Separate financial statements

AutoWallis

Public Limited Liability Company

prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 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
PO	Performance obligation
kHUF	thousand forints
k€	thousand euros

Amounts in parenthesis are negative figures.

I. Content

amounts are in thousand forints

II. The numerical part of the financial statements

1 Separate statement of comprehensive income

Description		Year ending on 31.12.2020. (audited)	Year ending on 31.12.2019. (audited)
Revenue	(1)	76 953	31 417
Material used	(2)	(1 665)	(1 529)
Services	(3)	(237 609)	(77 708)
Personal type expenses	(4)	(71 054)	(46 028)
Depreciation	(5)	(699)	(558)
Profit of sales		***(234 074)***	***(94 407)***
Other income	(6)	1 818	-
Other expenses	(6)	(36 270)	(18)
Other income and expenses		***(34 451)***	***(18)***
Operating profit		**(268 525)**	**(94 426)**
Interest income	(7)	52 545	4 752
Interest expenses	(7)	(64 073)	(87)
Net gain or loss on currency translations	(7)	17 695	(0)
Financial income, net	(7)	1 180 000	810 000
Impairment and expected credit loss of financial assets	(7)	(5 605)	-
Profit on financial items		**1 180 561**	**814 664**
Profit before taxes		**912 036**	**720 239**
Taxation	(8)	(1 506)	(598)
Net profit		**910 530**	**719 641**
Other comprehensive gain or loss on translating subsidiaries		-	-
Total comprehensive income		**910 530**	**719 641**

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

amounts are in thousand forints

2 Separate balance sheet

Description		31. 12. 2020. (audited)	31. 12. 2019. (audited)
Assets			
Non-current assets			
Property, plant and equipment	(9)	1 890	824
Investments in debt instruments	(10)	2 411 407	-
	(11)	19 686 705	16 045 354
Non-current assets total:		**22 100 002**	**16 046 178**
Current assets			
Account receivables	(12)	59 807	34 420
Income tax receivables	(12)	2 711	2 711
Other receivables	(12)	13 734	7 361
Loan receivables	(13)	851 550	-
Cash and cash equivalents	(14)	1 246 455	397 353
Current assets total:		**2 174 258**	**441 844**
Assets total		**24 274 259**	**16 488 023**
Equity and liabilities			
Issued capital (legal parent)	(21)	4 053 921	3 383 268
Share premium	(22)	16 968 482	13 157 884
Treasury shares	(23)	(798 700)	-
Retained earnings	(22)	832 806	(77 724)
Equity attributable to the shareholder of the parent		**21 056 508**	**16 463 427**
Long term liabilities			
3% debentures	(15)	3 041 552	-
Other long term liabilities	(16)	42 615	-
Long term liabilities:		**3 084 167**	**-**
Short term liabilities			
Account payables	(17)	18 456	11 074
Income tax payable	(17)	1 506	598
Provisions	(18)	18 000	-
Other short term liabilities	(19)	95 622	12 923
Short term liabilities:		**133 584**	**24 595**
Liabilities:		**3 217 751**	**24 595**
Equity and liabilities:		**24 274 259**	**16 488 023**

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

amounts are in thousand forints

3 Statement of changes in equity

Transactions	Issued captial	Share premium	Treasury shares	Retained earnings	Total
Note	*(21)*	*(22)*	*(23)*	*(22)*	
1st January 2019	**3 383 268**	**13 157 885**	**-**	**(222 367)**	**16 318 785**
Total comprehensive income 2019.				719 641	**719 641**
Dividend declared (legal parent, 05.13.)				(575 000)	**(575 000)**
31st December 2019.	**3 383 268**	**13 157 885**	**-**	**(77 726)**	**16 463 426**
Total comprehensive income 2020.				910 530	**910 530**
Acquistion of Treasury shares			(798 700)		**(798 700)**
Share issue for K85 Kft.	77 163	417 912			**495 075**
Share issue for Wallis Kerepesi Kft.	91 734	496 831			**588 565**
Share issue for Inicial Autóház Kft. - I.	169 869	1 013 955			**1 183 824**
Share issue for Inicial Autóház Kft. - II.	125 620	718 544			**844 164**
Share issue - club deal	206 269	1 163 355			**1 369 623**
31st December 2020.	**4 053 921**	**16 968 482**	**(798 700)**	**832 805**	**21 056 508**

