

INDEPENDENT AUDITOR'S REPORT ON THE PRELIMINARY EVALUATION OF IN-KIND CONTRIBUTIONS TO BE PROVIDED WITHIN THE FRAMEWORK OF THE PLANNED REGISTERED CAPITAL INCREASE OF AUTOWALLIS NYRT.

For the board of directors and the general meeting of AutoWallis Nyrt.

Information on the subject matter of the audit

- a. AutoWallis Nyrt. (hereinafter: "Company") mandated us to carry out the preliminary evaluation of the business shares to be provided as in-kind contribution within the framework of the Company's planned, exclusive registered capital increase.
- b. The Company informed us that the in-kind contributions are embodied in the 100% business shares of K 85 Ingatlanhasznosító Korlátolt Felelősségű Társaság (registered office: 1106 Budapest, Kerepesi út 85.; company registration number: 01-09-861051) and Wallis Kerepesi úti Autó Korlátolt Felelősségű Társaság (registered office: 1106 Budapest, Kerepesi út 85.; company registration number: 01-09-078910).

Company	Face value of the offered business share	Owner of the offered business share
Wallis Kerepesi Úti Autó Kft	HUF 139,400,000	WALLIS ASSET Management Zrt. (60% owner of the business shares) and TT Automobil Kft. (40% owner of the business shares)
K 85 Kft.	HUF 3,000,000	WALLIS ASSET Management Zrt. (60% owner of the business shares) and TT Automobil Kft. (40% owner of the business shares)

- c. The Company notified us that the value of the a.m. in-kind contributions previously determined by the founders is HUF 1,020,000,000.
- d. The parties providing the in-kind contributions will be entitled to the "C" series ordinary shares to be newly issued by AutoWallis Nyrt., at a face value of HUF 12.5, in words twelve forints and 50 fillérs. When determining the number of ordinary shares to be provided against the in-kind contributions, the higher of the stock exchange closing rate on the day preceding the provision of shares or the average stock exchange rate of 30 days prior to the provision of shares shall be taken into account.
- e. According to our mandate, we carried out the preliminary audit of the in-kind contributions to be provided within the framework of the planned registered capital increase of AutoWallis Nyrt. based on the "Auditing Standard under topic number 3000 on services providing certainty outside the auditing or due diligence of information on the past period". Within our audit into the in-kind contribution, our report presents the description and the evaluation of the in-kind contribution, the eventual existence of new circumstances influencing the evaluation as well as - with regard to the evaluation - our statement whether the value of in-kind contribution previously determined by the founders is in balance with the number and the face value of the shares to be provided in exchange.

The shareholders' responsibility for the in-kind contribution

The Company is responsible for determining the preliminary value of the in-kind contribution and for ascertaining that the value of the in-kind contribution is in harmony with the number and the face value of the shares planned to be issued. Furthermore, the Company is responsible for the accuracy of the information provided to support our audits with regard to the in-kind contribution.



The auditor's responsibility

We are responsible for giving an opinion about the in-kind contribution based on our audit. Our audit was completed on the basis of Hungarian National Standards on Auditing and the laws, as well as other regulations – effective in Hungary – that are applicable to auditing. These standards demand that we comply with the ethical requirements, moreover that we design and conduct the audit in a manner that allows us to sufficiently ascertain that the in-kind contribution complies with the relevant statutory conditions.

Our audit includes performing procedures with the aim to procure evidence about the in-kind contribution. The selected procedures depend on the auditor's opinion. We are convinced that the gathered auditing evidence provides a sufficient and appropriate basis for granting our auditor opinion.

Summary of the completed procedures

Presentation of the in-kind contributions and their estimated market value:

Company	Face value of the offered business share	Owner of the offered business share	Ownership rate	estimated market value
Wallis Kerepesi Úti Autó Kft	HUF 139,400,000	WALLIS ASSET Management Zrt. (60% owner of the business shares) and TT Automobil Kft. (40% owner of the business shares)	100%	HUF 580,000,000
K 85 Kft.	HUF 3,000,000	WALLIS ASSET Management Zrt. (60% owner of the business shares) and TT Automobil Kft. (40% owner of the business shares)	100%	HUF 488,000,000
Total:				HUF 1,068,000,000

Presentation of the procedures related to evaluating the 100% business share of Wallis Kerepesi Úti Autó Kft:

Method applied upon the evaluation

Under the international evaluation principles, the business value is the estimated price at which the asset elements can be sold and purchased between a seller intending to sell and a buyer intending to buy, in a manner that they both act out of their free will and they both know - to the extent required for implementing the legal transaction - the facts relevant to the given transaction and conforming with the situation prevailing on the evaluation day.

