proportion to their carrying amount prior to impairment.

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

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

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

#### **(g) Cash and cash equivalents**

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

#### **(h) Financial assets and financial liabilities**

##### **(i) Classification**

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

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

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

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

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

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

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

#### **(ii) Recognition**

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

#### **(iii) Derecognition**

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

#### **(iv) Measurement**

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

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

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

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

#### **(v) Fair value measurement**

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

Where discounted cash flow techniques are used, estimated future cash flows are based on the Group's economic estimates and the discount rate is a market related rate at the end of reporting period for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the end of reporting period.

Level 1: The input for the fair value is the unadjusted quoted price, no other input is used for the valuation.

Level 2: All inputs are directly or indirectly observable but there are inputs other than the quoted price.

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

#### **(vi) Measurement of amortized cost**

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

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

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

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

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

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

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

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

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

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

- severe financial difficulties of the issuer or the borrower;

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

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

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

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

- market data
- change in the economic environment
- independent rating agencies
- comparable data
- conclusions of the risk assessors
- forbearance
- payment behaviour

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

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

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

The ECL is determined using the following ratios:



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

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

#### **(viii) Hedge accounting**

The Group does not use hedge accounting.

#### **(i) Provisions**

Provisions may only be recognized if it is based on a past event and the timing or the amount of the liability is uncertain. Provision shall not be recorded if it is not based on a legal or constructive obligation. If the existence of an obligation cannot be decided than a provision is only recognized if the likelihood of the obligation's existence is more likely than not (probable obligation). If the probability is lower than this, a contingent liability exists which shall be disclosed as a possible obligation. This is not recognized in the balance sheet but only disclosed.

The provisions are presented together with the liabilities and shall be split between long and short term. If the time value of the money is material the future cash flows shall be discounted. The time value of the money is deemed to be material when the last cash flow happens over three years' time.

Typical issues leading to provisions:

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

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

When a contract leads to more outflow than inflow (onerous contract) a provision shall be made for the smaller of the expected losses and the consequences.

For a reorganization (ie. termination benefits) shall lead to a provision if there is a formal plan that was approved, and it was disclosed to the people who are affected. Only issues that will be discontinued shall lead to provisions, for continuing operations no provision is recognized (ie. retraining, relocation).

There shall be no provision recognized for:

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

#### **(j) Employment benefits**

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

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

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

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

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

#### **(k) Equity**

The Group presents it's equity in the following structure

<b>Name of the equity item</b>	<b>Included in the equity item</b>
Issued capital	Issued capital of the legal parent
Share premium	The premium of on the share issue of the legal parent
Retained earnings	Accumulated earnings that was not distributed to the shareholders.
Accumulated translation difference	The translation difference on the retranslation of the subsidiaries that was accounted for in the other comprehensive income.

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

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

#### **4 Other items of the accounting policies**

##### **(a) Government grant**

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

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

A grant shall be accounted for if...

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

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

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

##### **(b) Assets held for sale and discontinued operations**

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

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

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

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

#### **(c) EPS – Earnings per share**

The Group will disclose the basic and diluted EPS in its consolidated financial statements. Both amounts are calculated on the same basis, if needed the effect of the reserve acquisition is considered (IFRS 3.B25-27).

#### **(d) Segment reporting**

The following segments are presented in this report:

- wholesale segment;
- retail segment.

The segment profit is calculated up to profit before taxes. Since the management does not monitor assets on segment basis, the segmentation based on asset is not prepared.

The Group – based on the management reporting system – redesigned the reporting segments. The segment reports were retrospectively represented for the comparative period.

Segments are referred to in the communications of the Group as businesses.

**(e) Accounting policies related to the cash flows**

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

The Group resented the treasury share repurchase deal in the cash flow as investing cash flow since the deal was directly linked with the acquisition of a subsidiary.

**(f) Foreign currency transactions**

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

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

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

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

**(g) Materiality, errors and effects of error**

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

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

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

#### **(h) Current and deferred tax**

The Group calculates the current tax for all group entities using the relevant tax regulation which shall be presented as a current liability (or asset). All entities will assess the deferred tax position that will be presented as long term asset or liability. The deferred tax is calculated the balance sheet method considering all future changes in the tax rate. Deferred tax assets are only recognized if there is an evidence that the deferred tax asset will later be recovered (turning back). The deferred tax is calculated using the rate expected to be applicable when it is turning back. Deferred tax for local tax and innovation contribution is not expected to happen.

#### **(i) Interest other entities**

The legal parent has several investments which are consolidated or equity accounted. In the separate financial statements these investments are measured at cost, less accumulated impairment if any.

#### **(j) Non-controlling interests**

The non-controlling interest will be measured at the proportion of the net asset of the subsidiary, no goodwill will be recognized on non-controlling interest. The losses shall be allocated to NCI even if it will become negative.

#### **(a) Associates**

The investments in associates shall be presented separately in the consolidated financial statements (separate line in the balance sheet). Initially an associate will be measured at the larger of...

- consideration paid or transferred
- the proportionate fair value of the net assets of the associate.

The consideration paid or transferred will be measured the same way it is measured for subsidiaries. If the consideration paid or transferred exceeds the proportionate net assets the difference will be treated as goodwill but the goodwill will not be recognized separately but will remain together with the carrying amount of the associate. If the proportionate net asset value exceeds the consideration paid or transferred the difference will be credited to net profit as a bargain purchase.

The assets and liabilities of the associate will not be consolidated line-by-line but the value of the net asset will be shown as a one line item. At the end of each reporting period the share of profit of the associate and the share of profit in other comprehensive income will be recognized as an adjustment

to the investment value. The dividend receivable from the associate will be presented as a deduction from the investment and not as an income.

If the associate and a group entity transacts with each other only the proportionate profit will be eliminated, unless this is not possible due to the lack of information (in latter case the Group prepares estimations, if possible and reasonable).

#### **(k) Step acquisition**

If the control over an entity will be acquired in steps by the Group, goodwill may only be recognized once, for the step when the control is acquired. If before the acquisition the Group held interest in the acquired entity, the holding will be remeasured using the rules immediately before the control was acquired. The book value of the investment will be included in the cost of control.

If the Group acquires additional share in a subsidiary, the difference will be accounted for as an equity transaction.

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

##### **The effect of adopting new and revised International Financial Reporting Standards effective from 1 January 2020.**

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

- Amendments to References to the Conceptual Framework in IFRS Standards – adopted by EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Material – adopted by EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures” – Interest rate Benchmark Reform - adopted by EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IFRS 16 “Leases” – Covid 19-Related Rent Concessions adopted by EU on 9 October 2020 (effective for annual periods beginning on or after 1 June 2020),
- Amendments to IFRS 3 “Business Combinations” – adopted by EU on 21 April 2020 (effective for annual periods beginning on or after 1 January 2020).

The adoption of these amendments to the existing standards has not led to any material changes in the Group’s statements.

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2 adopted by EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 4 “Insurance Contracts” deferral of IFRS 9 adopted by EU on 15 December 2020 (effective for annual periods beginning on or after 1 January 2021)

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

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

- IFRS 17 “Insurance Contracts” including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 3 “Business Combinations”; IAS 16 “Property, Plant and Equipment”; IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Annual Improvements (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

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



## V. Acquisitions

### 1 The reverse acquisition

The legal parent of the Group is AutoWallis Nyrt. (previously called: Altera Nyrt.). This entity acquired the control over the subsidiaries by issuing new shares in exchange of the shares (equity instruments) of those subsidiaries which shares were acquired by WAM Zrt., the previous shareholder of these subsidiaries. Due to the number of shares issued WAM Zrt. became the controlling party over AutoWallis Nyrt, so the previous controlling party of the subsidiaries is now the controlling party of the parent of the group (in details: see point IV.).

The date of the reverse acquisition was 9<sup>th</sup> September 2018.

The number of shares issued through the reverse acquisition is the following:

	<b>Pcs.</b>	<b>Shareholding</b>
Number of shares before capital increase	3 443 440	10,1779%
Number of shares issued	30 389 235	89,8221%
<b>Total number of shares after the issue</b>	<b><u>33 832 675</u></b>	<b><u>100,00%</u></b>

The cost of control for the reverse acquisition (hereinafter: cost of control) includes the portion of the net assets of the legal subsidiaries (accounting parent – the reporting entity) which will be acquired by the previous shareholders of the legal parent (accounting subsidiary). This may be derived from the shareholding portions:

Fair value of the shares transferred	15 800 000
Remaining shareholding of the previous owners	10,1779%
<b>Cost of control settled in shares</b>	<b><u>1 608 101</u></b>

This amount will be adjusted for those transactions in equity which is settled between the subsidiaries and the parent (the repayment of additional paid in capital for covering accumulated losses [hereinafter: additional contribution]).

The goodwill on the business combination is the difference between cost of control and the net assets acquired:

Cost of control settled in shares	1 608 101	
Equity extracted after the acquisition	(85 000)	
Adjustment to the net assets	<u>(485 346)</u>	
<i>Cost of control</i>		1 037 755
Fair value of the net asset of the legal parent		
<i>Issued capital</i>	344 344	
<i>Share premium</i>	386 808	
<i>Retained earnings</i>	(208 431)	
<i>Fair value of the net assets</i>		<u>(522 721)</u>
<b>Goodwill</b>		<b><u>515 034</u></b>

\* The group adjusted the cost of control in the measurement period. Detailed description in the next point.

Due to the reverse acquisition the comparative period includes the data of the legal subsidiaries (accounting parent, aka. reporting entity). The equity of the accounting subsidiary (legal parent) was eliminated on consolidation.

The comparative equity – based on IFRS 3 – must have been adjusted retrospectively to reflect the issued capital of the legal parent. The issued capital of the Group is the issued capital of the parent. The contributed capital – for comparison and clarity – the Group classified as reverse acquisition reserve which than was rearranged. The rearrangement is included in the statement of changes in equity.

## 2 Current period acquisitions

In this period several entities were acquired by the Group. The data of the acquisitions are the following:

### (a) ICL Autó and Inicial Auóház Kft.

This is a primary player in the retail business which sells and services on four locations (Győr, Sopron, Mosonmagyaróvár, Szombathely) Renault, DACIA, NISSAN, Peugeot, Toyota, OPEL, Kia and Suzuki brands. This 15 year old entity have cca. 140 employees and they are growing rapidly. The acquisition was designed is such a way that two entities were utilized.

Data for the first entity:

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Company name	ICL Autó Kft.
Transaction	Purchase
Date of acquisition	2020.02.03
Interest acquired	60%
Cost of control settled in cash	30 000
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	30 000
Net assets at the date of the acquisition	50 000
Net assets attributable to the shareholders of the parent (60%)	(30 000)
<b>Goodwill</b>	-

Data for the second entity:

Company name	Iniciál Autóház Kft.
Transaction	Purchase
Date of becoming a subsidiary	2020.11.30
Interest acquired	60%
First purchase payment (40%)	1 081 767
Second purchase payment (20%)	844 164
Cost of control settled in equity share premium	
<i>Cost of control settled in equity</i>	1 081 767
Cost of control	1 925 931
Book value of net assets	2 273 185
Property revaluation	326 585
Deferred tax on revaluation	-29 393
<i>Fair value of net assets at the date of the acquisition (60%)</i>	(1 542 227)
	383 704

**(b) AW Csoportszolgáltató Kft.**

This entity was established to provide financial and other services within the group. The data of the foundation:

Company name	AW Csoportszolgáltató Kft.
Transaction	Foundation
Date of acquisition	2020.05.08
Interest acquired	100%
Cost of control settled in cash	50 000
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	<b>50 000</b>
Net assets at the date of the acquisition	(50 000)
<b>Goodwill</b>	-

**(c) WALLISMOTOR Ljubljana d.o.o.**

This operation is retailer and car service in Ljubljana for BMW. In October 2020 the acquisition of the biggest BMW retailer (and the only one in the capital) was finalized through this legal entity. Through this the Group entered in the Sloven market. The retail business have been operating since 2009.