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

amounts are in thousand forints

4 Separate Cash flow statement

		Year ending on 31st December 2020 (audited)	Year ending on 31st December 2019 (audited)
Profit before taxes		**912 036**	**720 239**
Depreciation, amortization		64 073	87
Non cash items:			
Impairment and reversal of impairment		699	558
Recognition and derecognition of provision		18 000	-
Expected credit loss, expect net current items		6 084	-
Corrections of the profit			
Interest income for long term items		(46 914)	(4 752)
Dividends received		(1 180 000)	(810 000)
Changes in net current assets			
Changes in receivables		15 154	(29 247)
Changes in intergroup financing receivables		(3 268 480)	-
Changes in account payables		7 382	8 139
Changes in other payables		61 241	3 435
Changes in the net current assets		*(3 410 725)*	*(111 540)*
Interest paid			(87)
Income taxes paid		(598)	(1 744)
Cash used in operation		**(3 411 323)**	**(113 371)**
Additional captial contribution		-	485 346
Additional captial contribution to subsidiaries		(200 000)	(805 700)
Cash paid for to acquire subsidiaries		(329 723)	-
Treasury share purchased to acquire subsidairies		(798 700)	-
Acquisition of PPE and intangible assets		(1 764)	(742)
Interest received		-	4 752
Dividends received		1 180 000	810 000
Loan repaid		-	540 557
Cash used/generated from investing activities		**(150 187)**	**1 034 213**
Dividends paid		-	(575 000)
Proceeds from share issue		1 369 624	-
Proceeds from debentures		3 041 552	-
Loan repaid		-	(7 000)
Cash generated/used in financing		**4 411 176**	**(582 000)**
Changes in cash and cash equivalents	**(14)**	**849 666**	**338 842**
Opening cash and cash equivalent balance		397 353	58 511
Expected credit loss on cash and cash equivalents		(563)	-
Closing cash and cash equivalent balance	**(14)**	**1 246 456**	**397 353**

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

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

1 Basis of the preparation and the going concern

Statement of IFRS compliance

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

Scope of the financial statements

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

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

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

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

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

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

2 The activity of the Entity

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

amounts are in thousand forints

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

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

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

3 General information about the Entity

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

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

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

Shareholders	**Shareholding 31.12.2020**	**Shareholding 31.12.2019**
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%
	100,00%	100,00%

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

amounts are in thousand forints

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.*

4 The activity of the subsidiaries

Name	Main activity
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	importing
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	wholesale
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	retail
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	rental
Wallis Adria d.o.o	importing
POLAR PROPERTY Korlátolt Felelősségű Társaság *	retail
Wallis Kerepesi Korlátolt Felelősségű Társaság	retail
K85 Korlátolt Felelősségű Társaság	real estate management
WallisMotor Ljubljajna d.o.o.	retail
VCT 78 Korlátolt Felelősségű Társaság	real estate management
WAE CEE Korlátolt Felelősségű Társaság	importing
ICL Autók Korlátolt Felelősségű Társaság	retail
Iniciál Autóház Korlátolt Felelősségű Társaság	retail
AW Csoport Szolgáltató Korlátolt Felelősségű Társaság	group financing
WAE HUN Korlátolt Felelősségű Társaság	importing
WAE C. d.o.o.	importing
WAE S. d.o.o.	importing

5 A presentation currency of the financial statements, rounding

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

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

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

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

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

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

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

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

1 The parts of the financial statements

The full set of financial statements contains:

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

- notes to the separate financial statements.

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

2 Accounting policies – income statement

(a) Revenues

Revenues shall be accounted for according to the IFRS 15. IFRS 15 creates a general model for all the income that are coming from contracts with the customers. The standard uses the so-called five step model to identify when and how much revenue shall be accounted for. The standard has explicit requirements for the situation when several items are transferred to the customer in one contract. IFRS 15 includes two methods for the timing of revenue recognition: point in time and over the time method. IFRS 15 also includes fundamental rules how to account for the cost incurred that will not be accounted for according to an other standard. The Entity applies the five-step model when entering into contracts with customers. Since in case of most of the contract the fulfillment date and the date of the invoicing do not differ, realization will happen in the period of invoicing.
IFRS 15 does not regulate the accounting of income from financial instruments, those are under IFRS 9. The incomes related to subsidiaries will be accounted using the regulation in IAS 27R. The Entity accounts for the dividend income when the right to receive the amount is established (aka IFRS 9).

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

(b) Other incomes

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

(c) Financial income and expense

The Entity accounts for these items under IFRS 9.

