

## **Corporate Governance Report**

**AutoWallis Nyrtr.**

**2024.**

## Introduction

**AutoWallis Nyrt.** (hereinafter: 'Company') is a public limited company registered in Hungary by the Metropolitan Court as the Court of Registration. The main market for the Company's shares and bonds is the Budapest Stock Exchange (hereinafter: 'BSE'); accordingly, the Company follows the corporate governance principles established in Hungary and the related mandatory legal regulations.

The Company has developed its Corporate Governance Processes, including this Corporate Governance Report, in accordance with Section 3:289 of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange.

### **1.1 - A brief presentation of the operation of the Board of Directors / Governing Board, and the distribution of responsibilities and tasks between the Board of Directors / Governing Board and the management.**

The Company's Board of Directors is the managing body of the Company, it acts as a body and exercises its powers at the meetings of the Board of Directors. The Board of Directors or its authorised Board Members represent the Company in dealings with third parties and before the courts and other authorities. The responsibilities of the Board of Directors shall be divided between the Chairman of the Board of Directors and the members of the Board of Directors and the member of the Board of Directors authorised to bear the title of "Chief Executive Officer".

In addition to the management of the Company, the Board of Directors plays a key role in relation to the subsidiaries belonging to the group of companies (hereinafter: 'Group') managed by the Company. The Board of Directors coordinates and directs the management of the Group, provides guidance - in the case of single-member companies, member direction - and defines the Group's business and development concept.

The Board of Directors is entitled to include in its competence all decisions that do not fall within the competence of the General Meeting, and also decides on all matters referred to the competence of the Board of Directors by the Civil Code, other legal regulations or the Articles of Association of the Company. It may refer the performance of ad hoc tasks to the competence of the Board Member(s) delegated by the General Meeting or the Board of Directors.

The Chief Executive Officer is entitled and obliged to act in relation to an issue not expressly included in the exclusive competence of the Board of Directors, but otherwise falling within the competence of the Board of Directors, unless expressly provided otherwise in a resolution of the Board of Directors.

The Rules of Procedure of the AutoWallis Board of Directors is available on the following link: <https://autowallis.com/szabalyzatok/>.

### **1.2 - An introduction of the Board of Directors / Governing Board, Supervisory Board and management members (for board members, also indicating each member's status of independence), a presentation of the boards structures.**

The Company currently has a Board of Directors consisting of 7 members. Chairman: Zsolt Müllner (not independent, employee of the Company), and the other members: Gábor Ormosy (Chief Executive Officer, not independent, employee of the Company), Ferenc Vaczlavik (not independent, employee of the Company), Tibor Veres, Gyula Mező, Ferenc Karvalits and Bence Buday.

The Company currently has a Supervisory Board consisting of 4 members, chairman: Attila Chikán Jr, and the other members: György Ecseri, Géza Deme and Péter László Lakatos dr. The Audit Committee has 3 members, chairman: Attila Chikán Jr, and the other members: György Ecseri and Péter László Lakatos dr.

### **1.3 - Specifying the number of meetings which the Board of Directors / Governing Board, Supervisory Board and committees held in the given period, completed with attendance rates.**

During 2024, the Board of Directors of the Company held 22 meetings, 15 with 100%, 1 with 80%, 4 with 86% and 2 with 71% attendance rate.

The Supervisory Board held 5 meetings in 2024, all 5 with 100% attendance rate. The Audit Committee had 8 meetings in 2023, all 8 with 100% attendance rate.

### **1.4 - A presentation of the work done by the Board of Directors / Governing Board, the Supervisory Board and the management as well as the considerations for assessing their individual members. Specifying if the assessment carried out in the given period resulted in any changes.**

The Board of Directors, the Supervisory Board and the Audit Committee of the Company performed the tasks required by law, their Rules of Procedure and the Articles of Association of the Company. The Company does not evaluate the work of individual members separately.