The business value was determined based on the international evaluation principles and practice, with regard to the evaluation date, based on the discounted cash flow method (DCF), which relies on the audit of the future income-generating ability. When auditing the future



income-generating ability we considered - estimated at the evaluation date - all operating revenues, expenditures, payable taxes related to the Company's business activities, the trend in the working capital, furthermore the investments and credits required for implementing the business plan were also deducted from the produced cash flow.

In addition to forecasting the Company's cash flow, a discount rate was determined for calculating the present value of cash flow, which has to reflect the returns expected by the Company's investors (the Company's owners and creditors) in proportion with the contribution to all assets. This is best expressed by the weighted average cost of capital (WACC). Upon calculating the discount rate, the 15-year state securities market reference yields - available at the evaluation date - were used to determine the "risk free" return. Over and above the expected, risk-free returns, we considered the market risk premium and the related industrial risk premium (beta) for discounting the Company's operating cash-flow. The data used for discount rate calculation are based on the benchmark data of public stock exchange companies. The public stock exchange companies in the industry represent less risk - in terms of both size, liquidity and transparency - than the companies operating in the industry and not quoted at the stock exchange. Therefore, when calculating the discount rate, we also considered the discount relevant to small-size companies based on the Ibbotson risk premium data. In addition, additional risk premium was also considered - with regard to implementing the business plan - upon determining the discount rate.

The evaluation was made between 20 January 2020 and 18 February 2020 with reference to 31 December, 2019 ("evaluation day"). The value determined by us covers the facts accessed by us until the completion of the evaluation as well as the presumptions as of that date.

The business evaluation is based on the business plan made by the Company's management. As for 2019, the expected result contains the last forecast of the Company's management, which was made in February 2020.

Information used upon the evaluation

The information required for the evaluation was gathered from the materials and documents made available about the company. Accordingly, the following documents were used upon the evaluation:

- the Company's annual reports for the period between 2016 and 2018;
- the ledger statements related to the Company's reports;
- statement for the Company's expected profit in 2019;
- unclosed ledger statement for 31 December 2019;
- the Company's profit plan for 2020-2023;
- the Company's detailed market operation forecast;

We also used information and data from other public sources for performing the evaluation, together with verbal data and information by the Company's management on the Company's operation. The information provided in the above documents and information sources were used in our analysis as authentic data and we relied on these data as full and accurate in all relevant aspects.

Presumptions and information on the Company's business plan

The business plan required for determining the Company's business value was made in consideration of the below, main conditions and presumptions:

- The figures of the business plan are estimates on the future operations of the Company, and their implementation is influenced by numerous circumstances.



- The evaluation was made under the going concern principle, the business plan did not reckon with any change in the activities and car brand sales prevailing at the evaluation date.
- The business plan underlying the business evaluation contains figures for the future prospects expectable at the date of the business evaluation. We point out that the numeric impact of economic processes actually implemented in the future may deviate from the plan both in a positive and negative direction and, as a result, the business value estimated by us may be modified. The discount rate contains the risk of business plan implementation.
- The value of the sales revenue and profit of 2019 contains a single revenue- and profit-increasing impact (as a result of the directive of the European Parliament, already mentioned in the earlier report), which cannot be forecast in the later years. With a conservative approach, the business plan for 2020-2023 regards the profit growth of 2019 as a single profit growth that cannot be maintained in the long run.
- Upon the business evaluation we did not reckon with any change to the taxation laws known at the date of the evaluation. When determining the rate of taxation we did not reckon with any other items modifying the tax base.
- The Company's business plan was made based on the statements of the Company's management, where not all elements conform with the figures set forth in the financial records but no significant deviation can be identified with regard to the profit.
- Upon the evaluation, the Company's management modelled the Company's business activities until 2023 based on the operating environment in 2019. We regarded the period after 2023 as a typical year from the Company's viewpoint, i.e. we presumed that after that the Company's incomes, expenditures, profitability and working capital position will not change significantly.
- Upon the business evaluation we applied numerous contractions and simplifications, however, we believe that these do not influence on the merits the business value estimated by us.
- Upon the macro economic presumptions applied for the business evaluation, we calculated with 3.3% inflation and with a wage growth rate significantly exceeding the inflation.

