

30 November 2022

Investor presentation

Results for Q1 to Q3 2022

We are building the leading car dealership and mobility service provider in the Central and Eastern European region

AutoWallis
GROUP



Disclaimers

This investor presentation is based on the Company's financial results for Q3 in accordance with IAS 34 Interim Financial Reporting. The information contained in this presentation has not been audited and has not been reviewed by an independent auditor.

This investor presentation 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 will not be held liable for updating or modifying any such statement on the basis of new information or future events and for publishing such modifications. 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.

The Company's financial figures relating to this investor presentation are also published in detail on the Company's website in a format that facilitates their use. The detailed financial data are available at: <https://www.autowallis.hu/hu/befektetoknek/kozzetetelek>

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1. Executive Summary

A blue-tinted image of a car, likely an Astra, with the word 'ASTRA' on the license plate. The car is overlaid with a network diagram consisting of nodes and connecting lines, suggesting a digital or data-driven theme.

Key events in Q3

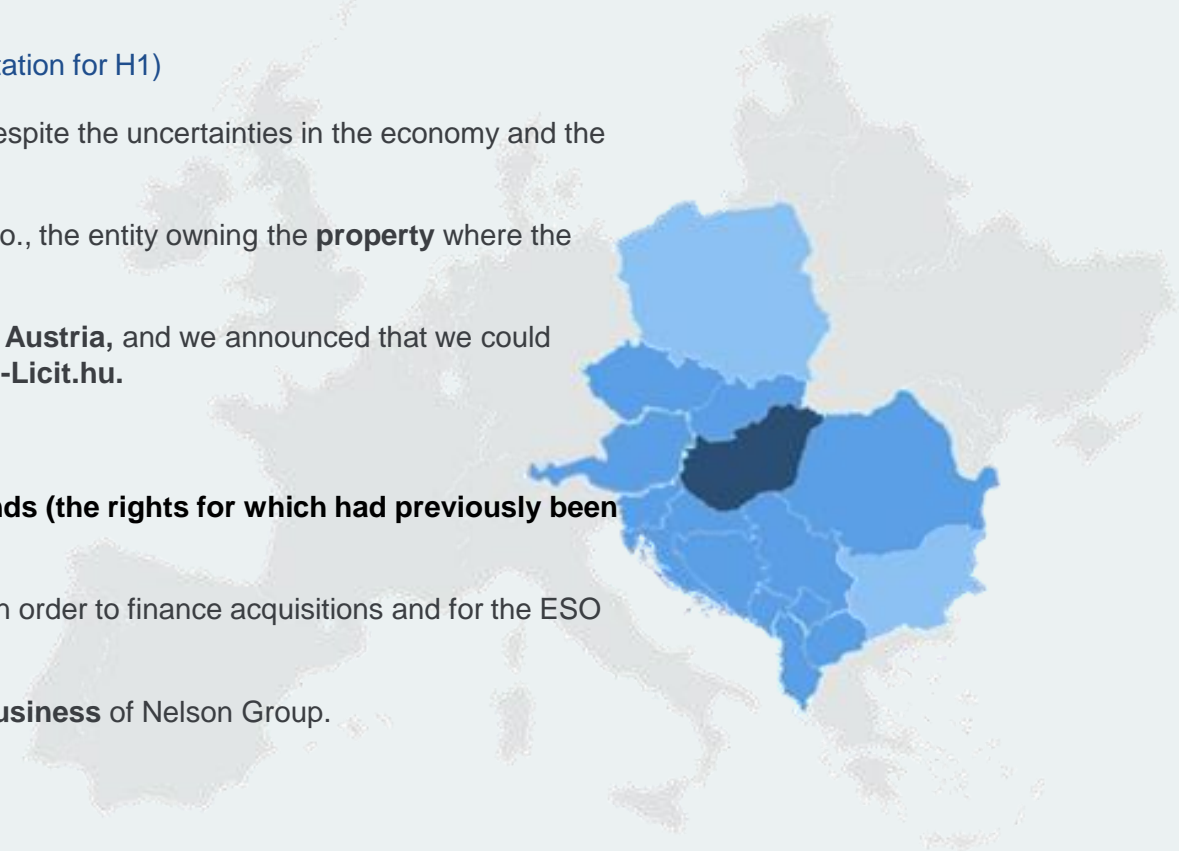
We are making progress implementing our previously announced growth strategy

Events in 2022Q3 (the key events in H1 are presented in the Company's investor presentation for H1)

- **Scope Ratings** confirmed the **B+ credit rating** of AutoWallis **with stable prospects**, despite the uncertainties in the economy and the industry.
- **In July 2022**, the Group acquired ownership of C182 Razvoj Nepremičnin Ljubljana d.o.o., the entity owning the **property** where the largest BMW dealership in Slovenia is located.
- **In September 2022**, the Group acquired the **import rights for SsangYong vehicles in Austria**, and we announced that we could acquire **Net Mobilitás Zrt., the entity that operates the portals JóAutók.hu and Autó-Licit.hu.**