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

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

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

(d) Income taxes

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

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

(e) Offsetting

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

(f) Property, plant and equipment (PPE)

The Entity classifies items to the PPE category if the asset is used for production or is held for administrative purposes and it is expected to be used for more than a year. For the classification

purposes the Entity distinguishes assets directly used in the production (plant) and not directly used in the production (equipment).
The initial measurement of PPE includes all items that is needed for the intended use of the asset at the intended place including the borrowing cost which is explained in the relevant chapter of the policies.
If the asset is dismantled or removed at the end of its useful life (when not needed and will not be used or disposed any more) than the cost of this removal will be added to the initial value of the asset and at the same time a provision will be recognized, if the Entity can demonstrate that they have at least a constructive obligation for this removal. It the value of the ARO is less than 50 000 kHUF the ARO is ignored. The assets working together shall be assessed on a collective basis and if the ARO becomes material it will be recognized.
The Entity applies the component approach for the PPEs, meaning that each major part of the asset is separately recognized if the useful life is different.
PPEs are measured at cost after the initial measurement (cost minus accumulated depreciation and accumulated impairment). The depreciable amount is the initial cost of the asset less any residual value. The residual value is determined if it is material, meaning it reaches 10% of the initial value but at least 2 000 kHUF. The residual value is the amount to be realized on the disposal of the asset in question. Depreciation is calculated based on the depreciable amount, on component-by-component basis. the following rates are used for the calculation:

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

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

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

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

(g) Intangible asset

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

Indefinite useful life intangible assets are not depreciated but an impairment test is applied at the end of every period (see impairment for details).
For the other intangible assets, the Entity will consider characteristics like contractual life that may limit the utilization of the asset. The amortization period may not be longer than this contractual life. By default, the contractual period will be considered as the useful life.

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

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

(h) Leases

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

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

(i) Borrowing costs

The Entity capitalizes the borrowing costs if the borrowing cost is related to the qualifying asset. If the loan is dedicated (the loan was taken out for a specific reason) the effective interest of the loan will be used to calculate the capitalized rate. For general purpose loan an activation rate will be calculated. This rate is calculated using the effective interest rate of such loans, the time passed since the loan taken and the date of the asset being ready to use. The capitalized amount will be arrived to by calculating the weighted average of these interests.
An asset (project) will be qualifying, if it is an asset that is being built for more than six months. When assessing the asset, the value is ignored. The Entity starts capitalization once there is a firm commitment for the acquisition of the asset. This may mean starting the project or starting the planning phase of the project.
The capitalization will be suspended if the building of the asset is stopped for a longer period without a technological reason. The capitalization is ceased once the asset is ready for the intended use, or the use of the asset was authorized.

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

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

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

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

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

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

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

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

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

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

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

(k) Cash and cash equivalents

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

(l) Financial assets and financial liabilities

(i) Classification

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

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

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

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

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

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

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

(ii) Recognition

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

(iii) Derecognition

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

(iv) Measurement

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

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

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

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

(v) Fair value measurements

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

Where discounted cash flow techniques are used, estimated future cash flows are based on the Entity's economic estimates and the discount rate is a market related rate at the end of reporting period for an instrument with similar terms and conditions. Where valuation models are used, inputs are based on market related measures at the end of reporting period.
Level 1: The input for the fair value is the unadjusted quoted price, no other input is used for the valuation.
Level 2: All inputs are directly or indirectly observable but there are inputs other than the quoted price.
Level 3: The fair value of derivatives that are not exchange-traded are estimated at the amount that the Entity would receive upon normal business conditions to terminate the contract at the end of reporting period taking into account current market conditions and the current creditworthiness of the counterparties.

(vi) Measurement of amortized cost

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

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

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

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

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

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

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

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

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

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

- severe financial difficulties of the issuer or the borrower;
- breach of the contract, missing repayment of capital or principal repayment;
- renegotiation of the contract or other reliefs due to the financial difficulties of the counterparty;
- it becomes probable that borrower will be subject to liquidation or other similar reorganizational procedure
- disappearance of an active market

amounts are in thousand forints

- 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 behavior

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

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

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

The ECL is determined using the following ratios:

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

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

(viii) Hedge accounting

The Entity does not use hedge accounting.

(m) Interest in other entities

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

(n) Provisions

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

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

Typical issues leading to provisions:

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

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

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

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

There shall be no provision recognized for:

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

(o) Employment benefits

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

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

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

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

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

(p) Equity

The Entity presents it's equity in the following structure

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

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

- the number of shares authorized to issue;
- issued and fully paid and the issued but not fully paid number of shares
- the face value of the shares
- the reconciliation between the opening and closing number of shares
- the rights and limitations attached to each class of the equity

- limitations on distribution to shareholders
- the treasury shares owned by the entity
- the options that give right to the shareholders to sell shares, including conditions and price.

