

AUTOWALLIS GROUP

SEMI-ANNUAL REPORT

**FOR THE SEMI-ANNUAL PERIOD
ENDED 30 JUNE 2023**



AutoWallis
GROUP

31 August 2023

This is an English translation of AutoWallis Group Semi-Annual Report as of and for the period ended on 30 June 2023. In case of any difference from the Hungarian version, the Hungarian version prevails.

Budapest – 31 August 2023 – AutoWallis Nyrt. (Reuters: AUTW.HU and Bloomberg: AUTOWALL HB, website: www.autowallis.com, hereinafter: "Company", "AutoWallis Group" or "the Group") published its semi-annual report for 2023 (for the period ended 30 June 2023) today. The report contains the interim condensed consolidated financial statements for the semi-annual period ended 30 June 2023 prepared by the Company's management in accordance with the International Financial Reporting Standards endorsed by the European Union (EU IFRS) and the Company's management (business) report.

TABLE OF CONTENTS

A MESSAGE BY THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER TO SHAREHOLDERS	3
MANAGEMENT (BUSINESS) REPORT OF AUTOWALLIS AND AUTOWALLIS GROUP	4
THE COMPANY	4
THE ECONOMIC AND MARKET ENVIRONMENT OF THE COMPANY	5
SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE IN 2023H1	8
EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE	16
THE STRATEGY OF AUTOWALLIS	18
CORPORATE GOVERNANCE	20
SUSTAINABILITY AND ENVIRONMENTAL PROTECTION	23
SOCIAL AND EMPLOYMENT MATTERS AND HUMAN RIGHTS	24
RISKS AND RISK MANAGEMENT	28
COMPANY STRUCTURE AND SITES	31
SHARE CAPITAL OF THE COMPANY AND INFORMATION ON SHARES	32
OTHER	33
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	35
DECLARATIONS	61

A MESSAGE BY THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER TO SHAREHOLDERS

Dear Shareholders and Investors,

Thanks to its diversified operation and a strong growth strategy that has proven to be resilient in the face of crisis over the past years, AutoWallis Group outperformed the automotive markets of both the region and Hungary in the first half of 2023. **This provides a cause for optimism among shareholders, which is reflected in our figures as well: compared to 2022H1, AutoWallis' earnings per share increased by 85% to HUF 16.87 per share.**

We have achieved this in an environment that continues to be challenging. Although the rise in inflation and interest rates that had started last year began to slow down, it still had an impact on demand for motor vehicles and was also reflected in the decline in the growth rate of orders, primarily in Hungary, but to a smaller extent in the Group's export markets as well.

It is important to note that, in this environment, the 27.7% organic growth in the number of new vehicles sold by the Group is an exceptional result. **This demonstrates the resilience of AutoWallis Group's operation (which spans 15 countries) resulting from its diversification in terms of brands, segments and geographical areas, which enables smooth progress and even accelerated growth on this difficult terrain.**

This strong semi-annual period is reflected in our financial and operating indicators as well. In addition to the price increase generated by inflation, our organic expansion and growth by acquisitions also contributed to a significant rise of 48% in revenue to HUF 194.3 billion. **EBITDA increased by 50% to HUF 10.4 billion in the first half of the year from the same period of the previous year, while our EBITDA margin remained at the level recorded in the same period of the previous year, i.e. 5.3%.**

Zsolt Müllner
Chairman

Gábor Ormosy
Chief Executive Officer

As an automotive company listed on the Budapest Stock Exchange, we are proud that the weight of our shares in the BUX basket has more than doubled compared to the initial weight in 2019. Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the index has been 0.51% since 1 March 2023.

We are committed to sustainable operations, which is demonstrated by the fact that we were the first enterprise in the Premium category of the Budapest Stock Exchange to have established a green financing framework and issued green bonds. **Obtaining an ESG certification is a strategic goal of ours and, as the next milestone towards this objective, we published our first Sustainability Report in March 2023.**

We are planning for the period ahead of us with cautious optimism. We expect to see a slow improvement in the market environment, and we believe that the acquisitions and transactions completed in recent years have been successful, based on the figures for the first half of the year. Not only have the acquired companies contributed significantly to the profitability of AutoWallis Group, this growth has also resulted in improved efficiency.

The recovery observed in the region could expand into the Hungarian market in the coming quarters, while we are working on new transactions and acquisitions. This is how we are progressing on our path to achieving our strategic goal of making AutoWallis Group the leading car dealership and mobility service provider of the Central and Eastern European region by the end of the decade.

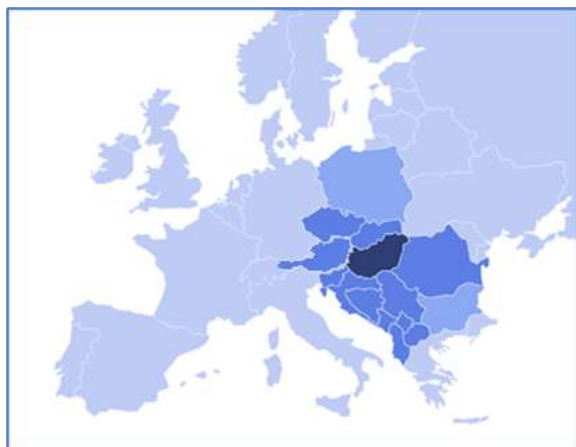
MANAGEMENT (BUSINESS) REPORT OF AUTOWALLIS AND AUTOWALLIS GROUP

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.

The Company is devoted to continuously expanding its portfolio that focuses on automotive investments through business development and acquisitions while operating as a group that adopts a classic, conservative and ESG-compliant business policy and responds to social and environmental challenges.

Areas of operation and activities



AutoWallis Group¹ operates in 15 countries in the Central and Eastern European region (Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities, short-term and long-term car rental and digital sales platforms.

¹ Which collectively refers to AutoWallis Nyrt. and its subsidiaries, as explained in the Company Structure and Sites section

The brands represented by the Distribution Business Unit of AutoWallis Group include Alpine, Dacia, Isuzu, Jaguar, Land Rover, Renault, SsangYong and Opel, as well as the supply of Saab parts, while the Retail & Services Business Unit deals with BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, KIA, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota, Sixt rent-a-car, JóAutok.hu and auto-licit.hu, as well as Nelson car fleet management and fleet leasing.

Stock exchange presence

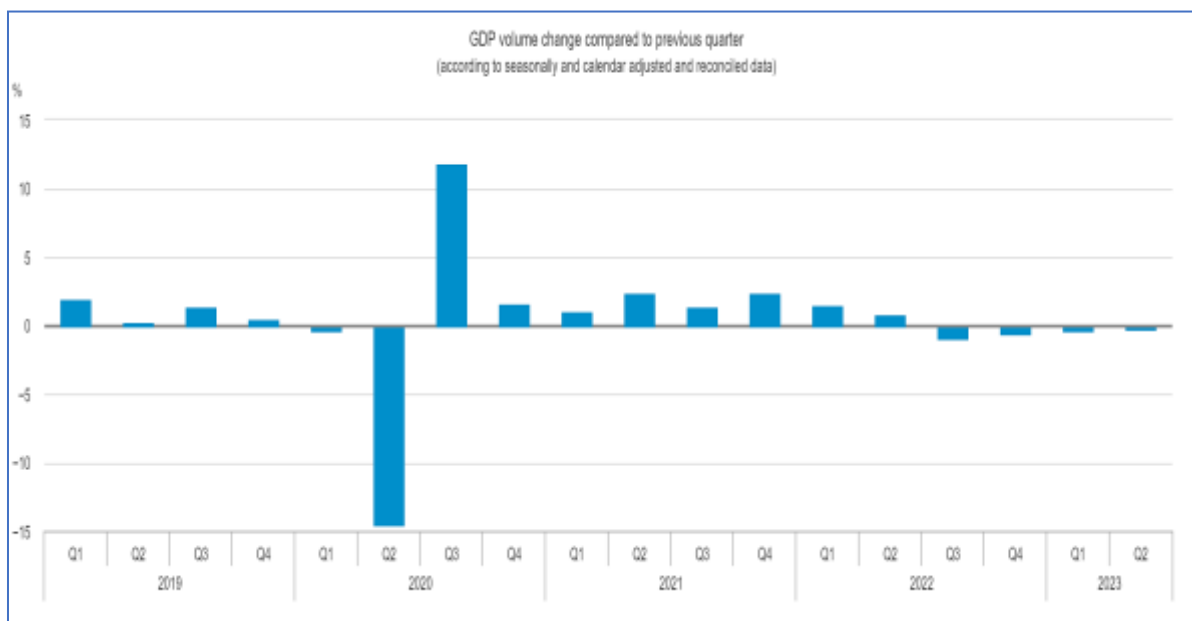
AutoWallis has been listed on the Budapest Stock Exchange since 2019. Compared to the initial weight of 0.20%, the weight of AutoWallis shares in the BUX basket has more than doubled. Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the index increased to 0.51% as of 1 March 2023.

AutoWallis is committed to sustainable operation. Accordingly, the Company was the first enterprise in the Premium category of the Budapest Stock Exchange to have established a green financing framework and issued green bonds.

AutoWallis Nyrt. once again received the "Capital increase of the year" award from the professional jury of the Budapest Stock Exchange in February 2022 for the second consecutive time following the public offering of shares of AutoWallis (aimed partly at retail investors) that ended in November 2021 with a significant oversubscription compared to the original target for a total amount of HUF 10 billion, exceeding all prior expectations.

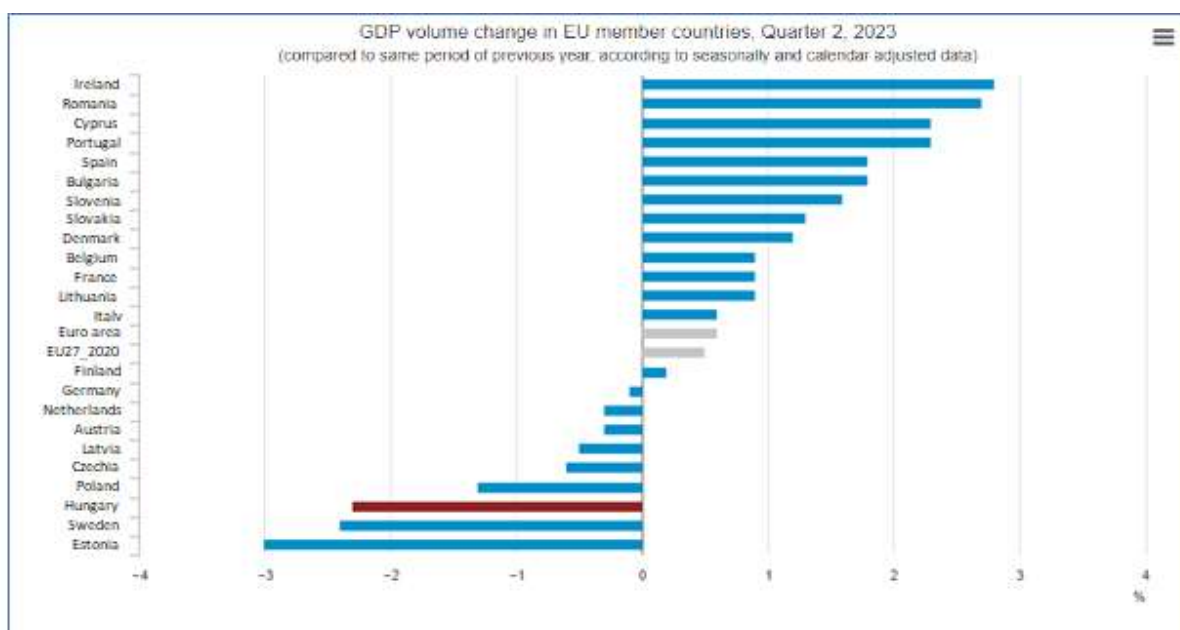
THE ECONOMIC AND MARKET ENVIRONMENT OF THE COMPANY ²

GDP development



In 2023, the economic performance of the European Union improved by 0.5% and the performance of the Hungarian economy declined by 2.4% compared to the same period of the previous year. In comparison with the previous

quarter, the economic performance of the EU essentially stagnated as Hungary saw a decline of 0.3%, while other significant markets of AutoWallis Group were characterised by stagnation or slight growth