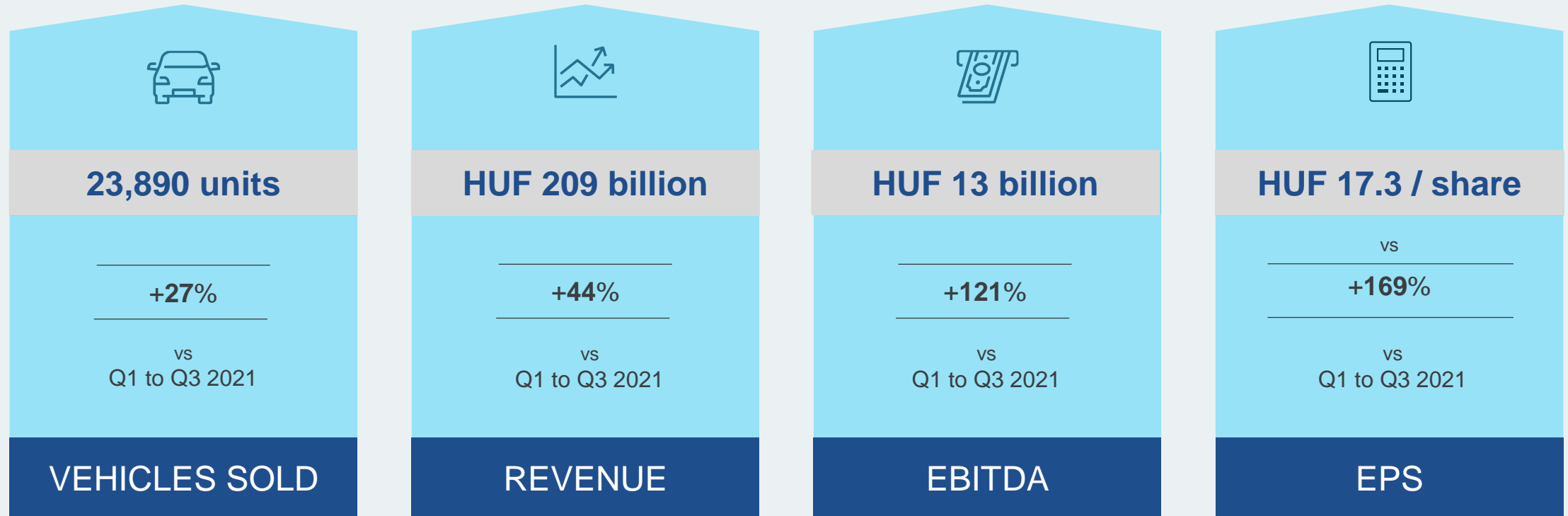
Events after the balance sheet date

- **In October 2022**, the **exclusive Hungarian import of Renault, Dacia and Alpine brands (the rights for which had previously been acquired) was launched** within the new ownership framework.
- **In November 2022**, the **Group purchased a significant number of treasury shares** in order to finance acquisitions and for the ESO program.
- **In November 2022**, the Group announced the **acquisition of the fleet management business** of Nelson Group.



Key results of Q1 to Q3 2022

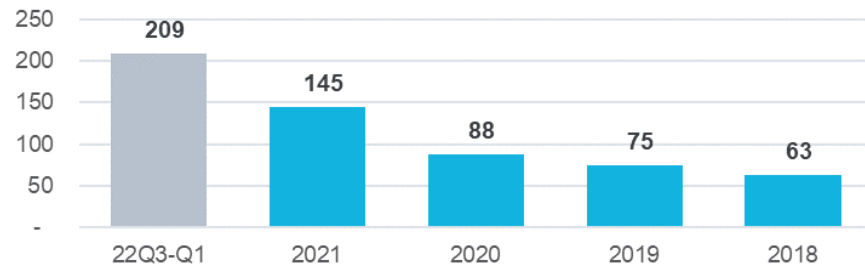
Record-breaking results once again, which continue to provide a solid basis for achieving strategic goals



Portfolio

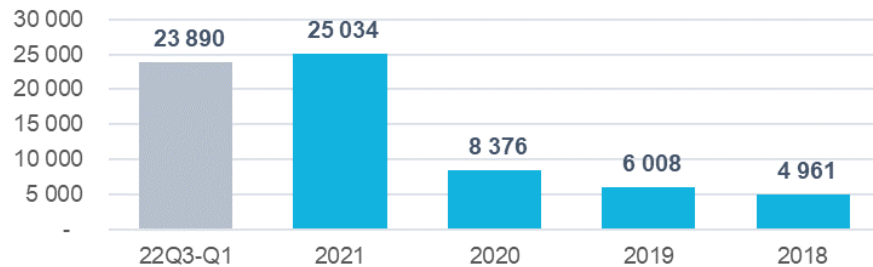
Continuous organic growth supported by growth through acquisitions

