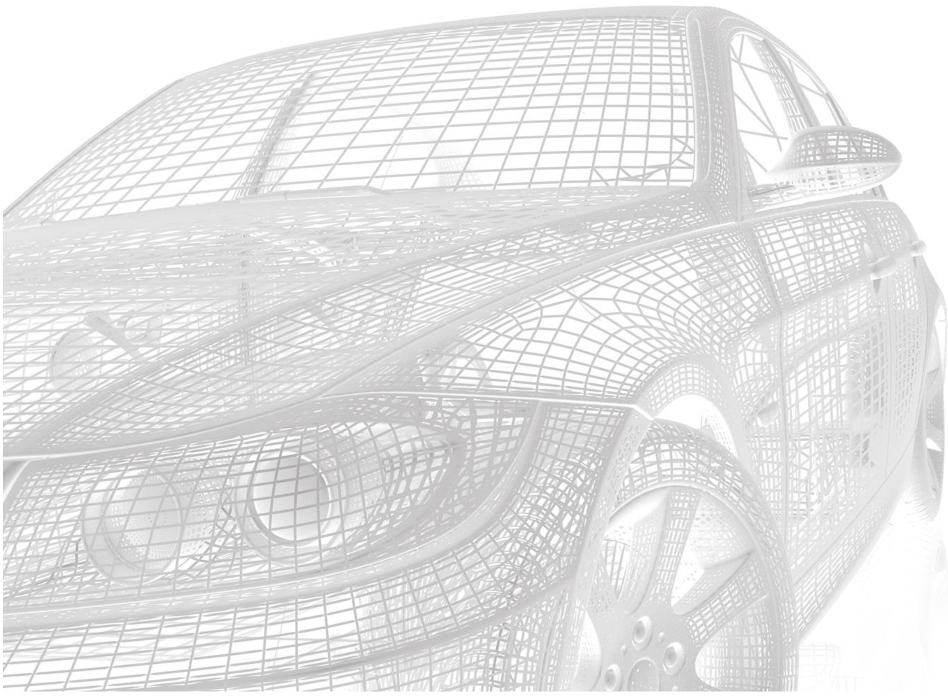
AUTOWALLIS GROUP

2020 HALF-YEAR REPORT

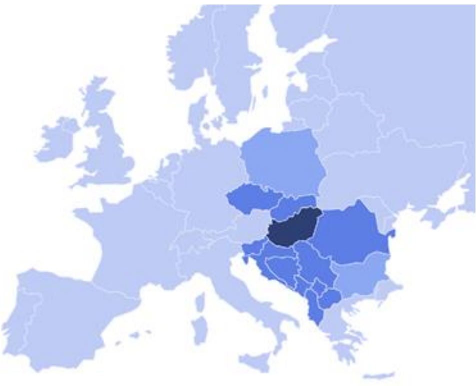


This is the English translation of the Hungarian document. In the event of inconsistency or discrepancy between the English version and any of the other linguistic versions of this publication, the Hungarian language version shall prevail

2020 HALF-YEAR PERFORMANCE OF THE AUTOWALLIS GROUP

Introduction

The goal of AutoWallis Nyrt (referred as “AutoWallis Nyrt” or “Company”), listed in the Premium category of the Budapest Stock Exchange and included in the BUX and BUMIX indices, is to become a dominant mobility service provider in the Central and Eastern European region by 2029 and operate as an asset management company with a classic, conservative business policy, which expands its investment portfolio in the automotive industry through continuous acquisitions.



The AutoWallis Group (meaning AutoWallis Nyrt and its subsidiaries together, see Legal summary) is engaged in the retail and wholesale trade of vehicles and parts, the provision of repair services as well as short- and long term vehicle rental services in 14 countries of the Central and Eastern European region (Albania, Bosnia and Herzegovina, the Czech Republic, Bulgaria, Croatia, Kosovo, Poland, Romania, Serbia, Slovakia, Slovenia, North-Macedonia, Hungary, and Montenegro).

The brands represented by the Group include BMW passenger cars and motorcycles, Citroen, Dacia, Isuzu, Jaguar, KIA, Land Rover, Maserati, MINI, Opel, Peugeot, Renault, Ssangyong, Toyota, Saab parts, and the Sixt rent-a-car service. BMW occupies a dominant position on the premium car market, while Sixt leads the vehicle rental market.