**1.5- A report on the operation of each committee, elaborating on the professional background of committee members, the number of and the attendance rate at the meetings held as well as the major topics discussed at the meetings and a presentation of the general operation of each committee. When presenting the operation of the Audit Committee, any decision by the Board of Directors / Governing Board against the proposal of the committee should be mentioned (also including the explanations offered by the Board of Directors / Governing Board). The Company website, where all tasks delegated to the committees and the dates of the members' appointment must be published, should also be mentioned. (If this information is not available on the Company website, it must be included in the Corporate Governance Report.)**

The Company's Audit Committee held eight meetings in 2024, all of them with 100% attendance rate. The main topics of the meetings were:

- Review and comment on the 2023 annual IFRS and connecting reports
- Review and comment on the 2024 Q1 Investor presentation
- Review and comment on the 2024 H1 IFRS reports
- Prior approval of engagements involving non-statutory audit services provided by the auditor
- Appointment of internal auditor
- Election of auditor for the 2024 Sustainability Report

- Review and comment on the 2024 Q3 Investor presentation
- Amendment of the Rules of Procedure of the Audit Committee

It was not necessary to convene an extraordinary meeting; the Audit Committee did not observe any event giving rise to an extraordinary investigation. The Board of Directors did not make a decision contrary to its proposal.

The professional presentation of the members of the Audit Committee can be viewed on the Company's website: <https://autowallis.com/vezeto-testuletek>.

The Rules of Procedure presenting the operation of the Audit Committee are also available on the website: <https://autowallis.com/szabalyzatok/>. The Audit Committee determines its own Rules of Procedure.

The Company's Supervisory Board held five meetings in 2024, all of them with 100% attendance rate. The main topics of the meetings were:

- Review and comment on the 2023 annual IFRS and connecting reports
- Amendment of the Rules of Procedure of the Supervisory Board
- Review and comment on the 2024 Q1 Investor presentation
- Review and comment on the 2024 H1 IFRS reports
- Appointment of an internal auditor
- Review and comment on the 2024 Q3 Investor presentation

The professional presentation of the members of the Supervisory Board can be viewed on the Company's website: <https://autowallis.com/vezeto-testuletek>.

The Rules of Procedure presenting the operation of the Supervisory Board are also available on the website: <https://autowallis.com/szabalyzatok>. The Supervisory Board determines its own Rules of Procedure, which are approved by the General Meeting.

**1.6- A description of the system of internal controls, an evaluation of the activities performed in the given period. A report on the efficiency and effectiveness of the risk management procedures. (Information about where shareholders can access the Board of Directors / Governing Board report on the operation of internal controls.)**

The main goal of internal control is for the organisation to perform its defined task with an adequate quality:

- carry out its management activities regularly, economically, efficiently and effectively;
- comply with applicable laws and regulations;

The internal audit function is carried out by an internal auditor, whose duties include:

- to verify the proper functioning of the Company in accordance with its internal rules
- preparing an annual report for the Supervisory Board
- monitoring the implementation of action plans
- monitoring of IT operations
- updating the internal control rules as necessary

The activities of the internal auditor are monitored by the Supervisory Board. It receives regular information on ongoing matters, contracts and events, and has continuous access to the Company's documents.

The Company has a Risk Management Committee, whose members are the Chief Financial Officer, the Head of Investor Relations, the Head of Compliance and the Head of Legal. The Risk Management Committee reviews and assesses the risks to the Company and makes recommendations on how to manage them, and reports on its work to the Supervisory Board and the Board of Directors at specified intervals.

Financial risk assessment should be a part of every planning and forecasting process, as well as in the preparation of new investment decisions. The Company operates a centralised control system covering all subsidiaries of the Company, under the direction of the Chief Financial Officer. The controlling activity monitors the achievement of the plan objectives for each subsidiary of the Group based on the expectations of the individual plans updated annually by the Board of Directors. The controlling organisation continuously monitors changes and risk factors in relation to the plans and reports to management on a monthly basis.

The Company has a two-person compliance area, which is responsible for ensuring compliance with legal and corporate governance regulations and ethical business operations. It is also responsible for preparing and training internal policies, conducting conflict of interest investigations and initiating actions, supporting compliance with data protection legislation, promoting fraud and corruption free operations, supporting the selection of appropriate business partners, supporting the development of information security requirements required by legislation.

#### **1.7 - Information on whether the auditor performed any activities not related to auditing.**

PricewaterhouseCoopers Könyvvizsgáló Kft. (responsible auditor: Biczó Péter, chamber registration number: 004957) audited the 2024 annual IFRS reports.

The auditors also provided non-audit services during the current year, without violating their independence.

#### **1.8 - An overview of the Company's publication policy and its insider trading policy.**

The Company applies the disclosure rules prescribed in its disclosure policy, legislation, BSE Regulations and the Company's Articles of Association.