Changes in revenue 22Q3 - 18FY (HUF billion)



Source: the Company's own data

Changes in the vehicle sales 22Q3 - 18FY (unit)



Source: the Company's own data

Distribution Business Unit		
Description	Brands	Countries
Exclusive new car and parts distribution activities in Central and Eastern Europe		Hungary, Albania, Croatia, Bosnia and Herzegovina, Serbia, Slovenia, Macedonia, Montenegro, Romania, Slovakia, the Czech Republic, Kosovo, Poland, Bulgaria, Austria*
Retail & Services Business Unit		
Description	Brands	Countries
Sale of new and used motor vehicles and motorcycles, as well as sale of new parts		Hungary (9 sites), Slovenia (6 sites)
Comprehensive servicing activities and auxiliary services relating to the brands distributed by the Group		
Short-term and long-term car rental and fleet management		Hungary

* In September 2022, the Group acquired the import rights for SsangYong vehicles in Austria.

** The closing of the transaction is in progress.

*** In October 2022, the exclusive Hungarian import of Renault, Dacia and Alpine brands (the rights for which had previously been acquired) was launched within the new ownership framework.

Economic and market environment

The Group has achieved and expects further growth despite the decline in the region's automotive markets and the unfavourable inflationary and macroeconomic risks

Economic environment

- The GDP is still expected to grow by 5-6% in Hungary in 2022, with an average growth of 2-6% being projected for the countries in the region.
- Inflation and reference interest rates began rising worldwide in 2021, including the Group's relevant markets. The first signs of a negative impact on demand have already been observed when looking at orders for key brands, but deliveries are still determined by supply delays, while the increase in the price levels of motor vehicles and mobility services exceeded the rise in inflation.
- Due to the earlier increase in order volumes caused by supply problems, there may be a longer delay than usual (as many as 6 to 12 months) in seeing a temporary decline in our sales figures.
- However, rising inflation and financing costs, as well as a possible economic downturn are forcing industry players to exercise caution and could act as catalysts for the market consolidation already underway in the industry, which the Group intends to capitalise on through its growth strategy.

Sales and service environment

- The war between Russia and the Ukraine which erupted at the beginning of 2022 and the slowdown in production and supply difficulties resulting from the chip shortage significantly reduced the number of cars that were available for delivery in the first half of the year, particularly in Q2. In Q3, the delayed impact of the unavailability of cars in H1 was also observed as a one-off effect.
- The number of first registrations of new passenger cars declined in EU markets by 10% compared to the same period of the previous year, presumably due to the automakers' intention to achieve an optimal level of profits with less motor vehicles manufactured and less resources (raw materials, labour and energy) used.
- The number of first registrations of passenger cars in the relevant markets of the Group dropped by an average of 5% in Q1 to Q3 2022 compared to the same period of the previous year.
- The rise in the number of passengers arriving at the airport, which began last June, continued in 2022Q3. The number of passengers is now approaching 80% of the figure for the pre-COVID base of 2019.

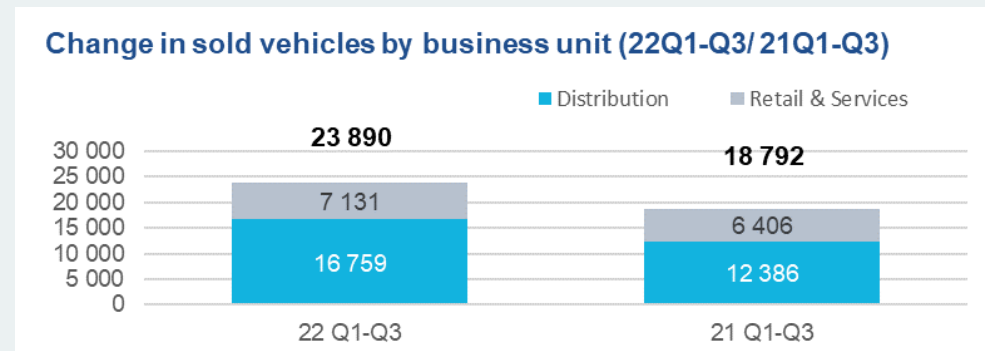
* Automotive market data provided by DataHouse and/or ACEA.

A blue-tinted image of a car, possibly a sedan, with a network overlay of lines and dots. The car is shown from a side profile, facing right. The background is a gradient of blue, with a white curved shape at the bottom.