Company name	WALLISMOTOR Ljubljana d.o.o.
Transaction	Foundation
Date of acquisition	2020.07.03
Interest acquired	100%
Cost of control settled in cash	2 674
Cost of control settled in equity par value	
Cost of control settled in equity share premium	
<i>Cost of control settled in equity</i>	-
<b>Cost of control</b>	<b>2 674</b>
Fair value of net assets at the date of the acquisition	(2 674)
<b>Goodwill</b>	<b>-</b>

**(d) Wallis Kerepesi Autó Kft.**

This operation was several decades of history. It sells new and second hand Opel and Kia cars, parts and services the brands. This is the biggest Opel and the third biggest Kia retail business. The Wallis Kerepesi Kft. sells Opel since 1990 and Kia since 2015. The average number of employees is 65.

Company name	Wallis Kerepesi Autó Kft.
Transaction	Purchase
Date of acquisition	2020.06.26
Interest acquired	100%
Cost of control settled in cash	-
Cost of control settled in equity par value	91 734
Cost of control settled in equity share premium	496 831
<i>Cost of control settled in equity</i>	588 565
<b>Cost of control</b>	<b>588 565</b>
Fair value of net assets	(589 032)
<b>Negative goodwill (credited to net profit)</b>	<b>(467)</b>

**(e) K85 Ingatlanhasznosító Kft.**

The entity operates and rents real estate. The real estate in the entity provides operation venue for Wallis Kerepesi Autó Kft.

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Company name	K85 Ingatlanhasznosító Kft.	
Transaction		Purchase
Date of acquisition		2020.06.26
Interest acquired		100%
Cost of control settled in cash		-
Cost of control settled in equity par value		77 163
Cost of control settled in equity share premium		417 912
<i>Cost of control settled in equity</i>		<i>495 075</i>
Cost of control		495 075
Book value of net assets	26 353	
Property revaluation	539 676	
Deferred tax on revaluation	(48 571)	
Fair value of net assets at the date of the acquisition		<i>(517 458)</i>
<b>Negative goodwill (credited to net profit)</b>		<b><u><u>(22 383)</u></u></b>

**(f) VCT78 Kft.**

The entity operates and rents real estate. Since 2021 this entity provides venue for the Jaguar and Land Rover showroom.

Company name	VCT78 Kft.	
Transaction		Purchase
Date of acquisition		2020.07.06
Interest acquired		100%
Cost of control settled in cash		100 000
Cost of control settled in equity par value		-
Cost of control settled in equity share premium		-
<i>Cost of control settled in equity</i>		<i>-</i>
Cost of control		100 000
Book value of net assets	27 842	
Property revaluation	193 152	
Deferred tax on revaluation	-17 384	
Fair value of net assets at the date of the acquisition		<i>(203 610)</i>
<b>Negative goodwill (credited to net profit)</b>		<b><u><u>(103 610)</u></u></b>

**(g) WAE CEE Kft.**

WAE CEE Kft. was established to service the Hungarian, Slovenian, Croatian and Bosnia-Herzegovian Opel retail and part wholesale business in November 2020. The four countries of the region serves as a central financial, logistical and business development center from it's Budaörs center. After its foundation it acquired it purchased from WAE C d.o.o, WAE S d.o.o and WAE HUN Kft the required selling rights and acquired the merchandise for its operation.

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Company name	WAE CEE Kft.
Transaction	Foundation
Date of acquisition	2020.11.13
Interest acquired	100%
Cost of control settled in cash	50 000
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	50 000
Fair value of net assets at the date of the acquisition	(50 000)
<b>Goodwill</b>	-

**(h) WAE C d.o.o**

The entity was acquired from Opel South East Europe when acquiring the importing rights in Croatia and Bosnia-Herzegovina. The importing rights were transferred together with the merchandise to WAE CEE Kft. The employees and the tangible assets remained by the entity. Operates as a marketing function, the entity does not trade.

Company name	WAEC
Transaction	Purchase
Date of acquisition	2020.12.04
Interest acquired	100%
Cost of control settled in cash	553 163
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	<b>553 163</b>
Fair value of net assets at the date of the acquisition	(553 163)
<b>Goodwill</b>	-

**(i) WAE S d.o.o**

The entity was acquired from Opel South East Europe when acquiring the importing rights in Slovenia. The importing rights were transferred together with the merchandise to WAE CEE Kft. The employees and the tangible assets remained by the entity. Operates as a marketing function, the entity does not trade.

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Company name	WAES
Transaction	Purchase
Date of acquisition	2020.12.04
Interest acquired	100%
Cost of control settled in cash	150
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	<b>150</b>
Fair value of net assets at the date of the acquisition	(150)
<b>Goodwill</b>	-

**(j) WAE HUN Kft.**

The entity was acquired from Opel South East Europe when acquiring the importing rights in Hungary. The importing rights were transferred together with the merchandise to WAE CEE Kft. The employees and the tangible assets remained by the entity. Operates as a marketing function, the entity does not trade.

Company name	WAEHUN
Transaction	Purchase
Date of acquisition	2020.07.03
Interest acquired	100%
Cost of control settled in cash	3 000
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
<i>Cost of control settled in equity</i>	-
Cost of control	<b>3 000</b>
Fair value of net assets at the date of the acquisition	(3 000)
<b>Goodwill</b>	-

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

In the notes to the statement of comprehensive income all disclosed signs are according the effect of the given item.

### 1 Revenues

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Revenue from wholesale	38 527 340	35 865 556
Revenue from retail	49 885 386	39 407 352
	<b><u>88 412 726</u></b>	<b><u>75 272 908</u></b>

Items recognized in the revenues are those incomes that are coming from the core activity of the Group. These revenues are segmented based on business activities. The revenue will not include those sales where the repurchase is certain or there is a reasonable expectation that the item will be repurchased.

### 2 Cost of material

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Service materials	(2 496 518)	(2 310 607)
Fuel	(82 968)	(154 318)
Energy, gas, water and other utility	(96 218)	(54 979)
	<b><u>(2 675 705)</u></b>	<b><u>(2 519 905)</u></b>

The cost of material includes items that were used in the operation.



### 3 Services

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Selling, marketing, communication and PR services	(1 282 315)	(1 321 938)
Other services	(1 132 883)	(913 632)
Carriage	(489 056)	(476 573)
Accounting, legal and capital market services	(535 831)	(396 518)
Bank fees, insurance	(331 624)	(301 641)
Rental fees, rates	(283 904)	(175 649)
Administrative services	(129 349)	(94 161)
Telecommunication services	(39 090)	(23 989)
Regulatory fees	(7 399)	(570)
	<b><u>(4 231 452)</u></b>	<b><u>(3 704 672)</u></b>

The other services include items that cannot be grouped further meaningfully. In this line assistance services, connection fees, printing services and administrative services are included. The selling, marketing, communication and PR services materiality is explained by the opening of the Czech and the Slovak market. The increase of the other items is explained by the general growth of the activity.

### 4 Cost of goods sold

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Cost of goods sold - wholesale	(35 322 873)	(32 209 244)
Cost of goods sold - retail	(41 913 405)	(32 229 880)
	<b><u>(77 236 279)</u></b>	<b><u>(64 439 124)</u></b>

The cost of goods sold include the cost of the inventory that was sold without modifying the inventory. This position also includes remediated services. Cost of goods sold is segmented in line of revenues. The parts used up in service activity will be classified as cost of material.

## 5 Personal type expenses

	Year ended on 31. December 2020	Year ended on 31. December 2019
Wages	(2 056 946)	(1 272 220)
Social security contribution	(471 556)	(344 542)
Other personal type expenses	(152 678)	(141 868)
	<b><u>(2 681 180)</u></b>	<b><u>(1 758 630)</u></b>

The personal type expenses also includes items that are directly related to employees. The average headcount of the group has risen to 662 persons from 309 in the previous period. That explains the material increase in the cost.

## 6 Depreciation

Depreciation was recognized in connection with intangible assets and non-current tangible assets. There were no depreciation in the presented period which are included the book value of an other asset. The amount of depreciation is disclosed in the asset schedules (see note 18, 19, 20 and 22).

The Group do not have intangible assets with indefinite useful life, other than goodwill.

## 7 Other income and expenses (net)

The other items are those, which are derived from sales of assets not acquired with the view to sell and other gains and losses which are not directly related to the business activities.

	Year ended on 31. December 2020	Year ended on 31. December 2019
Received compensation	289 952	332 954
Items forgiven	80 338	-
Share of profit in associate	77 943	-
Subsidies	463 325	427 776
Sundry other income	596 259	138 798
Gain on selling PPE	373 995	48 875
<i>Other revenues:</i>	<b><u>1 881 811</u></b>	<b><u>948 404</u></b>

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Damages paid, payable	(664 935)	(363 231)
Recognition of provisions	(228 818)	(121 191)
Tax expenses	(129 326)	(108 184)
Sundry other expenses	(181 498)	(72 294)
Loss on selling PPE	(23 749)	(8 976)
<i>Other expenses:</i>	<b><u>(1 228 326)</u></b>	<b><u>(673 876)</u></b>
<b><i>Net profit - other items</i></b>	<b><u>653 485</u></b>	<b><u>274 528</u></b>

The received compensations include marketing incentives received to cover costs. The gain or loss on selling PPE includes sale of vehicles (ie. test cars, older leased cars) that were classified as PPE. The share of profit from associates relates to Inciál Autóház Kft., that became a subsidiary in the period.

The provision recognition is due to the guarantees provided and due to an official proceeding.

## 8 Impairment and reversal of impairment of non-financial assets

The impairment of non-financial assets are losses coming from the measurements at the end of the reporting period and damages happened during the business period with non-financial assets.

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Write-down of inventory	(84 928)	(121 566)
Impairment of PPE	(17 186)	(22 000)
	<b><u>(102 115)</u></b>	<b><u>(143 566)</u></b>

Write-down of inventory in 2020 includes – among other items – loss from the criminal offence which resulted in inventory being embezzled from the Group. The details of the offence are disclosed in point VIII.11.

## 9 Interest income (net), expense from lease agreements

	Year ended on 31. December 2020	Year ended on 31. December 2019
Other interest	3 849	9 919
Interest received on loans	1 597	6 991
	<b><u>5 447</u></b>	<b><u>16 910</u></b>
	Year ended on 31. December 2020	Year ended on 31. December 2019
Other interest expense		
Interest on debentures	(61 745)	-
Interest on loan	(190 282)	(105 289)
	<b><u>(252 028)</u></b>	<b><u>(105 289)</u></b>
<b><i>Net profit - financial items</i></b>	<b><u>(246 581)</u></b>	<b><u>(88 378)</u></b>

The interest on debenture is disclosed separately from other interests.

## 10 Expense from lease agreement

The financial expense from lease agreement amounted to 170 875 kHUF (previous year: 202 402kHUF), all of this balance is lease interest.

## 11 Net gain or loss on currency translations

The gain and loss on foreign currency translations are presented on this position:

	Year ended on 31. December 2020	Year ended on 31. December 2019
Foreign exchange gain	1 001 264	401 479
Foreign exchange loss	(1 692 642)	(502 713)
	<b><u>(691 377)</u></b>	<b><u>(101 234)</u></b>

## 12 Expected credit loss of financial assets

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Derecognized account receivables	(77 021)	(137 958)
Derecognized financial instruments	(32 467)	(29 879)
Expected credit loss expense	(7 394)	(979)
Reversed impairment loss	84 523	8 801
	<b><u>(32 359)</u></b>	<b><u>(160 015)</u></b>

The ECL model requires the Group to account for expected loss on debt instrument even if the assets are not yet impaired. The Group uses the simplified method for account receivables (charges the life-time expected credit loss immediately). All other financial asset – where ECL is applicable – is in the first stage. There was no reclassification between the stages in the period. The ECL model was applied on 1<sup>st</sup> January 2018 first.