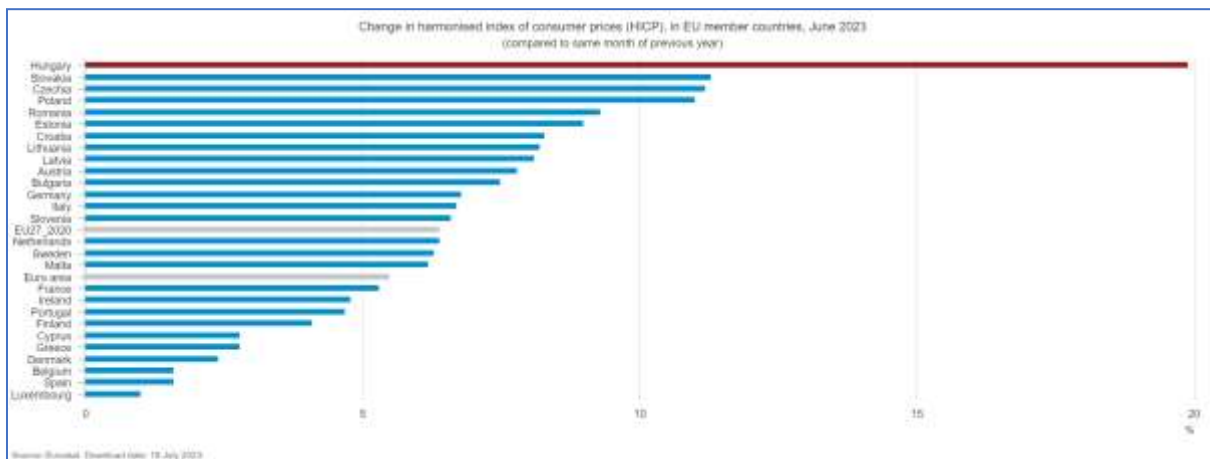
² Source of external economic data: <https://www.ksh.hu/heti-monitor/index.html> (published: 16/08/2023)

Changes in inflation

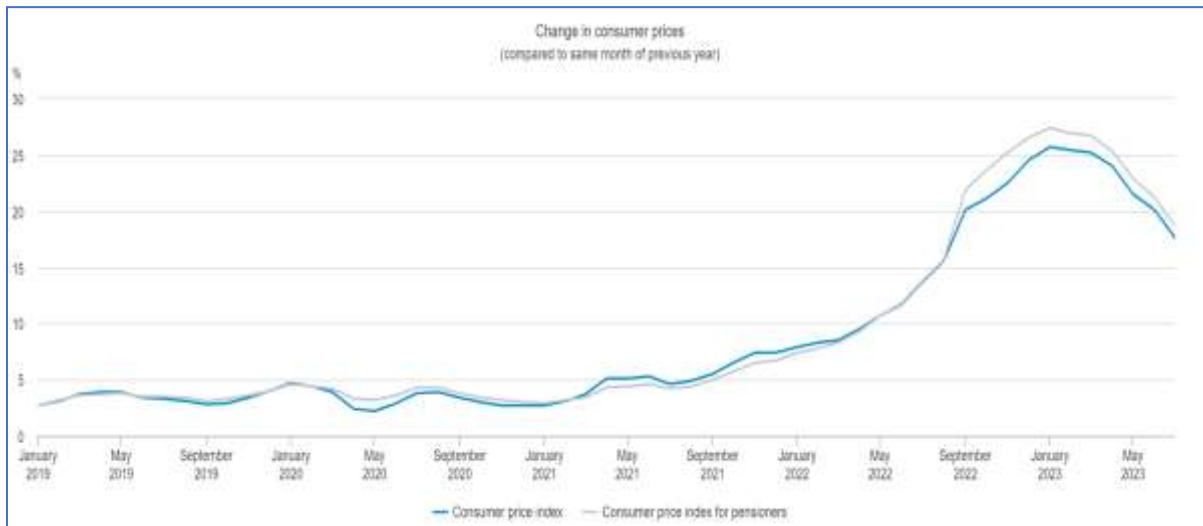
In 2022, inflation rates and benchmark interest rates increased considerably worldwide, including the relevant markets of the Group. Coupled with ongoing issues affecting supply chains, this also resulted in a significant rise in the price of new and used cars.

The rise in consumer prices and interest rates began to slow down in 2023H1; however,

inflation rates and interest rates still remained high and had an effect on disposable income and, in particular, demand for motor vehicles (to a greater extent in Hungary, and typically less so in the Group's export markets), which had manifested itself in a decline in the growth rate of orders.



Recent changes in consumer prices in Hungary are presented in the following graph:³



³ Source: Hungarian Central Statistical Office (<https://www.ksh.hu/heti-monitor/arak.html>) (published: 08/08/2023)

New passenger car sales

	January- June		Change %	Change
	2023	2022		
Austria	126 690	108 606	16,7%	18 084
Belgium	264 475	195 387	35,4%	69 088
Bulgaria	17 633	14 539	21,3%	3 094
Croatia	33 435	22 869	46,2%	10 566
Cyprus	7 642	6 133	24,6%	1 509
Czech Republic	115 548	98 914	16,8%	16 634
Denmark	84 344	73 518	14,7%	10 826
Estonia	12 131	11 074	9,5%	1 057
Finland	46 873	43 500	7,8%	3 373
France	889 776	771 980	15,3%	117 796
Germany	1 396 870	1 237 975	12,8%	158 895
Greece	70 362	54 798	28,4%	15 564
Hungary	56 467	57 407	-1,6%	-940
Ireland	77 496	65 211	18,8%	12 285
Italy	840 750	684 393	22,8%	156 357
Latvia	9 903	8 141	21,6%	1 762
Lithuania	14 680	13 982	5,0%	698
Luxembourg	26 494	21 812	21,5%	4 682
Malta	3 970	3 342	18,8%	628
Netherlands	201 792	153 697	31,3%	48 095
Poland	238 672	212 405	12,4%	26 267
Portugal	110 155	75 743	45,4%	34 412
Romania	73 645	58 712	25,4%	14 933
Slovakia	45 457	39 953	13,8%	5 504
Slovenia	27 310	25 847	5,7%	1 463
Spain	505 421	407 758	24,0%	97 663
Sweden	140 663	144 182	-2,4%	-3 519
European Union	5 438 654	4 611 878	17,9%	826 776
Iceland	10 263	9 327	10,0%	936
Norway	66 549	68 502	-2,9%	-1 953
Switzerland	123 752	109 600	12,9%	14 152
EFTA	200 564	187 429	7,0%	13 135
United Kingdom	949 720	802 079	18,4%	147 641
TOTAL (EU + EFTA + United Kingdom)	6 588 938	5 601 386	17,6%	987 552

Source: ACEA

The number of registrations of new passenger cars increased by nearly 18% in 2023H1, primarily as a result of recovery from the widespread supply chain issues arising in the same period of the previous year (chip shortage, parts shortage, etc.) and thus the gradual stabilisation of the number of cars manufactured. The European automotive market began to settle down in the first half of the year, although it still fell considerably short of the pre-COVID levels of 2019 (6.9 million units) by more than 20%.

The region where AutoWallis 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.

	January- June		Change %	Change
	2023	2022		
Bulgaria	17 549	14 639	19,9%	2 910
Bosnia and Herzegovina	5 148	3 983	29,2%	1 165
Croatia	34 205	22 869	49,6%	11 336
Czech Republic	115 645	98 916	16,9%	16 729
Hungary	56 567	57 411	-1,5%	-844
Poland	239 658	212 405	12,8%	27 253
Romania	73 752	58 712	25,6%	15 040
Serbia	12 674	9 099	39,3%	3 575
Slovakia	45 409	39 953	13,7%	5 456
Slovenia	27 384	25 847	5,9%	1 537
Total	627 991	543 834	15,47%	84 157

Source: Datahouse

In line with the growth observed in EU markets, the number of first registrations of new passenger cars **in the relevant markets of AutoWallis Group** (see the table above) **improved by nearly 15.5%** in the first half of 2023⁴ compared to the same period of 2022, although in Hungary, the key market of AutoWallis Group, there is still a **1.5% decline** for the time being.

With all of these trends in mind, the 27.7% organic growth in the number of vehicles sold by AutoWallis Group (both in the Retail & Services and Distribution Business Units)⁵ can be considered significant and **demonstrates the Group's resilience resulting from its diversification in terms of brands, segments and geographical areas.**

Price increases in the markets, rising financing costs and the general geopolitical uncertainties of the region (the war between Russia and the Ukraine, etc.) are expected to continue to put pressure on the automotive market during the period ahead. The Group will continuously monitor the situation and plans to respond to changes

⁴ 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 such differences may have an immaterial impact on conclusions in the case of countries covered by both sources.

⁵ The details are presented in the section of this report entitled Analysis of the Group's operating results

through flexible and efficient pricing and cost management, amongst other things.

SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE IN 2023H1⁶

Analysis of the Group's financial performance

Data in HUF thousand (thHUF)	2023 H1	2022 H1	% change	Change
Revenue	194 342 010	131 045 612	48%	63 296 398
<i>Distribution Business Unit</i>	118 783 281	78 824 637	51%	39 958 644
<i>Retail & Services Business Unit</i>	75 558 729	52 220 975	45%	23 337 754
Material expenses + Own performance capitalised	-3 772 841	-2 428 957	55%	-1 343 884
Services	-8 305 415	-6 266 271	33%	-2 039 143
Cost of goods sold	-163 865 428	-111 106 962	47%	-52 758 466
Personnel expenses	-6 619 653	-4 730 120	40%	-1 889 533
Depreciation and amortisation	-2 011 670	-1 631 046	23%	-380 624
Profit of sales	9 767 003	4 882 256	100%	4 884 747
Other income and expenses	-259 293	317 508	-182%	-576 801
Impairment losses on non-financial instruments	-988 240	15 389	N/A	-1 003 629
Expected impairment losses on financial instruments	-159 453	-13 709	1063%	-145 744
Other income and expenses	-1 406 986	319 189	-541%	-1 726 174
OPERATING PROFIT - EBIT	8 360 017	5 201 445	61%	3 158 572
Interest income	803 568	272 843	195%	530 725
Interest expense	-2 394 479	-504 092	375%	-1 890 387
Financial expenses from leases	-446 269	-123 517	261%	-322 752
Foreign exchange gains or losses, net	1 092 171	330	330490%	1 091 841
Valuation difference of financial instruments	329 683	-7 462	N/A	337 145
Other financial gains or losses, net	3 162	2 564	23%	598
Other	-612 164	-359 334	70%	-252 830
Financial gains or losses	916 787	0	N/A	
Share of profit of associates and joint ventures	8 664 640	4 842 110	79%	3 822 530
PROFIT BEFORE TAX	-1 134 564	-759 391	49%	-375 173
Tax expense	7 530 076	4 082 720	84%	3 447 357
NET PROFIT OR LOSS	-475 688	461 505	N/A	-937 193
Retranslation of subsidiaries	7 054 388	4 544 224	55%	2 510 164
TOTAL COMPREHENSIVE INCOME				
	16,87	9,14	85%	7,74
EPS (HUF/share)	-	55 040	-100%	-55 040
EBITDA impact of items which never generate any net outflow of assets	10 371 686	6 901 239	50%	3 470 447
EBITDA				

- AutoWallis Group's **revenue** exceeded HUF 194.3 billion in 2023H1, which is more than HUF 63.2 billion (or 48%) higher than the revenue generated in the same period of the

previous year. The reasons behind this exceptional expansion included organic growth and growth through acquisitions, as

⁶ The effect of acquisitions (transactions) includes the impact of transactions completed since the comparative period, while organic changes include the

performance of companies that were already part of the group during the comparative period. These analyses do not include changes for partial periods (pro forma changes).

well as the massive price increase caused by the inflation in the region.

- The value of **materials** increased by 55% from the comparative period, the main reasons being the rise in public utility costs caused by the significant rise in energy prices, inflation and other factors, as well as the substantial increase in the price of materials used in the course of servicing activities.
- The value of **services** was up by 33% from the comparative period to nearly HUF 8.3 billion. The main cause of this increase in costs is the rise in delivery costs, communication expenses and insurance premiums associated with higher sales volumes. The acquisition of businesses in the first half of 2023 added HUF 486 million to these expenses.
- The increase in **COGS** (HUF 52.8 billion or 47%) is primarily attributable to the rise in prices charged by car manufacturers (the purchase prices paid by AutoWallis) and the growth in volume. This is almost the same as the rate at which revenue changed and, as a result, **the Group was able to sustain and even slightly improve its gross margin** (to 15.7% compared to 15.2% in the same period of the previous year).

The main reason behind this improvement is that the Group was able to continue successfully implementing an effective pricing policy for both new and used car purchases and sales in the midst of high inflation.

