AutoWallis Group

Quarterly Report for Q1 to Q3 2021

for the Budapest Stock Exchange

30 November 2021

Budapest – 30 November 2021 – AutoWallis Nyrt. (Reuters: AUTW.HU and Bloomberg: AUTOWALL HB, website: www.autowallis.hu, hereinafter: "Company" or "the Group") published its report for Q1 to Q3 2021 (for the period ended 30 September 2021) today. The report contains the unaudited consolidated financial statements for the period ended 30 September 2021 prepared by the Company's management in accordance with the International Financial Reporting Standards (IFRS).

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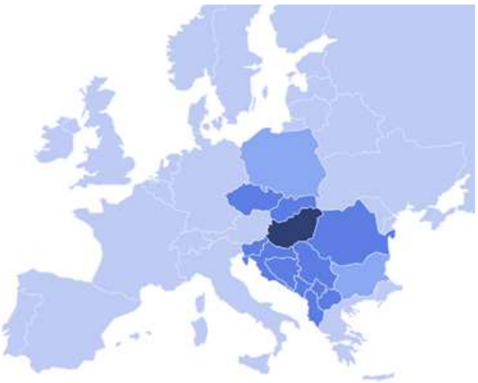
THE COMPANY

The objective of AutoWallis Nyrt. (hereinafter: "AutoWallis Nyrt." or "the Company"), whose shares are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX and BUMIX indices, is to become the leading car dealership and mobility service provider of the Central and Eastern European region by the end of the decade and to expand its investment portfolio focusing on automotive investments through business development and acquisitions.



Areas of operation and activities

AutoWallis Group[1] operates in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland,[2] Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities and short-term and long-term car rental.

The brands represented by the Group include BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota, Saab parts[3] and Sixt rent-a-car, of which BMW and Sixt are dominant players in the premium car market and the car rental market, respectively.

Stock exchange presence

AutoWallis has been listed on the Budapest Stock Exchange since 2019. Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the BUX basket increased by more than 35 per cent this year. As a result of this decision, the weight of the shares of AutoWallis within the index increased to 0.3125% as of 22 March 2021. As at 30 September 2021, the

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

[2] The Company plans to discontinue the sale of parts for Saab (a brand whose production stopped 10 years ago) in 2022 due to the massive decline in sales volume.

[3] see footnote 2

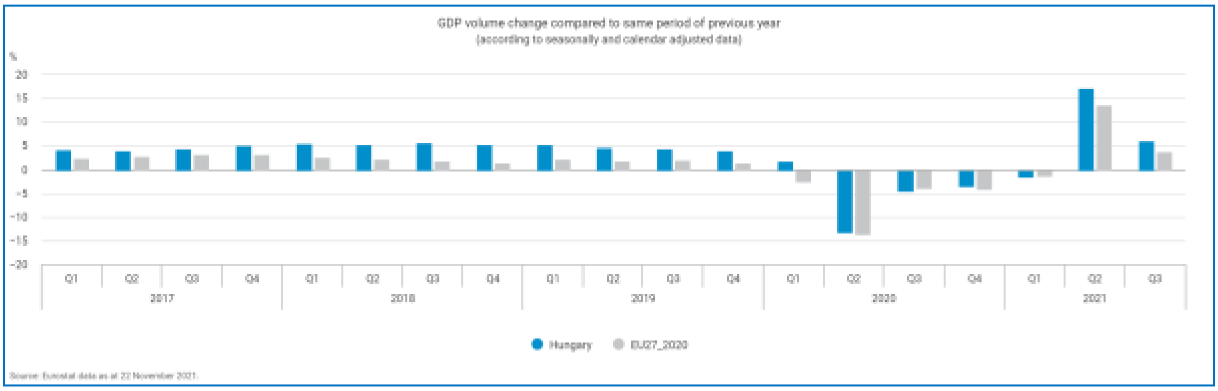
Company's current weight in the basket is 0.32, which represents the 11th largest percentage.

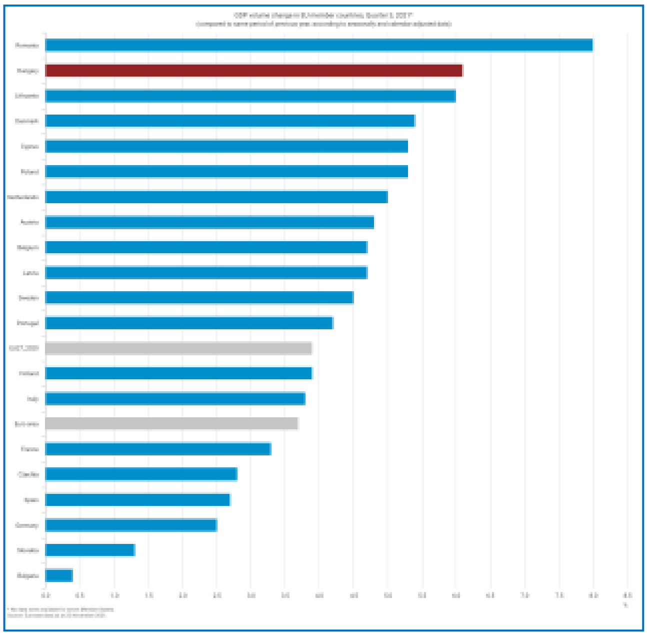
In 2021, as part of the BÉT Legek event, the Budapest Stock Exchange handed out awards in 22 categories to capital market players who performed exceptionally well last year despite the unique economic situation. AutoWallis received the award for capital increase of the year from the professional jury of the Budapest Stock Exchange for raising a total of HUF 4.4 billion in capital during 2020, of which shares equalling HUF 3 billion were admitted to trading last year with the remaining amount of HUF 1.4 billion postponed until this year, which was followed by the Company's successful issue of green bonds and a public offering of shares to retail investors.[4]

[4] More information about this year's financing transactions is available in the section "Events during the current period and after the balance sheet date" of this report and on the Company's website (www.autowallis.hu).

BUSINESS ENVIRONMENT OF THE COMPANY[5]

GDP development

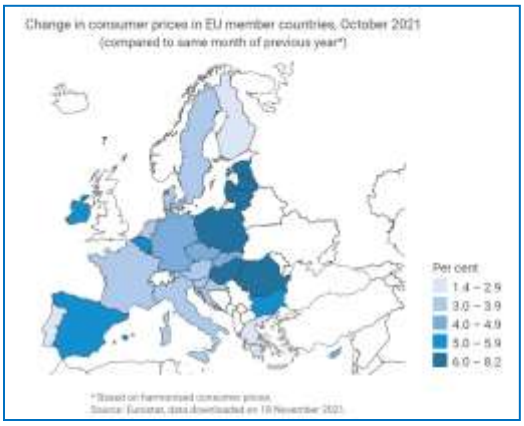




In Q3 2021, the economic performance of the European Union exceeded the relatively low level recorded the year before and was nearly identical to the figure from two years before.

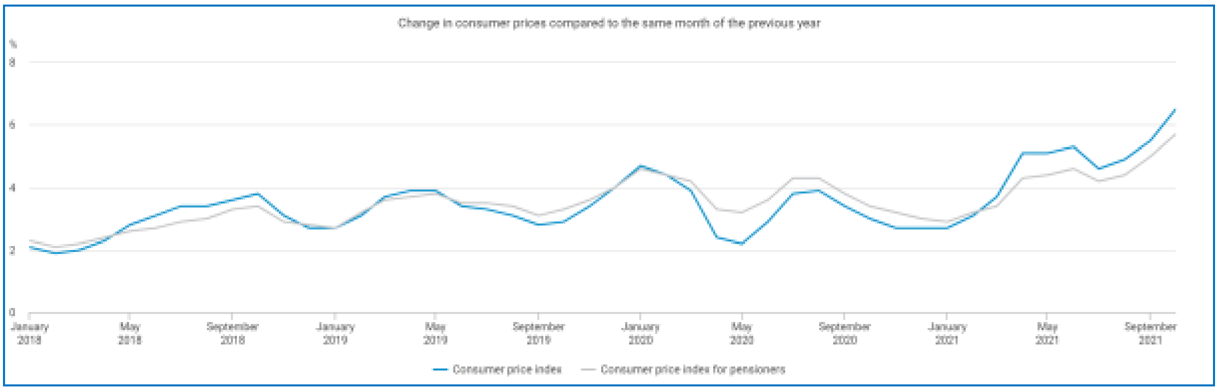
All Member States achieved a growth in performance, with Hungary (the dominant market of AutoWallis Group which accounts for approximately half of its revenue) experiencing the second largest increase.

Changes in inflation



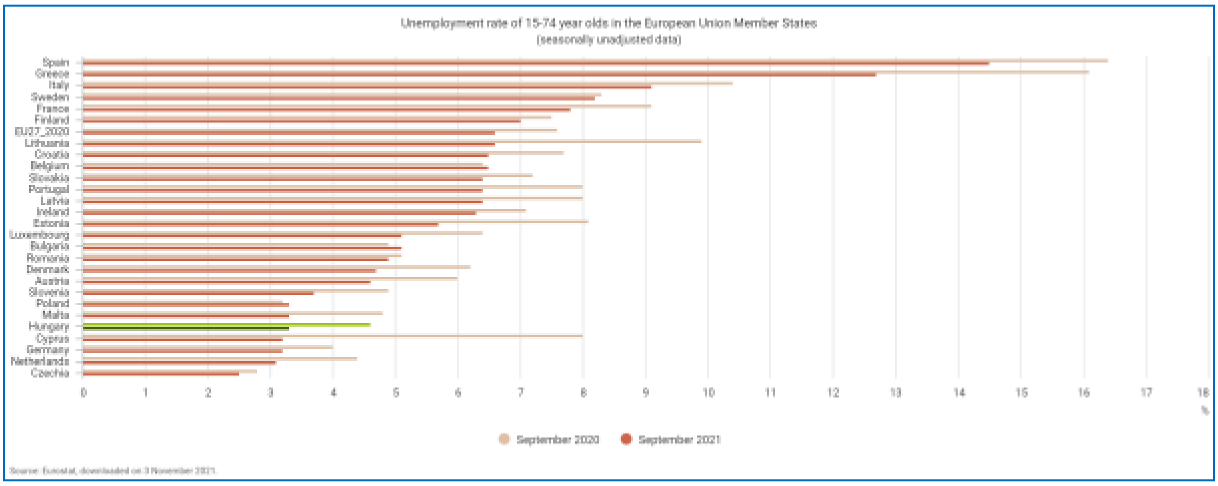
The low interest rate environment and the ample availability of funds facilitate economic growth throughout the European Union. However, more and more analyses predict inflation and an increase in benchmark interest rates globally (and, as a result, in Hungary as well), a trend that has already started in the relevant markets of the Group.