## 13 Income from equity investments

This position includes the profit from the sale of equity instruments and the dividend income from equity instruments classified as financial instruments

## 14 Revaluation gain or loss on derivatives

This position includes the remeasurement gain or loss on the derivatives.

## 15 Taxation

The following income tax expenses are recognized:

	<b>Year ended on 31. December 2020</b>	<b>Year ended on 31. December 2019</b>
Local tax expense	(192 441)	(180 860)
Current income tax	(52 791)	(128 756)
Deferred income tax	17 711	(25 079)
Innovation tax expense	(41 073)	(8 640)
	<b><u>(268 595)</u></b>	<b><u>(343 336)</u></b>

The group classifies corporate income tax, local business tax and innovation contribution to the income tax category.

## 16 Other comprehensive income

The other comprehensive income only includes the gain or loss on currency translation of foreign subsidiaries. This item is accumulated in a separate component on the equity.

## 17 Earnings before interest, depreciation amortization and taxes (EBITDA)

As explained in the accounting policies this measure is often used to evaluate a business, therefore the Group decided to publish this measure. Although not defined in the IFRSs the Group concluded that this is important for the decision making.

The calculation of the EBITDA:

	<b>2020.</b>	<b>2019.</b>
Profit before taxes	(410 497)	1 259 947
Elimination of financing profit	1 065 764	544 410
Elimination of depreciation and amortization	1 484 216	1 177 184
<b>EBITDA</b>	<b><u>2 139 482</u></b>	<b><u>2 981 540</u></b>

## 18 Property, plant and equipment (PPE)

The changes in the value of the PPEs are presented below:

<b>Cost</b>	<b>Property</b>	<b>Assets related to core activity</b>	<b>Assets not related to core activity</b>	<b>Work in progress</b>	
Opening balance	1 153 124	946 223	902 299	26 913	
Acquisition, lease	73 583	401 362	892 687	8 105 081	
Recognition in lease	-	-	-	-	
Asset brought in use	-	-	-	-	
Reclass to the asset	-	156 102	-	-	
Reclass from the asset	-	-	-	(740)	
Disposal	-	(56 967)	(393 641)	-	
Scrap	(486 669)	(23 228)	(12 568)	(7 804 483)	
Assets acquired through acquisitions	4 908 370	596 700	1 025 533	74 905	
<b>Closing balance</b>	<b><u>5 648 408</u></b>	<b><u>2 020 192</u></b>	<b><u>2 414 310</u></b>	<b><u>401 676</u></b>	

<b>Accumulated depreciation</b>	<b>Property</b>	<b>Assets related to core activity</b>	<b>Assets not related to core activity</b>	<b>Work in progress</b>	
Opening balance	202 448	459 679	405 693	20 466	
Depreciation	57 731	142 841	216 741	-	
Impairment	-	-	17 047	-	
Reversal of impairment	-	-	(8 929)	-	
Reclass to the asset	-	-	-	-	
Reclass from the asset	-	-	-	-	
Disposal	-	(36 084)	(70 787)	-	
Scrap	(202 144)	(20 388)	(11 362)	(20 466)	
Assets acquired through acquisitions	924 992	365 140	441 289	-	
<b>Closing balance</b>	<b><u>983 027</u></b>	<b><u>911 188</u></b>	<b><u>989 690</u></b>	<b><u>-</u></b>	

<b>Net book value</b>	<b>Property</b>	<b>Assets related to core activity</b>	<b>Assets not related to core activity</b>	<b>Work in progress</b>	<b>Total</b>
Opening balance	950 676	486 544	496 606	6 447	1 940 274
Closing balance	4 665 382	1 109 004	1 424 620	401 676	7 600 682

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Comparative figures:

		Property	Assets related to core activity	Assets not related to core activity	Work in progress
	<b>Cost</b>				
Nyitó érték	Opening balance	1 103 797	775 457	774 860	16 054
Vásárlás, lízingbe vétel	Acquisition, lease	49 327	183 388	88 960	11 334
Átsorolás eszközök közé	Reclass to the asset	-	87 348	230 725	-
Átsorolás eszközökből	Reclass from the asset	-	(22 448)	-	-
Eladás	Disposal	-	(77 522)	(192 400)	-
Selejtezés	Scrap	-	-	-	-
Egyéb változások	Other changes	-	-	469	(475)
<b>Záró érték</b>	<b>Closing balance</b>	<b><u>1 153 124</u></b>	<b><u>946 223</u></b>	<b><u>902 614</u></b>	<b><u>26 913</u></b>
<b>Halmozott értékcsökkenés:</b>					
	<b>Accumulated depreciation</b>				
Nyitó	Opening balance	171 688	427 917	344 832	14 389
Terv szerinti értékcsökkenés	Depreciation	30 760	104 153	121 113	6 077
Átsorolás eszközök közé	Reclass to the asset	-	-	-	-
Átsorolás eszközökből	Reclass from the asset	-	(9 506)	-	-
Selejtezés	Scrap	-	-	-	-
Egyéb változások	Other changes	-	-	143	-
<b>Záró érték</b>	<b>Closing balance</b>	<b><u>202 448</u></b>	<b><u>459 679</u></b>	<b><u>406 007</u></b>	<b><u>20 466</u></b>
<b>Nettó érték:</b>					
	<b>Net book value</b>				
Nyitó érték	Opening balance	932 109	347 540	430 028	1 665
Záró érték	Closing balance	950 676	486 544	496 606	6 447
					<b>Total</b>
					1 711 343
					1 940 274

Individually material items is the office at the town of Biatorbágy, a land and a reconstruction on the leased premises in VTC78 Kft books. Also the real estate recorded by K85 Kft., Wallis Motor Pest Kft., Wallis British Motors Kft., Inicial Entities. The Group currently do not have commitment to acquire a new PPE. All assets are measured subsequently using the cost method. The gross value of the fully depreciated PPEs still in use is immaterial.



## 19 Assets held for operating leases

Items of leased assets in 2020:

<b>Cost</b>	<b>Assets held for leases</b>
Opening balance	2 209 382
Acquisition, lease	2 979 393
Reclass to the asset	379 753
Reclass from the asset	(134 343)
Disposal - sale	(2 813 620)
Disposal - scrap	(2 148)
Other changes	-
<b>Closing balance</b>	<b>2 618 418</b>

<b>Accumulated depreciation</b>	<b>Assets held for leases</b>
Opening balance	424 655
Depreciation	525 400
Reclass from assets	(17 540)
Disposal - sale	(384 007)
Disposal - scrap	(2 148)
Other changes	-
<b>Closing balance</b>	<b>546 359</b>

<b>Net book value</b>	<b>Assets held for leases</b>
Opening balance	2 072 060
Closing balance	1 784 727

In 2019:

<b>Cost</b>	<b>Assets held for leases</b>
Opening balance	2 618 418
Acquisition	19 236
Recognition of lease	1 493 326
Brought in use	-
Reclass to the asset	554 401
Reclass from the asset	(263 507)
Disposal - sale	(2 192 873)
Disposal - scrap	-
Other changes	(18 879)
<b>Closing balance</b>	<b>2 210 122</b>

<b>Accumulated depreciation</b>	<b>Assets held for leases</b>
Opening balance	546 359
Depreciation	412 350
Impairment	-
Reversal of impairment	-
Reclass to the asset	-
Reclass from the asset	(36 200)
Disposal - sale	(544 356)
Disposal - scrap	-
Other changes	(1 500)
<b>Closing balance</b>	<b>376 653</b>

<b>Net book value</b>	<b>Assets held for leases</b>
Opening balance	1 833 469
Closing balance	2 072 060

Assets held for operating leases are those vehicles which are held by the entity specialized for the business to rent these items to customers in exchange for a rental fee. These cars were either acquired through a lease transaction or through a purchase. Based on the average lease term of the leases of these assets the company classified the connected contracts as operating leases (none of the conditions leading to finance lease were met).

## 20 Right-of-use assets (ROUs)

2020 figures:

<b>Cost</b>	<b>ROU</b>
Opening balance	4 723 433
Acquisition	4 004 927
Recognition of lease	590 365
Brought in use	-
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	(41 550)
ROU disposal	291 151
Assets acquired through acquisitions	3 508
<b>Closing balance</b>	<b><u>9 571 834</u></b>
<b>Accumulated depreciation</b>	<b>ROU</b>
Opening balance	925 622
Depreciation	699 982
Impairment	-
Reversal of impairment	-
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	(3 196)
ROU disposal	291 151
Assets acquired through acquisitions	681
<b>Closing balance</b>	<b><u>1 914 239</u></b>
<b>Net book value</b>	<b>ROU</b>
Opening balance	7 657 595
Closing balance	3 797 811

The figures for 2019 were:

<b>Cost</b>	<b>ROU</b>
Opening balance	4 050 456
Acquisition, lease	555 019
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	-
ROU disposal	201 294
Other changes	(83 336)
<b>Closing balance</b>	<b><u>4 723 433</u></b>

<b>Accumulated depreciation</b>	<b>ROU</b>
Opening balance	294 200
Depreciation	430 128
Reclass from assets	-
Disposal - sale	-
ROU disposal	201 294
Other changes	-
<b>Closing balance</b>	<b><u>925 622</u></b>

<b>Net book value</b>	<b>ROU</b>
Opening balance	3 797 811
Closing balance	3 756 256

ROU will include:

- those buildings that are used by the entity under a lease contract and the contract meets the definition in IFRS 16 and
- those vehicles acquired through a lease contract which will be subleased by the entity if they meet the recognition criteria (ie. the lease term is over 12 months).

The items above include the following assets:

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Name of the Right-of-use asset	Cost value	Book value	Cost value	Book value
	31.12.2020	31.12.2020	31.12.2019	31.12.2020
Wallis Motor Duna car showroom and service	313 016	94 694	313 016	126 259
Wallis Motor Pest car showroom and service	3 664 427	2 777 682	3 664 427	2 970 353
Wallis Motor Pest car showroom and service	343 297	225 730	343 297	253 946
Wallis Motor Duna parking	92 940	81 085	92 940	87 367
Wallis Motor Pest parking	83 373	68 088	-	-
WAE Kft., WAE CEE Kft. office end parking	107 585	101 608	-	-
Wallis British Motors car showroom, service and parking	60 454	30 227	-	-
Wallis Motor Ljubljana car showroom and service	3 780 481	3 728 264	-	-
Wallis Motor Ljubljana logistics center and parking garage	25 814	25 116	-	-
Wallis Adria office	50 046	48 694	-	-
<b>Total property</b>	<b>8 521 433</b>	<b>7 181 187</b>	<b>4 413 681</b>	<b>3 437 925</b>
Leased vehicles	654 807	476 408	499 420	359 886
<b>Total ROU</b>	<b>9 176 240</b>	<b>7 657 595</b>	<b>4 913 101</b>	<b>3 797 811</b>

## 21 Goodwill

The goodwill includes the following items:

	31.12.2020.	31.12.2019.
Goodwill on reverse acquisition	515 034	515 034
Iniciál Autóház Kft.	383 704	-
	<b>898 738</b>	<b>515 034</b>

The goodwill line shows the surplus payment made for the acquisition of the legal parent. The calculation of the goodwill is the following:

Cost of control settled in shares	1 608 101	
Equity extracted after the acquisition	(85 000)	
Adjustment to the net assets	(485 346)	
<i>Cost of control</i>		1 037 755
Fair value of the net asset of the legal parent		
<i>Issued capital</i>	344 344	
<i>Share premium</i>	386 808	
<i>Retained earnings</i>	(208 431)	
<i>Fair value of the net assets</i>		(522 721)
<b>Goodwill</b>		<b>515 034</b>

\*Adjustment in the measurement period.

The details of the acquisition are disclosed in Chapter V. The goodwill was lowered in the measurement period. The goodwill has indefinite useful life; therefore, no amortization is charged.