- The **40% rise in personnel expenses** was caused primarily by the acquisitions completed in 2022 and 2023 (Nelson's fleet management business and Net Mobilitás Zrt.) and the resulting increase in average headcount (the Group's average headcount was 821 in 2022H1 and 930 in 2023H1), as well as the pay rise given in response to changes in the labour market. The comparison is also influenced by the fact that 2022 was only affected by these impacts on a prorated basis, while 2023 was typically affected in its entirety. (Avto Aktiv)

- The 23% increase in **depreciation and amortisation** is due to the increased fleet size resulting from the acquisition of Nelson's fleet management business (for an effect of 13.8%), as well as the depreciation recognised on the assets newly added to the Group's portfolio in connection with other transactions (Net Mobilitás Zrt. in January 2023 and Avto Aktiv in April 2022).
- As a result of the above, **operating profit (EBIT) increased by 61% to HUF 8.4 billion** compared to the same period of the previous year, which reflects both the outstanding sales figures resulting from organic growth in the period and the acquisitions completed in 2022 and 2023 as well as the results of the continuation of disciplined pricing and cost management.
- The value of financial gains or losses in 2023H1 was a **loss of HUF 612.2 million**, which represents a decline of over HUF 252 million compared to the same period of 2022. The main drivers included the significant increase in financing expenses incurred in the normal course of business caused by a considerable rise in interest rates and the growth in the volume of financing. This significant effect was offset by realised and unrealised foreign exchange gains resulting from the translation of items denominated in foreign currency for the period.
- The **EBITDA**, one of the indicators which best describe the Group's performance, **improved by 50% to HUF 10.4 billion** compared to the nearly HUF 6.9 billion figure recorded in 2022H1. The Group's **EBITDA margin (5.3%) remained at the same level as in the same period of the previous year** as a result of the growth accompanying its efficient operations.
- **Profit before tax for 2023H1 was HUF 8.7 billion**, which represents a **79% growth** from the previous year.
- The Group's **total comprehensive income of HUF 7.05 billion** translates into a **55% increase** compared to the HUF 4.2 billion profit figure for the same period of 2022.



Analysis of the Group's operating results

Vehicle sales

	January-June		% Change
	2023	2022	
Sale of new vehicles*	24 678	14 442	71%
Sale of used vehicles	956	937	2%
Total sale of vehicles	25 634	15 379	67%

* 1135 vehicles have been sold within the Group (last year: 388 units)

Contrary to the performance of the region's automotive market, the Group **achieved an outstanding growth of 67%** in the sale of new and used cars, despite unfavourable changes in the macroeconomic environment (particularly in Hungary).. Of this growth rate, the effect of acquisitions and organic growth were 39.0% and 27.7%, respectively. It must be noted that, while the average decline in the sale of new cars in Hungary was 1.5%, the Group's sales volumes showed marginal growth even in the Hungarian retail segment.

The expected improvement in macroeconomic indicators (particularly in Hungary) provides cause for optimism for the market to settle down. However, any currently unforeseen difficulties that certain brands may have to deal with, as well as the logistics and other challenges facing the region and the industry, could negatively impact the expected sales figures of the upcoming period.

Automotive services

	January- June		% Change
	2023	2022	
Number of service hours (hours)	91 094	77 983	17%
Average fleet size for car rental (units)	10 109	9 380	8%
Number of rental transactions (units)	86 618	83 410	4%
Number of rental days (units)	3 281	786	317%

All in all, the Group achieved growth in terms of each service it provides (car rental, servicing activities, etc.) compared to the same period of

the previous year. As these services are provided in the retail & services segment, details will be provided in the section presenting the results of

the Retail & Services Business Unit. The main driver behind the considerable growth in fleet

size was the acquisition of Nelson's fleet management business.

Segment analysis

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**). For the purpose of presentation in the management

report, the performance of each business unit is presented in a consolidated manner (after certain items are filtered out), and the data include the proportionate part of the costs of administrative functions that support the operations of each business unit.



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, Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Kosovo,

Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia). In 2022Q4, AutoWallis Group became the Hungarian importer of the Renault, Dacia and Alpine brands through a joint venture established in partnership with the Portuguese entity Salvador Caetano.



Sales performance of the Distribution Business Unit

Distribution Business Unit	January-June		% Change
	2023	2022	
Sale of new vehicles (units) *	20 500	10 659	92%

* 1135 units have been sold within the Group (last year: 388 pieces)

Compared to the same period of the previous year, the Distribution Business Unit of AutoWallis Group **improved its sales by 92%** in 2023H1, selling a total of 20,500 new cars. This growth

was partly organic (+36%) and partly explained by the number of vehicles sold by RN Hungary Kft., an entity acquired in the last quarter of 2022 through a joint venture (5,998 units).

Financial performance of the Distribution Business Unit

Profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	January-June		% Change
	2023	2022	
Revenue	118 783 281	78 824 637	50,7%
Gross profit	15 302 803	10 525 979	45,4%
<i>Gross profit margin %</i>	<i>12,9%</i>	<i>13,4%</i>	<i>-3,5%</i>
Profit before tax (excluding the JV)	6 089 689	3 603 819	69,0%
Profit before tax (including the JV)	7 006 476	3 603 819	94,4%
<i>Profit before tax / Revenue % (excluding the JV)</i>	<i>5,1%</i>	<i>4,6%</i>	<i>12,1%</i>
EBITDA	5 986 943	4 418 281	35,5%
<i>EBITDA / Revenue (Excluding the JV) %</i>	<i>5,0%</i>	<i>5,6%</i>	<i>-10,1%</i>

The **revenue** of the Distribution Business Unit **increased by more than 50%** to HUF 118.8 billion in 2023H1 in comparison with the revenue for the same period of the previous year. The main components of this growth were the increase in the volume of new vehicles sold (+), the average price increase of vehicles sold (+) and the discounts re-introduced during the period (-).

COGS increased at a slightly slower rate than revenue (52%), as a result of which the gross margin of the business unit declined from the comparative period. **The percentage gross margin of the Distribution Business Unit did not change considerably.**



Retail & Services Business Unit

As part of its Retail & Services business, AutoWallis Group is engaged in the sale of new

Isuzu, Jaguar, Land Rover, 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 premium limousine services.

In line with the strategy formulated by AutoWallis Group, the dealerships of the 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- June		% Change
	2023	2022	
Number of new vehicles sold (units)	4 178	3 783	10%
Number of used vehicles sold (units)	956	937	2%
Total vehicle sales	5 134	4 720	+9%

In the first half of 2023, the Retail & Services Business Unit managed to achieve substantial growth (+10%) in terms of **new vehicle sales** compared to the trends presented in connection with the relevant retail markets of the Group (+5.9% in Slovenia and -1.5% in Hungary). This growth is, in part, attributable to the acquisition of Avto Aktiv in April 2022, and the sales figures of this entity affected the entire first half of 2023

(while the first half of 2022 was only partly affected).

Used vehicle sales remained largely at the same level as in the previous period despite unfavourable macroeconomic trends, and increased by a total of 2% to 956 compared to the same period of 2022.

Automotive services

Automotive services

	January-June		% Change
	2023	2022	
Number of service hours (hours)	91 094	77 983	17%
Average fleet size for car rental (units)	10 109	9 380	8%
Number of rental transactions (units)	86 618	83 410	4%
Number of rental days (units)	3 281	786	317%



In 2022, as the restrictions related to COVID-19 were lifted in their entirety and tourism expanded, the number of rental days for short-term car rental also increased further: **the Group was able to achieve a growth of 4% in this area, while the**



number of short-term rental transactions was up by 8%. The business unit achieved this result with a nearly identical fleet size, which is a testament to efficient fleet management.

The increase in average fleet size is explained by the acquisition of Nelson's fleet management business **(+2,504 vehicles)**. (The number of rental transactions and days does not include the figures for long-term rentals as those are different in terms of their business model.)

During 2023, AutoWallis Group carried out **servicing activities** at five sites in Budapest, four sites around the country (Iniciál Group) and five foreign sites.

The **number of service hours increased significantly** compared to the first half of 2022 (by 17% to 91,094 hours). It is important to point out that the Group was able to expand its servicing activity at a faster rate than the change in the number of vehicles sold.

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

Financial performance of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	January-June		% Change
	2023	2022	
Revenue	75 558 729	52 220 975	44,7%
Gross Profit	15 173 779	9 412 670	61,2%
<i>Gross profit margin %</i>	20,1%	18,0%	11,4%
Profit before tax	1 658 164	1 238 290	33,9%
<i>Profit before tax / Revenue %</i>	2,2%	2,4%	-7,5%
EBITDA	4 384 744	2 482 958	76,6%
<i>EBITDA / Revenue %</i>	5,8%	4,8%	22,0%

The **revenue** of the Retail & Services Business Unit **increased by nearly 45%** in 2023H1 compared to the same period of the previous year. This is attributable in part to the increase in volume as described above (both organic growth and growth by acquisition) and the general price increase of motor vehicles. In addition, the growth in rent-a-car services and servicing activities also contributed to the improved sales performance of the business unit.

The **gross margin** of the business unit also improved considerably, exceeding 20% in the first half of 2023 compared to 18.0% in the first half of 2022. However, the profit before tax / revenue ratio **dropped from 2.4% to 2.2%**, mainly because of the high financing costs (interest rate environment).



EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE

Significant events between 1 January 2023 and 28 April 2023 were presented in the consolidated annual report of AutoWallis Group published on 28 April 2023.⁷ 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, only the most significant events that occurred in 2023 and those which have not yet been presented in previous reports or other disclosures are included in this semi-annual report.



Significant events during the current period

- a) On 13 January 2023, the Group announced that it had acquired Net Mobilitás Zrt., the operator of the websites jóAutók.hu and auto-licit.hu, as well as Logic Car Kft., an entity engaged in motor vehicle trade. The Group acquired these entities from WAM Immobilia Zrt. (a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis) and from Car Alliance Kft. The total purchase price of the companies is HUF 800 million, consisting of a fixed instalment of HUF 320 million and a variable instalment of HUF 480 million contingent on certain criteria. The purchase price is to be settled using treasury shares in its entirety.
- b) On 27 January 2023, the Group completed the acquisition of the fleet management business of Nelson Group, following approval by the Hungarian Competition Authority. As a result of the transaction, the Group acquired a 100% share in **Nelson Flottalízng Kft. and its service providers Nelson Sales Kft. and Nelson Assistance Kft.** By entering the fleet management market, AutoWallis Group reached yet another milestone and took a



⁷https://bet.hu/site/newkib/hu/2022.04./AutoWallis_Nyrt._eves_jelentes_a_2021._december_31-re_vegzodo_evre_128716932

⁸ <https://www.autowallis.hu/>

major step towards expanding its service and mobility portfolio. Through this transaction, the Group immediately acquired a nearly 2.5% share of the fleet management market. The purchase price amounted to HUF 2.9 billion and



was settled in cash in its entirety.

- c) During the current period, a fire broke out on a ship transporting motor vehicles for the Group from the Far East (with 668 SsangYong vehicles on board), forcing the vessel to stop at an intermediate port. The ship's cargo has been unloaded, and the damage to the cargo and the vessel is currently being assessed by experts. The claims handling process is still underway at the time of disclosure of the semi-annual report, and the settlement of damage claims

and insurance administration may take a considerable amount of time.

Although AutoWallis has not yet received an official damage report or expert opinion from the company that assessed the damage, the information obtained by AutoWallis' own experts sent to the scene suggests that some of the 668 vehicles suffered varying degrees of damage. The vehicles are covered by an insurance policy which, in the management's opinion based on currently available information, provides safe coverage for any direct damage. The Group recognised impairment losses and provisions in the semi-annual financial statements based on the above-mentioned provisional estimate of damages and costs by the Group's own experts. The Group's management is continuously monitoring developments.

Events after the balance sheet date

Significant events after the balance sheet date that occurred before the disclosure of the Semi-annual Report were as follows:

- a) On 3 August 2023, AutoWallis Group announced that the Group had acquired a 100% share in Wallis Autómegosztó Zrt. (the entity operating the car sharing service Sharenow) by way of in-kind contribution, further strengthening the Group's mobility business. On 19 July 2023, the Board of Directors of AutoWallis Nyrt. adopted a decision to increase the share capital of AutoWallis Nyrt. due to the in-kind contribution. Based on this decision, 50,750,906 units of series "C" dematerialised ordinary shares with a nominal value of HUF 12.50 an issue value of HUF 96.55 per share were issued. As a result, the share capital of AutoWallis Nyrt. will increase from HUF 5,528,612,525 to HUF 6,162,998,850 (by HUF 634,386,325), while the remaining amount of HUF 4,265,613,675 will be transferred to the Company's share premium. The sellers of Wallis Autómegosztó (Wallis Asset Management Zrt.: 74.99%, Széchenyi Tőke Alap: 21.39%, management: 3.62%) will receive the shares to be issued in the course of the capital increase.

Information about other important events between the balance sheet date and the publication of this semi-annual financial report is available on our website (<https://www.autowallis.com/>).

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 become a leading integrator within the region for the retail and distribution of motor vehicles and for services by 2030.

In order to work towards this objective, AutoWallis Group continued implementing its strategy by completing two transactions in 2023: in January 2022, it acquired the fleet management business of Nelson Group, as well as Net Mobilitás Zrt., the entity operating jóautók.hu and autolicit.hu. Through these transactions, the Group further increased its share of the mobility services market. However, expansion hasn't stopped, and the Group

completed yet another transaction in August 2023 by acquiring a 100% share in Wallis Autómegosztó Zrt., the entity operating the car sharing service Sharenow, by way of in-kind contribution. Partly as a result of these transactions, AutoWallis Group took a major step towards expanding its service portfolio by entering the market for car sharing services.