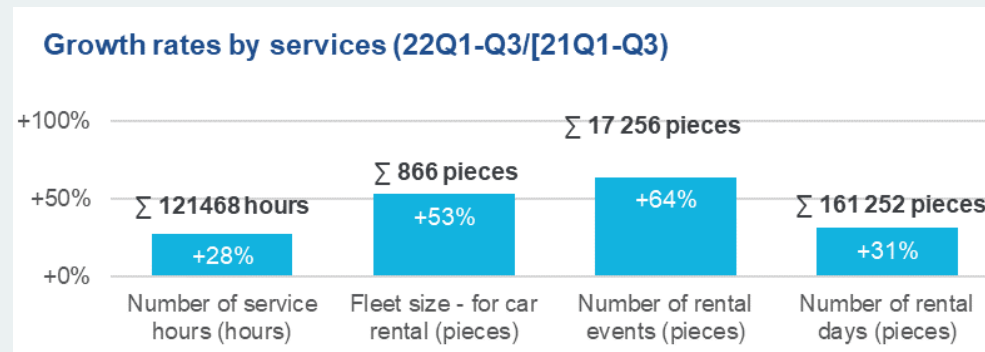
2. Financial and operational summary

Summary of operational performance

The Group achieved record sales significantly exceeding the Hungarian and European market average in the first three quarters of 2022



Source: the Company's own data



Source: the Company's own data

- The Group's performance in terms of car sales quarter to quarter was far above the Hungarian and European market average (Hungary: -9%, Europe: -10%) as a **total of 23,890 vehicles were sold in the first three quarters, which represents an increase of 27%**. In addition to the effects of transactions, the continuous rise in sales figures was primarily organic as there was substantial growth (24%) even without the acquisition of the Slovenian entity Avto Aktiv completed in April.
- In terms of sales, **the largest improvement was achieved by the Distribution Business Unit**: the number of vehicles sold was up by 35% to 16,759, which already exceeds the figure of 16,501 units sold during the entire previous year. **This growth was purely organic, with SsangYong contributing the most with its 117% growth rate.**
- The **Retail & Services Business Unit** sold 5,735 new (+10%) and 1,396 used (+16%) vehicles during the first nine months. In Q2 and Q3, the performance of the business unit was boosted by Avto Aktiv of Slovenia as well, but an organic growth of 3% was also observed.
- In terms of the **services of the Retail & Services Business Unit**, the number of service hours increased by 28% to 121,468, although there was an organic growth of 4% even without the acquisition of Avto Aktiv of Slovenia completed in April. Sixt, an entity represented in Hungary by AutoWallis Group, increased the number of rental transactions by 64% to 17,256 during the first nine months of the year, which already exceeds the figure of 15,648 for the entire previous year. Even the number of rental days is approaching last year's figure of 164,132, rising by 31% to 161,252 over the first three quarters. During the peak months of the summer, fleet size increased further by 53% to 866.

* Market data provided by DataHouse.

Consolidated profit & loss statement / 1

Outstanding organic revenue growth

HUF ths	22Q1-Q3	21Q1-Q3	Changes %	Changes
Revenue	208 742 331	145 404 235	44%	63 338 096
Distribution business unit	125 977 247	86 170 407	46%	39 806 840
Retail & Services business unit	82 765 084	59 233 828	40%	23 531 256
Material	-4 086 421	-2 736 093	49%	-1 350 328
Services	-9 281 133	-6 681 871	39%	-2 599 262
Cost of goods sold	-176 052 874	-125 850 065	40%	-50 202 809
Personal expenses	-7 457 998	-4 865 131	53%	-2 592 867
Depreciation	-2 521 745	-2 308 781	9%	-212 964
Profit or loss from trading	9 366 734	2 973 944	215%	6 392 790
Other income and expenses	740 789	333 299	122%	407 490
OPERATING PROFIT - EBIT	10 107 523	3 307 243	206%	6 800 280
Interest income and expenses, net	-357 758	-313 500	14%	-44 258
Financing expenses from leases	-183 486	-155 084	18%	-28 402
Foreign exchange gains or loss, net	-719 855	-59 947	1101%	-659 908
Expected credit loss and impairment of financial instruments	40 496	173 170	-77%	-132 674
Financial gain or losses	-1 220 603	-355 361	243%	-865 242
PROFIT BEFORE TAX	8 980 894	2 951 882	204%	6 029 012
Tax expenses	-1 336 627	-739 360	81%	-597 267
NET PROFIT OR LOSS	7 644 267	2 212 522	246%	5 431 745
Retranslation of subsidiaries	850 393	-13 388	N/A	863 781
TOTAL COMPREHENSIVE INCOME	8 494 660	2 199 134	286%	6 295 526
EPS (HUF/Share)	17,3	6,4	169%	10,88
EBITDA impact of items which never generate any net outflow of assets	-63 913	-119 342	-46%	55 429
EBITDA	12 693 181	5 735 366	121%	6 957 815
EBITDA%	6,1%	3,9%	54%	N/A