[5] Source of external economic data: https://www.ksh.hu/heti-monitor/index.html



Unemployment rates' development

Unemployment rates saw a considerable improvement in the region and, in particular, the relevant markets of AutoWallis Group compared to 2020, partly as a result of the stimulus packages introduced.



The Company is of the opinion that the region continues to overperform both in terms of growth and trends in the automotive market in the countries relevant to the Group. The rising inflation and interest rates have not had an impact on disposable income as yet, but they underline the correctness of the Company's financing strategy (improving capital adequacy and an increase in the significance of long-term fixed HUF-denominated financing).

New passenger car sales

The operation of AutoWallis Group is not independent of the changing European automotive market as a whole.

Despite the fact that the restrictive measures implemented in response to the COVID-19 pandemic continued to have an impact on the first nine months of 2021 and the slowdown in production and supply problems due to the chip shortage were already felt in Q3, **a 6.6% increase was recorded in the EU passenger car market** in terms of first registrations of new cars, a part of which is attributable to the base effect, i.e. the decline in sales resulting from last year's measures due to the pandemic.

A nearly identical growth rate was observed in the passenger car market of EU+EFTA countries and the United Kingdom where the number of first registrations of new passenger cars increased by 6.9% in the first three quarters of 2021 in comparison to the previous year, although for the month of September the figures for 2021 fell behind those recorded in 2020 and this trend could continue in the medium term as well.

New vehicle registrations by country

	January - September		% change	Change
	2021	2020		
Austria	189,881	180,639	5.1%	9,242
Belgium	313,567	333,607	-6.0%	-20,040
Bulgaria	19,040	17,029	11.8%	2,011
Croatia	37,135	28,229	31.5%	8,906
Cyprus	8,589	7,607	12.9%	982
Czech Republic	161,824	148,319	9.1%	13,505
Denmark	139,950	142,137	-1.5%	-2,187
Estonia	18,533	14,246	30.1%	4,287
Finland	78,662	73,408	7.2%	5,254
France	1,260,373	1,166,698	8.0%	93,675
Germany	2,017,561	2,041,831	-1.2%	-24,270
Greece	81,758	60,046	36.2%	21,712
Hungary	94,528	90,092	4.9%	4,436
Ireland	100,620	84,515	19.1%	16,105
Italy	1,165,491	966,335	20.6%	199,156
Latvia	11,617	10,410	11.6%	1,207
Lithuania	26,279	28,260	-7.0%	-1,981
Luxembourg	35,011	34,046	2.8%	965
Netherlands	235,977	248,206	-4.9%	-12,229
Poland	347,275	295,101	17.7%	52,174
Portugal	112,525	105,660	6.5%	6,865
Romania	88,262	84,600	4.3%	3,662
Slovakia	58,719	55,607	5.6%	3,112
Slovenia	43,098	43,219	-0.3%	-121
Spain	647,955	595,436	8.8%	52,519
Sweden	232,383	202,644	14.7%	29,739
European Union	**7,526,613**	**7,057,927**	**6.6%**	**468,686**
EU14	**6,611,714**	**6,235,208**	**6.0%**	**376,506**
EU12	**914,899**	**822,719**	**11.2%**	**92,180**
Iceland	9,762	7,293	33.9%	2,469
Norway	128,856	95,357	35.1%	33,499
Switzerland	180,073	163,556	10.1%	16,517
EFTA	**318,691**	**266,206**	**19.7%**	**52,485**
United Kingdom	1,316,614	1,243,656	5.9%	72,958
TOTAL (EU + EFTA + United Kingdom)	**9,161,918**	**8,567,789**	**6.9%**	**594,129**
WESTERN EUROPE (EU14 + EFTA + UNITED KINGDOM)	**8,247,019**	**7,745,070**	**6.5%**	**501,949**

Source: ACEA

	January - September		% change
Units	2021	2020	
Bosnia and Herzegovina	5,660	4,978	*+13.7%*
Bulgaria	19,038	18,758	*+1.5%*
Czech Republic	161,857	148,413	*+9.1%*
Croatia	37,981	28,632	*+32.7%*
Poland	347,275	295,101	*+17.7%*
Hungary	94,552	90,102	*+4.9%*
Romania	88,257	84,597	*+4.3%*
Serbia	18,591	15,766	*+17.9%*
Slovakia	58,715	55,607	*+5.6%*
Slovenia	43,250	43,330	*-0.2%*
Total	**963,433**	**869,881**	***+10.8%***

Source: ACEA, Datahouse

In addition to the above, when assessing AutoWallis Group's operations, efficiency, business opportunities and ability to create value, it is important to consider that the region where the Group's business is carried out (and thus its relevant market) is Central and Eastern Europe.

The strategy formulated by the Company also focuses on this region, and this is the specific environment where the Group's experts possess hands-on and relevant experience and an ability to create value. **In the relevant market of AutoWallis Group,** the growth in the number of first registrations of new passenger cars surpassed the EU and EU+EFTA average in the first nine months of 2021 and exceeded **10.8%**[6] compared to the same period of 2020.

[6] The Company uses the data provided by Datahouse for the data of relevant markets (with the exception of Poland) as they contain information on countries not covered by ACEA (e.g. Bosnia and Herzegovina and Serbia). There may be insignificant differences between the two data sources and

KEY RESULTS FOR THE PERIOD

Key financial results

Key financial indicators (in thHUF, except for indicators)	Q1 to Q3 2021	Q1 to Q3 2020 (restated)*	% change	Change
Revenue	145,404,235	62,630,613	+132%	82,773,622
Gross profit	19,554,171	7,624,330	+156%	11,929,841
Gross margin %	13.4%	12.2%	+10%	1.3%
Profit after taxes	2,212,523	-358,378	N/A	2,570,901
Profit after taxes %	1.5%	-0.6%	N/A	
EBITDA	5,735,365	1,904,824	+201%	3,830,541
EBITDA %	3.9%	3.0%	+30%	0.9%
EPS	6.43	-1.30	N/A	7.73

** In order to ensure compliance with IFRS reporting rules, the Company made several restatements and reclassifications when preparing its semi-annual report for 2021 and published them alongside its semi-annual report. The comparative data for Q3 2020 were prepared by applying these IFRS treatments and principles in a consistent manner.*

- The **revenue of AutoWallis Group in the first nine months of 2021 exceeded HUF 145.4 billion,** which translates into a **growth of more than 132%** in comparison to the comparative period of 2020. Both business units of the Group contributed to this growth, in spite of the fact that the restrictions introduced and maintained from time to time due to successive waves of the COVID-19 pandemic, the decline in automotive production and supply levels due to the chip shortage and the slow recovery in tourism all had a negative impact on the Group's economic environment.
- In addition to revenue, the Group was also able to improve its **gross margin by 10 per cent from 12.3% to 13.4%** by the end of Q3 2021. The main reason behind this is that the Group could successfully implement an effective pricing policy both in terms of purchasing and sales, while observing the needs and price sensitivity of the market.
- The EBITDA, the indicator that best reflects the results of AutoWallis Group in the management's opinion, **increased more than threefold (by 201%) and surpassed HUF 5.7 billion** thanks to both organic volume growth and growth through acquisitions, an improvement in the gross margin and disciplined cost management during the entire period. In addition to nominal growth, the Company's **EBITDA margin also increased considerably to 3.9%** from the 3.0% achieved in the same period of the previous year.
- As a result of the above effects, the Group's **profit after taxes exceeded HUF 2.2 billion** in the first three quarters of 2021, compared to the loss of nearly HUF 0.4 billion recognised in the same period of 2020.
- Accordingly, earnings per share (**EPS**) for the period in question was **HUF 6.43**.

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such differences may have an immaterial impact on conclusions in the case of countries covered by both sources.

Key operating results

Vehicle sales

Description	January - September 2021	January - September 2020	% change
Total new vehicle sales	***17,587***	***4,738***	***+271.2%***

Compared to the growth of the region as presented above, **the Group achieved an outstanding growth rate of 271.2% which significantly exceeds both the 10.8% figure of the relevant markets and the 6.6 to 6.9% increase in the broader European market,** despite the challenging external environment caused by the prolonged COVID-19 pandemic and the chip shortage (whose impact started to be felt in Q3). Of this growth rate, the effect of acquisitions and organic growth were 231% and 40.2%, respectively, and the latter itself is several times the average market growth in our region.

In terms of vehicle sales, although the number of vehicles ordered is promising, the temporary or even permanent problems in chip supply for certain brands could negatively impact the expected sales figures of the upcoming period.

Automotive services

Automotive services	January - September 2021	January - September 2020	% change
Number of service hours (hours)	95,191	41,733	*+128.1%*
Fleet size for car rental (units)	566	437	*+29.4%*
Number of rental transactions (units)	10,550	6,976	*+51.2%*
Number of rental days (units)	123,016	61,228	*+100.9%*

Following a previous decline in demand due to the restrictions, **servicing activities** experienced growth once again and, taking into account the effect of last year's transactions as well, **the number of service hours increased by 128.1% to 95,191** in the first nine months of 2021. Within this outstanding result, organic growth (without the effect of transactions) represented 19,488 hours or 46.7%, while transactions contributed an additional 81.4% in growth.

Rent-a-car services were adversely affected by the permanently reduced level of tourism and business travel as a result of the measures adopted with a view to limiting the spread of COVID-19, and the subsequent waves of the pandemic had an impact during the current period as well. Despite this, **the number of rental days recorded by the Group was up by 100.9%** (123,016 compared to 61,228), even though the fleet size was only 29.4% larger, which demonstrates the fact that AutoWallis Group was able to respond well to the changes in the business environment caused by the COVID-19 lockdown. The services segment is likely to continue expanding as a result of the economic recovery and the expected boom in business and leisure tourism at various rates.