The transformation of the automotive supply chain poses new challenges, which makes last year's acquisitions even more significant. A key trend of recent years, whereby manufacturers are opting to sell their distribution businesses due to the high pressure on investments and costs caused by the shift to electric vehicles, is continuing. This will continue to provide excellent opportunities for AutoWallis Group to acquire



distribution rights going forward. Based on the Group's vision, the most successful entities in this rapidly changing market will be those that are able to cover the entire post-production supply chain and have direct access to clients through their broad range of distribution, retail and service operations using advanced IT solutions.

Due to stricter environmental regulations and advances in the technology of alternative drivetrains, manufacturers are being forced to engage in capital intensive, innovative and ongoing technological development. Digital sales channels are increasing in importance, which means that focus will shift to online marketing, the extensive digitalisation of sales and distribution and professional sales support and services instead of direct sales; this is one of the reasons why acquiring JóAutók and AUTÓ-LICIT was a crucial step towards implementing the Group's strategy. The demand for alternative mobility is expected to grow, but ownership will continue to enjoy great significance alongside car sharing; the brand loyalty of customers is declining, and so customers will be more open to brand-independent mobility solutions. As a result, developing sales support systems and launching new mobility solutions are equally important.

Therefore, a major goal of AutoWallis Group is to further strengthen its market position through

one or two acquisitions each year and by way of business development and diversification. The Group is still committed to its objective of being a leader in consolidation in the automotive market of the Central and Eastern European region. To that end, the Group plans to continue its growth in the service business, particularly fleet management and the associated mobility activities, as well as the related IT solutions. In an expanding group, exploiting synergies is especially important, which is why our goal is to develop functions that support corporate operations and to build an international management team. The strategy of AutoWallis focuses strongly on digital transformation and data asset management capabilities, while paying particular attention to our traditional service lines (i.e. aftersales services and the sale of used cars). The goal of AutoWallis is to cover the entire value chain and integrate its commercial and service portfolio as part of a common brand structure, thereby exploiting operational and sales synergies among group members.

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.



CORPORATE GOVERNANCE

Governance system of AutoWallis Group

In line with the statutory regulations, being a public company limited by shares and having regard to the fact that the shares issued by the Company are traded on the Budapest Stock Exchange, i.e. a regulated market, the system of voluntary and mandatory corporate governance rules that the Company applies are presented in its Corporate Governance Reports and Statements, which are directly available on the website of the Budapest Stock Exchange (www.bet.hu) and the Company's website (www.autowallis.hu) at all times as part of the annual financial statements and are published on www.kozzetetelek.hu in chronological order and in searchable form.

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

Main governing body and supervisory bodies

The main governing body of the Company is its Board of Directors. The Company has a Supervisory Board, an Audit Committee and a Green Financing Committee in place. Up-to-date information on the composition of the Company's main governing body and its supervisory bodies is available at all times on the website of the Company or the Budapest Stock Exchange:

[https://bet.hu/oldal/ceg_adatlap/\\$issuer/3399](https://bet.hu/oldal/ceg_adatlap/$issuer/3399)

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's management developed the necessary processes and decision-making and approval points to monitor and control the Group's business, financial and operational activities.

The BI system of AutoWallis is a key tool for supporting the above processes. AutoWallis Group has a group-level data warehouse, other data solutions and a business intelligence system in place that allow for the analysis and comparison of the financial, sales, aftersales and other data of all of its member firms. The related internal training courses are in progress within the Group.

During the upcoming period, the Group plans to standardise and develop its IT environment and the level of integration of certain software solutions in order to cope with the pressure caused by the increase in group size and the challenges faced by the sector in terms of innovation and digitalisation and, at the same time, to exploit the synergies within the Group.

<https://autowallis.com/vezeto-testuletek/>

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

Board of Directors

The Company is currently managed by a Board of Directors consisting of five 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 Chief Executive Officer and the rest of the Company's employees are exercised by the Chairman of the Board of Directors and the Chief Executive Officer, respectively. The employer's rights with respect to the senior executives of the Company's subsidiaries are exercised by the member of the Board of Directors who acts as the Chief Executive Officer.

Body ¹	Name	Position	Start of assignment	End/termination of assignment
BoD	Zsolt Müllner	Chairman of the BoD	17/12/2018	
BoD	Gábor Ormosy	Member of the BoD	30/04/2019	
BoD	Gábor Székely	Member of the BoD	17/12/2018	
BoD	Andrew John Prest	Member of the BoD	17/12/2018	
BoD	Péter Antal	Member of the BoD	17/12/2018	
BoD	Gábor Dévai	Member of the BoD	30/04/2019	24/07/2023

Supervisory Board and Audit Committee

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

Body ¹	Name	Position	Start of assignment	End/termination of assignment
SB	Attila Chikán Jr.	Chairman of the SB	17/12/2018	
SB	György Ecseri	Member of the SB	17/12/2018	
SB	Gábor Vitán	Member of the SB	17/12/2018	
SB	Bence Buday	Member of the SB	30/11/2020	
SB	Petra Birkás	Member of the SB	01/07/2022	08/05/2023

	Name	Position	Start of assignment	End/termination of assignment
AC	Attila Chikán Jr.	Chairman of the AC	17/12/2018	
AC	György Ecseri	Member of the AC	17/12/2018	
AC	Gábor Vitán	Member of the AC	17/12/2018	
AC	Bence Buday	Member of the AC	30/11/2020	
AC	Petra Birkás	Member of the AC	01/07/2022	08/05/2023

Green Financing Committee

In order to ensure that the green 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 Financing Committee. The body (whose members are Beatrix Szabó, Sustainability and EHS Director at ALTEO Nyrt., and three members of the Board of Directors of

AutoWallis, namely Andrew John Prest, Péter Antal and Gábor Székely) prepares a report on the fulfilment of the commitments each year. The 2022 report is available at: https://bet.hu/newkibdata/128760995/AutoWallis_allocation%20and%20impact%20report_2022_final-AW06.pdf

AutoWallis Group and the going concern principle

As part of its usual planning process, AutoWallis Group prepared its business plans for 2023 and the subsequent 3-year period. The annual business plan for the year 2023 was approved by the Company's Board of Directors. Based on the plans, the management determined that the Company qualifies as a going concern. The potential impact of the war between Russia and the Ukraine and the expected general

macroeconomic environment and trends were also taken into account during the approval of the business plans. With these in mind, the management confirmed that the Group's reserves of cash equivalents are sufficient and its business prospects are positive and, as a result, the Group is able to continue as a going concern.

SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

Sustainability

Obtaining an ESG certification is a particularly important strategic goal for the Company. As an important milestone towards this objective, the Company published its first Sustainability Report on 20 March 2023. The Company's commitment to ESG is strengthened by the expectations of and feedback from the Company's staff, investors and clients, as well as capital market players.

To that end, the Company continuously optimises its operation, processes and organisation to ensure that this environmental, social and economic responsibility is reflected in its day-to-day operations.

AutoWallis Nyrt. was the first enterprise listed in the Premium category of the Budapest Stock Exchange (BSE) to have developed and approved a Green Finance Framework and, with a view to the dynamic growth of the Company and the changes in the regulatory environment, intends to amend the framework in 2023 and is looking to obtain a new certification to strengthen it.

In 2021, AutoWallis Nyrt. issued green bonds for HUF 6.6 billion with substantial oversubscription.

The amount received from the green bonds will be used by AutoWallis Group in line with the principles laid down in the framework, which include commitments to develop e-mobility, including adding new charging stations, and increasing the number of electric or hybrid vehicles in its own fleet. The Group does not finance operations which could cause environmental damage or are associated with the supply of goods or services that are ethically or morally unacceptable. The Company's Green Committee has published its first Allocation and Impact Report on the green projects implemented so far and on the use of the funds raised through green bonds.

Information on the social, diversity and other aspects of sustainability is presented in the section "Social and employment matters".



Environmental protection

Activities which are hazardous or harmful to the environment are carried out by AutoWallis Group only to a limited extent, and AutoWallis Group 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. The Group places great emphasis on environmental protection (compliance with the applicable regulations and standards) in its vehicle repair shops. The operation of our production plants is assisted by contracted environmental advisors and safety advisors for the transportation of dangerous goods.

The Company lays great emphasis on monitoring changes to environmental regulations and maintaining up-to-date records of its plants with respect to waste management, air quality protection and ADR (transportation of dangerous goods). Waste generated at the plants is stored separately in the designated packaging materials (depending on the type of waste) and is handed over to contracted partners who possess official permits for the transportation and disposal of the given waste fraction.

Waste processing companies determine the precise weight of the waste (using scales) at their own sites and issue so-called weight notes to confirm such weights. We submit cumulative reports on weight notes for each waste fraction to the Environmental Authority on an annual basis. After being verified by the authority, the information provided in these reports is stored in the Electronic Waste Information System Module (EHIR) of the National Environmental Information System (OKIR) operated by the Ministry of Agriculture. In 2023, AutoWallis Group conducted a comprehensive environmental audit with the involvement of an external expert to prepare for the challenges posed by the implementation of the revised system of environmental product charge and extended producer responsibility in Hungary. Additionally, AutoWallis Group ran a tender to select a service provider for ensuring compliance with the Group's environmental obligations in order to strengthen its comprehensive and reliable ESG reporting system.

The Company formulated its environmental commitments in its Green Finance Framework, and environmentally conscious operations and achieving the highest possible recycling rate for the waste generated are key aspects in selecting suppliers and partners.

SOCIAL AND EMPLOYMENT MATTERS AND HUMAN RIGHTS

The employment policy of AutoWallis

Similarly to previous years, the employment policy of AutoWallis in 2023 focused on human resource management to keep up with business growth, and on secure employment, careful selection, competitive salaries and workforce development. However, the employment policy adopted in the current year was greatly affected by the lack of qualified workforce.

As the Group's headcount has doubled in recent years due to its acquisitions and organic growth, the organisational development project aimed at the Group's segmentation by retail & services and distribution units were completed, and the

consolidation of the employment practices of member firms began and continued in 2023.

These efforts focus on recruiting the necessary number of employees with the required quality and composition, the primary goals being the retention and motivation of existing staff and the selection and onboarding of new employees as required.

Both conventional and new approaches are used to improve the effectiveness of the selection process, similarly to how we apply both tried and tested and new practices in workforce

development, including internal and external training.

To ensure that committed, motivated and quality workforce is available, the employer offers a stable workplace, a pleasant work environment, complex tasks and competitive pay. To this end, all member firms participate in salary benchmark analyses. Wherever possible, we use atypical forms of employment and best practices are taken into account when preparing HR decisions.

Last year we carried out the first employee engagement survey of AutoWallis in line with international standards, covering the entire Group (all of its member firms). On the basis of the opinions collected, local and group-level actions were taken under the management's leadership. We began carrying out these actions in 2023.

Presentation of the diversity policy and its results

Primary considerations when appointing managers include solid leadership and interpersonal competences, professional background and business experience, and AutoWallis group is committed to diversity as well.

We strive to adhere to the principle of diversity in connection with all stakeholders (shareholders, clients, employees and suppliers); accordingly, this principle also applies to administrative, management and supervisory bodies in terms of qualifications, professional experience, culture, language, the time spent with the entity and approach to work. Due to the special nature of the automotive industry, the number of female managers does not currently meet diversity requirements.

The best interest of the entity (i.e. that the staff be as diversified as possible in terms of age and personal competence) is in line with the above principles, which provides a solid foundation for the successful cooperation of the employer and employees and for productive work. The Group's open corporate culture fosters individual initiatives and the harmonisation of the accomplishment of corporate and individual goals. We are convinced that the pleasant

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. As a result, AutoWallis announced the Employee Stock Ownership Program in 2023 as well, with a duration of 24/36 months.

atmosphere adds value to the cooperation of the parties and can provide the necessary impulse for crisis management and for exploiting new opportunities. All of this is necessitated and strengthened by the Group's cross-border acquisitions as well.

We strive to ensure that the principles of diversity are manifested in the Group's internal and external communication and employees are required to adhere to them, and entities endeavour to penalise any failure to act in line with these principles.

In accordance with the Charter of Fundamental Rights of the European Union, the Act on Equal Treatment and Promotion of Equal Opportunities and the Labour Code, the employer condemns all forms of discrimination, including discrimination based on gender, race, skin colour, ethnic or social background, genetic features, language, religion or other beliefs, political or other views, being part of an ethnic minority, financial position, birth, disability, age or sexual orientation, and fulfils the requirement of equal treatment in terms of employment, including, in particular, remuneration for work.

Social and employment matters and respecting human rights

AutoWallis Group devotes considerable resources to reducing the load on the environment and adopting environmentally friendly solutions. In addition to compliance with the statutory regulations, this is also reflected in the environmentally conscious management of operations and development.

Management pays special attention to adhering to the principles outlined in the environmental policy, and we endeavour to require all employees of the Group to act in a responsible and environmentally conscious manner.

Last year the Company looked into the option of designing a group-level ESG (environmental, social and governance) system and integrating it into its organisation. As a first step, ESG goals and KPIs are already included in the goal setting process of certain managers. Member firms have appointed environmental coordinators who focus on environmentally conscious procurement and circular waste management.