Places of publication: according to the Articles of Association, the official website of the BSE ([www.bet.hu](http://www.bet.hu)), the publication website of the MNB (<https://kozvetelek.mnb.hu/>) and the website of the Company ([www.autowallis.com](http://www.autowallis.com)).

The Company maintains a register of persons engaged in activities with the Company on a legal basis and having access to inside information. The regulation of the Company on Insider Persons, the MAD/MAR - European Regulation, and the Capital Market Act guidelines apply to the Company's insider persons.

#### **1.9 - An overview of the method of exercising shareholder rights.**

A shareholder whose name appears - on the day of the closing of the Register of Shareholders - in the Register of Shareholders compiled on the basis of the identification procedure initiated

by the Company is entitled to participate and vote at the General Meeting of the Company. Each share entitles its holder to one vote. The shareholder can exercise their rights in person or through a proxy. The method of voting shall be determined by the Board of Directors in such a way that the voting right can be determined on the basis of the number and nominal value of the shares.

#### **1.10 - A brief presentation of the rules for the conduct of the General Meeting.**

The General Meeting is the highest organ of the Company.

The General Meeting shall be convened as necessary, but at least once per calendar year. A General Meeting may be convened at a place other than the registered office of the Company. The Annual Ordinary General Meeting approving the annual report of the Company shall be convened in such a way that the IFRS reports can be approved within the statutory deadline.

An Extraordinary General Meeting may be convened by the Board of Directors if it deems it necessary for the operation of the Company. The convening of an Extraordinary General Meeting may be requested by the Supervisory Board, the auditor or the Court of Registration in the cases specified in the Companies Act, and by the shareholders representing at least 5 percent of the Company's share capital, by stating, in writing, the reason and purpose therefor.

The General Meeting has a quorum if the shareholder representing more than half of the voting shares is present in person or through their authorised representative (including proxy).

If the General Meeting does not have a quorum, the repeated General Meeting to be held with the same agenda shall be convened within 21 days from the date of the original General Meeting.

An attendance sheet shall be prepared and minutes shall be kept of the General Meeting in accordance with the provisions of the Companies Act.

The members of the vote counting committee and the authenticators of the minutes shall be elected by the shareholders from amongst themselves, or from the members of the Board of Directors or the Supervisory Board, by a simple majority, with the provision that the authenticator of the minutes of the General Meeting may only be a shareholder or their proxy.

#### **1.11 Presentation of the issuer's compliance with Section IV. of Act 67 of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts.**

Company's Remuneration Policy was adopted by the Extraordinary General Meeting was held on 1<sup>st</sup> of July 2022. A Remuneration Report for 2024 has been prepared and will be presented to the Annual General Meeting to be held on 25<sup>th</sup> of April 2025. In the case of a transaction with a related party, the Company regularly reviews whether obligation of announcement arises based on the value of the transaction.

## **Annex 2 – Recommendations**

**1.1.1- The Company has an organisational unit responsible for investor relationship management or a designated person performing these tasks.**

yes                      no

**1.1.2 - The Company's Articles of Association are available on the Company's website.**

yes                      no

**1.1.4 - If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents.**

yes                      no

**1.2.1 - The Company has published a summary document on its website containing the rules applicable to the conduct of its General Meetings and the exercise of voting rights by shareholders.**

yes                      no

**1.2.2 - The Company has published the exact date when the range of those eligible to participate in a given company event is set (record date) and the last day when shares granting eligibility for participation can be traded.**

yes                      no

**1.2.3 - The Company has held its General Meetings in a manner that ensures maximum shareholder participation.**

yes                      no

**1.2.6 - The Company has not restricted shareholders' rights to designate a different representative for each of their securities accounts to represent them at any General Meeting.**

yes                      no

**1.2.7 - For proposals regarding agenda items, the Board of Directors' draft resolution and the Supervisory Board's opinion have been disclosed to the shareholders.**

yes                      no

**1.3.3 - The Company has not restricted the rights of shareholders attending a General Meeting to request information, add comments, and submit proposals, except for measures taken to ensure the proper conduct of the General Meeting.**

yes            no

**1.3.4 - By answering questions raised at the General Meeting, the Company has ensured compliance with the information provision and disclosure principles set out in legal and stock exchange requirements.**

yes            no

**1.3.5 - The Company has published on its website the answers to questions that the Company's board representatives or its auditor could not satisfactorily answer at the General Meeting within three working days following the meeting or provided an official statement explaining why answers were not given.**

yes            no

Description

There has been no such case, but announcements are made in such cases within 3 days.