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

Item	What is included
Equity capital	equity under IFRSs plus supplementary payments received and shown under liabilities in accordance with IFRSs, minus supplementary payments provided and shown under assets in accordance with IFRSs, including any cash to be transferred to the capital reserve on the basis of legal provisions, and assets received, shown under deferred income, minus any sum of receivables from owners in connection with making capital contribution in the form of equity instrument;
Subscribed capital under IFRSs	subscribed capital provided for in the instrument of constitution, if classified as an equity instrument;
Subscribed capital unpaid	part of the subscribed capital under IFRSs that has not yet been paid up and made available for the economic entity;
Capital reserve	all equity components that are not covered by the definition of subscribed capital under IFRSs, subscribed capital unpaid, retained earnings, revaluation reserve, post-tax profit or loss or tied-up reserve;
Retained earnings	retained earnings: previous years' accumulated results after tax shown in the annual accounts prepared in accordance with IFRSs, not yet distributed among the owners (including the combined total of the earnings retained according to this Act on the balance sheet date of the financial year preceding the year of transition to IFRSs and the after-tax profit adjusted by the effect the transition to IFRSs had on retained earnings), as well as the sums credited or charged directly to such accumulated results in accordance with IFRSs [including the part of supplementary payment, if the owner (shareholder) of the business association waived his claim from such supplementary payment], transferred from the subscribed capital or from the capital reserve to cover the losses, any sum transferred from other reserves, as required or permitted by IFRSs. The sum thus received shall be decreased by the supplementary payments shown under assets in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted. Retained earnings may not include other comprehensive income, as provided in IAS 1 - Presentation of Financial Statements, with the exception of value adjustments in respect of transfers
Revaluation reserve	other comprehensive income shown in the comprehensive income statement provided for in IAS 1 - Presentation of Financial Statements, including other comprehensive income accumulated and from the current year, furthermore, the revaluation reserve from before the date of transition to IFRSs
Post-tax profit or loss	as defined in Point 9 of Section 114/A in the Accounting Law;
Tide-up reserve	supplementary payments received and shown under liabilities in accordance with IFRSs, plus any unused portion of the provision for developments with the sum of deferred tax liabilities calculated according to IAS 12 - Income Taxes deducted.

3 Other items of the accounting policies

(a) Government grant

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

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

A grant shall be accounted for if...

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

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

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

(b) Assets held for sale and discontinued operations

Assets held for sale are those assets that's value will be recovered not by continuous sale but by a sales transaction in the near future. Assets held for sale also include disposal groups: this includes a pool of assets and liabilities which will be disposed in a single sales transaction (ie. a subsidiary held for sale).

An item maybe classified as held for sale if it is very probable that the asset will be sold within a year from the date when it was classified as held for sale the asset or the group is available for sale, appropriately marketed and the asset is for sale at a reasonable price.

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

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

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

(c) EPS – Earnings per share

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

(d) Segment reporting

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

(e) Accounting policies related to the cash flows

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

(f) Foreign currency transactions

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

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

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

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

(g) Materiality, errors and effects of error

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

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

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

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

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

amounts are in thousand forints

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

1 Revenue

The revenue of 2020 and 2019 is realized from consultancy services.

2 Cost of material

The cost of the material is the following:

	Year 2020	Year 2019
Fuel	1 565	1 356
Stationary, other material	100	173
	1 665	**1 529**

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

3 Services

The following items are recognized in services:

	Year 2020	Year 2019
Accounting, legal and capital market services	175 189	43 522
Rental fees, rates	14 634	13 543
PR and communication	12 496	12 506
Administrative services	8 014	3 325
Sundry services	9 604	2 598
Telecommunication services	430	0
Official fees	0	1 637
Bank fees and insurance	17243	578
	237 609	**77 708**

The material increase of the services is due to the extensive growth of the Group which led to the increase of the central expenses.