As profit-oriented organisations, the Group's members themselves are unable to take social considerations into account; however, the

employment policy of AutoWallis Group is committed to addressing social aspects. All entities respect human rights and strive to maintain mutual trust between the employer and employees, and the employer takes into account the interests of employees based on reasonable consideration.

The Group adheres to the principle of fair employment in accordance with the principles of the freedom of business and free choice of employment, with the economic and social interests of the employer and employees taken into consideration.

This includes professional selection and onboarding, fair remuneration that is based on powers, responsibilities and performance, as well as the employer's initiatives aimed at career and competence development.

The employer informs employees about any facts, information, circumstances or any changes thereto which are relevant to the establishment of the employment relationship, the exercising of rights and performance of obligations.

Results of the environmental protection policy, social and employment policy, human rights policy, anti-corruption policy and anti-bribery policy

Along with its distribution network and mobility service providers, the automotive industry attaches great importance to establishing the framework for an environmentally conscious circular economy, and both the regulatory environment and end-users have imposed requirements in this regard that cover the entire value chain. The ecological footprint of manufacturing, distribution, logistics and mobility services needs to be minimised, while reducing negative environmental and social impact to a minimum. Accordingly, management adopts an environmentally conscious growth strategy, is committed to sustainable operations and opts mostly for green investments and financing. A goal for the medium term is to obtain an ESG certification and, as the first major step on this journey, the Company published its first Sustainability (ESG) Report in 2023Q1.

The Corporate Governance Report describes the Group's governance practices, touching on matters involving business ethics, the transparent operation of the entity, financial planning and execution, the mechanisms of controlling the entity's operation, as well as corporate social responsibility principles and procedures.

A requirement regarding anti-corruption and anti-bribery efforts is that staff members should avoid any situation in which an undue advantage is provided or there is a suspicion thereof. In carrying out their work responsibilities, our employees may not accept or demand remuneration or any other benefits from third parties with regard to their activities performed as part of their employment relationship.

We conducted the materiality analysis required for defining ESG objectives, in which over 200 employees and managers listed the issues they considered important, as well as their order of importance. Based on the results of this analysis, the following critical areas for AutoWallis Group were identified:

- Fair and ethical business approach and avoiding anti-competitive conduct
- Anti-corruption
- Energy consumption
- Occupational health and safety

The Company's operations are designed with these issues in mind, and the Company sets

objectives for each of these areas. Although not legally required to do so, AutoWallis Group has created a group-level whistleblowing system that allows for anonymous reporting, and has undertaken to investigate all legitimate but anonymous reports through its independent third-party investigating partner, even though this is not mandatory under the relevant laws. A key aspect in designing the whistleblowing system was to prevent retaliation. (<https://autowallis.com/visszaelesbejelentes/>)

There were no reports or incidents concerning human rights, corruption or bribery during the reporting period.

Matters and risks involving the Code of Conduct and how these are addressed

In connection with business relationships, goods and services, the Group endeavours to implement good practices for environmental protection, social matters and employment as outlined above. The procedures followed when selecting suppliers or responding to customers' needs and upon financial settlement are regulated by internal policies.

In terms of outsourced activities, special attention is paid to the secure processing of personal data and confidential business

information. Another area of focus is addressing supply chain disruptions. An area for improvement we have identified for the future is developing a third-party risk management (TPRM) framework.

Risks are identified through a risk assessment process, while compliance with internal and external regulations is ensured by the use of integrated controls and internal audit, as well as decision-making and reporting procedures.

RISKS AND RISK MANAGEMENT

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 crises of recent times (the COVID-19 pandemic, the war between Russia and the Ukraine, etc.) and the resulting macroeconomic challenges.
- 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, in terms of services, Sixt.
- Supported by the 30 years of experience and capabilities of Wallis Group, the ultimate owner of AutoWallis⁹, 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:

- 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 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. Just like the entire industry, AutoWallis is also exposed to the impact of any similar pandemic in the future. The Company did not identify any apparent material threats in this regard as of the date of this report.
- The success of the Company's operation depends on the production levels of the manufacturers of the car brands distributed by the Company. As a result, adverse effects on the production levels of manufacturers (e.g. shortage of raw materials) also have an indirect effect on the Company's operations. Additionally, any changes in the development and/or commercial strategies of manufacturers can significantly impact the future of our activities involving the given brand.

⁹For the ownership structure, please see the section on the Company's shares.

- An important aspect of the Company's operations is the delivery of vehicles from the manufacturers to the Company and from there to customers. As a result, the Company's activities depend on access to logistics services within the industry and the region and the reliability of such services. Any disruptions to these services could directly affect the Company's operations, even to a significant extent (longer delivery times, fluctuating costs, etc.).
- Although AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its business development 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 Group's subsidiaries operate. In the event of adverse changes in the macroeconomic situation of Hungary and the rest of the countries concerned, or if inflation rises permanently, growth rates decline 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 countries where the Group operates and in their environment. Any changes in this regard could have an unforeseen impact on the Group's performance.
- Due to the Group's geographical and operational diversification, the Group's revenues and expenses, investments and financing are generated in several different currencies (typically local currencies and the euro) which differ among members, and even among businesses. Although the management of AutoWallis Group strives to avoid exchange rate risks by implementing various approaches (strengthening natural hedges, pricing rules, hedging 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.
-
- Losing key staff or difficulties in replacing them could negatively impact the business of AutoWallis.
- The dynamic growth in salaries, the shortage of workforce and any deficiencies of the education and training system in the countries where AutoWallis Group is present may have an adverse impact on the operation of AutoWallis Group.
- Through the maintenance of its sites, its servicing activities, the logistics services associated with its distribution operations and its rental fleet, AutoWallis Group is exposed to fluctuations in the price of energy and energy sources. The Group is able to partly manage these risks through investments in energy efficiency, but

eliminating them altogether is not possible; as a result, any significant change (such as the soaring inflation caused by the war between Russia and the Ukraine) could have a considerable impact on the Group's financial performance.

- 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.
- The ongoing conflict between Russia and the Ukraine that began during the spring of 2022 does not have a direct short-term impact on the Group's operation as the Group is not present in these markets and the Group is diversified in terms of both its areas of operation and the positioning of the brands it

distributes. However, there may be indirect short-term effects, including:

- The social implications of the situation could have an adverse impact on the automotive market through a decline in demand.
- Manufacturers may experience issues with the supply of raw materials and/or parts, leading to potential delays in planned deliveries of cars. These may negatively affect the Group's cash flows.
- The deterioration of macroeconomic indicators (inflation, volatility of foreign exchange rates, changes in the interest rate environment) could have a detrimental effect on the Group's financing.

The implications of a prolonged conflict are difficult to predict based on the currently available information. The management is continuously monitoring any risks that this may entail, but it believes that reviewing its strategic goals and predictions is unnecessary at the moment.

Risk management

The Company's management is committed to developing and operating a suitable level of internal control which ensures that the Company operates in line with regulatory and ethics standards and the policies in place as well as the reliability of financial statements and minimises operational and compliance risks.

In addition to the requirements of the Group's governance system, the management continuously monitors and discusses any signs of risks, their probability and the associated exposure at its regular monthly business reviews and decides on any necessary steps to be taken. This is also aided by the BI system described in the section on corporate governance through the

collection and processing of data. In doing so, the financial risks incurred during the course of operation, amongst others, are analysed by the Company 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 risk. The Group's intention is to minimise the potential effect of these risks. The Group is not involved in financial arrangements serving speculative purposes. 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.

COMPANY STRUCTURE AND SITES

Registered offices and sites of the entities in AutoWallis Group

- AutoWallis Nyilvánosan Működő Részvénytársaság, registered office: 1055 Budapest, Honvéd utca 20.
- AW Distribution Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- AW OPL Distribution Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- WAE Hun Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- AW SLO Distribution d.o.o.: registered office: Leskoškova cesta 9E, 1000 Ljubljana
- AW CRO Distribution 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: 1044 Budapest, Váci út 76-80.
- 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 Autókölcsonzó Kereskedelmi és Szolgáltató Kft.: registered office: 1138 Budapest, Váci út 141.,
site: 1033 Budapest, Kórház utca 6-12.
- Inicial Autóház Kft.:
 - registered office: 9028 Győr, Külső Veszprémi utca 6.
 - site: Győr, Külső Veszprémi utca 5.
- ICL Autó 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
Sites:
AVTO AKTIV, KRANJ, Mirka Vadnova 2a, SI-4000 Kranj, Slovenia
AVTO AKTIV, KOPER, Ankaranska cesta 12, SI-6000 Koper, Slovenia
AVTO AKTIV, TRZIN, Ljubljanska cesta 24, 1236 Trzin, Slovenia
AVTO AKTIV, NOVA GORICA, Industrijska cesta 9, 5102 Nova Gorica, Slovenia
AVTO AKTIV, BTC CITY LJUBLJANA, Latinski trg 5, SI-1000 Ljubljana, Slovenia
- AAI PROPERTIES d.o.o.; registered office: 1000 Ljubljana, Celovška cesta 182, Slovenia
- C182 LJUBLJANA d.o.o.: Registered office: 1000 Ljubljana, Celovška cesta 182, Slovenia
- Net Mobilitás Zrt.: registered office: 1055 Budapest, Honvéd utca 20.
- Logic Car Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- Nelson Flottalízing Kft.: registered office: 1061 Budapest, Király utca 38. 1/8
 - sites: 8143 Sárszentmihály, Árpád utca 1/A; 8000 Székesfehérvár, Vörösmarty tér 1., 1095 Budapest, Soroksári út 26.
- Nelson Sales Kft.: registered office: 1144 Budapest, Gvadányi utca 61-65.
 - sites: 8000 Székesfehérvár, Mártírok útja 78.
- Nelson Assistance Kft.: 1144 Budapest, Gvadányi utca 61-65.

- sites: 8143 Sárszentmihály, Árpád utca 1/A., 8000 Székesfehérvár, Mártírok útja 78.

Joint ventures:

- AutoWallis Caetano Zrt.; registered office: 1055 Budapest, Honvéd utca 20.
- RN Hungary Kft.: registered office: 1138 Budapest, Váci út 140. Site: 9027 Győr, Platánfa utca 1.

SHARE CAPITAL OF THE COMPANY AND INFORMATION ON SHARES

Share capital and shares of the Company

The Company's share capital is made up exclusively of series "C" shares listed on the Budapest Stock Exchange (i.e. a regulated market). The number and total nominal value of these shares as at 30 June 2023 are as follows:

Series of shares	Nominal value (HUF/unit)	Number of units	Total nominal value (HUF)
Series "C" (ordinary shares)	HUF 12.50	442,289,002 units	HUF 5,528,612,525
Total share capital:			HUF 5,528,612,525

Information on shares

Share type	Ordinary share
Type of security	Registered
Method of creation	Dematerialised
Identifier (ISIN)	HU0000164504
Ticker	AUTOWALLIS
Nominal value of the security	HUF 12.5
Number of securities listed (units)	442,289,002
Total nominal value	HUF 5,528,612,525
Right to dividends	Full year
Date of listing	25 June 2013
First trading day	25 June 2013
Stock exchange category	Premium

Investors with a significant share

The following table lists the shareholders of the Company with a share greater than 5% as at 30 June 2023 for the listed series:

Name	Name of security (ISIN code)	Custodian (yes/no)	Number (units)	% held
The Wallis Group	HU0000164504	no	264,366,311 units	59.77%
Széchenyi Alapok kockázati tőkealap	HU0000164504	no	29,961,025 units	6.77%
Total:			294,327,557 units	66.54%

OTHER

Research and experimental development

AutoWallis Group was not engaged in and did not participate in research and development activities in 2023H1.

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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AUTOWALLIS Nyrt. and its subsidiaries

condensed consolidated Interim financial statements for the semi-annual period ended 30 June 2023

Data in thHUF

Condensed Consolidated Interim Financial Statements

of

AutoWallis

Nyilvánosan Működő Részvénytársaság and its subsidiaries

for the semi-annual period ended 30 June 2023

in accordance with the International Financial Reporting Standards adopted by
the European Union (IAS 34)

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

The abbreviations used in the financial statements have the following meanings:

AC	Audit Committee
BSE	Budapest Stock Exchange
BUBOR	Budapest Interbank Offered Rate
CGU	Cash-generating unit
EBITDA	Earnings before interest, taxes, depreciation and amortisation
thHUF	thousand forints
thEUR	thousand euros
EPS	Earnings per share
EUR	euro
SB	Supervisory Board
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
HUF	forint
IFRIC/SIC	Interpretations of the International Financial Reporting Standards
IFRS/IAS	International Financial Reporting Standards
BoD	Board of Directors
ROU	Right-of-use asset
ESOP	Employee Stock Ownership Program

Figures in parentheses in the financial statements denote negative numbers.

In certain cases, the notes to the financial statements may contain insignificant rounding errors.