- The Group's **revenue** almost reached HUF 210 billion in Q1 to Q3 2022, which is nearly HUF 63.3 billion (or **44%**) higher than the revenue for Q1 to Q3 of the previous year. In addition to the effect of transactions, this growth is primarily organic as the increase in turnover would have been outstanding even without the acquisition of the Slovenian entity Avto Aktiv completed in April. The main driver of growth was the significant improvement in SsangYong and Opel sales within the Distribution Business Unit, but the growth of more than HUF 23.5 billion of the Retail & Services Business Unit is also remarkable.
- The value of **services** was up by **39%** to nearly HUF 9.3 billion from the comparative period, the main reasons being the rise in marketing expenses aimed at supporting sales in connection with the import of Opel and SsangYong vehicles, as well as an increase in marketing and other turnover-based expenses relating to rent-a-car services as demand for the service recovered after the COVID-19 pandemic had passed.
- The **40%** increase in **COGS** (by HUF 50.2 billion) was below the increase in revenue, as a result of which the Group's gross margin was up significantly from 13% to 16% during Q1 to Q3 2022. This was mainly caused by the sales backlog resulting from the delivery issues of car manufacturers and the measures implemented for the purpose of managing other economic circumstances (e.g. rising exchange rates), and so it is not a product of recurring effects.
- The **53% rise in personal expenses** was caused primarily by the increase in headcount resulting from the organisational development measures implemented in 2021, the pay rise given in response to changes in the labour market and inflation at the beginning and in the middle of the year, as well as the expansion attributable to the acquisition of Avto Aktiv completed in April. As a result of the above, not only did average wages rise, but the Group's average headcount was also up by 122 to 828 compared to the same period of the previous year.

Consolidated profit & loss statement / 2

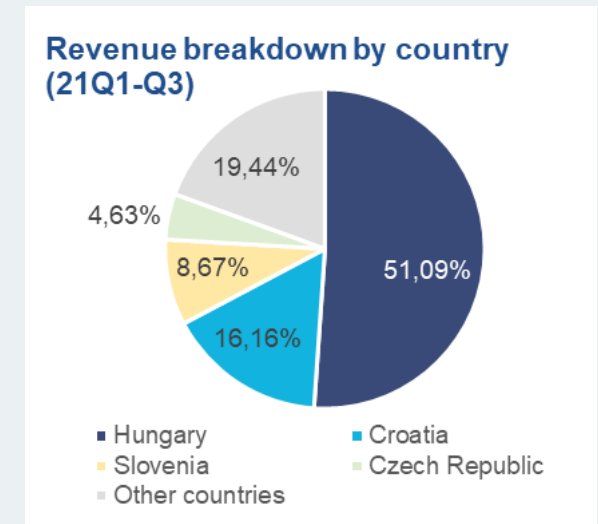
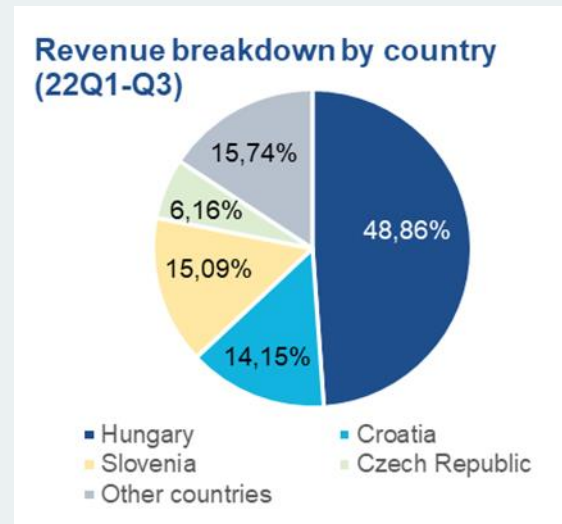
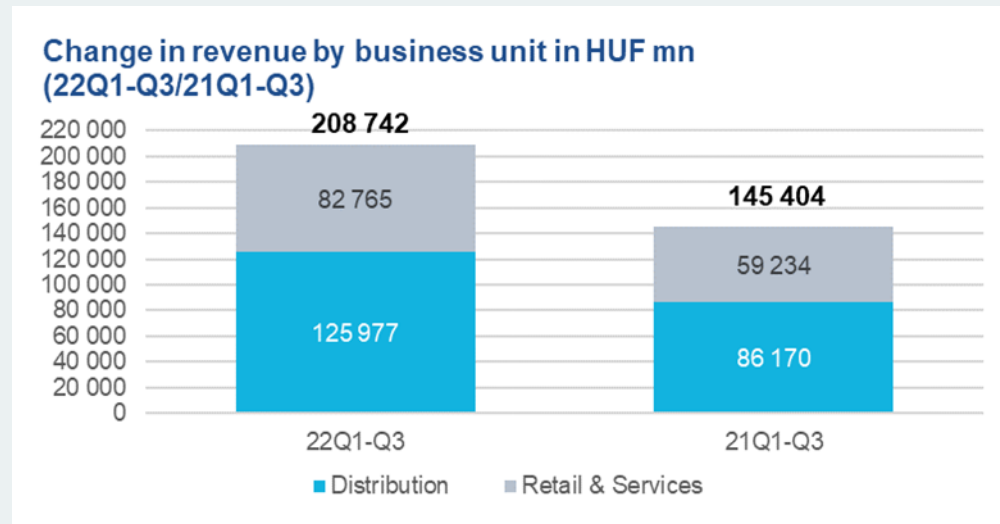
A more than twofold rise in EBITDA and a nearly fourfold increase in profit before tax