4 Personal type expenses

The following items are recognized in personal type expenses:

	Year 2020	Year 2019
Wages	58 123	31 998
Renumeration	0	5 696
Social security contribution	10 793	7 451
Other personal type expenses	2138	884
	71 054	**46 028**

amounts are in thousand forints

5 Depreciation

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

6 Other income and expenses

	Year 2020	Year 2019
Income from insurers	318	-
Forgiven items	1 500	-
Other income	1 818	
Damages	(18 219)	(18)
Non-decutible VAT	(18 051)	
Other expenses	(36 270)	(18)
Other items, net	**(34 451)**	**(18)**

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

7 Financial income and expenses

	Year 2020	Year 2019
Interest received (loans)	52 545	-
Other interests	-	4 752
FX differences	17 695	-
Dividend income	1 180 000	810 000
	1 250 240	*814 752*
Interest paid (loans)	(2 328)	(87)
Interests paid (debentures)	(61 745)	-
Expected credit losses	(5 605)	-
	(69 679)	*(87)*
	1 180 561	**814 665**

The finance income includes 1 810 000 kHUF that is dividend from the subsidiaries. Other material items include interest income from subsidiaries and the interest paid for the 3% debentures.

8 Taxation

Under taxation only local business tax is recognized.

amounts are in thousand forints

9 Property, plant and equipment; intangible assets

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

The following is the schedule for those assets:

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

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

The comparative period:

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

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

amounts are in thousand forints

10 Long term loans for subsidiaries

The long term loans for subsidiaries include loans granted for AW Csoportszolgáltató Kft., Wallis Motor Ljubljana and IVL Ato Kft. The movement of the loan is the following:

	Year 2020	Year 2019
Opening balance	-	-
Payment	2 603 334	-
Repayment	-186 404	-
	2 416 930	**-**
Expected credit loss	-5 523	-
Closing balance	**2 411 407**	**-**

Main loan conditions:

Characteristic	Condition
Debtor:	AW Csoport Szolgáltató Kft.
Loan value	3 000 000 000 Ft
Interest	3%, fixed
Due date	05.Apr.30
Repayment	Bullet, early repayment: any time

Characteristic	Condition
Debtor:	Wallis Motor LJ
Loan value	650 000 EUR
Interest	1 month EURIBOR + 3,55%
Due date	31.Oct.25
Repayment	Bullet, early repayment: any time

Characteristic	Condition
Debtor:	ICL Autó Kft
Loan value	86 000 000 Ft
Interest	3,55% fixed
Due date	31.Dec.25
Repayment	Bullet, early repayment: any time

amounts are in thousand forints

11 Investments in subsidiaries

Entity	31.12.2020.	31.12.2019.
WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	10 900 000	10 900 000
WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	960 000	960 000
WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	2 020 354	2 020 354
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2 165 000	2 165 000
ICL Autó Kft.	30 000	-
Wallis British Motors Kft.	256 086	-
AW Csoport Szolgáltató	50 000	-
WALLISMOTOR Ljubljana	43 638	-
Wallis Kerepesi úti Autó Kft.	588 565	-
K 85 Ingatlanhasznosító Kft.	495 075	-
Iniciál Autóház Kft. részesedés	2 027 987	-
VCT78 Kft.	100 000	-
WAE CEE Kft.	50 000	-
	19 686 705	**16 045 354**

There were no additional capital contribution given for the entities held in 2019.

Entities founded in 2020:

- AW Csoportszolgáltató Kft.
- WALLISMOTOR Ljubljana
- WAE CEE Kft.

Entities acquired in 2020:

- ICL Autó Kft.
- Wallis British Motors Kft. (acquired from a subsidiary)
- VCT78 Kft.
- Wallis Kerepesi út Autó Kft. (acquired from the Parent of the Entity)
- K85 Ingatlanhasznosító Kft.
- Iniciál Autóház Kft.
- WAE S d.o.o.
- WAE C d.o.o.
- WAE HUN Kft.

amounts are in thousand forints

Data regarding the acquistion of the entities:

Company name	ICL Autó Kft.
Transaction	Purchase
Date of acquistion	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	-
Cost of control settled in equity	-
Cost of control	30 000

Company name	Wallis British Motors Kft.
Transaction	Purchase within a group
Date of acquistion	2020.03.12
Interest acquired	100%
Cost of control settled in cash	56 086
Cost of control settled in equity par value	-
Cost of control settled in equity share premium	-
Cost of control settled in equity	-
Cost of control	*56 086*

Company name	AW Csoportszolgáltató Kft.
Transaction	Foundation
Date of acquistion	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	-
Cost of control settled in equity	-
Cost of control	**50 000**

Company name	WALLISMOTOR Ljubljana d.o.o.
Transaction	Foundation
Date of acquistion	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	
Cost of control settled in equity	-
Cost of control	**2 674**

amounts are in thousand forints

Company name	K85 Ingatlanhasznosító Kft.
Transaction	Purchase
Date of acquistion	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
Cost of control settled in equity	*495 075*
Cost of control	495 075