Table of Contents

I.	CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	38
1.	Condensed Consolidated Statement of Comprehensive Income	38
2.	Condensed Consolidated Statement of Financial Position (Balance sheet).....	39
3.	Consolidated Statement of Changes in Equity	41
4.	Condensed Consolidated Statement of Cash Flows	42
II.	NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	43
1.	Basis for the preparation of the financial statements.....	43
2.	Significant accounting judgements and estimates made in preparing these interim financial statements.....	43
3.	Fair value measurement.....	43
4.	Significant accounting policies and changes in accounting policies.....	44
5.	Information included in other documents	46
6.	Changes to financial data from the previous year and restatements.....	46
7.	Segment information	46
III.	NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	49
1)	Revenue.....	49
2)	Services.....	50
3)	Income taxes	50
4)	EBITDA.....	51
IV.	NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	51
1)	Property, plant and equipment and leased vehicles.....	51
2)	Goodwill.....	52
3)	Goods.....	52
4)	Net investments in leases.....	52
V.	OTHER DISCLOSURES	53
5)	Disclosure on headcount.....	53
6)	EPS indicator	53
7)	Seasonality.....	53
8)	Financial instruments	53
9)	Changes in the Group's structure.....	54
10)	Issue of shares	56
11)	Share-based payments	56
12)	Authority proceedings and legal proceedings.....	57
VI.	EVENTS AFTER THE BALANCE SHEET DATE OF THE INTERIM FINANCIAL STATEMENTS AND SIGNIFICANT PENDING CASES	57

I. Condensed Consolidated Interim Financial Statements

1. Condensed Consolidated Statement of Comprehensive Income

Megnevezés	Magyarázat	2023 I. félév	2022 I. félév
Revenue	III. 1)	194 342 010	131 045 612
Own performance capitalised		114 828	17 670
Material expenses		(3 887 669)	(2 446 627)
Services	III. 2)	(8 305 415)	(6 266 271)
Cost of goods sold		(163 865 428)	(111 106 962)
Personnel expenses		(6 619 653)	(4 730 120)
Depreciation and amortisation		(2 011 670)	(1 631 046)
Profit of sales		9 767 003	4 882 256
Other income		1 119 105	1 057 836
Other expenses		(1 378 398)	(740 328)
Impairment losses on non-financial assets		(988 240)	15 389
Expected credit losses on financial instruments		(159 453)	(13 709)
Operating profit		8 360 017	5 201 444
Interest income – using the effective interest rate method		803 568	272 843
Interest expense <i>less interest expense of lease liabilities</i>		(2 394 479)	(504 092)
Interest expense of lease liabilities		(446 269)	(123 517)
Foreign exchange gains or losses, net		1 092 171	330
Other financial gains or losses, net		3 162	2 564
Gain or loss on disposal of equity instruments		-	0
Fair value gains or losses on derivatives		329 683	(7 462)
Financial gains or losses		(612 164)	(359 334)
Share of profit of associates and joint ventures		916 787	0
Profit before tax		8 664 640	4 842 110
Income tax expense	III. 3)	(1 134 564)	(759 391)
Net profit or loss		7 530 076	4 082 719
Net profit attributable to owners of the parent		7 461 526	3 884 824
Net profit attributable to non-controlling interests		68 550	197 895
<i>Other comprehensive income which may be recognised in profit or loss in subsequent periods:</i>			
Other comprehensive income on translation of subsidiaries		(475 688)	461 505
Other comprehensive income, net of tax		(475 688)	461 505
Total comprehensive income		7 054 388	4 544 224
<i>Total comprehensive income attributable to owners of the parent</i>		6 985 838	4 346 329
<i>Total comprehensive income attributable to non-controlling interests</i>		68 550	197 895
Basic EPS (HUF/share)		16,87	9,14
Diluted EPS (HUF/share)		16,87	9,14
EBITDA	III. 3)	10 371 687	6 901 239

Data in HUF thousand

2. Condensed Consolidated Statement of Financial Position (Balance sheet)

Item	Note	2023.06.30	2022.12.31
Assets			
Non-current assets			
Property, plant and equipment	IV. 1)	21 458 476	21 000 710
Leased vehicles	IV. 1)	2 746 478	2 695 018
Right-of-use assets		2 436 207	2 170 017
Goodwill	IV. 2)	1 651 512	935 202
Intangible assets		2 237 561	2 400 725
Investments in associates and joint ventures		2 734 504	2 167 718
Deferred tax assets		419 975	214 661
Net investment in leases (long-term part)	IV. 4)	6 990 311	378 544
Loan receivables (long-term)		11 235	
Investments in equity instruments		2 200	2 200
Investments in debt instruments		-	-
Total non-current assets		40 688 459	31 964 795
Current assets			
Goods	IV. 3)	68 894 925	54 998 395
Other inventories		159 050	166 102
Trade receivables	III. 1)	17 289 124	8 690 787
Factoring receivables		-	1 681 843
Income tax assets		66 623	65 950
Net investment in leases (short-term part)	IV. 4)	3 524 358	523 264
Loan receivables (short-term)		6 163	-
Prepayments		4 848 511	3 486 632
Other receivables		2 493 105	15 127 811
Other financial assets		175 472	91 657
Cash and cash equivalents		17 720 833	16 886 900
Total current assets		115 178 164	101 719 341
Assets held for sale			-
Total assets		155 866 623	133 684 136

AUTOWALLIS Nyr. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

Item	Note	2023.06.30	2022.12.31
Equity and liabilities			
Share capital (of the Legal Parent)		5 528 613	5 528 613
Share premium		16 397 820	16 027 021
Share-based payments reserve		130 033	108 970
Treasury shares		(241 853)	(523 890)
Cumulative translation difference		45 552	521 240
Retained earnings		20 109 375	12 619 089
Equity attributable to owners of the parent		41 969 540	34 281 043
Non-controlling interest		951 806	1 184 057
Total equity		43 074 951	35 465 100
Interest-bearing non-current liabilities			
Long-term bonds		9 582 117	9 534 861
Long-term loans and borrowings		7 722 371	5 841 553
Long-term lease liabilities		5 687 546	1 904 072
Long-term liabilities in connection with deferred purchase prices		-	-
Non-interest-bearing non-current liabilities			
Deferred tax liabilities		487 311	343 424
Provisions		76 876	93 469
Other non-interest-bearing non-current liabilities		383 320	391 412
Total non-current liabilities		23 939 541	18 108 791
Interest-bearing current liabilities			
Short-term loans and borrowings		1 619 427	1 385 474
Inventory financing loans		4 449 678	4 301 178
Current lease liabilities		2 658 514	1 262 030
Liabilities from reverse factoring - interest-bearing		27 380 511	27 091 112
Other interest-bearing current liabilities		477 201	288 000
Non-interest-bearing current liabilities			
Advance payments received from customers		4 483 203	8 364 565
Trade payables		24 933 723	21 217 697
Liabilities from reverse factoring - non-interest-bearing		7 742 876	3 145 524
Income tax expense		832 673	871 478
Other tax and contribution liabilities		2 655 130	1 941 151
Provisions		806 205	527 479
Accruals		8 786 565	5 559 906
Other non-interest-bearing current liabilities		2 180 030	4 154 651
Total current liabilities		89 005 736	80 110 245
Liabilities associated with assets held for sale		-	-
Total liabilities		112 945 277	98 219 036
Total equity and liabilities		155 866 623	133 684 136

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

3. Consolidated Statement of Changes in Equity

Item	Note	Equity attributable to owners of the parent							Non-controlling interest	Total equity
		Share capital (of the Legal Parent)	Share premium	Share-based payments reserve	Historical cost of treasury shares	Cumulative translation difference	Retained earnings	Total		
At 31 December 2021		5 314 797	13 680 790	288 266	-567 954	22 076	4 493 540	23 231 515	1 040 155	24 271 670
Total profit or loss for the first half of 2022		-	-	-	-	-	3 884 824	3 884 824	197 895	4 082 719
Other total profit or loss for the first half of 2022		-	-	-	-	461 505	-	461 505	-	461 505
Capital		-	-	-	-	-	-	-	-	-
Share-based payments		-	-	81 256	-	-	-	81 256	-	81 256
Distribution to non-controlling interests		-	-	-	-	-	-	-	-180 000	-180 000
At 30 June 2022		5 314 797	13 680 790	369 522	(567 954)	483 581	8 378 364	27 659 100	1 058 050	28 717 150
At 31 December 2022		5 528 613	16 027 021	108 970	(523 890)	521 240	12 619 089	34 281 043	1 184 057	35 465 100
Profit or loss for the current half year		-	-	-	-	-	7 461 526	7 461 526	68 549	7 530 075
Comprehensive profit or loss of the current half year		-	-	-	-	(475 688)	-	(475 688)	-	(475 688)
Capital for NCI		-	-	-	-	-	-	-	(300 800)	(300 800)
Acquisition of subsidiaries		-	370 799	-	298 434	-	21 567	690 800	-	690 800
Repurchase of treasury shares		-	-	-	(79 653)	-	-	(79 653)	-	(79 653)
Share-based payments		-	-	91 512	-	-	-	91 512	-	91 512
Withdrawal of the share-based payments		-	-	(70 449)	63 256	-	7 193	-	-	-
At 30 June 2023		5 528 613	16 397 820	130 033	(241 853)	45 552	20 109 375	41 969 540	951 806	42 921 346

Items recognised in other comprehensive income will affect net profit or loss in the future.

AUTOWALLIS Nyrt. and its subsidiaries

condensed consolidated Interim financial statements for the semi-annual period ended 30 June 2023

Data in thHUF

4. Condensed Consolidated Statement of Cash Flows

Name	Note	2023 H1	2022 H1
Profit before tax		8 664 640	4 842 110
Interest income		(803 568)	(272 843)
Interest expense		2 394 479	627 610
Foreign exchange difference of cash and cash equivalents		240 907	263 698
Depreciation and amortisation		2 011 670	1 631 046
Impact of impairment losses and expected credit losses		1 147 693	(8 479)
Recognition and reversal of provisions		250 134	3 299
Share of profit of associates and joint ventures		(916 787)	-
Other non-cash items		(746 929)	(991 918)
Gain or loss on disposal of non-current assets		(166 600)	(18 686)
Effect of share-based payments		91 512	81 256
Operating cash flows before movements in working capital		12 167 151	6 157 093
Changes in inventories		(14 843 293)	(12 058 592)
Adjustment due to reverse factoring		102 663 834	71 556 452
Changes in trade receivables		(8 622 286)	(6 294 185)
Changes in other receivables		12 748 422	(4 645 287)
Changes in forward transactions		137 105	(46 520)
Changes in advance payments received from customers		(3 925 375)	3 079 741
Changes in trade payables		3 448 524	4 523 537
Changes in other current liabilities		1 309 205	5 016 976
Changes in net working capital		92 916 136	61 132 122
Cash inflows from interest received		803 568	234 575
Cash outflows from interest paid		(2 347 224)	(424 412)
Income taxes paid		(1 412 966)	(644 563)
Net cash from operating activities		102 126 665	66 454 815
Purchases of property, plant and equipment and intangible assets		(2 658 876)	(6 639 571)
Cash inflows from disposal of property, plant and equipment and intangible assets		2 910 977	1 397 696
Acquisition of subsidiaries, net of cash acquired		(2 154 247)	-
Foundation of joint ventures		350 000	-
Net cash used in investing activities		(1 552 146)	(5 241 875)
Proceeds from capital increase		-	1
Repurchase of treasury shares		(79 653)	0
Distribution to non-controlling interests		-	(180 000)
Change in short-term loans and borrowings and inventory financing loans		1 239 960	936 257
Settlement of liabilities from reverse factoring		(97 777 083)	(66 560 259)
Proceeds from loans and borrowings		1 751 910	1 910 622
Repayment of loans and borrowings		(2 666 530)	(1 591 932)
Repayment of lease liabilities		(1 969 123)	(959 480)
Net cash from/(used in) financing activities		(99 500 519)	(66 444 791)
Expected impairment losses on cash and cash equivalents		840	(3 635)
Foreign exchange difference of cash and cash equivalents		(240 907)	(263 698)
(Decrease)/increase in cash and cash equivalents		833 933	(5 499 184)
Opening balance of cash and cash equivalents		16 886 900	24 698 967
Closing balance of cash and cash equivalents		17 720 833	19 199 786

II. Notes to the condensed consolidated financial statements

1. Basis for the preparation of the financial statements

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. As a result, they do not contain all of the information presented in the year-end financial statements prepared in accordance with IAS 1 Presentation of Financial Statements. These interim financial statements should be read in conjunction with the financial statements for the financial year ended 31 December 2022 (hereinafter: complete financial statements). The notes necessary for understanding material changes in the Group's financial position and performance since the most recent annual financial statements are presented below.

2. Significant accounting judgements and estimates made in preparing these interim financial statements

The judgements and estimates made by the Group's management in preparing these interim condensed consolidated financial statements on the basis of the group accounting policies have an impact on the assets, liabilities, income and expenses disclosed.

There have been no changes in the group accounting policies applied by the Group's management and key sources of estimation uncertainty since the preparation of the most recent annual consolidated financial statements.

3. Fair value measurement

Many of the accounting policies applied by the Group require the use of fair value measurement for both financial and non-financial assets and liabilities.