MANAGEMENT REPORT OF AUTOWALLIS GROUP

CONSOLIDATED RESULTS FOR Q1 TO Q3 2021

Data in HUF thousand (thHUF)	Q1 to Q3 2021	Q1 to Q3 2020 (restated)*	% change	Change
Revenue	145,404,235	62,630,613	+132%	82,773,622
Distribution Business Unit	86,170,407	29,534,442	+192%	56,635,965
Retail & Services Business Unit	59,233,828	33,096,171	+79%	26,137,657
Own performance capitalised	11,650	0	+0%	11,650
Material expenses	-2,736,093	-1,865,107	+47%	-870,986
Material expenses + own performance capitalised	-2,724,443	-1,865,107	+46%	-859,336
Services	-6,681,871	-2,447,233	+173%	-4,234,638
Cost of goods sold	-125,850,065	-55,006,283	+129%	-70,843,782
Personnel expenses	-4,865,131	-1,730,610	+181%	-3,134,521
Depreciation and amortization	-2,308,781	-1,046,498	+121%	-1,262,283
Profit of sales	***2,973,945***	***534,882***	**+456%**	***2,439,062***
Other income and expenses	**333,299**	**189,808**	**+76%**	**143,491**
OPERATING PROFIT - EBIT	**3,307,244**	**724,691**	**+356%**	**2,582,553**
Interest income	14,990	5,120	+193%	9,870
Interest expenses	-328,490	-258,914	+27%	-69,576
Lease expenses	-155,084	-119,415	+30%	-35,670
Foreign exchange gains or losses, net	-59,947	-544,809	-89%	484,862
Value difference of financial instruments	170,336	32,765	+420%	137,571
Other financial income, net	36,866	2,000	+1743%	34,866
Others	-34,031	-54,780	-38%	20,749
Financial income, net	**-355,360**	**-938,034**	**-62%**	**582,673**
PROFIT BEFORE TAXES	**2,951,883**	**-213,343**	**N/A**	**3,165,226**
Tax expense	-739,360	-145,035	+410%	-594,325
NET PROFIT OR LOSS	**2,212,523**	**-358,378**	**N/A**	**2,570,901**
Other comprehensive gain or loss on translating subsidiaries	-13,388	13,578	N/A	-26,966
TOTAL COMPREHENSIVE INCOME	**2,199,135**	**-344,800**	**N/A**	**2,543,935**
EPS (HUF/share)	**6.43**	**-1.30**	**N/A**	**7.73**
EBITDA impact of items which never generate any net outflow of assets	119,341	133,635	-11%	-14,295
EBITDA	**5,735,365**	**1,904,824**	**+201%**	**3,830,542**

* See the restatements published by the Company in connection with the semi-annual report for H1 2021 and thereafter.

- The **revenue** of AutoWallis Group for Q1 to Q3 2021 exceeded HUF 145.4 billion, which is nearly HUF 82.8 billion (or 132%) higher than the revenue for the comparative period of the previous year, despite the prolonged COVID-19 pandemic and the supply problems arising from the chip shortage. The reasons behind this increase in revenue include both organic growth and the acquisitions completed by the Company in 2020.

- Despite the substantial increase in revenue, **material expenses were** up by a mere 47% from the comparative period, the reason being that the significant increase in the volume generated by the distribution business entails a much less considerable increase in material costs in relative terms.
- The value of **services** was up by 173% from the comparative period to nearly HUF 6.7 billion, primarily due to rising logistics costs relating to sales in Hungary, Croatia, Slovenia and Bosnia and Herzegovina in connection with the import of Opel vehicles. Such costs were first recognised at the beginning of 2021.
- The increase in **COGS** (HUF 70.8 billion or 129%) was slightly below the increase in revenue, as a result of which the **gross margin of AutoWallis Group was up from 12.2% to 13.4%** during the first nine months of 2021. The main reason behind this improvement is that the Group was able to successfully implement an effective pricing policy during the period.
- The 181% increase in **personnel expenses** was mainly caused by the acquisitions completed in 2020 and the wage rise resulting from changes in the labour market. Not only did average wages rise, but the average statistical headcount of AutoWallis Group was also up by 150 from 556 to 706 compared to September 2020 (+27%). Of this, the increase in headcount which is attributable to acquisitions is 123. AutoWallis Group treats the development of core competencies as a strategic investment and makes every effort to ensure that the necessary staff and expertise is available to support growth.

- The 121% increase in **depreciation and amortization** is largely due to the depreciation recognised on the assets newly added to the Group's portfolio in connection with the new transactions.
- The HUF 333.3 million balance of **other income and expenses** includes bonuses paid to dealerships and received from car manufacturers during the current period.
- As a result of the above, **operating profit** (EBIT) **increased by 356% to HUF 3.3 billion** during the period, which reflects both the outstanding sales figures resulting from organic growth in the period and the acquisitions completed in 2020 as well as the results of the continuation of disciplined pricing and cost management in Q1 to Q3 2021.
- **Financial income** in Q1 to Q3 2021 was a loss of HUF 355.4 million, the majority of which is attributable to financial expenses associated with interest and leases as part of the normal course of business.

Contrary to the same period of 2020, the exchange rate effect in Q1 to Q3 2021 was insignificant, thanks to the Group's exchange rate and pricing policy which adequately supports operations. Despite this, in order to ensure comparability across years, we also present how the profit realised in the relevant period of this year is normalized for this unrealised exchange rate effect and for other one-off but material items.

NORMALIZED profit or loss of the AutoWallis Group

NORMALIZED PROFIT OR LOSS data in thHUF	Q1 to Q3 2021	Q1 to Q3 2021 (normalized)	Q1 to Q3 2020	Q1 to Q3 2020 (normalized)	2021/2020 % change (adjusted)	2021/2020 change (normalized)
Loss from unlawfully appropriated assets		0		-158,322	n/a	158,322
EBITDA	**5,735,365**	**5,735,365**	**1,904,824**	**2,063,146**	**+178%**	**3,672,219**
Adjustment due to unrealised revaluation loss		69,236		-580,671	n/a	649,907
Financial income, net	**-355,360**	**-424,596**	**-938,034**	**-357,363**	**-19%**	**-67,233**
PROFIT BEFORE TAXES	**2,951,883**	**2,882,647**	**-213,343**	**525,650**	**n/a**	**2,356,998**
TOTAL COMPREHENSIVE INCOME	**2,199,135**	**2,129,899**	**-344,800**	**394,193**	**n/a**	**1,735,706**
EBITDA %	*3.9%*	*3.9%*	*3.0%*	*3.3%*		
Profit before taxes / Revenue %	*2.0%*	*2.0%*	*-0.6%*	*0.6%*		

- **EBITDA,** the indicator which best reflects the Group's performance, **increased more than threefold (by 201%) to HUF 5.7 billion** compared to the HUF 1.9 billion figure recorded in the first nine months of 2020. The same growth rate is 178% if we take into account the items to be normalized for. Accordingly, the Group's EBITDA and normalized EBITDA margins increased to 3.9% from the previous period, compared to the figures of 3.0% and 3.3%, respectively.
- **Profit before taxes** and **normalized profit before taxes** for the first nine months of 2021 were both HUF 2.9 billion, representing a more than sixfold increase compared to a loss of HUF 213.3 million and a normalized profit of HUF 0.5 billion for the previous period (548%).
- **Total comprehensive income** for Q1 to Q3 2021 was a profit of HUF 2.2 billion, while the **normalized total comprehensive income** amounted to a profit of HUF 2.1 billion, compared to a loss of HUF 344.8 million and a normalized total comprehensive income of HUF 394.2 million for the same period of 2020.

SEGMENT RESULTS FOR Q3 2021

In line with its operating, management and decision-making structure, the Group examines and presents its financial and operating performance separately for its **Distribution** and **Retail & Services** segments (business units).

Distribution Business Unit

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

Sales performance of the Distribution Business Unit

Number of new vehicles sold (units)

Distribution Business Unit	January - September		% change
	2021	2020	
Number of new vehicles sold (units)	12,386	2,915	*+324.9%*

Compared to the previous year, the Distribution Business Unit of AutoWallis Group more than quadrupled its sales during Q1 to Q3 2021 (+324.9%), selling a total of 12,386 new cars. The most significant driver of growth was the sale of Opel vehicles launched in four countries.

Financial performance of the Distribution Business Unit

Profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	January - September		% change
	2021	2020	
Revenue	86,170,407	29,534,442	*+191.8%*
COGS	-77,063,949	-27,055,342	*+184.8%*
Profit before taxes	2,229,881	384,397	*+480.1%*
Gross margin %	*10.6%*	*8.4%*	
Profit before taxes / Revenue %	*2.6%*	*1.3%*	

- The **revenue** of the Distribution Business Unit in Q1 to Q3 2021 increased nearly threefold (by 191.8%) to HUF 86.2 billion in comparison to the previous year's revenue. The main driver of this growth was the increase in the volume of new vehicles sold, particularly the OPEL and Ssangyong brands.
- **COGS** increased at a slower rate than revenue (184.8%), and so the business unit was able to improve its **gross profit** from the comparative period, the main reason being that the volume of SsangYong sales increased and gross margin improved at the same time.
- As a result of the above, the **gross margin** of the Distribution Business Unit was up from 8.4% in 2020 to 10.6% in 2021.

The one-off items mentioned in the presentation of the Group's consolidated financial results had an impact on the Distribution Business Unit as well; therefore, we also present how the results of this business unit are normalized for these items.

NORMALIZED profit or loss of the Distribution Business Unit						
Distribution Business Unit (thHUF)	Q1 to Q3 2021	Q1 to Q3 2021 NORMALIZED	Q1 to Q3 2020	Q1 to Q3 2020 NORMALIZED	2021/2020 NORMALIZED % change	2021/2020 NORMALIZED change
Revenue	86,170,407	86,170,407	29,534,442	29,534,442	191.8%	56,635,965
COGS	-77,063,949	-77,063,949	-27,055,342	-27,055,342	184.8%	-50,008,607
Loss from unlawfully appropriated assets		0		0		
EBITDA	**3,023,660**	**3,023,660**	**543,830**	**543,830**	**+456%**	**2,479,830**
Adjustment due to unrealised revaluation loss		63,892		-379,677		
Profit before taxes	**2,229,881**	**2,165,989**	**384,397**	**764,074**	**+183%**	**1,401,915**
Gross margin %	*10.6%*	*10.6%*	*8.4%*	*8.4%*		
Profit before taxes / Revenue %	*2.6%*	*2.5%*	*1.3%*	*2.6%*		

- After normalizing for the material one-off items of AutoWallis Group as presented above, the **normalized profit before taxes** of the distribution business for Q1 to Q3 2021 increased to nearly HUF 2.2 billion, with a profit before taxes/revenue ratio of 2.5%, compared to the considerably lower normalized profit before taxes of HUF 764 million and a nearly identical normalized profit before taxes/revenue ratio of 2.6% for 2020.