**1.3.7 - The Chairman of the General Meeting has ordered a recess or suggested postponement when a proposal was submitted that shareholders had not had the opportunity to review before the General Meeting. (There has been no such case, but its proper management is ensured.)**

yes            no

Description

There has been no such case, but its proper management is ensured.

**1.3.8.1 - The Chairman of the General Meeting has not used a combined voting procedure for decisions related to electing and recalling executive officers and Supervisory Board members.**

yes            no

**1.3.8.2 - For executive officers or Supervisory Board members nominated by shareholders, the Company has disclosed the identity of the supporting shareholder(s).**

yes            no

**1.3.9 - Before discussing agenda items concerning amendments to the Articles of Association, the General Meeting has passed a separate resolution determining whether to decide on each amendment by individual votes, joint votes, or votes combined in a specific way.**

yes            no

**1.3.10 - The Company has published the minutes of the General Meeting, including resolutions, descriptions of draft resolutions, and any important related questions and answers, within 30 days following the General Meeting.**

yes            no



The Company published the resolutions of the General Meeting.

**1.6.1.1 - The Company's publication guidelines cover the procedures for electronic, online disclosure.**

yes                      no

**1.6.1.2 - The Company has designed its website with consideration for disclosure requirements and investor information needs.**

yes                      no

**1.6.2.1 - The Company has an internal publication policy that covers the processing of information listed in Section 1.6.2 of the Recommendations document.**

yes                      no

**1.6.2.2 - The internal regulations of the Company cover the methods for assessing events deemed important for publication.**

yes                      no

**1.6.2.3 - The Board of Directors/Governing Board has assessed the efficiency of the publication processes.**

yes                      no

**1.6.2.4 - The Company has published the findings of the efficiency assessment of its publication process.**

yes                      no

We have not published this report on internal control and compliance, but we will aim to do so in 2025.

**1.6.3 - The Company has published its annual company event calendar.**

yes                      no

**1.6.4 - The Company has published its strategy, business ethics, and policies regarding other stakeholders.**

yes                      no

**1.6.5 - The Company has published the career information of Board of Directors/Governing Board, Supervisory Board, and management members in its annual report or on the company website.**

yes                      no

**1.6.6 - The Company has published all relevant information about its internal organisation, the operation of its Board of Directors/Governing Board and Supervisory Board, the work of management, assessments of these, and any changes during the year.**

yes            no

**1.6.8 - The Company has published its risk management guidelines, information about its internal control system, key risks, and risk management principles.**

yes            no

**1.6.9.1 - The Company has published its guidelines on insider trading of its shares.**

yes            no

**1.6.9.2 - The Company has disclosed the shareholdings of Board of Directors/Governing Board, Supervisory Board, and management members in the Company's securities, as well as the extent of their interest under the equity-based incentive system in the annual report or another format.**

yes            no

**1.6.10 - The Company has published information about relationships that Board of Directors/Governing Board, Supervisory Board, and management members may have with third parties that could affect the Company's operation.**

yes            no

**2.1.1 - The Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board.**

yes            no

**2.2.2 - The Company publishes the procedure used for nominating Board of Directors / Governing Board members and the principles for determining their remuneration.**

yes            no

Currently we do not have a nomination procedure or policy, the principles for remuneration are set out in the remuneration policy.

**2.3.1 - The Supervisory Board provides a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan.**

yes            no

**2.4.1.1 - The Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval.**

yes            no

**2.4.1.2 - The rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, as well as for decision-making using electronic telecommunications means.**

yes            no

**2.4.2.1 - Board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting.**

yes            no

Description

in exceptional cases, the rules of procedure of the bodies provide for the possibility of derogating therefrom

**2.4.2.2 - The Company arranges the proper conduct of the meetings, the drawing up of the meeting minutes, and the management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board.**

yes            no

**2.4.3 - The rules of procedure provide for the regular or ad hoc participation of non-board members at the respective board's meetings.**

yes            no

**2.5.1 - The members of the Board of Directors / Governing Board and the Supervisory Board are nominated and elected in a transparent process, and information about the candidates is made public in due time before the General Meeting.**

yes            no

**2.5.2 - The composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations.**

yes            no

**2.5.3 - The Company ensures that newly elected Board of Directors / Governing Board and Supervisory Board members become familiar with the structure and operation of the Company, and they carry out their tasks as members of the respective boards.**

yes            no

**2.6.1 - The Governing Board / Supervisory Board requests (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals.**

yes                      no

**2.6.2 - The Company provides information about the tools that ensure the Board of Directors / Governing Board objectively assesses the management's activities.**

yes                      no

**2.6.3 - The Company publishes its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website.**

yes                      no

Description

The Company acts in accordance with the Civil Code.