## 22 Rights and similar intangible assets

The other intangible assets only include rights and similar assets. A material acquisition took place when the exclusive importing rights were acquired for the following markets for the OPEL brand: Hungary, Slovenia, Croatia, Bosnia-Herzegovina.

<b>Cost</b>	<b>Intangible assets</b>
Opening balance	245 006
Acquisition	3 689 156
Recognition of lease	-
Brought in use	-
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	-
Disposal - scrap	-
Assets acquired through acquisitions	121 860
<b>Closing balance</b>	<b><u>4 056 021</u></b>

<b>Accumulated depreciation</b>	<b>Intangible assets</b>
Opening balance	194 968
Depreciation	15 424
Impairment	-
Reversal of impairment	-
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	-
Disposal - scrap	-
Assets acquired through acquisitions	92 665
<b>Closing balance</b>	<b><u>303 057</u></b>

<b>Net book value</b>	<b>Intangible assets</b>
Opening balance	3 752 964
Closing balance	50 038

The comparative information:

<b>Cost</b>	<b>Intangible assets</b>
Opening balance	226 713
Acquisition, lease	18 324
Reclass to the asset	-
Reclass from the asset	-
Disposal - sale	(20)
Disposal - scrap	-
Other changes	9
<b>Closing balance</b>	<b><u>245 026</u></b>

<b>Accumulated depreciation</b>	<b>Intangible assets</b>
Opening balance	188 328
Depreciation	6 676
Reclass from assets	-
Disposal - sale	(20)
Disposal - scrap	-
Other changes	5
<b>Closing balance</b>	<b><u>194 988</u></b>

<b>Net book value</b>	<b>Intangible assets</b>
Opening balance	50 038
Closing balance	38 385

### **23 Deferred tax asset and deferred tax liability**

The Group recognize those differences of the income tax which later may result in tax liability and those which will lead to tax receivable, if there is sufficient evidence that it will later turn back. Under the applicable jurisdiction only corporate income tax can lead to deferred taxes.

Elimination on consolidation lead to deferred tax asset (2020: 13 241 kHUF, 2019: 6 160 kHUF). The source of deferred tax liability was due to the different accounting and taxation treatment of PPE and due to the timing difference provisions (2020: 116 494 kHUF, 2019: 36 798 kHUF).

## 24 Investment in equity and debt instruments

The equity instruments include two minority shareholding of other undertaking held by one of the subsidiaries. The Group does not have control or significant influence over these investments. The investments are measured at fair value using the FVTOCI model. The fair value was derived from the book value of the equity of the investments.

The debt instruments include corporate loans (both long term and current assets). The interest on the loan is in line with the market rates and there were no transactional or other costs which led the effective interest rate to be materially different from published rate. In the previous period a single corporate loan is recognized under this position amounting to 865 kHUF.

Expected credit loss is recognized for the loan balances.

## 25 Goods, other inventory

	<b>31.12.2020</b>	<b>31.12.2019</b>
Vehicles	20 056 958	12 840 499
Parts, components	2 156 144	1 289 847
Other goods	30 540	4 234
Mediated services	1 604	2 888
	<b><u>22 245 246</u></b>	<b><u>14 137 468</u></b>

Inventory is measured at lower of cost or net realizable value. Majority of the assets are pledged as a security for the underlying loans.

## 26 Account receivables

	<b>31.12.2020</b>	<b>31.12.2019</b>
Accounts receivables in foreign currency	2 876 343	2 238 344
Accounts receivables in forint	1 883 783	1 749 406
ECL of accounts receivable	(282 341)	(175 141)
	<b><u>4 477 784</u></b>	<b><u>3 812 609</u></b>

The receivables from sales transactions are recognized as account receivables. The receivables are categorized if they are denominated in local or foreign currency. The expected credit loss for the account receivables – based on the most current estimation – was recognized. The fair value and the book value of account receivables do not differ significantly. The advances from customers are recognized in a separate line under liabilities.



## 27 Income tax receivables

Income tax receivables include the receivables from corporate income tax, local business tax and innovation contribution.

## 28 Other receivables, other financial assets

The other receivables include those receivables that do not belong in the other categories. The accruals and prepayments (as assets) are also recognized under this category. Receivable from governments include tax receivables.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Accrued income	1 379 357	1 398 978
Receivables from the state	1 261 553	1 037 385
Prepaid expenses	683 738	61 426
Sundry other receivables	461 849	1 016 284
Paid advances	110 204	141 122
Receivables from employees	9 379	19 150
	<b><u>3 906 080</u></b>	<b><u>3 674 346</u></b>

The sundry other receivables include balances that are due from wholesalers and manufacturers as incentives to the company. Some items in other receivables do not meet the definition of financial instruments. For those items no ECL was calculated (e.g. accruals, prepayments and tax receivables). The book value and the fair value of these items are not materially different.

## 29 Cash and cash equivalents

Cash and their equivalents are not restricted in any way and mostly they are demand deposits. The book value and the fair value of these items are not materially different.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Bank balances in forint	3 742 548	1 118 257
Bank balances in foreign currency	1 243 004	742 120
Cash in hand in forint	42 995	25 399
Cash in hand in foreign currency	49 487	5 812
ECL on cash and bank balances	(1 964)	(875)
	<b><u>5 076 070</u></b>	<b><u>1 890 714</u></b>

### 30 Loans and lease liabilities

The activity of the group heavily builds on loans. The following loan types are used frequently by the Group:

- investment loan: financing current and upcoming investments;
- credit-line: serves daily liquidity
- inventory financing: financing the purchases of inventory used in the main activity
- leases: financing non current assets
- net working capital financing serves short term liquidity

#### (a) Structure

The loans in the balance sheet have the following recognized amounts.

Long term items:

	<b>31.12.2020</b>	<b>31.12.2019</b>
Debentures	3 041 552	-
Long term lease liabilities	7 536 663	3 999 961
Long term loans	1 534 354	309 593
	<b><u>12 112 569</u></b>	<b><u>4 309 554</u></b>

Short term items:

	<b>31.12.2020</b>	<b>31.12.2019</b>
Short term loans (credit)	9 136 287	6 998 855
Short term loans	864 281	
Short term lease liabilities	2 131 859	1 739 838
	<b><u>12 132 428</u></b>	<b><u>8 738 693</u></b>

In the future reporting period, the Group will groups these liabilities whether they are in connection with a lease agreement (under IFRS 16) or not. Furthermore, the timing of the liabilities is considered. The liabilities are measured at amortized cost. The book value and the fair value of these items are not materially different.

#### (b) Debentures

The legal parent issued a debenture under the Hungarian Growth Scheme. The characteristics of the debentures:

Name of the bond	AutoWallis NKP Kötvény 2030/l.
ISIN code	HU0000359476
Number of bonds issued	60
Par value of the bonds (each)	50 000 000
Total par value (Ft)	3 000 000 000
Proceeds from the debentures (Ft)	3 044 657 300
Interest type	fixed
Annual nominal interest	3,00%
Interest payment period	annual
Repayment	at maturity in on lump sum
Maturity	10 years

The book value of the debentures:

	<b>AutoWallis NKP bond 2030/l.</b>
Opening balance	-
Cash proceeds	3 044 657
Bond issue costs	(3 106)
Initial measurement of debentures	3 041 551
Effective interest for the period	61 745
Interest payment	-
Repayment	-
<b>Book value of bond</b>	<b><u><u>3 103 297</u></u></b>

**(c) Loans**

The outstanding and available balances of the loans at the end of the reporting period is the following:

Partner	Type	Bank	Curr.	Commitment (eFt, e€)	Balance at YE (eFt, e€)
WAE	Folyószámla hitel	OTP	HUF	1 000 000	-
WAE	Folyószámla hitel	OTP	EUR	1 700	-
WAE	Beruházási hitel	OTP	HUF	1 830 000	1 830 000
WAE	Készletfinanszírozás	OTP	EUR	215 000	77 431
WAE CEE	Készletfinanszírozás	OTP	EUR	100 000	-
VCT78	Beruházási hitel	Takarékbank	HUF	5 812 862	5 812 862
Wallis British Motors	Folyószámla hitel	Gránit Bank	HUF	1 500 000	-
Wallis British Motors	Készletfinanszírozás / Lízing	OTP	HUF	12 000 000	4 394 362
Wallis Autó kölcsönző	Folyószámla hitel	Budapest Bank	HUF	500 000	-
Wallis Autó kölcsönző	Lízing	CIB Bank	HUF	15 000 000	3 494 695
Wallis Autó kölcsönző	Lízing	Merkantil Bank	HUF	-	288 063
Wallis Autó kölcsönző	Lízing	DeLageLanden	HUF	108 732	108 732
Wallis Motor Duna	Készletfinanszírozás	Merkantil Bank	HUF	8 500 000	515 602
Wallis Motor Duna	Készletfinanszírozás	MKB	HUF	750 000	-
Wallis Motor Duna	Folyószámla hitel	OTP	HUF	5 500 000	-
Wallis Motor Duna	Forgóeszköz hitel	OTP	HUF	5 000 000	4 753 930
Wallis Motor Duna	Forgóeszköz hitel	Budapest Autófinanszírozó	HUF	2 500 000	-
Wallis Motor Pest	Készletfinanszírozás	Merkantil Bank	HUF	11 500 000	3 423 480
Wallis Motor Pest	Lízing	Merkantil Bank	HUF	1 745 620	725 860
Wallis Motor Pest	Készletfinanszírozás	MKB	HUF	1 500 000	-
Wallis Motor Pest	Folyószámla hitel	OTP	HUF	6 300 000	-

Partner	Type	Bank	Curr.	Commitment (eFt, e€)	Balance at YE (eFt, e€)
Wallis Motor Pest	Visszlízing	OTP	HUF	-	2 491 368
Wallis Motor Pest	Forgóeszköz hitel	OTP	HUF	5 150 000	4 627 427
Wallis Motor Pest	Egyéb finanszírozás	BMW Bank	HUF	3 800 000	-
Wallis Motor Duna	Készletfin/Lízing	Merkantil Bank	HUF	15 000 000	3 196 945
ICL	Készletfinanszírozás	Merkantil Bank	HUF	2 000 000	1 843 120
ICL	Készletfinanszírozás	Takarékbank	HUF	12 000 000	1 453 780
ICL	Folyószámla hitel	Takarékbank	HUF	2 500 000	-
Iniciál Autóház	Beruházási hitel	Takarékbank	HUF	2 857 224	2 857 224
Iniciál Autóház	Folyószámla hitel	Takarékbank	HUF	2 500 000	-
Iniciál Autóház	Beruházási hitel	MFB	HUF	1 311 827	1 311 827
Iniciál Autóház	Készletfinanszírozás	Budapest Bank	HUF	6 000 000	4 546 936
Iniciál Autóház	Beruházási hitel	Budapest Bank	HUF	154 000	154 000
Iniciál Autóház	Autófinanszírozás	Budapest Bank	HUF	3 000 000	1 396 570
Iniciál Autóház	Készletfinanszírozás	RCI Lízing	HUF	12 730 000	11 490 431
Iniciál Autóház	Lízing	UNICREDIT	HUF	3 000 000	709 198
Iniciál Autóház	Készletfinanszírozás	Toyota Pénzügyi Zrt	HUF	15 200 000	7 656 727
Iniciál Autóház	Lízing	Toyota Pénzügyi Zrt	HUF	1 300 000	703 712
Iniciál Autóház	Factoring megállapodás	Merkantil Bank	HUF	3 630 000	3 001 797
Iniciál Autóház	Készletfinanszírozás	Merkantil Bank	HUF	2 500 000	2 395 993
Iniciál Autóház	Lízing	Merkantil Bank	HUF	400 000	79 097
Iniciál Autóház	Készletfinanszírozás	MKB	HUF	5 180 000	1 936 757
Iniciál Autóház	GINOP hitel	MFB - GINOP	HUF	289 060	289 060
Wallis Kerepesi	Folyószámla hitel	OTP	HUF	4 000 000	-
Wallis Kerepesi	Folyószámla hitel	Budapest Bank	HUF	2 000 000	-