The AutoWallis Group (hereinafter: Company. website: www.autowallis.hu), today announced its 2020 half-year report. This report contains consolidated, unaudited financial statements for the 30 June 2020 as prepared by the management in accordance with International Financial Reporting Standards.

CONTENTS

2020 HALF-YEAR REPORT OF AUTOWALLIS GROUP 4

MANAGEMENT REPORT AND BUSINESS ANALYSIS OF AUTOWALLIS GROUP 8

BUSINESS ENVIRONMENT OF AUTOWALLIS GROUP 10

2020 HALF – YEARLY MARKET TRENDS AND SALES ANALYSIS 12

GOALS AND STRATEGY OF THE AUTOWALLIS GROUP 18

MAIN RESOURCES AND RISKS OF AUTOWALLIS GROUP 18

SUSTAINABILITY REPORT 20

LEGAL SUMMARY 23

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 27

MANAGEMENT REPORT AND BUSINESS ANALYSIS OF AUTOWALLIS GROUP

Main financial results

- The **sales revenue** of the AutoWallis Group was **HUF 38.2 billion,** remaining at the same level as the sales revenue for the comparative period of H1 2019. As a consequence of COVID-19, the growth in international vehicle and parts sales was offset by the sudden and dramatic decline in the revenue from car rental within the automotive service business line.
- The increase in **COGS marginally exceeded the increase in sales revenue**, resulting in a **decline in the profit margin** of the AutoWallis Group **from 13.5% to 11.5%**, primarily due to a change in the product mix. This is due to the fact that the decline in sales revenue from car rental was not immediately followed by a decrease in cost levels at the same rate.
- The EBITDA, the indicator that best summarises the results of the AutoWallis Group in the management's opinion, **decreased by 51% to HUF 689 million**. This includes the entire loss of unlawfully appropriated assets for 2020 in the amount of HUF 158 million which was discovered in February 2020 and has been presented in our previous reports. Without this one-off item the *adjusted EBITDA* would be *HUF 847 million*, which would represent a *decline of 39%* from the comparative period, which is mostly attributable to the impact of the sudden shutdown of tourism on car rental**.** The current year EBITDA was negatively impacted by the planned costs relating to the launch of the new domestic Jaguar Land Rover dealership in April.
- The **balance of financial revenues and expenses is a loss of HUF 721 million**, which is nearly three times the value of the previous year's comparative period. The reason behind this sharp increase is the unrealised foreign exchange loss (HUF 362 million) resulting from the revaluation of FX items at the end of the period.
- The **overall profit or loss** was a **loss of HUF 765 million**, which includes the temporary and one-off effects highlighted above, while the *adjusted overall profit or loss for H1 2020 would have been a loss of HUF 245 million*, compared to the HUF 545 million profit of H1 2019. The primary reason for the loss is the loss of profit due to a decline in automotive services resulting from the complete shutdown of airport traffic due to COVID-19.

Main operating results

Changes in the market situation

The operation of the AutoWallis Group is not independent of the changing European automotive market as a whole, but in assessing its activity, efficiency, business opportunities and ability to create value, it is important to take into account that the Group's actual operating region is Central and Eastern Europe and the Balkans. The strategy formulated by the Company also focuses on this region; in this particular environment, the specialists of the company group have tangible and usable knowledge, and it has a competitive advantage over its sometimes significantly larger Western European competitors.

New personal vehicle registration by countries (ACEA)