Company name	Wallis Kerepesi Autó Kft.
Transaction	Purchase
Date of acquistion	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
Cost of control settled in equity	*588 565*
Cost of control	588 565

Company name	VCT78 Kft.
Transaction	Purchase
Date of acquistion	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	-
Cost of control settled in equity	-
Cost of control	100 000

Company name	WAE CEE Kft.
Transaction	Foundation
Date of acquistion	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	-
Cost of control settled in equity	-
Cost of control	50 000

amounts are in thousand forints

Company name	Iniciál Autóház Kft.
Transaction	Acquistion
Date of acquisition	2020.11.30
Interest acquired	60%
Cost of control settled in cash	-
Cost of control settled in par value	295 488
Cost of control settled in share premium	1 732 499
Cost of control settled in equity	*2 027 987*
Cost of control	**2 027 987**

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

12 Account receivables, income tax receivable, other receivables

The account receivables include sales that were not yet financially settled. The income tax receivable is only includes relevant tax balance. The other receivables include other tax balances and accruals and prepayments. There is one material item in the current period that is an accrued interest income: 12 612 kHUF (last year: 0). The fair value and the book value of the items are not materially different.

13 Loans given to related party

The following loans were granted to related party, mostly subsidiaries.

	31.12.2020.	31.12.2019.
Wallis British Motors Kft.	42 615	-
VCT78 Kft.	80 476	-
WAE CEE Kft.	730 260	-
Other items	413	-
Expected credit loss	(2 214)	-
	851 550	**-**

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

14 Cash and cash equivalents

The cash and cash equivalents are the following:

	31.12.2020	31.12.2019
Cash in hand - forint	118	95
Bank balances - forint	1 241 452	397 266
Bank balances - foreign currency	5 447	0
Expected credit loss (Stage 1.)	-561	-8
	1 246 455	**397 353**

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

amounts are in thousand forints

15 Debentures

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

Name of the bond	AutoWallis NKP Kötvény 2030/I.
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:

	AutoWallis NKP bond 2030/I.
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	-
Book value of bond	**3 103 297**

amounts are in thousand forints

16 Other long term liabilities

The other long term liability includes a payable due to a purchased receivable and due to it's repayment time, it must be classified as long term.

17 Account payables, other payables

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

18 Short term provisions

The short term provision include an expected penalty payment.

19 Other short term liabilities

The following items are included under this heading:

	2020.12.31	2019.12.31
Liabilities toward employees	3 738	-
Tax liabilities	13 692	1 471
Other balances	4	-
Accruals	78 189	11 452
	95 622	**12 923**

20 Deferred taxes

The only item leading to deferred taxation is the losses carried forward which has the balance of 669 264 kHUF (previous year: 430 032 kHUF). Since the Entity did not prepare a formal taxation strategy, this asset will not be recognized in either of the periods.

21 Issued capital

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

amounts are in thousand forints

Series		Series A	Series B	Series C
Type		*voting preference*	*dividend preference*	*common*
	01.01.2017	2 500	2 500	3 393 440
Issue on 16.11.2017		22 500	22 500	-
	31.12.2017	**25 000**	**25 000**	**3 393 440**
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
	31.12.2019	**200 000**	**200 000**	**270 261 400**
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
	31.12.2020	**-**	**-**	**324 313 680**

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

Series		Series A	Series B	Series C	Total
Type		*voting preference*	*dividend preference*	*common*	
	01.01.2017	250	250	339 344	339 844
Issue on 16.11.2017		2 250	2 250	-	
	31.12.2017	**2 500**	**2 500**	**339 344**	**344 344**
Issue on 11.10.2018		-	-	3 038 924	
	31.12.2018	**2 500**	**2 500**	**3 378 268**	**3 383 268**
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
	31.12.2020	**-**	**-**	**4 053 921**	**4 053 921**

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

amounts are in thousand forints

22 Share premium and retained earnings

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

23 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).