Retail & Services Business Unit

As part of its Retail & Services business, AutoWallis Group is engaged in the sale of new Isuzu, SsangYong, MINI, Maserati, Opel, KIA, Renault, Dacia, Nissan, Peugeot, Toyota, Suzuki and BMW passenger cars and parts, BMW motorcycles and various brands of used motor vehicles in Hungary and Slovenia.

In addition to vehicle sales, this business unit is engaged in short-term and long-term rent-a-car services, servicing activities, fleet management and other mobility services.

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

Sales performance of the Retail & Services Business Unit

Vehicle sales

Number of vehicles sold (units)			
Retail & Services Business Unit	January - September		% change
	2021	2020	
Number of new vehicles sold (units)	5,201	1,823	*+185.3%*
Number of used vehicles sold (units)	1,205	778	*+54.9%*
Total vehicle sales	***6,406***	***2,601***	*+146.3%*

- In terms of **new vehicle sales,** the Retail & Services Business Unit achieved a growth rate in the first nine months of 2021 (185.3%) that substantially exceeds the market growth presented in the section on the Company's business environment (6.6% in the EU and 10.8% in Central and Eastern Europe). The sales volume was up by 57.2% if we exclude the effect of last year's transactions, whereas the effect of the acquisitions (Iniciál Group, Wallis Kerepesi Kft., the launch of Jaguar and Land Rover sales in Hungary and the opening of the BMW dealership in Ljubljana) was a growth of 128.1%, for a total of 5,201 units.
- **Used vehicle sales** also produced excellent results as the number of vehicles sold increased by 54.9% to 1,205 units compared to the same period of 2020.

Automotive services

Automotive services			
	January - September		% change
	2021	2020	
Number of service hours (hours)	95,191	41,733	*+128.1%*
Fleet size for car rental (units)	566	437	*+29.4%*
Number of rental transactions (units)	10,550	6,976	*+51.2%*
Number of rental days (units)	123,016	61,228	*+100.9%*

- At the beginning of 2021, the opportunities for **rent-a-car services** were still limited due to the COVID-19 related lockdown, but as the restrictions were lifted or eased and as tourism expanded, the number of rental days also began to rise. This area of business achieved a significant growth of 100.9% in the **number of rental days** and a 51.2% increase in the **number of rental transactions** in Q1 to Q3 2021 compared to the same period of the previous year.

Number of passengers arriving at the airport in Budapest			
	January - September		% change
Persons	2021	2020	
Total	**1,231,214**	**1,798,148**	***-31.5%***
Source: Budapest Airport			

The factor that has the biggest impact on the volume of short-term rent-a-car services is the number of passengers arriving at Ferenc Liszt Airport, which declined by a total of 31.5% in the first nine months of 2021 in comparison to the same period of the previous year. With this in mind, the **significant increase in the number of rental transactions underlines the outstanding performance** of the business unit.

At the same time, **capacity utilisation improved** as this growth was achieved with a fleet size that increased by a mere 29.4%. All of this demonstrates that the business unit responded well to the changes in the business environment caused by the restrictions relating to COVID-19 and restructured its business in a cost-efficient manner.

- The beginning of 2021 had a negative impact on the capacity utilisation of our **repair shops** as several countries maintained or reintroduced lockdown measures and catering and accommodation facilities were completely closed down. Car owners used their cars more rarely, and there was no sign of the typical ski season, either.

  During the period in question, AutoWallis Group carried out **servicing activities** at five sites in Budapest, four sites around the country (the Iniciál Group) and one foreign site (Ljubljana).

  Despite the difficulties at the beginning of the year, the volume of service activities started rising as lockdown measures were eased or lifted. By the end of Q3 2021, there had been an outstanding growth of 128.1% in the number of **service hours** to 95,191 hours compared to the figures for the same period of 2020.

  In order to avoid service interruptions, the Group pays special attention to retaining existing workforce and is constantly looking to recruit new employees, and we implement the most state-of-the-art technologies that are available.

Financial performance of the Retail & Services Business Unit

Profit or loss of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	January - September		% change
	2021	2020	
Revenue	59,233,828	33,096,171	*+79.0%*
COGS	-48,786,116	-27,950,941	*+74.5%*
Profit before taxes	722,002	-597,740	*-220.8%*
Gross margin %	*17.6%*	*15.5%*	
Profit before taxes / Revenue %	*1.2%*	*-1.8%*	

- As a result of a growth in sales volume, the **revenue** of the Retail & Services Business Unit was up by 79.0% in Q1 to Q3 2021 from the previous year. Essentially, this is attributable to the revenue from rent-a-car services (an area of renewed growth) and the increase in volume resulting from organic growth and transactions, including, amongst others, the increase in turnover caused by the transactions completed in 2020, the sale of motor vehicles at the Jaguar Land Rover dealership launched in April of last year, and the turnover of Wallis Kerepesi, Wallis Motor Ljubljana and the Iniciál Group during the relevant period of 2021.

- The **gross margin** of the Retail & Services Business Unit improved further as well, reaching 17.6% in 2021 compared to 15.5% in 2020. This was mainly driven by the pricing policy described in the section on the Distribution Business Unit, as a result of which COGS increased at a slower rate than the growth in revenue.

The one-off items mentioned in the presentation of the Group's consolidated financial results had an impact on the Retail & Services Business Unit as well; therefore, we also present how the results of this business unit are normalized for these items.

NORMALIZED profit or loss of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	Q1 to Q3 2021	Q1 to Q3 2021 NORMALIZED	Q1 to Q3 2020	Q1 to Q3 2020 NORMALIZED	2021/2020 NORMALIZED % change	2021/2020 NORMALIZED change
Revenue	59,233,828	59,233,828	33,096,171	33,096,171	79.0%	26,137,657
COGS	-48,786,116	-48,786,116	-27,950,941	-27,950,941	74.5%	-20,835,175
Loss from unlawfully appropriated assets		0		-158,322		
EBITDA	**2,711,706**	**2,711,706**	**1,360,994**	**1,519,316**	**+78%**	**1,192,390**
Adjustment due to unrealised revaluation loss		5,344		24,513		
Profit before taxes	**722,002**	**716,658**	**-597,740**	**-463,931**	**-254%**	**1,180,589**
Gross margin %	*17.6%*	*17.6%*	*15.5%*	*15.5%*		
Profit before taxes / Revenue %	*1.2%*	*1.2%*	*-1.8%*	*-1.4%*		

EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE

Significant events during the current period

Significant events between 1 January 2021 and 30 June 2021 were presented in the consolidated semi-annual report of AutoWallis Group published on 2 September 2021.[7] In addition, in order to comply with the applicable reporting and disclosure requirements, the Group informs market participants about significant events and changes via the websites of the National Bank of Hungary and the Budapest Stock Exchange, as well as its own website.[8]

Therefore, to ensure the transparency of this report and the continuity of disclosures, significant events that occurred in Q3 2021 which have not yet been presented in previous reports of a similar nature are included in this interim report. As a result, the content of the financial report remains unchanged as a whole, but previously disclosed information (which would become repetitive) is no longer presented repeatedly. The management is of the opinion that this change allows more transparent and consistent information to be provided to market participants.

Significant events during the current period of Q3 2021 (July to September) were as follows:

- The Company developed a Green Financing Framework, as part of which the Company made a number of commitments to ensure the sustainability of its operations, and this framework also allowed the Company to issue green bonds and to take out green loans. The review of the Company's Green Financing Framework by an independent third party was carried out by SustainAdvisory S.r.l. (registered office: Italy, 59100 Prato, Via Filippo Brunelleschi 30), and SustainAdvisory S.r.l. issued its so-called Second Party Opinion in connection with the review on 8 July 2021. In doing so, SustainAdvisory S.r.l. reviewed compliance with the Green Bond Principles and Green Loan Principles.
- As previously proposed, the Company announced its plans for a public capital raise and took the preparatory steps necessary for doing so. The Company is planning to raise an amount of HUF 4 to 6.5 million via institutional and retail investors in order to fund its previously announced growth strategy.[9]
- On 7 July 2021, ALTEO and AutoWallis Nyrt. concluded a strategic cooperation agreement with a view to harmonising their services relating to e-mobility in the future.
- In its announcement dated 16 July 2021, Scope Ratings GmbH confirmed the B+ credit rating of the Company and its senior unsecured debt after conducting a review of its credit ratings. In addition, based on the published detailed rating report, the outlook of the Company's credit rating was adjusted from positive to stable.

[7] https://kozzetetelek.mnb.hu/downloadkozzetetel?id=656608&did=K403673/2021 and https://bet.hu/site/newkib/hu/2021.09./Feleves_jelentes_az_AutoWallis_Csoport_2021._I._feleves_Idoszakarol_128603676
[8] https://www.autowallis.hu/
[9] The capital raise proposed in the current period was carried out in November 2021. More details are provided in the section of this report on events after the balance sheet date and in the Company's relevant disclosures.

- As part of the Bond Funding for Growth Scheme, the Company issued 10-year green bonds with a total nominal value of HUF 6.6 billion at an auction held on 23 July 2021. The 132 units of 10-year green bonds with a nominal value of HUF 50 million each and a fixed yield of 3 per cent were purchased by investors with an average yield of 2.8863 per cent for a total amount of HUF 6.65 billion. The Company intends to use the funds raised through the Bonds issued in 2021 for acquisitions, business development transactions, construction projects, real estate development and projects aimed at improving internal efficiency, as well as for refinancing the existing loans and/or operating lease arrangements of the Company's subsidiaries. In addition, the Company seeks to ensure that the funds raised in connection with the Bonds issued in 2021 are used in accordance with the Green Financing Framework.
- On 20 July 2021, AW Buda Property Korlátolt Felelősségű Társaság was established by the Company with a 100% business share. The entity was incorporated by the registry court with the name AW Property Korlátolt Felelősségű Társaság instead of the previously announced name of AW Buda Property Korlátolt Felelősségű Társaság.
- On 23 August 2021, AW Property Korlátolt Felelősségű Társaság as buyer and First-Immo Hungary Kft. (registered office: 1117 Budapest, Gábor Dénes u. 2., Infopark building D, a member of the STRABAG Group) as seller entered into a sale and purchase agreement in relation to the property at the intersection of Szerémi út and Építész utca in District XI of Budapest (lot no. 43626/4). According to the Company's plans, a multi-brand car dealership and service centre is to be constructed on the property, and the property development project is expected to be completed in 2025.
- On 27 August 2021, the Company announced that Wallis Autókölcsönző Kft. would establish a new service centre near Ferenc Liszt International Airport (2220 Vecsés, Széchenyi u. 56.) before the end of 2021 in order to allow AutoWallis Group to prepare for serving car sharing providers and fleet managers as well, in addition to the development of rent-a-car services. The total budget for the project is HUF 565 million, which includes a non-refundable grant of HUF 282 million provided by the Ministry of Foreign Affairs and Trade for the purpose of improving competitiveness.
- Iniciál Autóház Kft., a subsidiary in which AutoWallis Nyrt. has a 60% share, concluded a pre-contract for sale and purchase with LANGEX Kft. as seller in connection with the properties located at Győr, Külső Veszprémi u. 5. (adjacent to the registered office of Iniciál Autóház Kft.) with a total area of 7,368 sqm, including structures on an area of 1,551 sqm. The purchase price of the properties is HUF 380 million, which is payable before the completion of the transaction, i.e. 31 March 2022. The purchase of the properties allows Iniciál Autóház Kft. to double the area of its registered office in Győr, thereby laying the foundation for the further expansion and development of Iniciál Autóház Kft. and for exploiting synergies within AutoWallis Group.
- The Company entered into a binding agreement with Avto Aktiv Intermercatus d.o.o., a significant car dealership in the Slovenian market, on the basis of which the Company will acquire the Slovenian distribution business of Avto Aktiv Intermercatus d.o.o. and the related real estate, taking into account the fact that the approval of the Slovenian competition authority is required for finalising the transaction.
- On 2 September 2021, the Company published the accounting restatements and reclassifications (hereinafter: Restatements) relating to its semi-annual report for the period of H1 2021. Where applicable, the Company also made these Restatements for