**2.6.4 - The Supervisory Board of the Company includes members who have held a position in the Board of Directors or in the management of the Company in the previous five years, except in cases where their involvement ensured employee participation.**

yes                      no

**2.7.1 - Members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and, if applicable, the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, individuals they have business relations with, or their relatives have an interest in any business transactions of the Company (or any subsidiaries thereof) that excludes their independence.**

yes                      no

**2.7.2 - Transactions and assignments between members of boards/members of the management/individuals closely associated with them and the Company/subsidiaries of the Company are carried out in accordance with the Company's general business practice but apply more stringent transparency rules compared to general business practice, and they are approved.**

yes                      no

**2.7.3 - Board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they receive an appointment for a board membership or management position in a company not belonging to the Company Group.**

yes                      no

**2.7.4 - The Board of Directors / Governing Board develops guidelines for the flow of information and the management of insider information within the Company and monitors compliance with them.**

yes            no

**2.8.1 - The Company has created an independent internal audit function that reports directly to the Audit Committee / Supervisory Board.**

yes            no

**2.8.2 - Internal Audit has unrestricted access to all information necessary for carrying out audits.**

yes            no

**2.8.3 - Shareholders receive information about the operation of the system of internal controls.**

yes            no

**2.8.4 - The Company has a function ensuring compliance (compliance function).**

yes            no

**2.8.5.1 - The Board of Directors / Governing Board or a committee operated by it is responsible for the supervision and management of the entire risk management of the Company.**

yes            no

**2.8.5.2 - The relevant organization of the Company and the General Meeting receive information about the efficiency of the risk management procedures.**

yes            no

**2.8.6 - With the involvement of the relevant areas, the Board of Directors / Governing Board develops the basic principles of risk management, taking into account the special idiosyncrasies of the industry and the Company.**

yes            no

**2.8.7 - The Board of Directors / Governing Board defines the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities, as well as the achievement of its performance and profit objectives.**yes            no

**2.8.8 - Internal control system functions report to the competent board at least once a year about the operation of internal control mechanisms and corporate governance functions.**

yes            no

**2.9.2 - The Board of Directors / Governing Board invites the Company's auditor in an advisory capacity to the meetings on financial reports.**

yes            no

### **Section 3 – Proposals**

**1.1.3 - The Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights even when they are not present in person.**

yes            no

**1.2.4 - The Company determines the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposals into account.**

yes            no

Description: There was no shareholder-initiated general meeting.

**1.2.5 - The voting procedure used by the Company ensures a clear, unambiguous, and fast determination of voting results, and in the case of electronic voting, also ensures the validity and reliability of the results.**

yes            no

**1.3.1.1 - The Board of Directors / Governing Board and the Supervisory Board are represented at the General Meeting.**

yes            no

**1.3.1.2 - In the event that the Board of Directors / Governing Board and the Supervisory Board are absent, the Chairman of the General Meeting discloses this before the discussion of the agenda begins.**

yes            no

**1.3.2.1 - The Articles of Association of the Company do not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors / Governing Board and from being granted the right to express their opinion and add comments if their presence and expert opinion are presumed to be necessary or help provide information to shareholders and facilitate decision-making at the General Meeting.**

yes            no

**1.3.2.2 - The Articles of Association of the Company do not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and add comments.**

yes            no

**1.3.6 - The annual report of the Company, prepared as specified in the Accounting Act, contains a brief, easy-to-understand, and illustrative summary for shareholders, including all material information related to the Company's annual operation.**

yes                      no

**1.4.1 - In line with Section 1.4.1, the Company pays dividends within 10 working days to those shareholders who have submitted all the necessary information and documents.**

yes                      no

**1.6.11 - The Company publishes its information in English as well, in line with the provisions of Section 1.6.11.**

yes                      no

**1.6.12 - The Company informs its investors about its operation, financial situation, and assets on a regular basis, but at least quarterly.**

yes                      no

**2.9.1 - The Company has internal procedures in place regarding the use of external advisors and outsourced activities.**

yes                      no