[Presentation of the procedures related to evaluating the 100% business share of K 85 Kft.](#)

Method applied upon the evaluation

The only activity of K85 Kft is letting out its property (car showroom and garage at Budapest 10th district, Kerepesi út 85.). Apart from letting out this property, the company pursues no other business activities. Considering the type of the activities of K85 Kft., the equity capital value as of 31 December 2019, corrected with the difference between the market value of the property owned by it and the book value of the property can be regarded as the market value.

An evaluation report made on 14 February 2020 by an independent appraiser was available for determining the property's market value, where the estimated market value of the property is HUF 637,000,000.

The market value of the 100% business share of K85 Kft. is presented as follows:

Equity capital as of the balance sheet date:	HUF 14,641,000
Book value of the property	HUF 155,232,000
Market value of the property based on evaluation	HUF 637,000,000
Property market value difference	HUF 481,768,000



Corrected equity capital	HUF 496,409,000
Dividend correction	HUF -8,000,000
Market value of the K85 Kft.'s 100% business share	HUF 488,409,000

Introduction of the methods applied by the independent property appraiser:

The independent property appraiser made the evaluation in consideration of the market comparison and return (yield) method. As a result of the reliability of the market comparison data, the estimated market value of the property was determined based on the market comparison method.

In the first step of the comparative evaluation, data were collected, forming a basic set similar to the property to be evaluated. Upon the evaluation, we considered comparative data deriving from sources publicly available at the date of the evaluation (internet, property agency data, our company's internal mediation database), disregarding the lower and upper limit values.

After checking the data set produced upon data collection, the data of properties - sold or planned to be sold - were selected where the main parameters are the closest to the evaluated property. From the corrected offer/sale prices, the specific values were calculated for the net, useful basic areas of buildings - for properties with buildings - (for 1 m² in the case of vacant plots), which were modified with the correction factors. After the correction, the arithmetical mean of the selected, corrected specific values was calculated, which resulted in the specific price serving as a basis for the estimated market value of the evaluated property.

The rate of the correction offer was considered at 85%. The exchange rate of HUF/€ 330 was applied at the evaluation date.

Application of the report made by the independent appraiser

As for applying the evaluation report made available to us and prepared by the independent appraiser, we considered the following aspects:

- We checked whether the appraiser has proper experience and is qualified for conducting the evaluation.
- We checked whether the method used by the appraiser complies with the international evaluation standards and whether the applied method is satisfactory.
- We made no further checks of the comparative data set forth in the evaluation report, and we presumed that the data are appropriate.

Based on the above procedures we accessed no fact or information indicating that the market value specified in the evaluation report made by the property appraiser would differ from the actual market value.

Information used upon the evaluation

The information required for the evaluation was gathered from the below listed materials and documents made available about the company:

- Balance sheet and P/L account as of 31 December, 2019, regarded by the management as final but not audited yet.
- Banking acknowledgment letter supporting the credit balance as of 31 December 2019
- Annual report as of 31 December 2018



- Market evaluation of the property owned by K85 Kft., made by an independent appraiser.

Opinion

In our opinion, the market value - established by us - of the business shares constituting the subject matter of the in-kind contribution (HUF 1,068,000,000) is in harmony with the value previously determined by the founders (HUF 1,020,000,000). Furthermore, the method used by the Company and introduced in paragraph d. of the report guarantees that the value of the in-kind contributions is in balance with the number and the face value of the shares to be provided in exchange.

Other issues

Our report on the audit of the in-kind contribution was made for the board of directors and the general meeting of Auto Wallis Nyrt. with regard to the planned registered capital increase. Without our prior approval, our report cannot be used for other purposes and cannot be forwarded to other parties apart from the registration court. Furthermore, when forming our opinion, we did not deal with the legal situations that can be related to the capital increase, e.g. with the marketability and the provision of the in-kind contribution.

Budapest, 14 February 2020

(This is the translation of Hungarian original)

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Zsolt Szovics

Auditor, member of the chamber, and representative of Trusted Adviser Kft.
member of the chamber, auditor
registration number: 005784
Trusted Adviser Könyvvizsgáló és Tanácsadó Kft.
1082 Budapest, Sas u. 66-68. 3. Em.
registration number: 002588