the years 2018 and 2019 to ensure comparability with previous periods which are not covered by the semi-annual report but are affected by the Restatements in question. The Company made the related announcement on 23 September 2021.

- On 27 September 2021, the Company informed market participants that Kalliwoda Research GmbH began monitoring the stock of AutoWallis Group at the request of the Company with a 12-month target price of HUF 218 and recommended buying.
- On 28 September 2021, the Company published the modified presentation of its previous 5-year strategy and long-term vision updated to reflect market and industry changes,[10] including its long-term revenue and profit predictions (the Company then made a technical change to the presentation and published the new version on 29 September 2021).

  Similarly to other profitability and revenue goals, this profit projection was determined by the Company on the basis of a number of assumptions which are inherently exposed to specific business, management, economic and other risks that the Company is unable to control. Furthermore, certain profit projections of the Company (including, in particular, estimates for 2025) contain long-term predictions which are difficult to estimate due to their timescale, and the underlying assumptions of predictions are particularly susceptible to potential changes. Accordingly, these assumptions may change or only some or none of the circumstances described in these assumptions could materialise. In the event that the underlying assumptions of either the profit projection or the profitability and revenue goals change, become outdated or prove inaccurate or incorrect for any reason, the actual results of the business activity for a specific future period may significantly differ from expectations. Therefore, investors are advised not to rely solely upon these projections when making decisions.
- The Company informed market participants that, in connection with the agreement concluded by the Company and Avto Aktiv Intermercatus d.o.o., the Company established two wholly-owned subsidiaries in Slovenia. One of the subsidiaries (AAI PROPERTIES d.o.o., registered office: Celovska cesta 182, 1000 Ljlubljana, Slovenia) has already been incorporated in the Slovenian company register, while the incorporation of the other subsidiary (AVTO AKTIV SLO d.o.o., registered office: Celovska cesta 182, 1000 Ljlubljana, Slovenia) is still in progress.[11]
- On 30 September 2021, the Company announced that, in its most recent analysis, Concorde Értékpapír Zrt. increased the 12-month target price of the Company’s stock from HUF 153 to HUF 165 and continued to recommend buying.

Events after the balance sheet date

Significant events after the balance sheet date were as follows:

- On 8 October 2021, the Company announced that it had entered into a lock-up agreement on the restriction of selling and lending shares with WALLIS ASSET

[10] https://kozzetetelek.mnb.hu/kozzetetelek?viewid=K436656/2021

[11] Avto Aktiv SLO d.o.o was eventually incorporated on 14 October 2021, i.e. after the balance sheet date

MANAGEMENT Zártkörűen Működő Részvénytársaság, the Company's majority shareholder, on 7 October 2021.

- On 22 October 2021, the Company's security under the name "NKP Bond 2031/I" with a total nominal value of HUF 6,600,000,000 was registered by the Budapest Stock Exchange on the XBond Securities List through its resolution no. 98/XBond/2021 dated 20 October 2021. First trading day of the securities: 22 October 2021
- **Issue of shares (SPO):**[12] The Company's public offering of shares was launched on 25 October 2021, as part of which the retail sale (hereinafter: Retail Sale) of shares began on 2021 October 25 in accordance with the prospectus dated 14 October 2021 and was closed much earlier than proposed, i.e. at 00:01 a.m. on 28 October 2021, while the institutional sale lasted from 2 November 2021 until 9 November 2021.

  On 11 November 2021, the Company determined a selling price of HUF 117 per unit for the new shares in agreement with OTP Bank Nyrt. as underwriter. Additionally, a decision was adopted on the maximum amount of oversubscription as well. As a result: (i) a total of 64,102,564 units of shares were distributed among institutional investors as part of the Institutional Sale for a total issue value of HUF 7,499,999,988 at a price of HUF 117 each; and (ii) a total of 21,367,521 units of shares were distributed among retail investors as part of the Retail Sale for a total issue value of HUF 2,499,999,957 at a price of HUF 117 each. Given that the selling price was lower than the maximum price, the difference was returned to retail investors as set out in the prospectus.

  The crediting of new shares to the investors' securities accounts took place with a value date of 24 November 2021, and this is also the date when the shares were admitted to trading on the Budapest Stock Exchange.
- In connection with the successful issue of new shares as mentioned above, the Company's Board of Directors approved the amendment to the Company's Statutes regarding the increase of the share capital from HUF 4,246,421,000 to HUF 5,314,797,062.50 in its Resolution No. 2/2021. (XI. 12.).

Information about other important events between the end of the quarter (30 September 2021) and the publication of this Interim Report is available on our website (https://www.autowallis.hu/).

[12] https://kozzetetelek.mnb.hu/kozzetetelek?viewid=K503221/2021

STRATEGY OF AUTOWALLIS GROUP

AutoWallis Group is engaged in retail, distribution and automotive service activities in a wide range of domestic and international markets. The Company's objective is to capitalise on business opportunities in a changing environment in the automotive industry. AutoWallis Group is aiming to achieve consolidation in the region and intends to do so through frequent acquisitions and significant organic growth, in line with the strategy[13] published in 2019 and updated on multiple occasions.

In order to work towards this objective, the Group completed five transactions in 2020: acquisition of one of the largest Opel dealerships in Hungary, acquisition of the distribution rights for Jaguar and Land Rover models in Hungary, acquisition of the largest BMW dealership in Slovenia, acquisition of a majority share in Iniciál Autóház Kft., and the acquisition of the regional import rights for Opel vehicles (in Croatia, Slovenia, Bosnia and Herzegovina and Hungary). As a result of the transactions concluded in 2020, midsize car brands have been added to the product offering to complement premium vehicles, meaning that AutoWallis Group is now able to target a much wider range of customers, particularly in terms of fleet sales.

A primary objective is to further strengthen the market positions of AutoWallis Group through business development and diversification, an objective it plans to accomplish by completing one or two transactions per year and by carrying out business development projects centred around the expanding domestic market, relying greatly on the recent consolidation trends in the automotive markets of the Central and Eastern European region. In doing so, the enterprise could expand into new countries with its existing portfolio of brands, it could launch new brands in countries where it is already present which are already being distributed by AutoWallis Group elsewhere but are new to a given country, and it could even strengthen its position by offering entirely new brands and services.

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

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

[13] https://kozzetetelek.mnb.hu/kozzetetelek?viewid=K436656/2021

KEY RESOURCES AND RISKS OF AUTOWALLIS GROUP

Key resources

- AutoWallis Group owns a stable portfolio of automotive operations developed over the past 30 years which is able to generate cash despite the downturn caused by COVID-19.
- AutoWallis Group works with stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, OPEL, KIA, Saab, Ssangyong, Dacia, Nissan, Peugeot, Renault, Suzuki, Toyota and Sixt.
- Supported by the 30 years of history and capabilities of the Wallis Group, the ultimate owner of AutoWallis,[14] AutoWallis Group is capable of acquiring new brands and expanding into new markets, as well as undertaking new mobility-related activities, either through acquisitions or by founding new companies and developing existing ones.
- The objective of AutoWallis Group is to adapt to technological changes and to the shift in customer demand in the automotive industry (currently one of the most prominent industry segments in the European Union) in a flexible manner, while adopting a conservative investment policy.
- By using a portfolio-based approach, AutoWallis Group is able to mitigate the cyclical nature of the automotive industry though the combination of various activities that react differently to changes in the market and through diversification.
- The transformation of the mobility industry, including advances in electric cars, the introduction of self-driving vehicles, the spreading of car sharing and the appearance of other needs and services in mobility, presents not only risks, but also further opportunities for growth.
- Rational retail and distribution portfolio size and volume-efficient business operations.
- Coordinated financing and revenue structure.
- The operation of AutoWallis Group is cost-efficient.

Key risks

The key risks faced by AutoWallis Group and the related changes and uncertainties are as follows:[15]

- The COVID-19 pandemic, which emerged from Wuhan in the Chinese province of Hupei in December 2019, has had a significant impact on the automotive industry in China as

[14] Shareholders of the Company with a share greater than 5% as at 24 November 2021: Wallis Asset Management Zrt. (57.55%), Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap (7.05%).

[15] Please note that this part of the report should be read in conjunction with the relevant sections of the most recent consolidated financial statements of AutoWallis Group for the year ended 31 December 2020 and the Prospectus issued in connection with the public offering of shares referenced in this report.

a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) and its more recent waves have had a temporary adverse impact on demand and have affected the supply chain as well. Similarly to the entire corporate sector, the implications of the measures introduced to combat the new waves of COVID-19 may continue to affect not only car manufacturers, but also other entities in the value chain.