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EBITDA%	6,1%	3,9%	54%	N/A

- As a result of an increase in revenue (both the price effect and the volume effect were observed at the same time) and an above-average gross margin, **operating profit (EBIT)** increased more than threefold (by 206%) to HUF 10.1 billion during the period. The Group's operating profit for Q3 (HUF 4.1 billion) was almost at the same level as the Group's total operating profit for H1 (HUF 4.8 billion), a significant part of which was attributable to one-off circumstances seen during the period (i.e. events which are not necessarily recurring).
- The value of **financial gains or losses** was a loss of HUF 1.220 million in Q1 to Q3 2022, which translates into a decline of over HUF 865 million in comparison with the base period of 2021. This was largely due to the fact that the Group recognised an exchange rate loss of HUF 720 million in Q1 to Q3 2022, as opposed to the HUF 59.9 million exchange rate loss in the base period.
- The Group's **EBITDA** increased more than twofold (by 121%) to HUF 12.7 billion compared to the HUF 5.7 billion figure recorded in Q1 to Q3 2021. Accordingly, the Group's EBITDA margin increased further to 6% from 4% recorded in the previous period.
- **Profit before tax** for Q1 to Q3 2022 was HUF 9 billion, which represents a massive increase in comparison with the HUF 3 billion amount for the previous period, partly due to the one-off effects mentioned above.
- The Group's **total comprehensive income** was HUF 8.5 billion compared to the HUF 2.2 billion figure for the same period of 2021.
- As a result of the above, the Group's **net earnings per share (EPS)** for the current period was HUF 17.3/share.

Revenue analysis by business unit

Remarkable organic growth



Source: the Company's consolidated IFRS financial statements and its own data

•The **Group's revenue was up by 44%**, primarily thanks to the increase in the turnover of the Distribution Business Unit. At the same time, the Retail & Services Business Unit also recorded outstanding growth.

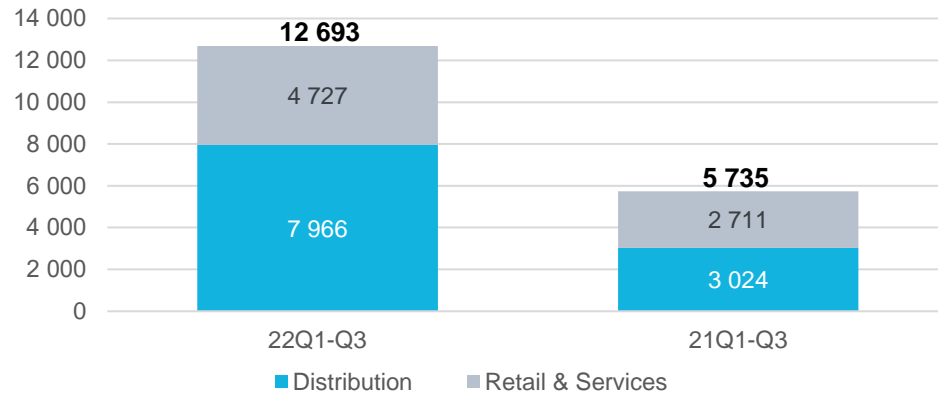
•**The revenue of the Distribution Business Unit improved by 46%** from the same period of the previous year through the organic growth in SsangYong and Opel sales. The favourable impact of both the volume effect and the price effect was observed in Q3. The unpredictability of deliveries (caused by supply chain issues) impacted the past quarter in two ways: failed deliveries from H1 were delayed until July, while some of the vehicles previously expected for October were already delivered in September.

•Despite delays in vehicle deliveries caused by supply chain issues, the **revenue of the Retail & Services Business Unit** exceeded the HUF 59 billion level recorded in the previous period by **40%** (more than HUF 23 billion), partly because of the impact of the Avto Aktiv acquisition. Outstanding margins and price increases that exceeded the level of inflation contributed to the exceptional turnover for the Retail & Services Business Unit as well.