All significant estimates used by the Group are prepared and reviewed by experts. The experts involved in preparing these measurements report directly to the group accounting director or the CFO.

Whenever possible, the Group relies on observable market information when measuring a financial asset or liability. The following levels are distinguished based on the inputs used for determining fair value:

- Level 1: Level 1 inputs are quoted (publicly available) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability. The fair value of non-exchange-traded derivatives is estimated based on the amount that the Group would receive under arm's length conditions upon termination of the contract at the end of the reporting

period, taking into account prevailing market conditions and the current creditworthiness of the counterparties.

4. Significant accounting policies and changes in accounting policies

The accounting policies and standards adopted by the Group when preparing its interim financial statements are identical to those adopted when its financial statements for 31 December 2022 were prepared.

The amendments effective as of 1 January 2023 have had no material impact on the Group's financial statements. These include:

- **Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)**

The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policy information. Guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

- **Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)**

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty if they do not result from the correction of prior period errors. The amendments also clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

- **Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)**

The amendments are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments narrow the scope of the initial recognition exemption under IAS 12 and specify how companies account for deferred tax on assets and liabilities arising from single transactions such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exemption does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the

recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

- **IFRS 17 Insurance Contracts**

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted as long as IFRS 9 Financial Instruments is also applied. The standard establishes an entirely new comprehensive accounting framework for insurance contracts, covering principles for the recognition, measurement, presentation and disclosure of such contracts. IFRS 17 applies to all insurance contracts issued, certain guarantees, and investment contracts with discretionary participation features.

The following new amendments endorsed by the EU were not yet effective as at the reporting date:

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1 Presentation of Financial Statements)**

The amendments are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are to be applied retrospectively in accordance with IAS 8. The amendments clarify the principles for the classification of a liability as current or non-current under IAS 1. The amendments clarify the meaning of the right to defer settlement of a liability, the requirement that such right must exist at the end of the reporting period, the fact that classification as current or non-current is unaffected by management's intentions, and the fact that a counterparty conversion option that involves a transfer of the company's own equity instruments does not affect the classification as current or non-current. The amendments also provide that only covenants that an entity must comply with on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosures are required for non-current liabilities arising from loan agreements which are subject to covenants that must be complied with within twelve months after the reporting period. The amendments have not yet been adopted by the EU.

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)**

The amendments are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The amendment is intended to improve the requirements that a seller-lessee applies when measuring lease liabilities in sale and leaseback transactions under IFRS 16. However, it does not change the accounting for leases unrelated to sale and leaseback transactions. The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16. The amendments have not yet been adopted by the EU.

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures)**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, IASB decided to postpone the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been adopted by the EU.

These new standards and amendments are not expected to have a material impact on the Group's consolidated financial statements in the period when they are first adopted.

5. Information included in other documents

For certain disclosures, IAS 34 allows preparers of financial statements to disclose the required information in other reports, provided that such reports are published and cross-references are included. This amendment will not affect the scope of information disclosed. The Group exercises this option as it allows unnecessary redundancies to be avoided, and the Group believes that this will improve the clarity of its financial statements.

6. Changes to financial data from the previous year and restatements

There were no restatements during the current period in connection with the financial statements of previous periods.

7. Segment information

From a business perspective, the Group can be divided into two main segments: retail & services and distribution. The Group prepares segment information for its management based on these business segments.

AUTOWALLIS Nyrt. and its subsidiaries

condensed consolidated Interim financial statements for the semi-annual period ended 30 June 2023

Data in thHUF

2023H1:

	Distribution segment	Retail & services segment	Segments total	Adjustments and eliminations	Consolidated
Revenue					
External customers	118 783 281	75 558 729	194 342 010	0	194 342 010
Intersegment and intrasegment sales	12 743 897	4 443 693	17 187 590	(17 187 590)	0
Total revenue	131 527 178	80 002 422	211 529 600	(17 187 590)	194 342 010
Income/(expenses)					
Material expenses	(130 522)	(3 953 117)	(4 083 639)	195 970	(3 887 669)
Services	(7 095 054)	(3 655 031)	(10 750 084)	2 444 670	(8 305 415)
Cost of goods sold	(114 610 170)	(63 625 122)	(178 235 292)	14 369 864	(163 865 428)
Personnel expenses	(1 914 045)	(4 656 406)	(6 570 451)	(49 202)	(6 619 653)
Depreciation and amortisation	(763 980)	(1 216 127)	(1 980 107)	(31 563)	(2 011 670)
Impairment losses on goodwill	0	0	0	0	0
Share of profit of associates	916 787	0	916 787	0	916 787
Interest income	1 082 964	642 692	1 725 656	(922 088)	803 568
Interest expense	(1 390 313)	(2 286 899)	(3 677 212)	1 282 733	(2 394 479)
Segment profit before tax	6 531 871	921 014	7 452 885	1 211 755	8 664 640
Segment EBITDA	6 259 385	3 995 732	10 255 118	116 569	10 371 687
Total assets	107 000 057	96 075 283	203 075 340	(47 208 717)	155 866 623
Total liabilities	68 380 762	67 118 449	135 499 211	(22 553 934)	112 945 277
Other disclosures					
Investments in associates	0	0	0	0	0
Investments in joint ventures	2 734 504	0	2 734 504	0	2 734 504

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

2022H1:

	Distribution Segment	Retail & Services segment	Segments total	Modifications	Consolidated
Revenue					
External customers	78 824 637	52 220 975	131 045 612	0	131 045 612
Intersegment and intrasegment sales	7 123 398	4 953 097	12 076 495	(12 076 495)	0
Total revenue	85 948 035	57 174 072	143 122 107	(12 076 495)	131 045 612
Income/(expenses)					
Material expenses	(108 385)	(2 548 824)	(2 657 209)	210 582	(2 446 627)
Services	(5 375 309)	(2 403 732)	(7 779 042)	1 512 770	(6 266 271)
Cost of goods sold	(74 220 942)	(46 982 505)	(121 203 447)	10 096 485	(111 106 962)
Personnel expenses	(1 472 762)	(3 226 069)	(4 698 831)	(31 289)	(4 730 120)
Depreciation and amortisation	(632 993)	(946 311)	(1 579 303)	(51 743)	(1 631 046)
Impairment losses on goodwill	0	0	0	0	0
Share of profit of associates	0	0	0	0	0
Interest income	332 265	255 448	587 714	(314 871)	272 843
Interest expense	(311 320)	(619 708)	(931 028)	303 418	(627 610)
Segment profit before tax	4 885 061	2 066 286	6 951 347	(2 109 238)	4 842 109
Segment EBITDA	4 598 018	2 576 626	7 174 644	(273 405)	6 901 239
Total assets	81 939 690	79 089 841	161 029 531	(47 698 176)	113 331 355
Total liabilities	54 036 127	57 073 279	111 109 406	(26 495 201)	84 614 205
Other disclosures					
Investments in associates	0	0	0	0	0
Investments in joint ventures	1 850 000	0	1 850 000	0	1 850 000

AUTOWALLIS Nyrt. and its subsidiaries

condensed consolidated Interim financial statements for the semi-annual period ended 30 June 2023

Data in thHUF

III. Notes to the Condensed Consolidated Statement of Comprehensive

Income

1) Revenue

Revenue is presented by the Group broken down by segment for each type of product or service, along with a breakdown by country.

In the case of distribution, performance obligations are satisfied at a point in time when control of the cars is transferred to the customers (these may include retailers outside the Group and other distributors outside the Group), i.e. when the car is delivered. For retail, similarly to distribution, performance obligations are satisfied at a point in time when control of the goods is transferred in the case of cars or when the services ordered are rendered in the case of services.

Breakdown of revenues from customers in accordance with the accounting treatment under IFRS 15:

Segments	For the current half year ended 30 June 2023		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	118 725 814	63 779 636	182 505 450
Supply of services	57 468	11 779 092	11 836 560
Total	118 783 282	75 558 728	194 342 010
Breakdown by country			
Hungary	35 358 715	48 608 530	83 967 245
Slovenia	11 206 804	17 419 719	28 626 523
Croatia	27 227 696	186 735	27 414 431
Czech Republic	18 296 555	623 409	18 919 964
Romania	11 315 459	1 226 301	12 541 760
Other countries	15 378 053	7 494 034	22 872 087
Total	118 783 282	75 558 728	194 342 010

Segments	For the half year ended on 30 June 2022		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	77 967 119	43 527 353	121 494 472
Supply of services	857 518	8 693 622	9 551 140
Total	78 824 637	52 220 975	131 045 612
Breakdown by country			
Hungary	25 484 373	38 140 159	63 624 532
Slovenia	10 748 859	8 707 586	19 456 445
Croatia	18 077 937	251 290	18 329 227

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

Czech Republic	8 844 882	541 001	9 385 883
Romania	6 144 898	860 376	7 005 274
Other countries	9 523 688	3 720 564	13 244 252
Total	78 824 637	52 220 975	131 045 612

Contract balances and customer balances

The contract balances recognised by the Group include trade receivables, contract assets and contract liabilities.

Name	2023.06.30	2022.12.31
Trade receivables	17 289 124	8 690 787
Contract liabilities	4 483 203	8 364 565

The Group did not recognise any contract assets either in the current year or in the comparative period. The contract liabilities recognised by the Group include advance payments received from customers, for which the related performance obligations will be satisfied after the reporting date.

2) Services

Megnevezés	2023.06.30	2022.06.30
Sales, marketing, communication and PR services	2 561 281	2 089 458
- of which: marketing costs	2 359 382	1 840 587
Other miscellaneous services	2 865 478	1 977 635
- of which: warehousing costs	219 594	201 255
Shipping costs	1 234 049	952 058
Accounting, legal and capital market services	348 375	369 294
Bank charges and insurance	863 567	475 968
Rental fees	203 601	238 746
Administrative services	132 169	83 424
Telecommunications services	53 607	46 847
Authority fees	43 288	32 841
Total	8 305 415	6 266 271

The value of services was up by 33% to nearly HUF 2.0 billion from the comparative period, mainly due to the significant increase in marketing and communication costs, as well as the considerable rise in shipping costs caused by the increase in volume and rising prices.

3) Income taxes

The composition of income taxes reported in the consolidated financial statements for 30 June 2023 and 30 June 2022 was as follows:

Data in HUF thousand

Megnevezés	2023. I. félév	2022. I. félév
Corporate Income Tax	856 787	455 862
Local business tax and innovation contribution	506 654	376 717
Deferred tax	(228 877)	(73 188)
Total income tax expense	1 134 564	759 391

There were no changes effective as of 1 January 2023 in income tax rates that should have been taken into account by the Group.

4) EBITDA

The EBITDA indicator, a key performance indicator that is generally accepted in the industry, is presented by the Group. This indicator is not defined in IFRSs. Based on the Group's financial statements, EBITDA is calculated as follows:

+	Profit before tax
+	Depreciation and amortisation
-/+	Financial gains or losses
-/+	EBITDA impact of items which never generate any net outflow of assets
=	EBITDA indicator

The EBITDA indicator was calculated using the above method in the previous period as well. In the comparative period, items which never generate any net outflow of cash included the effect of the ESOP 1 program on profit.

The EBITDA indicator is reconciled with profit after tax as follows:

Name	First half year of 2023	First half year of 2022
+ Profit before tax	8 664 640	4 842 110
+ Depreciation and amortisation	2 011 670	1 631 046
+/- Financial gains or losses	612 164	373 043
+/- Share of profit of associates and joint ventures	(916 787)	-
+/- EBITDA impact of items which never generate any net outflow of assets	-	55 040
EBITDA	10 371 687	6 901 239

IV. Notes to the Condensed Consolidated Statement of Financial Position

1) Property, plant and equipment and leased vehicles

The value of property, plant and equipment and leased vehicles increased by HUF 4.9 billion in 2023H1 (of which the amount attributable to acquisitions was HUF 1.8 billion), while the value of assets acquired in 2022H1 was HUF 6.9 billion. Significant changes during the current period were as follows:

- As a result of the Nelson transaction, the value of technical equipment and leased vehicles increased by HUF 263 million and HUF 1.55 billion, respectively.
- Other investment projects related to land and buildings amount to HUF 300 million.
- Technical equipment and leased vehicles were sold for nearly HUF 2.1 billion.
- Depreciation and amortisation relating to property, plant and equipment and leased vehicles amounted to HUF 1.1 billion.

The balance of investment projects as at the reporting date was HUF 460 million (HUF 1.4 billion in the previous year).

2) Goodwill

The value of goodwill increased by thHUF 719,191 as a result of the Jóautók transaction and declined by thHUF 2,653 due to revaluation. The Group tests goodwill for impairment at the end of each reporting period. The Group calculates goodwill impairment using the discounted cash flow model for the cash-generating unit in question (which is relevant to the goodwill) prepared on the basis of an approved business plan relying on the management's knowledge and its current expectations. An amount of thHUF 228 was recognised by the Group as impairment loss during the period.