- Contrary to the beginning of the year, the manufacturing issues caused by the chip shortage had an impact on Q3, and longer production lead times may result in a delay in realising revenue in subsequent quarters. Although the Company does not currently experience any significant change in customer orders, a long-term chip shortage could potentially have a negative impact on demand as well.
- Although AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its projects, delays or failure in the case of certain projects cannot be completely avoided. In addition, the complexity and organisational restructuring brought about by exceptional growth also result in additional responsibilities in terms of management control and strategic governance.
- The operation, financing and profitability of AutoWallis Group are indirectly or directly related to the economic processes of Hungary and the countries where the Company's subsidiaries operate. In the event of adverse changes in the macroeconomic position of Hungary and the rest of the countries concerned, or if inflation rises permanently, the growth rate declines and the external and internal balances deteriorate, AutoWallis Group will be unable to escape the effects of any unfavourable economic processes.
- In preparing projections and business plans for the Group, we assumed a stable political environment in the 14 countries where the Group operates and in their environment. Post-Brexit free trade agreements have been signed in the most significant export markets in terms of the activities of AutoWallis, while no such agreements have yet been concluded in certain smaller markets, e.g. Bosnia and Herzegovina (the latter group has a marginal impact on turnover). It is clear that upcoming elections in several countries and a decline in tourism and labour flow due to the COVID-19 pandemic in the entire region (including, in particular, the Balkans) could exert an unforeseen impact on actual performance.
- The sales of a considerable part of the Group's activities (including the vast majority of the Retail & Services Business Unit and an increasing percentage of the Distribution Business Unit) are generated in Hungarian forints (HUF), and the majority of its expenses, projects and financing are also denominated in forints. However, in the case of distribution, a significant portion of sales (more than 50% in certain periods) is denominated in euros and a smaller part in other currencies (e.g. Czech koruna), and the major currency used in procurement in the distribution business is the euro. Although the management of AutoWallis Group strives to avoid exchange rate risks by implementing various approaches (strengthening natural hedges, pricing rules, hedging and options transactions, etc.), foreign exchange risk cannot be eliminated entirely (at a reasonable cost), and unforeseen and atypical changes in exchange rates could render any planned hedging transactions insufficient.
- The automotive industry has always been characterised by innovation and ongoing technological development, but during the recent decade, it has undergone radical

change due to the environmental regulations becoming more stringent, the technological development of alternative drivetrains, and the widespread adoption of mobile broadband, and the key drivers of this change include electrification and IT development (self-driving and other areas of software development) which could create new mobility solutions in the future. Such technological advancements and industry developments can significantly affect how the automotive industry operates. Technological development doesn't merely transform the areas where AutoWallis Group is present: in some cases, it may even cause certain areas to disappear entirely or may substantially reduce their significance.

- The dynamic growth in salaries, the shortage of workforce and the deficiencies of the education and training system in the countries where AutoWallis Group is present (especially in Hungary) may have an adverse impact on the operation of AutoWallis Group.
- AutoWallis Group intends to implement its business plans partly through its existing business operations and/or by carrying out new development and construction projects and company acquisitions. Although each transaction is preceded by careful planning, there may be unavoidable events relating to the target companies when completing an acquisition which may have a negative impact on the business operations and profitability of AutoWallis Group.
- SsangYong Motor Company is undergoing a reorganisation process, as part of which an agreement was signed in October 2021 on the acquisition of a majority stake in the entity by the consortium led by Edison Motors. Therefore, the management of AutoWallis considers this to be a confirmation of efforts to rescue the automotive production operations of SsangYong and development with a focus on electrification. As a result, we are still distributing this brand, though with increased caution and international commercial guarantees, and sales are rising.
- Stellantis, a company comprising 14 car brands, terminated all dealership contracts within the EU (for retail) in Q2 2021, primarily due to regulatory changes in the industry. This decision also affects AutoWallis' own (Opel) dealerships, but the Group considers this termination to be only a technical issue in terms of its operation. The decision does not affect AutoWallis' 5-year import contracts (for distribution) concluded in 2020.

Registered offices and sites of AutoWallis Group

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

- AVTO AKTIV SLO d.o.o.; Registered office: Celovška cesta 182, 1000 Ljubljana, Slovenia
- AAI PROPERTIES d.o.o.; Registered office: Celovška cesta 182, 1000 Ljubljana, Slovenia

Governance system of AutoWallis Group

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

The Company meets the requirements applicable to corporate governance systems in Hungary. In the course of its operations, the Company complies with the applicable laws and supervisory regulations and the policies of the Budapest Stock Exchange and strives to follow the corporate governance recommendations of the Budapest Stock Exchange. The Company's organisational structure and operating rules are included in the Statutes approved by the General Meeting. The Company acts in line with the Corporate Governance Report approved via the relevant resolution of the General Meeting and such Corporate Governance Report is published in a timely manner after the regular General Meeting where the financial statements for the given financial year are approved.

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

The rules pertaining to the appointment and removal of senior executives and the amendment of the Statutes are included in the Company's Statutes.

Neither the General Meeting nor the Board of Directors of the Company adopted a resolution on a future change to their composition before the date of approval of this interim report.

The Company's Statutes and the Rules of Procedure of the Board of Directors, the Supervisory Board and the Audit Committee are available in full on the Company's website.[16]

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

[16] https://autowallis.hu/tarsasagi_dokumentumok/#

AutoWallis Group and the going concern principle

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

Financial instruments and risk management

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

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

Environmental protection

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

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

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

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

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

Material information

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

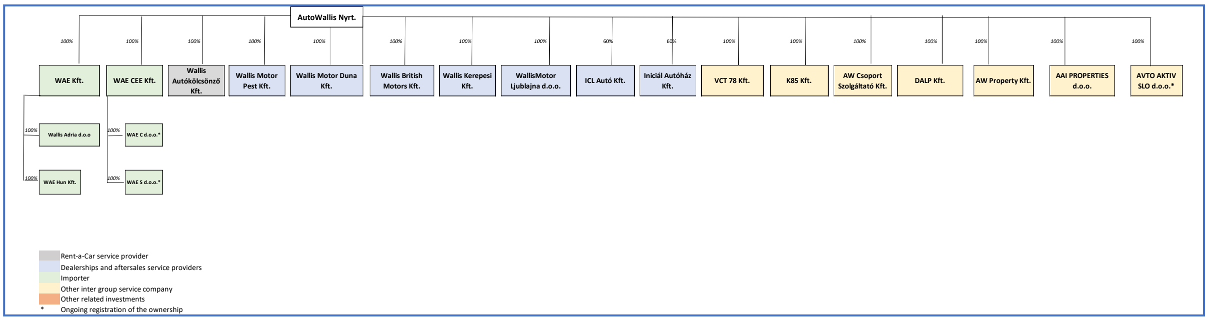
Research and experimental development

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

LEGAL SUMMARY

Group structure

The Group's company structure as at 30 September 2021 and the core activities of each entity are summarised in the figure below.



Significant events

Significant events between 1 January 2021 and 30 June 2021 were presented in the consolidated semi-annual report of AutoWallis Group published on 2 September 2021.[17] In addition, in order to comply with the applicable reporting and disclosure requirements, the Group informs market participants about significant events and changes via the websites of the National Bank of Hungary and the Budapest Stock Exchange, as well as its own website.[18]

Therefore, to ensure the transparency of this report and the continuity of disclosures, significant events that occurred in Q3 2021 which have not yet been presented in previous reports of a similar nature are included in this interim report. As a result, the content of the financial report remains unchanged as a whole, but previously disclosed information (which would become repetitive) is no longer presented repeatedly. The management is of the opinion that this change allows more transparent and consistent information to be provided to market participants.

Significant events related to AutoWallis Nyrt. in the period between 1 July 2021 and the date of approval of this Management Report

- The Board of Directors of AutoWallis Nyrt. decided to introduce an organisational change at group level. As a result of the transformation, separate managers have been responsible for the two business units of the Company as of September 2021. Accordingly, Board Members Andrew John Prest and Péter Antal became the managers of the Distribution Business Unit and the Retail & Services Business Unit, respectively.

- In connection with the agreement concluded by AutoWallis Nyrt. and Avto Aktiv Intermercatus d.o.o. (the Avto Aktiv transaction), AutoWallis Nyrt. established two

[17] https://kozzetetelek.mnb.hu/downloadkozzetetel?id=656608&did=K403673/2021 and https://bet.hu/site/newkib/hu/2021.09./Feleves_jelentes_az_AutoWallis_Csoport_2021._I._feleves_Id oszakarol_128603676
[18] https://www.autowallis.hu/

wholly-owned subsidiaries in Slovenia, namely AAI PROPERTIES d.o.o. (registered office: Celovska cesta 182, 1000 Ljlubljana, Slovenia) and AVTO AKTIV SLO d.o.o. (registered office: Celovska cesta 182, 1000 Ljlubljana, Slovenia).

- In its Resolution No. 1/2021. (XI. 12.), the Board of Directors of AutoWallis Nyrt. resolved to increase the share capital of AutoWallis Nyrt. through the public offering of new shares as follows. In the course of a public share capital increase (aimed at both retail and institutional investors), AutoWallis Nyrt. would issue, in exchange for a cash contribution, a minimum of 20,491,804 and a maximum of 74,766,355 units of new series "C" registered ordinary shares (ISIN code HU0000164504) with a nominal value of HUF 12.5 each and an issue value of a minimum of HUF 2,500,000,000 and a maximum of HUF 8,000,000,000 or, in the event of oversubscription, a maximum of 93,457,943 units with a maximum issue value of HUF 10,000,000,000 which belong to the same series as the shares of AutoWallis Nyrt. already listed on the stock exchange. The Board of Directors also resolved to finalise the share capital increase by adopting another decision after the subscription is completed.

- In its Resolution No. 1/2021. (XI. 12.), the Board of Directors of AutoWallis Nyrt. resolved to increase the share capital of AutoWallis Nyrt. through the public offering of new shares. The Board of Directors resolved that AutoWallis Nyrt. would issue a total of 85,470,085 units of new series "C" dematerialised registered ordinary shares with a nominal value of HUF 12.5 and an issue value of HUF 117 each through public offering in exchange for the cash contribution made by the investors. As a result of the above, the share capital of AutoWallis Nyrt. increased by HUF 1,068,376,062.5 from HUF 4,246,421,000 to HUF 5,314,797,062.5, while the number of ordinary shares increased from 339,713,680 units to 425,183,765 units. The Statutes of AutoWallis Nyrt. were also amended accordingly by the Board of Directors. In its ruling dated 17 November 2021, the Registry Court of the Budapest-Capital Regional Court incorporated the capital increase and the amendment to the Statutes.

Significant events related to subsidiaries of the Company in the period between 1 July 2021 and the date of approval of this Management Report

AW Property Kft.

- MOBILCONSULT Könyvvizsgáló és Gazdasági Tanácsadó Kft. was appointed as the entity’s auditor on 5 November 2021.

Consolidated Interim Financial Statements

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

for the interim period ended on 30 September 2021

Table of content

Abbreviations:

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

Amounts in parentheses are negative figures.