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<b>Partner</b>	<b>Type</b>	<b>Bank</b>	<b>Curr.</b>	<b>Commitment (eFt, e€)</b>	<b>Balance at YE (eFt, e€)</b>
Wallis Kerepesi	Készletfinanszírozás	Merkantil Bank	HUF	2 500 000	-
Wallis Kerepesi	Készletfinanszírozás	Budapest Bank	HUF	2 500 000	2 236 251
Wallis Kerepesi	Készletfinanszírozás	MKB, Budapest Bank	HUF	4 950 000	1 070 986
AutoWallis Nyrt	Kötvény	NKP Kötvény	HUF	10 000 000	3 000 000
K85	Beruházási hitel	Budapest Bank	HUF	1 650 330	1 650 330
WallisMotor LJ	Készletfinanszírozás	SKB Banka	EUR	20 000	20 000

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Borrower	Loan type	*	Bank	Currency	Balance at the yearend
WAE	Line of credit		OTP	HUF	-
WAE	Line of credit		OTP	EUR	-
WAE	Capital financing		OTP	HUF	243 000
WAE	Inventory financing		OTP	EUR	4 301 667
Wallis Autó kölcsönző	Lease		De Lage Landen	EUR	611 976
Wallis Autó kölcsönző	Lease		Merkantil Bank	HUF	510 785
Wallis Autó kölcsönző	Lease		Raiffeisen Lízing	EUR	7 358
Wallis Autó kölcsönző	Lease		CIB Bank	HUF	540 360
Wallis Motor Duna	Inventory financing		Merkantil Bank	HUF	454 110
Wallis Motor Duna	Inventory financing		MKB	HUF	37 176
Wallis Motor Duna	Line of credit		OTP	HUF	6 656
Wallis Motor Duna	Net asset financing		OTP	HUF	325 393
Wallis Motor Duna	Net asset financing		Budapest Autófinanszírozó	HUF	4 167
Wallis Motor Pest	Inventory financing		Budapest Autófinanszírozó	HUF	39 697
Wallis Motor Pest	Inventory financing		Merkantil Bank	HUF	808 764
Wallis Motor Pest	Lease		Merkantil Bank	HUF	72 593
Wallis Motor Pest	Inventory financing		MKB	HUF	144 049
Wallis Motor Pest	Line of credit		OTP	HUF	5 247
Wallis Motor Pest	Net asset financing		OTP	HUF	305 150
Wallis Motor Pest	Factoring deal		OTP	HUF	13 509
Wallis Motor Pest	Other financing		BMW Bank	EUR	80 509

All loans have floating contractual interest.

**(d) Lease liabilities**

The lease receivables are recorded together with the Right-of-use assets. The remaining period for the lease term is the following:

Name of the Right-of-use asset	Remaining useful life at the end of 2020
Dunaautó property	2,92
H95 property	14,33
V175 property	2,92
F38 property	8,67
H77 property	4,00
Budaörsi property	1,33
M5 property	0,67
C182 property	14,83
Property in Slovenia	2,92
Property in Croatian	2,92
<b>Weighted average life by building value</b>	<b>13,62</b>
Leased vehicles	<b>1,45</b>
<b>Weighted average life by asset value</b>	<b>12,86</b>



### 31 Bank guarantees

The Group has the following bank guarantees. These items are not recognized in the balance sheet.

	Type	Bank	Curr.	Commitment (eFt /eEUR )	Balanace (eFt /eEUR )	Interest type
Wallis Autókölcsönző	Opeatív Lízing	Merkantil Bank	HUF	4 500 000	2 178 385	Floating
Wallis Motor Pest	Bankgarancia	MKB	HUF	320 000	320 000	Fix
Wallis Motor Pest	Bankgarancia	OTP	EUR	600	193	Fix
WAE	Bankgarancia	OTP	EUR	17 550	12 673	Fix
WAE	Bankgarancia	OTP	HUF	50 000	-	Fix
WAE CEE	Bankgarancia	OTP	EUR	60 000	53 200	Fix
Wallis Motor Duna	Bankgarancia	OTP	HUF	220 000	220 000	Fix
WAE CEE	Vizontgarancia	BNP	EUR	53 200	-	Fix
ICL	Bankgarancia	Budapest Bank	HUF	5 200	5 200	Fix
ICL	Bankgarancia	Takarékbank	HUF	85 600	85 600	Fix
Iniciál Autóház	Bankgarancia	Budapest Bank	HUF	63 530	63 530	Fix
Iniciál Autóház	Bankgarancia	Takarékbank	HUF	750 000	114 374	Fix
Wallis Kerepesi	Bankgarancia	OTP	HUF	5 000	5 000	Fix

In the previous period the following data is relevant:

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<b>Borrower</b>	<b>Loan type</b>	<b>Bank</b>	<b>Currency</b>	<b>Credit line (tHUF)</b>	<b>Balance at the yearend</b>	<b>Interest</b>
Wallis Autó kölcsönző	Lease	Merkantil Bank	HUF	4 500 000	2 788 513	Floating
Wallis Autó kölcsönző	Lease	Porsche Lízing	HUF	800 000	618 924	Floating
Wallis Motor Pest	Bank guarantee	MKB	HUF	320 000	320 000	Fixed fee
Wallis Motor Pest	Bank guarantee	OTP	EUR	198 312	198 312	Fixed fee
Wallis Autó kölcsönző	Bank guarantee	OTP	EUR	8 924	-	Fixed fee
WAE	Bank guarantee	OTP	EUR	4 561 176	4 212 371	Fixed fee
Wallis Motor Duna	Bank guarantee	OTP	HUF	220 000	220 000	Fixed fee

In the current period there are no financial guarantee contract assumed by the Group. One of the legal subsidiaries (Wallis Motor Pest Kft.) provided a guarantee statement for a loan taken by a related party in the amount of 2 387 500 kHUF (DALP Szolgáltató Kft.). In the previous year there was one existing financial guarantee contract towards DALP Szolgáltató Kft. (related party) by Wallis Motor Pest Kft. (a legal subsidiary).

### 32 Provision (long and short term)

The provisions are all coming from promised guarantees. None of the balances are individually material. In the short term receivable a provision was established due to an expected fine (18 000 kHUF).

### 33 Account payables, advance payments received from customers

The account payables are connected to the daily operation and they are due maximum within 90 days. The segmentation is done if they are denominated in foreign currency or not:

	<b>31.12.2020</b>	<b>31.12.2019</b>
Account payables in forint	15 008 189	11 022 080
Account payables in foreign currency	617 117	208 539
	<b><u>15 625 306</u></b>	<b><u>11 230 619</u></b>

The fair value and the book value of these items are not materially different. The material increase in the balance is explained by the significant purchases made close to the yearend.

The advance payments from customers – which are not financial instruments – are received in relation to future sales. The PO for those items was not yet fulfilled.

### 34 Income tax liabilities

The group classifies as income tax the corporate income tax, local tax (business tax) and the innovation contribution. All other tax balances are disclosed under other short term liabilities.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Income tax	27 409	-
Local business tax	14 196	4 204
Innovation tax	16 430	16 011
Other income taxes	1 403	-
	<b><u>59 438</u></b>	<b><u>20 216</u></b>

### 35 Other long and short term liabilities

One of the other long term liability is the contingent liability payable by WAE CEE Kft (3 038 930 kHUF). The amount was calculated based on expectations, therefore this conveys material uncertainty. An other material item is a deferred revenue valued at 125 169 kHUF, which is the unused part of a government grant.

Other short-term liabilities:

	<b>31.12.2020</b>	<b>31.12.2019</b>
Prepaid income	642 931	501 543
Liabilities to the state	613 870	268 763
Accrued cost and expenses	537 491	181 064
Sundry liabilities	634 861	163 209
Short term liabilities to employees	200 892	61 675
Other liabilities to employees	19 578	
	<b><u>2 649 624</u></b>	<b><u>1 176 254</u></b>

These items usually do not meet the definition of financial liabilities. The fair value and the book value of these items are not materially different.

### **36 Issued capital (legal parent)**

The financial statements are published as the consolidated financial statement of the accounting parent (ie. reporting entity) but under the name of the legal parent. Therefore, the financial statements are adjusted retrospectively to show the legal reserve (ie. issued capital) of the legal parent (AutoWallis Nyrt.). The adjustment was only a reallocation of the equity, the total effect of this reorganization on the equity is nil. This reorganization was also done for the comparative periods through the reverse acquisition reserve.

The issued capital shows the share structure of the legal parent. The number of shares and the share classes are summarized below:

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Series Type		Series A voting preference	Series B dividend preference	Series C common
	01.01.2017	2 500	2 500	3 393 440
Issue on 16.11.2017		22 500	22 500	-
	<b>31.12.2017</b>	<b>25 000</b>	<b>25 000</b>	<b>3 393 440</b>
Issue on 11.10.2018		-	-	30 389 235
		25 000	25 000	33 782 675
8:1 share split		175 000	175 000	236 478 725
	<b>31.12.2019</b>	<b>200 000</b>	<b>200 000</b>	<b>270 261 400</b>
Series modification on 02.06.2020		(200 000)	(200 000)	400 000
Issue due to contribution in kind (Wallis Kerepesi - 06.26.)				13 511 723
Issue due to contribution in kind (Iniciál Autóház - 06.30)				13 589 503
Issue due to contribution in kind (Iniciál Autóház-11.19.)				10 049 568
Share issue - Club deal; 12.18.				16 501 486
	<b>31.12.2020</b>	<b>-</b>	<b>-</b>	<b>324 313 680</b>

The face value of each share until the split (which was done on 17<sup>th</sup> December 2018.9 was 100 HUF, thereafter it was 12,5 HUF. The movement in shares is the following:

Series Type		Series A voting preference	Series B dividend preference	Series C common	Total
	01.01.2017	250	250	339 344	339 844
Issue on 16.11.2017		2 250	2 250	-	
	<b>31.12.2017</b>	<b>2 500</b>	<b>2 500</b>	<b>339 344</b>	<b>344 344</b>
Issue on 11.10.2018		-	-	3 038 924	
	<b>31.12.2018</b>	<b>2 500</b>	<b>2 500</b>	<b>3 378 268</b>	<b>3 383 268</b>
Series modification		(2 500)	(2 500)	5 000	-
Contribution in kind - Wallis Kerepesi		-	-	168 897	169
Contribution in kind I. - Iniciál Autóház		-	-	169 869	170
Contribution in kind II. - Iniciál Autóház		-	-	125 620	126
Share issue		-	-	206 269	206
	<b>31.12.2020</b>	<b>-</b>	<b>-</b>	<b>4 053 921</b>	<b>4 053 921</b>

### 37 Generated reserves (other elements of equity)

The retained earnings include the accumulated profit that was not yet distributed. The accumulated translation difference contains the retranslation gain/loss of the subsidiaries from their functional currency to forint.

### 38 Treasury shares

This position includes the treasury shares repurchased during the period at cost. The position includes the full amount (the par value was not deducted from the issued capital).

### 39 Non-controlling interest

The non-controlling interest position includes the net assets attributable from the not wholly owned subsidiaries to the non-controlling interest (Iniciál Autóház Kft. and ICL Kft.). The non-controlling interest is recognized at the proportion of the net assets.

	<b>31.12.2020</b>	<b>31.12.2019</b>
Iniciál Autóház Kft.	1 043 502	-
ICL Autó Kft.	22 176	-
	<b>1 065 678</b>	-

### 40 Dividend declared by the legal subsidiaries

After the reverse acquisition the dividend from the Group's perspective is the dividend that was declared by the legal parent. There was no dividend declared by the legal Parent in 2020. In 2019 the legal parent paid dividend for the preferred shareholder once.

## **VII. Other disclosures**

### **1 Material judgements and other sources of material uncertainty.**

It is the material judgement from the point of view of the Group how much is the fair value of the companies transferred as capital contribution to the legal parent, since this value leads to the cost of control. The value was based on a professional valuation where the input data requires significant judgment.