3) Goods

The value of goods increased to thHUF 68,894,925 as at 30 June 2023 (from thHUF 54,998,395 as at 31 December 2022), with vehicles accounting for thHUF 64,920,546 (compared to HUF 51,616,392 million as at 31 December 2022). This increase is attributable to the significant growth in imported inventories. An impairment loss of thHUF 924,472 was recognised by the Group in connection with cars that had been damaged during transportation from the Far East in the current period.

4) Net investments in leases

During the current period, the Group acquired Nelson's fleet management business, as a result of which the Group recorded lease receivables for thHUF 9,391,968 in its books at the time of acquisition. The Group did not recognise significant impairment losses on its lease receivables during the current period.

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

V. Other disclosures

5) Disclosure on headcount

The average statistical headcount of the Group was 930 in the current period and 821 in the same period of the previous year.

6) EPS indicator

Changes in the Group's EPS indicator were as follows:

	First half year of 2023	First half year of 2022
Profit attributable to owners of the parent (thHUF)	7 461 526	3 884 824
Number of shares	442 289 002	425 183 765
EPS (basic, HUF/share)	16,87	9,14
EPS (diluted, HUF/share)	16,87	9,14

7) Seasonality

Seasonality has a negligible impact on the individual business units of the Group. Within the Retail & Services Business Unit, the performance of rent-a-car services is typically stronger during the summer months (because of tourists coming to the country).

8) Financial instruments

30 June 2023	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets and financial liabilities measured at amortised cost	Fair value
Financial assets				
Investments in debt instruments	-	2 200	-	2 200
Net investment in leases	-	-	10 514 669	10 514 669
Loan receivables	-	-	17 398	17 398
Trade receivables and factoring receivables	-	-	17 289 124	17 289 124
Other receivables*	-	-	1 018 322	1 018 322
Other financial assets	90 027	-	85 446	175 472
Cash and cash equivalents	-	-	17 720 833	17 720 833
Total	<u>90 027</u>	<u>2 200</u>	<u>46 645 791</u>	<u>46 738 018</u>
Financial liabilities				
Debentures	-	-	9 870 117	9 870 117
Loans and borrowings	-	-	9 341 798	9 341 798
Lease liabilities	-	-	8 346 060	8 346 060

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

Trade payables	-	-	24 933 723	24 933 723
Liabilities from reverse factoring	-	-	35 123 387	35 123 387
Other current liabilities*	203 263	-	1 585 455	1 788 717
Total	<u>203 263</u>	=	<u>89 200 539</u>	<u>89 403 802</u>

* Only balances that qualify as financial instruments.

30 June 2023	Level 1	Level2	Level 3
Financial assets			
Investments in debt instruments	-	-	-
Investments in equity instruments	-	2 200	-
Net investment in leases	-	-	-
Loan receivables	-	-	-
Trade receivables and factoring receivables	-	-	-
Other receivables*	-	-	-
Other financial assets	-	90 027	-
Cash and cash equivalents	-	-	-
Total	=	<u>92 227</u>	=

Financial liabilities	-	-	-
Debentures	-	-	-
Loans and borrowings	-	-	-
Lease liabilities	-	-	-
Trade payables	-	-	-
Liabilities from reverse factoring	-	-	-
Other current and non-current liabilities*	-	14 061	189 201
Total	=	<u>14 061</u>	<u>189 201</u>

* Only balances that qualify as financial instruments.

9) Changes in the Group's structure

Net Mobilitás Zrt.

On 13 January 2023, the Group entered into an agreement on the acquisition of Net Mobilitás Zrt., the entity operating the portals JóAutók.hu and Autó-Licit.hu, from WAM Immobilia Ingatlanhasznosító és Üzemeltető Zrt. (a subsidiary of WAM Zrt., the majority shareholder of AutoWallis) and from Car Alliance Kft. The fixed purchase price of the 100% share in Net Mobilitás Zrt. was HUF 320 million, while the variable (earnout) part was HUF 480 million. The full purchase price will be paid by AutoWallis using treasury shares, with the fixed part of the purchase price being paid upon completion of the transaction, and the variable part being paid over the next two years if the specified business targets are met. (For the purposes of the sale and purchase transaction, the share price of HUF 97.93 per share was calculated based on the average share price for the last 30 calendar days.) The transaction was completed on 16 January 2023. The transaction was conducted between parties under common control and is accounted for using the acquisition method.

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

Based on the preliminary valuation, the fair value of the assets and liabilities acquired will be as follows:

<i>Data in HUF thousand</i>	<i>Fair value</i>
Property, plant and equipment	1 038
Intangible assets	106 294
Deferred tax assets	49 634
Goods	11 319
Trade receivables	14 077
Prepayments	8 459
Other receivables	531
Cash and cash equivalents	(2 225)
Long-term loans and borrowings	(6 688)
Deferred tax liabilities	(40)
Short-term loans and borrowings	(162 788)
Trade payables	(20 133)
Income tax expense	(1 075)
Other tax and contribution liabilities	(6 330)
Accruals	(10 057)
Other non-interest-bearing current liabilities	(10 408)
Identified net asset value	(28 392)
Purchase price (fair value)	690 799
Goodwill	719 191

Nelson

On 8 November 2022, the Group entered into a sale and purchase agreement to acquire Nelson's fleet management business. Through this acquisition, the Group further expanded its service activities in the fleet management market. The purchase price will be settled in cash in its entirety according to the following schedule:

<i>Value in HUF thousand</i>	<i>Fair value (th HUF)</i>
Purchase price paid in cash	2 579 250
First deferred part of the purchase price (Due 31.05.2023)	128 328
Second deferred part of the purchase price (Due 31.05.2024)	163 295
Total purchase price	2 870 873

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

Based on the preliminary valuation, the fair value of the assets and liabilities acquired will be as follows:

<i>Data in HUF thousand</i>	Nelson
Property, plant and equipment	273 151
Leased vehicles	1 558 005
Right-of-use assets	264 064
Intangible assets	47 173
Lease receivables	9 391 968
Deferred tax assets	31 994
Other assets	363 698
Trade receivables	24 319
Other receivables	-
Cash and cash equivalents	527 425
Loans and borrowings	(2 892 296)
Deferred tax liabilities	(248 965)
Lease liabilities	(5 562 215)
Other liabilities	(386 187)
Trade payables	(247 370)
Identified net asset value	3 144 764
Purchase price	2 870 873
Goodwill (Badwill)	(273 891)

10) Issue of shares

No shares were issued in the current period.

11) Share-based payments

As part of the ESO program, specific employees of the Group and persons outside of the Group receive share-based benefits if certain pre-defined goals are achieved. The ESOP Organisation was established by the Parent. Several benefit schemes are currently being operated via the ESOP Organisation.

The Group had the following share-based payment agreements in place as at 30 June 2023.

Name of the program	ESOP 3 program
Total number of shares provided as part of the program	1,638,650 units
Value of one share at the grant date	HUF 101/unit
Total value of the benefit at the grant date	thHUF 165,504
Grant date	23 May 2022
Vesting period	2 years

Data in HUF thousand

Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

Name of the program	ESOP 4 program
Total number of shares provided as part of the program	4,868,747 units
Value of one share at the grant date	HUF 94/unit
Total value of the benefit at the grant date	thHUF 457,662
Grant date	26 April 2023
Vesting period	variable, 2 or 3 years
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

The part of the ESOP benefit schemes that relates to employees of the Group is recognised in a prorated manner over the vesting period based on the fair value of the shares distributed as at the grant date. The Group has an obligation to repurchase the treasury shares granted as part of the ESOP 3 and ESOP 4 schemes, and this obligation is treated as a contingent liability, i.e. it is not presented in the balance sheet.

12) Authority proceedings and legal proceedings

The members of the Group are involved in several legal proceedings as part of their normal course of business. No legal proceedings are currently underway whose outcome could have a significant negative impact on the Group's financial position, assets, profits or business activity.

VI. Events after the balance sheet date of the interim financial statements and significant pending cases

The following significant events occurred between the balance sheet date of the interim financial statements and the date of approval of these financial statements for disclosure

- On 3 August 2023, AutoWallis Group announced that the Group had acquired a 100% share in Wallis Autómegosztó Zrt. (the entity operating the car sharing service Sharenow) by way of in-

kind contribution, further strengthening the Group's mobility business. On 19 July 2023, the Board of Directors of AutoWallis Nyrt. adopted a decision to increase the share capital of AutoWallis Nyrt. due to the in-kind contribution. Based on this decision, 50,750,906 units of series "C" dematerialised ordinary shares with a nominal value of HUF 12.50 and an issue value of HUF 96.55 per share were issued. As a result, the share capital of AutoWallis Nyrt. will increase from HUF 5,528,612,525 to HUF 6,162,998,850 (by HUF 634,386,325), while the remaining amount of HUF 4,265,613,675 will be transferred to the Company's share premium. Once the contract on the in-kind contribution is finalised, the sellers of Wallis Autómegosztó (Wallis Asset Management Zrt.: 74.99%, Széchenyi Tőke Alap: 21.39%, management: 3.62%) will receive the shares to be issued in the course of the capital increase.

The purchase price allocation was still underway at the time of disclosure of the semi-annual report.

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

ANNEX I

LIST OF COMPANIES THAT ARE MEMBERS OF THE GROUP:

Entity	Method of acquiring ownership	Ownership share 30/06/2023	Ownership share 31/12/2022	Main activity	Country of registration	Currency
AutoWallis Nyrt.	-	-	-	Asset management	HU	HUF
AW Distribution Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
AW OPL Distribution Kft.	Foundation	100%	100%	Sale of cars	HU	HUF
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Kft.	In-kind contribution	100%	100%	Renting and leasing of cars	HU	HUF
WALLIS MOTOR DUNA Autókereskedelmi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
WALLIS MOTOR PEST Autókereskedelmi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
Wallis British Motors Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
Wallis Kerepesi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
WallisMotor Ljubljana d.o.o.	Foundation	100%	100%	Sale of cars	SLO	EUR
ICL Autók Kft.	Foundation	60%	60%	Sale of cars	HU	HUF
Iniciál Autóház Kft.	In-kind contribution	60%	60%	Sale of cars	HU	HUF
AVTO AKTIV SLO d.o.o.	Foundation	100%	100%	Sale of cars	SLO	EUR
VCT 78 Kft.	Acquisition	100%	100%	Real estate management	HU	HUF
K85 Kft.	In-kind contribution	100%	100%	Real estate management	HU	HUF
AW Csoport Szolgáltató Kft.	Foundation	100%	100%	Financing	HU	HUF
DALP Kft.	In-kind contribution	100%	100%	Real estate management	HU	HUF
AW Property Kft.	Foundation	100%	100%	Real estate management	HU	HUF
AAI PROPERTIES d.o.o	Foundation	100%	100%	Real estate management	SLO	EUR
Wallis Adria d.o.o	In-kind contribution	100%	100%	Sale of cars	HR	EUR
WAE Hun Kft.	Acquisition	100%	100%	Sale of cars	HU	HUF
AW CRO Distribution d.o.o.	Acquisition	100%	100%	Sale of cars	HR	EUR

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

AW SLO Distribution d.o.o.	Acquisition	100%	100%	Sale of cars	SLO	EUR
C182 Razvoj Nekretnin Ljubljana d.o.o.	In-kind contribution	100%	100%	Real estate management	SLO	EUR
Net Mobilitás Zrt.	Acquisition	100%	0%	Internet services	HU	HUF
Logic Cart Kft.	Acquisition	100%	0%	Sale of cars	HU	HUF
Nelson Flottalízing Kft.	Acquisition	100%	0%	Renting and leasing of cars	HU	HUF
Nelson Sales Kft.	Acquisition	100%	0%	Support	HU	HUF
Nelson Assistance Kft.	Acquisition	100%	0%	Support	HU	HUF

Joint ventures:

Entity	Method of acquiring ownership	Ownership share 30/06/2023	Ownership share 31/12/2022	Main activity	Country of registration	Currency
AutoWallis Caetano Holding Zrt.	Foundation	50%	50%	Asset management	HU	HUF
RN Hungary Kft.	Acquisition	50%	50%	Sale of cars	HU	HUF

AUTOWALLIS Nyrt. and its subsidiaries

Condensed consolidated interim financial statements for the semi-annual period ended 30 June 2023

Data in HUF thousand

DECLARATIONS

These interim condensed consolidated financial statements and management (business) report (hereinafter collectively referred to as: Financial Statements) were discussed by the Group's Board of Directors on 30 August 2023 and were approved for disclosure.

We hereby declare that the Group's interim condensed consolidated financial statements for 2023H1 were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (IAS 34) to the best of our knowledge and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

Furthermore, we hereby declare that its Management (Business) Report for 2023H1 gives a true and fair view of the circumstances, development and performance of the Group and presents the key foreseeable risks and uncertainties.

We hereby declare and note that this semi-annual report of the Group has not been audited by an independent auditor.

Budapest, 30 August 2023

Gábor Ormosy
Member of the Board of Directors

Gábor Székely
Member of the Board of Directors

AutoWallis Nyrt.

This interim report contains forward-looking statements and prospective statements on the Group'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 Group 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.