• Consolidated statement of comprehensive income

Description		Three quarters ending on 30th September 2021	Three quarters ending on 30th September 2020 (restated)
Revenue		145 404 235	62 630 613
Own performance capitalized		11 650	-
Material used		(2 736 093)	(1 865 107)
Services		(6 681 871)	(2 447 233)
Cost of goods sold		(125 850 065)	(55 006 283)
Personal type expenses		(4 865 131)	(1 730 610)
Depreciation		(2 308 781)	(1 046 498)
Profit of sales	*(VI.c.)*	***2 973 945***	***534 882***
Other income, (expenses)	*(VII.b)*	362 191	224 896
Impairment and write off of non-financial assets		(28 892)	(35 088)
Other income and expenses		***333 299***	***189 808***
Operating profit		**3 307 244**	**724 691**
Interest income		14 990	5 120
Interest expenses	*(VII.b)*	(328 490)	(258 914)
Lease expenses		(155 084)	(119 415)
Net gain or loss on currency translations		(59 947)	(544 809)
Other financial income, net		36 866	2 000
Gain or loss on disposal of equity items		239	-
Impairment and expected credit loss of financial assets		(34 271)	(54 780)
Revaluation gain or loss of financial instruments		170 336	32 765
Profit on financial items		**(355 360)**	**(938 034)**
Profit before taxes		**2 951 883**	**(213 343)**
Taxation		(739 360)	(145 035)
Net profit		**2 212 523**	**(358 378)**
Other comprehensive gain or loss on translating subsidiaries		(13 388)	13 578
Other comprehensive income from revaluation		-	-
Total comprehensive income		**2 199 135**	**(344 800)**
Net profit attributable to shareholders of the parent		2 110 171	(360 663)
Net profit attributable to the non-controlling interest		102 353	2 285
		2 212 523	**(358 378)**
Other comprehensive income attributable to shareholders of the parent		(13 388)	13 578
Other comprehensive income attributable to shareholders of the non-controlling interest		-	-
		(13 388)	**13 578**
Total comprehensive income		**2 199 135**	**(344 800)**

EBITDA	*(VI.c.)*	**5 735 366**	**1 904 823**

EPS (basic, HUF/share)	*(IX.c)*	**6,43**	**(1,30)**
EPS (diluted, HUF/share)	*(IX.c)*	**6,43**	**(1,30)**

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

• Consolidated statement of financial position (balance sheet)

Description		30th September 2021.	31st December 2020. (restated)	1st January 2020. (restated)
Assets				
Non-current assets				
Property, plant and equipment		13 121 074	7 600 682	1 940 274
Assets held for operating leases		2 606 308	1 833 469	5 869 871
Right-of-use assets		5 365 987	7 657 595	-
Goodwill		898 738	898 738	515 034
Rights and similar assets		3 235 395	3 752 964	50 038
Deferred tax assets		28 591	13 241	6 160
Equity instruments		2 200	2 200	-
Debt instruments		-	0	865
Non-current assets total		**25 258 293**	**21 758 889**	**8 382 242**
Current assets				
Goods		20 762 181	22 245 246	14 137 468
Other inventories		144 227	70 628	413
Account receivables		6 502 417	4 477 784	3 812 609
Income tax receivables		178 161	155 374	85 501
Loan receivables		(0)	35	-
Prepaid expenses and accrued income	*(VII.a)*	3 244 353	2 063 095	1 460 404
Other receivables	*(VII.a)*	11 931 447	1 842 984	2 213 942
Other financial assets		195 090	72 885	3 655
Cash and cash equivalents		12 803 500	5 076 070	1 890 714
Current assets total		**55 761 377**	**36 004 101**	**23 604 706**
Assets held for sale		-	-	-
Assets total		**81 019 670**	**57 762 990**	**31 986 948**
Equity and liabilities				
Issued capital (legal parent)		4 246 421	4 053 921	3 383 268
Share premium		4 913 738	3 363 760	-
Share-based payment reserve	*(VII.c)*	386 440	252 423	74 242
Treasury shares		(64 976)	(798 700)	-
Accumulated translation difference		26 915	40 303	19 107
Retained earnings		2 863 860	753 689	1 628 729
Equity attributable to the shareholder of the parent		**12 372 398**	**7 665 396**	**5 105 346**
Non-controlling interest		1 000 030	1 065 678	-
Equity		**13 372 428**	**8 731 074**	**5 105 346**
Long term liabilities (interest bearing)				
Long term debentures		9 698 610	3 041 552	-
Long term loans	*(VII.a)*	2 445 922	1 359 689	309 593
Lease liabilities		5 026 951	7 536 663	3 999 961
Other long term liabilities (interest bearing)		302 208	-	-
Long term liabilities (non-interest bearing)				
Deferred tax liabilities		152 253	116 494	36 798
Provisions		133 159	86 023	8 856
Other long term liabilities (non-interest bearing)	*(VII.a)*	2 242 936	3 223 145	12 961
Long term liabilities		**20 002 039**	**15 363 566**	**4 368 169**
Short term liabilities (interest bearing)				
Short term loans	*(VII.a, b)*	3 146 916	158 317	71 903
Lease liabilities	*(VII.a, b)*	1 452 146	1 207 913	1 739 838
Liabilities from reverse factoring (interest bearing)	*(VII.a, b)*	9 385 812	13 413 043	11 691 462
Other short term liabilities (non-interest bearing)		148 896	-	-
Short term liabilities (non-interest bearing)				
Advance payment received from customers		3 910 398	2 536 615	1 337 947
Account payables	*(VII.a, b)*	9 053 390	11 556 055	4 250 598
Liabilities from reverse factoring (not interest bearing)	*(VII.a, b)*	6 299 920	1 176 005	2 215 511
Income tax payable		225 691	59 438	20 216
Other taxes payable	*(VII.a)*	1 635 447	613 870	268 763
Provisions		152 153	43 438	9 704
Accrued expenses and deferred income	*(VII.a)*	3 198 560	1 180 422	682 607
Other short term liabilities (non-interest bearing)	*(VII.a, c)*	9 035 873	1 723 234	224 884
Short term liabilities		**47 645 202**	**33 668 351**	**22 513 432**
Liabilities related to assets held for sale		-	-	-
Liabilities		**67 647 242**	**49 031 916**	**26 881 602**
Equity and liabilities		**81 019 670**	**57 762 990**	**31 986 948**

• Consolidated statement of changes in equity

	Issued capital (legal parent)	Share premium	Share-based payment reserve	Treasury shares	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parent	Non-controlling interest	Total equity
1st January 2020. as published	**3 383 268**	**-**	**-**	**-**	**19 107**	**1 702 971**	**5 105 346**	**-**	**5 105 346**
Restatement due to MRP1 share based payment program			74 242			(74 242)	-		-
1st January 2020. as restated	**3 383 268**	**-**	**74 242**	**-**	**19 107**	**1 628 729**	**5 105 346**	**-**	**5 105 346**
Total comprehensive income for the first three quarter of 2020	-	-	-	-	13 578	(360 663)	(347 085)	2 285	(344 800)
Equity effect of share-based payment			133 635				133 635		133 635
Issue of new shares	338 765	1 928 699		(748 700)			1 518 764		1 518 764
Acquisition of ICL	-	-	-	-	-	-	-	19 998	19 998
30th September 2020. as restated	**3 722 033**	**1 928 699**	**207 877**	**(748 700)**	**32 685**	**1 268 066**	**6 410 660**	**22 283**	**6 432 944**
Total comprehensive income for the fourth quarter of 2020	-	-	-	-	7 618	(514 377)	(506 759)	15 243	(491 515)
Equity effect of share-based payment			44 545				44 545		44 545
Issue of new shares (as restated)	331 888	1 435 061		-			1 766 949		1 766 949
Acquistion of Treasury shares				(50 000)			(50 000)		(50 000)
Acquisition of Iniciál							-	1 028 151	1 028 151
31st December 2020. as restated	**4 053 921**	**3 363 760**	**252 423**	**(798 700)**	**40 303**	**753 689**	**7 665 396**	**1 065 678**	**8 731 074**
Total comprehensive income for the first three quarter of 2021					(13 388)	2 110 171	2 096 782	102 353	2 199 135
Equity effect of share-based payment			134 018				134 018		134 018
Acquisition of DALP	192 500	1 549 978					1 742 478		1 742 478
Sale of Treasury shares				733 724			733 724		733 724
Distribution to non-controlling interests							-	(168 000)	(168 000)
30th September 2021.	**4 246 421**	**4 913 738**	**386 440**	**(64 976)**	**26 915**	**2 863 860**	**12 372 398**	**1 000 031**	**13 372 428**

Additional information:

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

• Consolidated statement of cash flows

Description		Three quarters ending on 30th September 2021	Three quarters ending on 30th September 2020 (restated)
Profit before taxes		**2 951 883**	**(213 343)**
Interest income		(14 990)	(5 120)
Interest expense	(VII.b)	483 574	258 914
Exchange differences on cash		(37 574)	-
Depreciation, amortization		2 308 781	1 046 498
Effect of impairment and expected credit loss		24 546	105 599
Recognition and derecognition of provision		155 851	86 669
Other non-cash items		(203 729)	(591 997)
Gain or loss sale of property, plant and equipment		(74 093)	(50 324)
		5 594 250	**636 895**
Changes in inventory		1 051 977	(1 154 987)
Adjustment due to reverse factoring	(VII.b)	82 575 794	40 331 606
Changes in account receivables		(1 978 488)	(1 119 202)
Changes in other receivables		(11 235 005)	(447 744)
Changes in loan receivables and debt instruments		(122 170)	(32 765)
Changes in advances received from customers		1 373 783	37 990
Changes in account payables		(3 167 604)	700 210
Changes in other payables		9 249 661	288 568
Changes in the net current assets		**77 747 947**	**38 603 677**
Cash income from interest received		10 810	5 120
Cash outflow from Interest paid	(VII.b)	(403 602)	(258 914)
Income taxes paid		(575 484)	(274 182)
Cash generation from operation		**82 373 920**	**38 712 596**
Acquisition of PPE and intangible assets		(3 337 051)	(1 113 602)
Proceeds from sale of PPE and intangible assets		1 341 873	1 593 455
Acquisition of a subsidiary, less cash acquired		39 726	69 222
Acquisition of fixed financial assets		-	82 771
Proceeds from sale of fixed financial assets		-	-
Cash generated from investing activities		**(1 955 453)**	**631 847**
Cash income from the sale of treasury shares		733 724	(0)
Capital reduction		-	(748 700)
Distribution for non-controlling interest		(168 000)	-
Changes in short term loans		3 137 495	1 671 669
Cash payment for liabilities from reverse factoring	(VII.b)	(81 479 110)	(39 432 947)
Loan taken		8 857 968	4 798 046
Loan paid back		(2 705 053)	(1 295 994)
Lease repayment		(1 103 656)	(1 831 919)
Cash used in financing		**(72 726 633)**	**(36 839 845)**
Expected credit loss of cash and cash equivalents		(1 978)	(853)
Exchange differences on cash		37 574	-
Changes in cash and cash equivalents		**7 727 433**	**2 503 744**
Opening cash and cash equivalent balance		5 076 070	1 890 714
Closing cash and cash equivalent balance		**12 803 500**	**4 394 458**

• The basis of the preparation of the financial statements

These interim financial statements were prepared in accordance with IAS 34 Interim financial statements; therefore, they do not include all information required by IAS 1 Presentation of the financial statements. These interim financial statements should be read and interpreted together with the financial statements published for the year ending on 31 December 2020. (hereinafter: last full financial statements) and the previously published interim financial statements for 2021.