The recoverable amounts of the assets of the Group – especially PPE, inventory and receivables – are sources of uncertainty since these assets do not have fair values that are directly observable.

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

The net realizable value of the inventory is a critical judgement since it may only be derived from external information and the balance of the inventories is material.

The book value of the lease liability is also a critical judgment, since the interest rate implicit in the lease was not readily available for all the contracts. For the real estate leases the incremental interest rate was used to determine the value. As a consequence, the value of the ROU and all other balances carry this uncertainty (depreciation, lease interest etc.).

The Group faces uncertainty for the recoverability of certain long term assets of the Group. Those assets recoverable amount is linked to their revenue generation ability which may be risky if the business environment is volatile.

## 2 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 (each legal entity may be connected to more than one of these segments). Due to the material change of the group structure the segments were redesigned based on the management reporting system.

The management of the group identified the following segments:

- wholesale segment;
- retail segment.

Due to the change in the segments, the comparative period was represented.

The segment revenue, is the following for the reported period:

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	<b>Wholesale segment</b>	<b>Retail segment</b>	<b>Total</b>
Revenue - 2020.	38 527 340	49 885 386	<b>88 412 726</b>
Revenue - 2019.*	35 865 556	39 407 352	<b>75 272 908</b>

*\*Re-presented due to segment redesign*

The segment profit is monitored up to profit before taxation. The financing cost and financial income is allocated to segments using an overhead allocation scheme.



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The segment profit is the following:

<b>Period ending on 31. December 2020.</b>	<b>Wholesale segment</b>	<b>Retail segment</b>	<b>Total</b>
Segment revenue	38 527 340	49 885 386	<b>88 412 726</b>
Segment expenses	(38 735 070)	(50 088 153)	<b>(88 823 223)</b>
<b>Segment profit before taxes</b>	<b><u>(207 730)</u></b>	<b><u>(202 767)</u></b>	<b><u>(410 497)</u></b>
Profit not allocated to segments			-
<b><i>Profit before taxes</i></b>			<b><u><u>(410 497)</u></u></b>

Previous period figures:

<b>Period ending on 31. December 2019.*</b>	<b>Wholesale segment</b>	<b>Retail segment</b>	<b>Total</b>
Segment revenue	35 865 556	39 407 352	<b>75 272 908</b>
Segment expenses	(35 049 391)	(38 963 570)	
<b>Segment profit before taxes</b>	<b><u>816 165</u></b>	<b><u>443 782</u></b>	<b><u>1 259 947</u></b>
Profit not allocated to segments			-
<b><i>Profit before taxes</i></b>			<b><u><u>1 259 947</u></u></b>

The management do not allocate and monitor assets based on operating segments, so there is no segment report prepared for assets.

### 3 Earnings per share

Since the shares of the entity is traded publicly, the EPS is disclosed.

The number of shares:

	<b>Days</b>	<b>2020.</b>	<b>Days</b>	<b>2019.</b>
Number of shares in issue at 1st January	153	270 261 400	365	270 261 400
Change the serial - July 2	25	270 661 400		
Additional share issue - July 26	4	284 173 123		
Additional share issue - July 30	142	297 762 626		
Additional share issue - November 19	29	307 812 194		
Additional share issue - December 18	13	324 313 680		
<b>Average number of shares</b>	<b><u>366</u></b>	<b><u>286 005 864</u></b>	<b><u>365</u></b>	<b><u>270 261 400</u></b>

The EPS is calculated by dividing the profit figure with the calculated number of shares. The diluted EPS is the same with the basic EPS since there were not potential ordinary shares identified. The number of preferred shares is ignored, since EPS only calculates with ordinary shares (both for basic and for diluted EPS).

EPS is the following (expressed in forints!)

	<b>Year 2020</b>	<b>Year 2019</b>
Profit attributable to the ordinary shareholders of the parent	(675 663)	916 611
Number of shares outstanding	286 005 864	270 261 400
<b>EPS (basic, HUF/share)</b>	<b><u>(2,36)</u></b>	<b><u>3,39</u></b>
<b>EPS (diluted, HUF/share)</b>	<b><u>(2,36)</u></b>	<b><u>3,39</u></b>

#### 4 Disclosure for financial instruments

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

31st December 2020.	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Book value	Fair value
Investments in debt instruments		2 200		2 200	2 200
Account receivables			4 477 765	4 477 765	4 477 765
Other receivables*			471 228	471 228	471 228
Loan receivables			35	35	35
Other financial assets			72 885	72 885	72 885
Cash and cash equivalents			5 076 070	5 076 070	5 076 070
	<u>-</u>	<u>2 200</u>	<u>10 097 982</u>	<u>10 100 182</u>	<u>10 100 182</u>
Debentures			3 041 552	3 041 552	3 041 552
Loans			11 534 923	11 534 923	11 534 923
Lease liability			9 668 522	9 668 522	9 668 522
Account payables			15 625 306	15 625 306	15 625 306
Other short term liabilities*			634 861	634 861	634 861
	<u>-</u>	<u>-</u>	<u>40 505 163</u>	<u>40 505 163</u>	<u>40 505 163</u>

*\*Only financial instruments*

Comparative period:

<b>31 December 2019.</b>	<b>Fair value trough profit and loss</b>	<b>Fair value trough other comprehensive income</b>	<b>Amortized cost</b>	<b>Book value</b>	<b>Fair value</b>
Investments in debt instruments			865	865	865
Account receivables			3 812 609	3 812 609	3 812 609
Other receivables*			1 016 284	1 016 284	1 016 284
Loan receivables				-	-
Other financial assets	3 655			3 655	3 655
Cash and cash equivalents			1 890 714	1 890 714	1 890 714
	<b><u>3 655</u></b>	<b><u>-</u></b>	<b><u>6 720 472</u></b>	<b><u>6 724 127</u></b>	<b><u>6 724 127</u></b>
Loans			7 308 448	7 308 448	7 308 448
Lease liability			5 739 799	5 739 799	5 739 799
Account payables			11 230 619	11 230 619	11 230 619
Other short term liabilities*			163 209	163 209	163 209
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>24 442 075</u></b>	<b><u>24 442 075</u></b>	<b><u>24 442 075</u></b>

*\*Only financial instruments*

The fair value hierarchy:

<b>31st December 2020.</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Investments in debt instruments			2 200	
Account receivables			4 477 765	
Other receivables*			471 228	
Loan receivables			35	
Other financial assets			72 885	
Cash and cash equivalents	5 076 070			
	<b><u>5 076 070</u></b>	<b><u>-</u></b>	<b><u>5 024 112</u></b>	<b><u>10 100 182</u></b>
Debtures			3 041 552	
Loans			11 534 923	
Lease liability			9 668 522	
Account payables			15 625 306	
Other short term liabilities*			634 861	
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>40 505 163</u></b>	<b><u>40 505 163</u></b>

*\*Only financial instruments*

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Previous period:

<b>31 December 2019.</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments in debt instruments			865
Account receivables			3 812 609
Other receivables*			1 016 284
Loan receivables			-
Other financial assets		3 655	
Cash and cash equivalents	1 890 714		
	<b><u>1 890 714</u></b>	<b><u>3 655</u></b>	<b><u>4 829 758</u></b>
Loans			7 308 448
Lease liability			5 739 799
Account payables			11 230 619
Other short term liabilities*			163 209
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>24 442 075</u></b>

Comparative figures:

31 December 2018.	Fair value trough profit and loss	Fair value trough other comprehensive income	Amortized cost	Book value	Fair value
Investments in debt instruments			845	845	845
Account receivables			3 444 882	3 444 882	3 444 882
Other receivables*			982 804	982 804	982 804
Loan receivables			540 820	540 820	540 820
Other financial assets			1 535 247	1 535 247	1 535 247
Cash and cash equivalents	-	-	<b>6 504 597</b>	<b>6 504 597</b>	<b>6 504 597</b>
			5 652 237	5 652 237	5 652 237
Loans			6 223 838	6 223 838	6 223 838
Lease liability			6 484 436	6 484 436	6 484 436
Account payables			299 843	299 843	299 843
Other short term liabilities*	-	-	<b>18 660 353</b>	<b>18 660 353</b>	<b>18 660 353</b>

*\*Only financial instruments*

When assessing the fair values, the Group did not face material technical difficulties. The fair value for receivables and liabilities were the book value since there were no contractual characteristics that would suggest otherwise.

## 5 Liquidity analysis

The liquidity analysis was done using the following table:

31st December 2020.	To be realized or payed within one year	To be realized or payed over one year	To be realized or payed under specific circumstances	
PPE, intangible assets, ROU		13 244 028	8 499 420	
Other long term items		13 241		
Debt instruments			2 200	
Inventory	22 315 874			
Receivables	13 688 208			
Cash and cash equivalents				
	<b><u>36 004 082</u></b>	<b><u>13 257 269</u></b>	<b><u>8 501 620</u></b>	<b><u>57 762 971</u></b>
Loans	10 000 568	7 799 051		
Lease liability	2 131 859	7 536 663		
Provisions	43 438	86 023		
Account payables	15 625 306			
Other liabilities	5 245 676	116 494		
Equity			9 177 892	
	<b><u>33 046 848</u></b>	<b><u>15 538 231</u></b>	<b><u>9 177 892</u></b>	<b><u>57 762 971</u></b>
<b>Financing surplus/deficit</b>	<b><u>2 957 234</u></b>	<b><u>676 272</u></b>	<b><u>-</u></b>	



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31st December 2019.	To be realized or payed within one year	To be realized or payed over one year	To be realized or payed under specific circumstances	
PPE, intangible assets, ROU		7 860 183		
Goodwill			515 034	
Other long term items		6 160		
Debt instruments		865		
Inventory	14 137 881			
Receivables	7 576 111			
Cash and cash equivalents	1 890 714			
	<b><u>23 604 706</u></b>	<b><u>7 867 208</u></b>	<b><u>515 034</u></b>	<b><u>31 986 948</u></b>
Loans	8 738 693	4 309 554		
Provisions	9 704	8 856		
Account payables	11 230 619			
Other liabilities	2 534 417	49 759		
Equity			5 105 346	
	<b><u>22 513 432</u></b>	<b><u>4 368 169</u></b>	<b><u>5 105 346</u></b>	<b><u>31 986 948</u></b>
<b>Financing surplus/deficit</b>	<b><u>1 091 273</u></b>	<b><u>4 590 312</u></b>	<b><u>-</u></b>	

## 6 Disclosures on risks

The Group is exposed to the following risks due to its activities:

- market risk, that includes
  - currency exchange risk
  - interest rate risk (fair values)
  - interest rate risk (cash flow)
- credit risk;
- liquidity risk.

The risks are managed centrally by the central treasury function. The individual entities rarely enter into transaction with the purpose of managing these risks.

The Group carries out activities denominated in foreign currency therefore the currency risk is relevant. Mainly the currencies embodying the risk are Croatian Kuna and euro.

These risks are linked to future commercial activities and from the assets and liabilities in the books.

The interest rate risk of the group is coming from the loans and the leases. The Group is exposed to cash flow risks due to the floating interest rates and exposed to fair value risks due to the fixed rates.

The Group is covering the credit risk on individual entity level. When new clients are recruited, before the payment and delivery terms they are required to analyze the client and take security measures. The maximum exposer in connection with the receivable is the net book value, which may be, in some cases, lowered by bank guarantees (see note VII.31.).

The credit risks yields form the cash and cash equivalents, from the derivative instruments, balances with banks and receivables from clients including those receivables for which the Group assumed liability for. If no external rating is available the credit worthiness of the client is assessed by the Group considering past experience, creditworthiness and financial situation of the client. The individual limits are set by the management of the Group. The Group continuously monitors the credit limits.

The cash flow predictions is prepared by the Group using the rolling forward method, managing the sources, and maintaining an appropriate level of credit line to be able to create a margin of safety and have sufficient liquidity. For the liquidity analysis see Note 5 in this chapter.