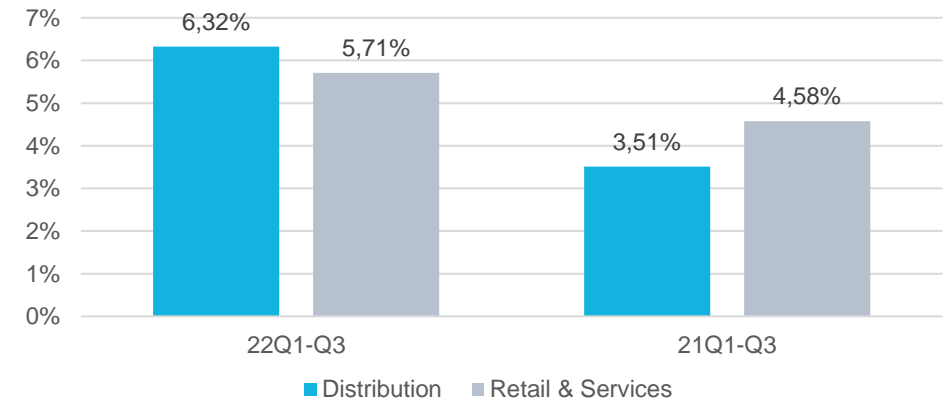
Profitability analysis by business unit

Both business units were able to significantly improve their profitability during the period

Change in EBITDA by business unit in HUF mn (22Q1-Q3/21Q1-Q3)



Changes in EBITDA margin by business unit (22Q1-Q3/21Q1-Q3)



Source: the Company's consolidated IFRS financial statements and its own data

- Both business units contributed significantly to the increase in the Group's EBITDA.
- EBITDA growth in the Distribution Business Unit (HUF 4.9 billion or 163%) was caused mainly by an increase in the sales volume of new vehicles, particularly SsangYong sales, the continuous rise in car prices, above-average retained margins, as well as partly one-off accounting items recorded by the business unit in Q3, which led to a **more than twofold improvement in the EBITDA of the Distribution Business Unit** from the same period of the previous year.
- The **Retail & Services Business Unit achieved an EBITDA growth of HUF 2.7 billion or 74%** in the current period, primarily as a result of exceptionally high margins, rising sales volumes and effective cost management measures.
- In addition to profit volumes, margins also improved considerably as the **EBITDA margins** of the Distribution Business Unit and the Retail & Services Business Unit exceeded **6.3%** and increased to **5.7%**, respectively.

Consolidated balance sheet

A healthy balance sheet and a stable financing position that provide a solid foundation and potential for further growth

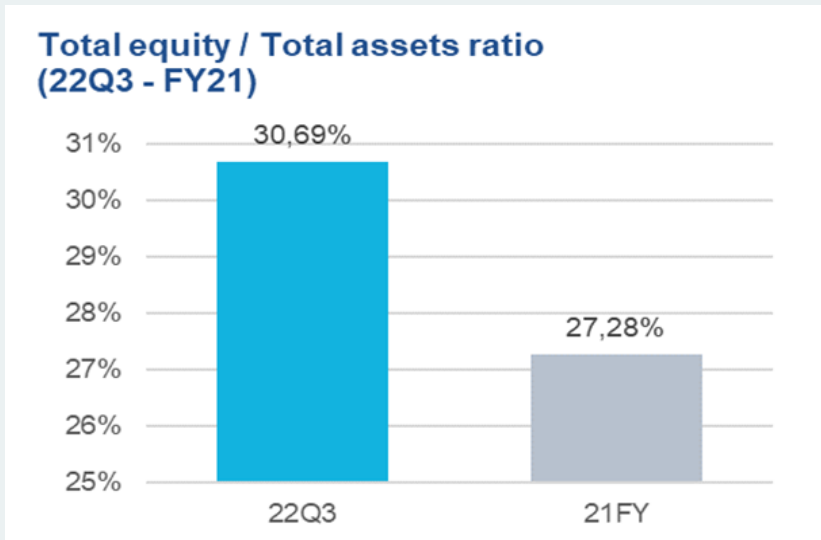
HUF ths	22Q3	21FY	Changes %	Changes
Property, plant and equipment	21 152 707	13 377 526	58%	7 775 181
Assets held for sales	3 364 599	2 827 578	19%	537 021
Right-of-use assets	2 116 874	4 593 643	-54%	-2 476 769
Other non-current assets	6 084 979	4 305 228	41%	1 779 751
Non-current assets	32 719 159	25 103 975	30%	7 615 184
Goods	29 850 648	24 239 704	23%	5 610 944
Other current assets	30 522 893	14 323 893	113%	16 199 000
Cash and cash equivalents	20 397 987	24 698 967	-17%	-4 300 980
Current assets	80 771 528	63 262 564	28%	17 508 964
Assets held for sale	0	610 000	-100%	-610 000
Assets total	113 490 687	88 976 539	28%	24 514 148