• Accounting policies and changing standards

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

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

a) New accounting policy for IFRS 2

From the second quarter of 2021, the Group presents a share-based payment plan that is within the scope of IFRS 2. The Group has only a share-based payment plan settled in an equity instrument, so it now only forms an accounting policy for that.

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

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

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

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

b) Recourse factoring receivables

Based on a factoring agreement which is part of the business model of WAE CEE Kft. (which is a 100% subsidiary of the parent company) from the second quarter of 2021, the banks - in case of delay or non-payment of the original obligor of the factored claim - have a right of recourse to demand that the Group pay the outstanding amount. The management of the Group concluded that with the factoring of receivables, the conditions of the derecognition of the financial assets are not met. Therefore, the amount received as consideration for factoring is still recognized as a liability until the factoring receivable is settled with the financing institutions.

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

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

c) Calculation of EBITDA, calculation of profit of sales

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

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

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

EBITDA is calculated as follows:

	First three quarters of 2021	First three quarters of 2020 (as restated)
Profit before taxes	2 951 883	(213 343)
Depreciation	2 308 781	1 046 498
Profit on financial items	355 360	938 034
Effect on net income of items not causing net outflow of cash	119 341	133 635
EBITDA	**5 735 366**	**1 904 823**

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

d) Liabilities from reverse factoring

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

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

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

e) Changes in the standards and exposure drafts

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

Accepted standards and interpretations:

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

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

Ongoing discussion materials:

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

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

f) Information in other documents

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

• Changes in presentation, reclassifications

a) Changes in the classification and presentation method of liabilities

From 2021 the Group – considering the significant changes in its size and financial state – will modify the presentation method of its liabilities, as the Group thinks that this change will provide better quality and understandability of its financial statements [IAS 1.55]. The new presentation method unequivocally separates liabilities bearing interest and liabilities not bearing interest which makes it possible to identify the existence of further financial obligations expected in the future. Furthermore, the new method presents both prepaid expenses and accrued income and accrued expenses and deferred income in a separate row. Besides separations, the Group decided to apply new summarizing rows in the balance sheet showing liabilities bearing interest and liabilities not bearing interest. According to the experience of the Group, it bears important information from an interpretation point of view.

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

Simultaneously with the representation, the Group also adjusts the classification of its liabilities reported at the end of 2020 because, during the classification of each balance, the content did not correspond to the name of the line. However, this clarification does not lead to a change in the amount of the liabilities concerned or to any movement between the balances of long-term and short-term liabilities. The effect of the amendments is included in the interim financial statements for the second quarter of 2021.

b) Representation regarding reverse factoring

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

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

The effect of the adjustment on the balance sheet is included in the financial statements for the second quarter of 2021.

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

	Other income and expenses	Interest expense	Total effect
30th September 2020 as presented	122 639	(156 658)	
Reclassification	102 257	(102 257)	-
30th September 2020 as restated	**224 896**	**(258 914)**	

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

	Operating cash flow	Financing cash flow	Total effect
30th September 2020 as presented	951 316	921 433	
Reclassification	37 761 280	(37 761 280)	-
30th September 2020 as restated	**38 712 596**	**(36 839 845)**	

c) Restatement regarding a share-based payment plan

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

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

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

The main features of this program are as follows:

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

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

An analysis of the impact of MRP 1 is included in the interim financial statements for the second quarter of 2021.

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

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

This obligation was disclosed by the Group in its financial statements for the financial year 2020 but was not recognized in the balance sheet, although it should have been recognized. The effect of the adjustment is included in the financial statements for the second quarter of 2021.

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

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

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

• Significant events in the reported period (2021 third quarter)

The most significant events of the first half of 2021 are included in the interim financial statements for the first and second quarters of 2021.

In connection with the agreement between the parent company and Avto Aktiv Intermercatus d.o.o. in the third quarter, AutoWallis Nyrt. established two 100% owned subsidiaries in Slovenia.

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

The financial statements for the period are presented in the same structure as in the last annual financial statements, the statements are not condensed. The segment report was prepared in an identical structure with the yearend report. A selected explanatory note is prepared when the Group concludes that the information is regarding a material transaction or IAS 34 explicitly requires the disclosure.

a) Selected information on fair valuation

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

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

- FOREX derivatives of foreign currency are to be measured at fair value, which is the third measurement level. To determine the fair value, the Group used the exchange rate quoted by the account manager. In the Group's financial statements, derivatives are included in the balance sheet at the end of the reporting period in the amount of 54 606 kHUF as liabilities (other liabilities, non-interest bearing) and in the amount of 195 090 kHUF as assets, among other financial assets. In the period under review, the derivatives had a positive effect on the net result in the total amount of 176 812 kHUF.

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

- The Group has a contingent purchase price liability in connection with the acquisition of the Opel operation, which must be recognized at fair value at the end of each period, and the difference has to be accounted for in profit or loss. This fair value is on the third measurement level. In the Group's financial statements, the contingent liability at the end of the reporting period is 3 000 561 kHUF (other long term liabilities (non-interest bearing) 2 048 212 kHUF and other short term liabilities (non-interest bearing) 952 349 kHUF), the effect on net profit in the period under review was 38 389 kHUF, which are from foreign currency revaluation (for reasons other than changes in foreign exchange rates, the liability did not have to be revalued due to changes in fair value).

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

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

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

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

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

b) Disclosure of headcount

The full-time equivalent headcount of the Group is 706 people in the reported period; in the last comparative period, it was 556.

c) The EPS indicator

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

	First three quarters of 2021	First three quarters of 2020 (as restated)
Profit attributable to the ordinary shareholders of the parent	2 110 171	(360 663)
Number of shares outstanding	328 396 425	277 039 000
EPS (basic, HUF/share)	**6,43**	**(1,30)**
EPS (diluted, HUF/share)	**6,43**	**(1,30)**

Due to the restatement, the Group also published the EPS indicator for the first three quarters of 2020. The activity of the Group is partially seasonal. The turnover in vehicle trading is usually shows higher activity in the III. and IV. quarter.

• Operating segments

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

- wholesale segment;
- retail segment.

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

The segment revenue was the following for the reported period:

	Wholesale segment	Retail segment	Total
Segment revenue of the first three quarters of 2021	86 170 407	59 233 828	**145 404 235**
Segment revenue of the first three quarters of 2020*	29 534 442	33 096 171	**62 630 613**

**Re-presented due to segment redesign*

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

First three quarters of 2021	Wholesale segment	Retail segment	Total
Segment revenue	86 170 407	59 233 828	**145 404 235**
Segment expenses	83 940 526	58 511 826	**142 452 352**
Segment profit before taxes	**2 229 881**	**722 002**	**2 951 883**
Profit not allocated to segments			-
Profit before taxes			***2 951 883***

The values for the comparative period:

First three quarters of 2020*	Wholesale segment	Retail segment	Total
Segment revenue	29 534 442	33 096 171	**62 630 613**
Segment expenses	(29 150 045)	(33 693 911)	**(62 843 957)**
Segment profit before taxes	**384 397**	**(597 740)**	**(213 343)**
Profit not allocated to segments			-
Profit before taxes			***(213 343)***

**Re-presented due to segment redesign*

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

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

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

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

- On 12 November 2021, based on its previously issued decision, the Board of Directors of the Group's parent company decided to increase the issued capital to 5 314 797 kHUF, which will be achieved by issuing 85 470 085 shares. The capital increase took place at an issued price of 117 HUF per share, based on which the company's equity increased by 10 000 000 kHUF. The capital increase was registered by the court of registration on 17 November 2021.

• Disclosure related to the Covid19 pandemic

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

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

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

- **Authorization to issue the financial statements, other statements of the issuer**

These interim financial statements were discussed and authorized for issue on 30 November 2021 by the Board of Management.

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

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

The Company furthermore declares that the data in this consolidated interim financial statement have not been audited by an independent auditor.

Budapest, 30 November 2021.

ORMOSY, Gábor
CEO, member of the board

SZÉKELY, Gábor
member of the board

representing the Borad of Directors of AutoWallis Nyrt.

DECLARATIONS

These interim financial statements were discussed and approved for disclosure by the Group's Board of Directors on 30 November 2021.

The Company hereby declares that its consolidated Interim Financial Statements and Management Report for the first nine months of the year 2021 were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as issuer and the consolidated entities.

Furthermore, the Company hereby declares that its consolidated financial statements for the first nine months of the year 2021 give a true and fair view of the circumstances, development and performance of the issuer and the consolidated entities and present the foreseeable risks and uncertainties for the remaining part of the financial year.

The Company hereby declares and notes that these quarterly consolidated financial statements have not been reviewed or audited by an independent auditor.

Budapest, 30 November 2021

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

Gábor Székely
Member of the Board of Directors

On behalf of the Board of Directors of AutoWallis Nyrt.

This Interim Report contains forward-looking statements and prospective statements on the Company's opinions and expectations, which are presented by the Company in good faith and in a reasonable manner. Such forward-looking statements rely on current plans, expectations and projections and may be affected by known or unknown risks, uncertainties or other factors which may cause the specific results, financial situation, performance or achieved goals of the Company or the industry to differ significantly from those explicitly or implicitly described in such forward-looking statements.

The Company is not liable for updating or modifying any of these statements on the basis of new information or future events and for publishing such changes.

Therefore, having regard to such risks, uncertainties and other factors, we advise investors not to rely solely upon these forward-looking statements when making investment decisions.