## 7 Sensitivity analysis

A sensitivity analysis was prepared for two key risk components: the change in the foreign currency and the interest rate.

### (a) Change in the FX rate

The calculated effect for the change in the FX rate (rate change expressed in %):

<b>Current rates</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non-monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	4 168 833	2 986 276
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	9 124 060	5 464 872
<b>Net assets</b>	<b>9 177 911</b>	<b>5 105 346</b>
<b>1%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	4 210 522	3 016 139
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	9 215 300	5 519 521
<b>Net assets</b>	<b>9 128 359</b>	<b>5 080 560</b>
<b>Changes in the net assets</b>	<b>(49 552)</b>	<b>(24 786)</b>
<b>Changes in the net assets (%)</b>	<b>-0,540%</b>	<b>-0,485%</b>
<b>5%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	4 377 275	3 135 590
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	9 580 263	5 738 115
<b>Net assets</b>	<b>8 930 150</b>	<b>4 981 416</b>
<b>Changes in the net assets</b>	<b>(247 761)</b>	<b>(123 930)</b>
<b>Changes in the net assets (%)</b>	<b>-2,700%</b>	<b>-2,427%</b>
<b>10%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	4 585 717	3 284 903
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	10 036 466	6 011 359
<b>Net assets</b>	<b>8 682 389</b>	<b>4 857 486</b>
<b>Changes in the net assets</b>	<b>(495 523)</b>	<b>(247 860)</b>
<b>Changes in the net assets (%)</b>	<b>-5,399%</b>	<b>-4,855%</b>

<b>-1%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	4 127 145	2 956 413
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	9 032 819	5 410 223
<b>Net assets</b>	<b>9 227 463</b>	<b>5 130 132</b>
<b>Changes in the net assets</b>	<b>49 552</b>	<b>24 786</b>
<b>Changes in the net assets (%)</b>	<b>0,540%</b>	<b>0,485%</b>
<b>-5%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	3 960 392	2 836 962
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	8 667 857	5 191 628
<b>Net assets</b>	<b>9 425 673</b>	<b>5 229 276</b>
<b>Changes in the net assets</b>	<b>247 761</b>	<b>123 930</b>
<b>Changes in the net assets (%)</b>	<b>2,700%</b>	<b>2,427%</b>
<b>-10%</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Non monetary assets or assets denominated in forint	53 594 157	29 000 672
Assets denominated in foreign currency	3 751 950	2 687 648
Liabilities denominated in forint	39 461 019	21 416 730
Liabilities denominated in foreign currency	8 211 654	4 918 385
<b>Net assets</b>	<b>9 673 434</b>	<b>5 353 205</b>
<b>Changes in the net assets</b>	<b>495 523</b>	<b>247 860</b>
<b>Changes in the net assets (%)</b>	<b>5,399%</b>	<b>4,855%</b>

**(b) Change in the interest rate**

The data is the following:

<b>Using actual interest</b>	<b>Year 2020</b>	<b>Year 2019</b>
Earnings before interest	(827 432)	969 166
Net interest expense	416 935	290 780
<b>Profit before taxes</b>	<b>(410 497)</b>	<b>1 259 947</b>
<b>1%</b>	<b>Year 2020</b>	<b>Year 2019</b>
Earnings before interest	(827 432)	969 166
Net interest expense	421 104	293 688
<b>Profit before taxes</b>	<b>(406 328)</b>	<b>1 262 854</b>
<b>Changes in the profit before taxes</b>	<b>4 169</b>	<b>2 908</b>
<b>Changes in the profit before taxes (%)</b>	<b>-1,034%</b>	<b>0,231%</b>
<b>5%</b>	<b>Year 2020</b>	<b>Year 2019</b>
Earnings before interest	(827 432)	969 166
<b>Changes in the profit before taxes</b>	<b>(416 935)</b>	<b>(290 780)</b>
<b>Changes in the profit before taxes (%)</b>	<b>103,386%</b>	<b>-23,079%</b>
<b>10%</b>	<b>Year 2020</b>	<b>Year 2019</b>
Earnings before interest	(827 432)	969 166
Net interest expense	458 628	319 859
<b>Profit before taxes</b>	<b>(368 804)</b>	<b>1 289 025</b>
<b>Changes in the profit before taxes</b>	<b>41 693</b>	<b>29 078</b>
<b>Changes in the profit before taxes (%)</b>	<b>-10,339%</b>	<b>2,308%</b>

-1%	Year 2020	Year 2019
Earnings before interest	(827 432)	969 166
Net interest expense	412 765	287 873
<b>Profit before taxes</b>	<b>(414 667)</b>	<b>1 257 039</b>
<b>Changes in the profit before taxes</b>	<b>(4 169)</b>	<b>(2 908)</b>
<b>Changes in the profit before taxes (%)</b>	<b>1,034%</b>	<b>-0,231%</b>

-5%	Year 2020	Year 2019
Earnings before interest	(827 432)	969 166
Net interest expense	396 088	276 241
<b>Profit before taxes</b>	<b>(431 344)</b>	<b>1 245 408</b>
<b>Changes in the profit before taxes</b>	<b>(20 847)</b>	<b>(14 539)</b>
<b>Changes in the profit before taxes (%)</b>	<b>5,169%</b>	<b>-1,154%</b>

-10%	Year 2020	Year 2019
Earnings before interest	(827 432)	969 166
Net interest expense	375 241	261 702
<b>Profit before taxes</b>	<b>(452 191)</b>	<b>1 230 869</b>
<b>Changes in the profit before taxes</b>	<b>(41 693)</b>	<b>(29 078)</b>
<b>Changes in the profit before taxes (%)</b>	<b>10,339%</b>	<b>-2,308%</b>

## 8 Related party disclosures

The management of the Group is classified as related party together with the controlling person of the ultimate parent. The data for 2020:

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

The data for 2019:

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

The remuneration of the chief executives:

	<b>Year 2020</b>	<b>Year 2019</b>
Remuneration	6 130	5 696
Wages, salaries	37 394	27 332
Social security contributions	6 642	6 496
	<b><u>50 166</u></b>	<b><u>39 524</u></b>

The following legal persons are identified as related party:

Name	Address	ID
ALTE-A Kft.	1131 Budapest Babér utca 1-5.	01-09-901186
ALTE-GO Kft. (korábbi nevén: Balassagyarmati Biogáz Erőmű Kft.)	1131 Budapest Babér utca 1-5.	01-09-998498
ALTEO Deutschland GmbH	Gustav-Heinemann-Ufer 72c 50968 Köln	Amstgericht Bonn, HRB 23600
ALTEO Energiakereskedő Zrt.	1131 Budapest, Babér utca 1-5.	01-10-047253
ALTEO Nyrt.	1131 Budapest Babér utca 1-5.	01-10-045985
ALTEO-Depónia Kft.	1131 Budapest Babér utca 1-5.	01-09-906261
ALTEO-Therm Kft. Korábban: Győri Erőmű Kft.	9027 Győr (hrsz. 5788/4), Kandó Kálmán utca 11-13.	08-09-019413
AW Csoport Szolgáltató Kft.	1055 Budapest, Honvéd u. 20.	27933219-2-41
BC-Therm Kft.	1131 Budapest, Babér utca 1-5.	01-09-887817
C182 RAZVOJ NEPREMIČNIN LJUBLJANA d.o.o.	Celovška cesta 182, 1000 Ljubljana, Szlovénia	8678529000
Csokréta Holding Vagyonkezelő Zrt.	1143 Budapest, Ilka utca 34.	01-10-046820
DALP Kft.	1053 Budapest, Papnövelde utca 8. IV. em. 42.	01-09-931205
Domaszék 2MW Naperőmű Kft.	1131 Budapest, Babér utca 1-5.	01-09-278226
e-WIND Kft.	1131 Budapest Babér utca 1-5.	01-09-733622
ECO-FIRST Hulladék Kereskedelmi Kft.	1131 Budapest, Babér utca 1-5.	01-09-344380
Enviro Quality Management s.r.l.	Csíksereda (Miercurea Ciuc), Zorilor utca, 30 szám, Hargita megye, Románia	J19/362/2014
EURO GREEN ENERGY Fejlesztő és Szolgáltató Kft.	1131 Budapest, Babér utca 1-5.	01-09-921340
HIDROGÁZ Kft.	1131 Budapest Babér utca 1-5.	01-09-863661
HSP612 Kft.	1055 Budapest, Honvéd u. 20.	01 09 372425
ICL Autó Kft.	9028 Győr, Külső Veszprémi utca 6.	08-09-031493
INICIÁL AUTÓHÁZ Kereskedelmi és Szolgáltató Kft.	9028 Győr, Külső Veszprémi utca 6.	08 09 010382
K 85 Kft.	1106 Budapest, Kerepesi út 85.	01-09-861051
Kazinc-BioEnergy Kft.	1131 Budapest, Babér utca 1-5.	01-09-996064
Logic Car Kft.	1036 Budapest, Lajos utca 48- 66.	01-09-338358
METSPA Kft.	2041 Budaörs Budapark, Keleti 3.	13-09-069818
MILTON HOLDING Kft.	1131 Budapest, Babér utca 1-5.	01-09-712177
MILTON-PROPERTY Kft.	1055 Budapest, Honvéd u. 20.	01-09-911382
Monsolar Kft.	1132 Budapest, Babér utca 1-5.	01-09-291864
Net Mobilitás Zrt.	1036 Budapest, Lajos utca 48- 66.	01-10-140173



Name	Address	ID
PanEuropean Kft.	1055 Budapest, Honvéd u. 20.	01-09-885697
Pannon Szélerőmű Kft.	1131 Budapest, Babér utca 1-5.	01-09-374969
PARAGON-ALKUSZ Zrt.	1163 Budapest, Hősök fasora 50.	01-10-045975
PERION Zrt. (korábbi neve: PERION-Invest Zrt.)	1055 Budapest, Honvéd u. 20.	01-10-046342
Pra Holding Kft.	1095 Budapest, Mester utca 87.	01-09-290138
Praktiker Kft.	1095 Budapest, Mester utca 87.	01-09-669019
RENTPONT Kft.	1163 Budapest, Hősök fasora 50.	01-09-685566
SH-Üzemeltető Kft.	8600 Siófok, Vitorlás utca 12-14.	01-09-915681
Sinergy Energiakereskedő Kft.	1131 Budapest, Babér utca 1-5.	01-09-178667
Sinergy Kft.	1131 Budapest Babér utca 1-5.	01-09-680396
SUNTEO Kft.	1131 Budapest Babér utca 1-5.	01-09-997687
Tisza BioTerm Kft.	1131 Budapest, Babér utca 1-5.	01-09-965041
Tisza-BioEnergy Kft.	1131 Budapest Babér utca 1-5.	01-09-996062
Tisza-WTP Kft.	3580 Tiszaújváros, Ipartelep 2069/3	05-09-009864
VCT78 Kft.	1055 Budapest, Honvéd u. 20.	01-09-911556
Venturio Zrt.	1055 Budapest, Honvéd u. 20.	01-10-046280
WAE C.d.o.o.	Zagrab (Grad Zagreb), Ulica Damira Tomljanovića - Gavrana 11, Horvátország	81306768
WAE CEE Kft.	2051 Biatorbágy, Budai út 16.	13-09-208753
WAE HUN Kft.	2051 Biatorbágy, Budai út 16.	13 09 206514
WAE Kft.	2051 Biatorbágy, Budai út 16.	13-09-174957
WAE S.d.o.o.	Ljubljana, Parmova ulica 53	8632596000
WALLIS ADRIA doo	Strojarska cesta 20. 10000 Zagreb Croatia	81025336
WALLIS ASSET MANAGEMENT Zrt.	1055 Budapest, Honvéd u. 20.	01-10-046529
WALLIS AUTÓKÖLCSÖNZŐ Kft.	1138 Budapest, Váci út 141. 2. em.	01-09-699766
WALLIS AUTÓMEGOSZTÓ Kft.	1055 Budapest, Honvéd utca 20.	01-09-323961
Wallis British Motors Kft. (korábban: POLAR PROPERTY Kft.)	1095 Budapest, Máriássy utca 5.	13-09-175507
Wallis Kerepesi Kft.	1106 Budapest, Kerepesi út 85.	01-09-078910
WALLIS MOTOR DUNA Kft.	1097 Budapest, Könyves Kálmán krt 5.	01-09-700391
Wallis MOTOR PEST Kft.	1138 Budapest, Váci út 175.	01-09-693338
WALLIS PORTFOLIÓ Kft.	1055 Budapest, Honvéd u. 20.	01-09-925865
WallisMotor Ljubljana, prodaja in servis vozil, d.o.o.	Celovška cesta 182, 1000 Ljubljana, Szlovénia	8674655000
WAM IMMOBILIA Zrt.	1055 Budapest, Honvéd u. 20.	01-10-045426