VII. Other disclosures

1 Fair value hierarchy

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

	31.12.2020.	31.12.2019.
Long term loans	2 411 407	
Account receivables	59 807	34 420
Short term loans	851 929	
Cash and equivalents	1 246 455	397 353
Financial assets	*4 569 598*	*431 773*
Debentures	3 084 167	
Short term loans	-	-
Accounts payables	18 456	11 074
	3 102 623	*11 074*

amounts are in thousand forints

31. December 2020.	Fair value trough profit or loss assets	Assets at amortized cost	Assets valued at fair value trough OCI	Liabilities at amortized cost	**Book value**	Fair value
Long term loans		2 411 407			**2 411 407**	*2 411 407*
Account receivables		59 807			**59 807**	*59 807*
Short term loans		851 929				
Cash and equivalents		1 246 455			**1 246 455**	*1 246 455*
Financial assets	-	*4 569 598*	-	-	**4 569 598**	*4 569 598*
Debentures				3 084 167	**3 084 167**	*3 084 167*
Accounts payables				18 456	**18 456**	*18 456*
	-	-	-	*3 102 623*	**3 102 623**	*3 102 623*

Comparative period data:

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

amounts are in thousand forints

The financial instruments are measured at the following level:

31. December 2020.	Level 1	Level 2	Level 3	Sum
Long term loans			2 411 407	2 411 407
Account receivables			59 807	59 807
Short term loans			851 929	851 929
Cash and equivalents	1 246 455			1 246 455
	1 246 455	**0**	**3 323 142**	**4 569 598**
Financial assets			3 084 167	3 084 167
Debentures				0
Accounts payables			2 935	2 935
	0	**0**	**3 087 102**	**3 087 102**

31. December 2019.	1. szint	2. szint	3. szint.	Összesen
Short term loans			34 420	34 420
Cash and equivalents	397 353			397 353
	397 353	**0**	**34 420**	**431 773**
				0
Accounts payables			11 074	11 074
	0	**0**	**11 074**	**11 074**

amounts are in thousand forints

2 Disclosures on risk

The liquidity analysis was done using the following table:

31. December 2020.	Available/due within a year	Available/due between 1-5 years	Available/due over five years	Only available/due under specific circumstances	Total
Property, plant and equipment		1 890			
Loans given			2 411 407		
Investments in subsidiaries				19 686 705	
Receivables	927 802				
Cash and equivalents	1 246 455				
	2 174 258	**1 890**	**2 411 407**	**19 686 705**	**24 274 259**
Loans					
Debentures			3 041 552		
Account payable	18 456				
Other liabilities	53 383	42 615			
Equity				21 118 253	
	71 839	**42 615**	**3 041 552**	**21 118 253**	**24 274 259**
Financing surplus/need	**2 102 419**	**2 061 693**	**1 431 548**	**630 145**	**0**

amounts are in thousand forints

31. December 2019.	Available/due within a year	Available/due between 1-5 years	Available/due over five years	Only available/due under specific circumstances	Total
Property, plant and equipment		824			
Investments in subsidiaries				16 045 354	
Receivables	44 492				
Cash and equivalents	397 353				
	441 844	**824**	**0**	**16 045 354**	**16 488 023**
Loans					
Account payable	11 074				
Other liabilities	13 521				
Equity				16 463 427	
	24 595	**0**	**0**	**16 463 427**	**16 488 023**
	417 249	**418 073**	**418 073**	**0**	

amounts are in thousand forints

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

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

3 Off balance sheet items

The following off-balance sheet items were identified:

For who	**Téma**
ICL Autó Kft.	Surity for loan
WAE CEE Kft.	Surity for deferred payment
Wallis British Motors Kft.	Surity for credit line
Own	Put option granted to buy back treasury shares

- The maximum of ICL Auto Kft. guarantee is 250 000 kHUF.
- One of the subsidiaries acquired a material OPEL operation. The purchase involved an earn out that depends on future events. The payment of this were backed up by a surety from the Entity. The group accounts will include this liability.
- The amount of the surety granted for Wallis British Motors is 150 000 kHUF.
- 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.
- The Parent provided a guarantee for the loan repayment of VCT 78 Kft. The maximum amount of it is 725 000 kHUF

4 Related party disclosures

The Entity identified related party transaction in the disclosed periods:

- the Entity recognized a receivable from AW Csoportszolgálató Kft in the amount of 2 093 596 kHUF;
- the Entity recognized a receivable from Wallis Motor Ljubljana d.o.o in the amount of 237 335 kHUF;
- the Entity recognized a receivable from ICL Autó Kft in the amount of 86 000 kHUF;
- the Entity recognized a receivable from WAE CEE Kft in the amount of 730 260 kHUF;
- the Entity recognized a receivable from Wallis British Motors Kft in the amount of 42 615 kHUF;
- the Entity recognized a receivable from ICL Autó Kft in the amount of 80 476 kHUF;
- the management of the Entity received three company car from the Entity which was rented out from one of the subsidiaries;
- the headquarter office of the Entity is rented out from WAM Zrt. (main shareholder).