HUF ths	22Q3	21FY	Changes %	Changes
Equity total	34 830 329	24 271 670	44%	10 558 659
Long term debentures	9 465 561	9 546 913	-1%	-81 352
Long term loans	5 281 947	2 359 665	124%	2 922 282
Long term lease liabilities	2 030 565	4 714 662	-57%	-2 684 097
Other long term liabilities (non-interest bearing)	661 409	706 516	-6%	-45 107
Long term liabilities	17 439 482	17 327 757	1%	111 725
Short term loans	1 429 849	252 822	466%	1 177 027
Inventory financing loans	1 588 942	1 990 875	-20%	-401 933
Short term lease liabilities	2 361 851	1 867 247	26%	494 604
Liabilities from reverse factoring	19 446 750	8 847 301	120%	10 599 449
Other short term liabilities (interest bearing)	752 930	744 260	1%	8 670
Accounts payable and advance payment received from customers	18 473 255	21 904 440	-16%	-3 431 185
Other short term liabilities interest bearing)	17 167 301	11 720 166	46%	5 447 135
Short term liabilities	61 220 878	47 327 112	29%	13 893 766
Liabilities related to assets held for sale	0	50 000	-100%	-50 000
Liabilities	78 660 360	64 704 869	22%	13 955 491
Equity and liabilities	113 490 689	88 976 539	28%	24 514 150

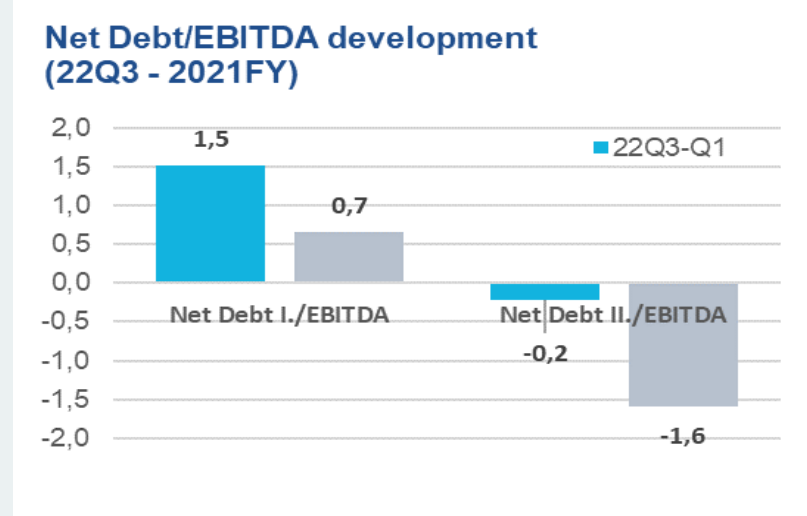
- The value of **non-current assets** increased by 30% (more than HUF 7.6 billion) compared to the end of 2021, exceeding HUF 32.7 billion. The main reason behind this increase is the rise in the value of property, plant and equipment caused by the acquisition of Avto Aktiv in Slovenia in April and the change in the number of vehicles leased as a result of the expansion of rent-a-car services. In addition, the proportion of items within non-current assets changed as a result of the in-kind contribution of the subsidiary owning the real estate where the dealerships in Ljubljana are located, which was completed in July.
- Current assets** were up by 28% compared to the end of the previous year, which is explained by, amongst others, the Group's expansion by acquisitions and the increase in the elements of working capital associated with the growth in turnover, including, in particular, an increase in trade receivables relating to the Distribution Business Unit that is proportional to turnover.
- The Group sold its **held-for-sale** real estate in Biatorbágy during the current period (the gain was recognised in other income and expenses) and, as a result, the asset itself and the related liability were derecognised.
- The increase in the Group's **equity** was caused mainly by the profit for the period and the effect of the share issue resulting from the in-kind contribution of the subsidiary owning the Slovenian real estate.
- Long-term liabilities** essentially remained at the same level. The change in the proportions of the balance sheet lines was primarily caused by the in-kind contribution of the subsidiary owning the Slovenian real estate.
- The HUF 13.9 billion increase in **short-term liabilities** to HUF 61.2 billion is explained mainly by the aggregate increase of HUF 11.8 billion in reverse factoring liabilities and financing loans resulting from the growth in turnover (which amount to HUF 14.1 billion).
- As a result of the above, the Group's **balance sheet total** increased by HUF 24.5 billion (28%) during the current period.

Financial strength

Stable equity/total assets ratio and low net debt



Source: the Company's consolidated IFRS financial statements and its own data



Note: Net Debt I. = Total external financing, Net Debt II. = Total external financing – funds related to inventory financing. The EBITDA used for calculation purposes is the so-called rolling EBITDA for the past 12 months.

- The Group has maintained a healthy capital structure and its consolidated **equity/total assets ratio exceeds 30% at the end of the current period**, significantly surpassing the levels required as financing targets (15%). The change compared to the figure of 27% recorded at year-end was caused by an increase in profitability that exceeded the growth in the balance sheet total (which resulted from both an increase in turnover and the effect of transactions).
- The Group's Net Debt/EBITDA ratios, which include both the ratio that takes into account the total debt and the one that excludes items related to inventory financing (inventory loans, IFRS 16, reverse factoring), reflect the Group's continuously improving financing position. The Group has excellent liquidity and solid debt service coverage.

AutoWallis GROUP

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Annexes

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Annexes

The annexes to the flash report for 2022Q3 are available on our website.