Name	Address	ID
WINDEO Kft.	1131 Budapest Babér utca 1-5.	01-09-899444

Comparative period data:

31 <sup>st</sup> December 2019		Registration #
WALLIS PORTFOLIÓ Kft.	1055 Budapest, Honvéd u. 20.	01-09-925865
WALLIS ASSET MANAGEMENT Zrt.	1055 Budapest, Honvéd u. 20.	01-10-046529
ALTEO Nyrt.	1131 Budapest, Babér utca 1-5.	01-10-045985
Sinergy Kft.	1131 Budapest, Babér utca 1-5.	01-09-680396
ALTEO Deutschland GmbH	Gustav-Heinemann-Ufer 72c 50968 Köln	Amstgericht Bonn, HRB 23600
ALTE-A Kft.	1131 Budapest, Babér utca 1-5.	01-09-901186
ALTEO-Agria Kft.	1131 Budapest, Babér utca 1-5.	01-09-904433
ALTEO-Depónia Kft.	1131 Budapest, Babér utca 1-5.	01-09-906261
ALTEO Energiakereskedő Zrt.	1131 Budapest, Babér utca 1-5.	01-10-047253
Balassagyarmati Biogáz Erőmű Kft.	1131 Budapest, Babér utca 1-5.	01-09-998498
BC-Therm Kft.	1131 Budapest, Babér utca 1-5.	01-09-887812
Domaszék 2MW Naperőmű Kft.	1131 Budapest, Babér utca 1-5.	01-09-278226
ECO-FIRST Hulladék Kereskedelmi Kft.	1131 Budapest, Babér utca 1-5.	01-09-344380
EURO GREEN ENERGY Fejlesztő és Szolgáltató Kft.	1131 Budapest, Babér utca 1-5.	01-09-921340
e-WIND Kft.	1131 Budapest, Babér utca 1-5.	01-09-733622
F.SZ. ENERGIA Kft.	1131 Budapest, Babér utca 1-5.	01-09-328112
Győri Erőmű Kft.	9027 Győr (5788/4. hrsz.), Kandó Kálmán u. 11-13.	08-09-019413
HIDROGÁZ Kft.	1131 Budapest, Babér utca 1-5.	01-09-863661
IT-Solar Kft	1131 Budapest, Babér utca 1-5.	01-09-291869
Kazinc-BioEnergy Kft.	1131 Budapest, Babér utca 1-5.	01-09-996064
Kazinc-Therm Kft.	3700 Kazincbarcika, Erőmű utca 3.	05-09-009234
Monsolar Kft.	1131 Budapest, Babér utca 1-5.	01-09-291864
Péberény Kft.	1131 Budapest, Babér utca 1-5.	01-09-190766
Ózdi Erőmű Kft.	3700 Kazincbarcika, Erőmű utca 3.	05-09-012217
Sinergy Energiakereskedő Kft.	1131 Budapest, Babér utca 1-5.	01-09-178667
Soproni Erőmű Kft.	9400 Sopron, Somfalvi u. 3. (4303. hrsz.)	08-09-019412
SUNTEO Kft.	1131 Budapest, Babér utca 1-5.	01-09-997687
Tisza-BioEnergy Kft.	1131 Budapest, Babér utca 1-5.	01-09-996062
Tisza BioTerm Kft.	1131 Budapest, Babér utca 1-5.	01-09-965041

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Tisza-Therm Kft.	3580 Tiszaújváros, Tisza út 1/D.	05-09-009230
Tisza-WTP Kft.	3580 Tiszaújváros, Ipartelep 2069/3	05-09-009864
True Energy Kft.	1131 Budapest, Babér utca 1-5.	01-09-328856
WINDEO Kft.	1131 Budapest, Babér utca 1-5.	01-09-899444
Zugló-Therm Kft.	1131 Budapest, Babér utca 1-5.	01-09-717404
AutoWallis Nyrt. (korábbi nevén: ALTERA Nyrt.)	1055 Budapest, Honvéd utca 20.	01-10-047350
WAE Kft.	2051 Biatorbágy, Budai út 16.	13-09-174957
WALLIS ADRIA doo	Horvátország, Zagrab Radnička cesta 54.	81025336
POLAR PROPERTY Kft.	2051 Biatorbágy, Budai út 16.	13-09-175507
WALLIS MOTOR DUNA Kft.	1097 Budapest, Könyves Kálmán krt 5.	01-09-700391
Wallis MOTOR PEST Kft.	1138 Budapest, Váci út 175.	01-09-693338
WALLIS AUTÓKÖLCSÖNZŐ Kft.	1138 Budapest, Váci út 141. 2. em.	01-09-699766
WALLIS AUTÓMEGOSZTÓ Kft.	1055 Budapest, Honvéd utca 20.	01-09-323961
Wallis Kerepesi Kft.	1106 Budapest, Kerepesi út 85.	01-09-078910
Net Mobilitás Zrt.	1036 Budapest, Lajos utca 48-66.	01-10-140173
Logic Car Kft.	1036 Budapest, Lajos utca 48-66.	01-09-338358
PanEuropean Kft.	1055 Budapest, Honvéd u. 20.	01-09-885697
Pra Holding Kft.	1095 Budapest, Mester utca 87.	01-09-290138
Praktiker Kft.	1095 Budapest, Mester utca 87.	01-09-669019
METSPA	2041 Budaörs, Budapark Keleti 3.	13-09-069818
K 85 Kft.	1106 Budapest, Kerepesi út 85.	01-09-861051
WAM IMMOBILIA Zrt.	1055 Budapest, Honvéd u. 20.	01-10-045426
MILTON-PROPERTY Kft.	1055 Budapest, Honvéd u. 20.	01-09-911382
Enviro Quality Management s.r.l.	Csíkszereda (Miercurea Ciuc), Zorilor utca, 30 szám, Hargita megye, Románia	J19/362/2014
Venturio Zrt.	1055 Budapest, Honvéd u. 20.	01-10-046280
PERION Zrt.	1055 Budapest, Honvéd u. 20.	01-10-046342
MILTON HOLDING Kft.	1131 Budapest, Babér utca 1-5.	01-09-712177
MILTON (Finanszírozási) Zrt.	1044 Budapest, Váci út 76-80.	01-10-045496

The Group did not recognized any uneliminated balances or transactions with those companies.

All balances with the group entities are eliminated, other transactions are immaterial, and they were all arm's length transactions.

The Group did not have any material uneliminated balance with the above listed entities.

## 9 Government grants

The following government grants were identified.

1. Wages and employment grant was given to several members of the Group amounting to cca. 55 000 kHUF. These grants are credited to the income when the wage and similar item related to it incurred.
2. Wallis Autókölcsonző Kft. received 282 408 kHUF government grant in relation to the Covid19 pandemic. All the amount was relating to 2020, so it was reported in net profit.
3. The Croatian operation received 474 623 HKR government grant in relation to the Covid19 pandemic. All the amount was relating to 2020, so it was reported in net profit.
4. The Group received government grant in relation to 5 electric cars (1 500 kHUF each). The received grants were deferred, and it will be released to net profit in line with the depreciation.

## 10 Contingent liabilities, off balance sheet items

1. One of the subsidiary acquisitions was financed by treasury shares where the Group issued a put option to the holder. A part of option in not fixed price therefore is not included in the financial statements.
2. Legal subsidiary Wallis Motor Pest Kft. provided a guarantee statement in the amount of 190 625 kHUF for the loan of DALP Szolgáltató Kft. this is a related party and expected be part of the Group in 2021.
3. Legal subsidiary Wallis Motor Pest Kft. provided a guarantee statement for the loan taken out by DALP Szolgáltató Kft (related party, since the controlling person is the same) amounting to 2 387 500 kHUF.
4. Certain subsidiaries in the Group pledged their real estates to provide security for their loans.

## 11 Events after the end of the reporting period

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

1. The management of the Group decided that one of the subsidies, WAE KERPESEI Kft., shall declare a dividend of 100 million HUF.
2. The management of the Group decided that one of the subsidies, Inicial Autóház Kft., shall declare a dividend of 420 million HUF.
3. After the end of the reporting period the Group acquired DALP Kft. The price will be settled by treasury shares. The cost of control was 1 540 million HUF. This entity owns the real estate where which the Group uses as showroom.
4. It was identified during the inventory count during the month of January 2020 that several vehicles held as merchandise are missing. The investigation led to a conclusion that this is the result of a criminal offence. The police is currently investigating the case and one person is held in custody. The value of the missing merchandise is 251,8 million HUF of which

merchandise worth 158,2 million HUF was misappropriated after 31<sup>st</sup> December 2019. The current financial statement includes that amount as an expense (the other part was recorded last year). The investigation is still ongoing there is other financial consequences to report.

5. Regarding the above explained case it is possible that the contracts used to “transfer” these assets to the final buyers may be nil and void. If this is proven a part of the damages from the above issue may be recovered. These financial statements include no contingent asset from this possible recovery, nor any kind of net profit.
6. The credit line of Wallis Motor Pest Kft.-nek was renewed by OTP Bank. The credit line is 550 000 kHUF.
7. The credit line of Wallis Motor Duna Kft.-nek was renewed by OTP Bank. The credit line is 630 000 kHUF.
8. The bank guarantee contract of Wallis Motor Pest was renewed by OTP Bank. The guarantee limit is 600 000 EUR.
9. The bank guarantee contract of WAE Kft. was extended from 11 000 k€ to 31 000 k€ by OTP Bank. This will be used for the Ssangyong and Isuzu operation.

## **12 Disclosure in connection with the Covid 19 pandemic**

The corona virus pandemic changed the social and economic environment substantially in 2020. In 2020, after the Covid 19 was present, the governmental restriction had an impact on the retail sector, including car retail. The demand for cars, due to lack of usage had an effect in retail and in services. AutoWallis Group is present in the premium segment. In this segment the fallback was smaller so it is behind the industrial average which is favorable.

The production also fallback which led to longer servicing and delivery time, but since it was a general phenomenon it did not result in a competitive loss.

It is foreseen that 2021 will also have Covid effects therefor the mitigation of risk is a primary goal of the management, including enhanced safety measures. That means lower inventory and fleet levels and tighter monitoring receivable collection.

The Group monitors the availability of work force, its supply chain to be able to resume normal operation as soon as possible.

The Group prepared its business plans for 2021 and came to the conclusion that the going concern of the group is not jeopardized.

### **13 The person responsible for leading the accounting activity and the preparation of the financial statements under IFRS**

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

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

### **14 The auditor of the Group**

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

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

The fee charged for the audit of the separate and consolidated financial statements for the business year ending on 31<sup>st</sup> December 2020 is 8 800 kHUF + VAT.

### **15 Dividend proposed**

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

### **16 The approval of the financial statements**

These financial statements were authorized to be issued by the management of the Group on 29<sup>th</sup> March 2021.

At Budapest, on 29<sup>th</sup> March 2021

ORMOSY, Gábor  
member of the board

SZÉKELY, Gábor  
member of the board