amounts are in thousand forints

5 Management and their renumeration

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:

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

The renumeration of the chief executives:

	Year 2020	Year 2019
Renumeration	6 130	5 696
Wages, salaries	37 394	27 332
Social security contributions	6 642	6 496
	50 166	**39 524**

6 The ESOP of the entity

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

VIII. Material judgements and other sources of material uncertainty

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

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

IX. Events after the end of the reporting period

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

1. The management of the Group decided that one of the subsidies, WAE KERPESI Kft., shall declare a dividend of 100 million HUF.
2. The management of the Group decided that one of the subsidies, Iniciál Autóház Kft., shall declare a dividend of 420 million HUF of which 60% is attributed to the entity.
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.

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

XI. Disclosures required by the Hungarian regulation

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

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

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

2 The auditor of the Group

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

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

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

3 Reconciliation of the equity

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

amounts are in thousand forints

Equity under IFRSs	21 056 508
Supplementary payments rececived	-
Supplementary payments provided	-
Cash received and credited to capital reserve based on legal requirements	-
Assets received where income deferred	-
Receivables from owners in connection with capital contributon recognized as receivables	-
	21 056 508

Subscribed capital under IFRS	
Issued capital in the instrumentum of constitution	**4 053 921**
Susbscribed capital unpaid	**-**
Tide-up reserve	
Supplementary payments received	
Unused portion of development provision (net of taxes)	**-**

Retained earnings	
Post tax profit accumulated and undistributed from previous periods	(77 726)
Items recognized according to IFRS directly in retained earnings	-
Supplementary payment given if recognized as asset	-
Unused portion of development provision (net of taxes)	-
Closing retained earnings before transition to IFRSs, together with IFRS corrections	-
	(77 726)

Post-tax profit	**910 530**
Accumulated amount of items recognized as other comprehensive income	**-**

Captial reserve	
Reconciled equity	21 056 508
Subscribed capital under IFRS	(4 053 921)
Susbscribed capital unpaid	-
Tide-up reserve	-
Retained earnings	77 726
Post-tax profit	(910 530)
Revaluation reserve	-
Capital reserve (reconcilled)	**16 169 783**

Subscribed capital under IFRS	4 053 921
Susbscribed capital unpaid	-
Capital reserve	16 169 783
Retained earnings	(77 726)
Tide-up reserve	-
Revaluation reserve	-
Post-tax profit	910 530
	21 056 508

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

Retained earnings (reconciled)	(77 726)
Post-tax profit for the current year	910 530
Value increase of the investment properties (net of taxes)	-
Equity available for distribution	**832 804**

4 Selected information about the subsidiaries

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

amounts are in thousand forints

Entity 2020	WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság
Total assets	12 699 963	3 243 029	7 458 569	2 234 318
Profit before taxes	85 655	24 222	(50 124)	(310 009)
Equity	2 582 233	562 759	1 330 924	141 028

Entity 2020	WALLIS BRITISH MOTORS Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS KEREPESI Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	K85 Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	WAE CEE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság
Total assets	2 186 727	2 280 099	738 393	10 075 003
Profit before taxes	(36 235)	198 957	13 221	(218 615)
Equity	219 420	705 579	569 467	(168 615)

Entity 2020	AW Csoport Szolgáltató Korlátolt Felelősségű Társaság	ICL Autó Korlátolt Felelősségű Társaság	INICIÁL AUTÓHÁZ Korlátolt Felelősségű Társaság	VCT78 Korlátolt Felelősségű Társaság	WallisMotor Ljubljajna d.o.o. (adatok EUR-ban)
Total assets	2 368 907	686 451	7 149 148	845 904	3 180 772
Profit before taxes	(3 602)	6 259	462 459	(267 192)	(442 225)
Equity	46 398	55 446	2 519 269	124 793	(322 225)

Previous period:

Entity 2019	WAE Autóforgalmazási és Szolgáltató Korlátolt Felelősségű Társaság	WALLIS MOTOR DUNA Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS MOTOR PEST Autókereskedelmi Korlátolt Felelősségű Társaság	WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság
Total assets	11 597 799	4 874 234	9 678 770	2 882 541
Profit before taxes	891 507	(3 287)	80 782	429 499
Equity	3 263 726	539 761	1 361 348	798 646

5 Dividend proposed

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

6 The approval of the financial statements

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

At Budapest, on 29th March 2021

ORMOSY, Gábor
Chief Executive Editor

SZÉKELY, Gábor
Chief Investing Officer