	Jan - Jun		Change %
	2020	2019	
Austria	112 787	175 909	-35,9%
Belgium	216 605	310 488	-30,2%
Bulgaria	10 161	18 323	-44,5%
Croatia	17 423	38 216	-54,4%
Cyprus	4 913	6 578	-25,3%
Czech Republic	95 029	128 498	-26,0%
Denmark	88 418	122 223	-27,7%
Estonia	9 133	13 933	-34,5%
Finland	47 385	60 280	-21,4%
France	715 798	1 166 442	-38,6%
Germany	1 210 622	1 849 000	-34,5%
Greece	36 570	65 557	-44,2%
Hungary	55 674	74 541	-25,3%
Ireland	52 884	80 758	-34,5%
Italy	583 960	1 083 184	-46,1%
Latvia	6 569	9 485	-30,7%
Lithuania	16 821	23 374	-28,0%
Luxembourg	20 793	31 123	-33,2%
Netherlands	158 161	225 779	-29,9%
Poland	179 821	278 332	-35,4%
Portugal	64 848	128 595	-49,6%
Romania	49 616	71 620	-30,7%
Slovakia	34 015	52 075	-34,7%
Slovenia	28 005	41 122	-31,9%
Spain	339 853	692 443	-50,9%
Sweden	125 685	167 882	-25,1%
European Unio	**4 281 549**	**6 915 760**	**-38,1%**
EU14	**3 774 369**	**6 159 663**	**-38,7%**
EU12	**507 180**	**756 097**	**-32,9%**
Izland	4 193	7 289	-42,5%
Norway	59 224	78 209	-24,3%
Switzerland	103 201	157 136	-34,3%
EFTA	**166 618**	**242 634**	**-31,3%**
United Kingdom	653 502	1 269 245	-48,5%
TOTAL (EU + EFTA + United Kingdom)	**5 101 669**	**8 427 639**	**-39,5%**
WEST EUROPE (EU14 + EFTA + United Kingdom)	**4 594 489**	**7 671 542**	**-40,1%**

Source: ACEA

The market for passenger cars in EU and EFTA countries and the UK shrank by 39.5% in H1 2020 in terms of new vehicle registrations (55% in March alone). The main reasons behind this decline were the lockdown measures introduced in most markets at the end of Q1 in response to the COVID-19 outbreak, as a result of which the vast majority of European dealerships closed in the second half of March. Consequently, the demand for new passenger cars fell by 38.1% in the first half of 2020 due to an unprecedented decline in the region over four consecutive months (March to June). Out of the four key EU markets, the largest decline this year was observed in Spain at -50.9% (from the 692,443 units registered in the same period of the previous year to 339,853 units), followed by Italy with -46.1% (declining from 1,083,184 units to 583,960 units), France with -38.6% (falling from 1,166,442 units to 715,798 units) and Germany with -34.5% (representing a decrease from 1,849,000 units to 1,210,622 units).

As a result of the above, demand in EU and EFTA countries and the UK fell by 40% during the first half of the year from 7,671,542 units registered in H1 2019 to 4,594,489.

At the same time, despite the significantly more adverse external environment caused by the COVID-19 pandemic, the performance of the AutoWallis Group was well above market average in terms of new vehicle sales in H1: while the average decline in sales in Hungary was 25%, AutoWallis recorded a mere 5.6% drop in domestic sales. In the meantime, the international sales of the automotive company listed on the Hungarian stock exchange improved by 15.6%, resulting in an aggregate increase of 2.8% in new vehicle sales. Another factor that contributed to the fact that the decline was below the market average was that currently AutoWallis is mostly present in the premium segment, which is typically less sensitive to fluctuations in market demand. The negative economic impact of the confinement measures adopted by the government with a view to limiting the spread of COVID-19 was more pronounced in the automotive service business line. On the one hand, there was only slightly less demand for servicing activities in H1 due to the lockdown in Hungary than in the service sector in general, while the sudden, significant and, hopefully, temporary decline in tourism and business travel caused a considerable decline in the car rental business, which was only partly compensated by the reduction and alternative use of the rental fleet (e.g. for courier services). As a result of the above, the number of service hours was down by 5.4% to 23,772, the fleet size for car rental dropped by 12% to 438, while the number of rental transactions fell by 61.2% to 4,352.

Description	January - June		Change %
	2020	2019	
International distribution business line			
Number of sold vehicles (unit)	1 244	1 076	*+15,6%*
Domestic retail business line			
Number of new sold vehicles (unit)	1 547	1 638	*-5,6%*
Number of used vehicles (unit)	349	454	*-23,1%*
Total	**1 896**	**2 092**	***-9,4%***
International + Domestic distribution business line (unit)	**3 140**	**3 168**	***-0,9%***
Automotive service business unit			
Number of service hours	23 772	25 118	*-5,4%*
Average fleet size - rent a car fleet (unit)	438	498	*-12,0%*
Number of rental casess (unit)	4 352	11 207	*-61,2%*

Issue of bonds

In accordance with the announced strategy, the Group intends to meet the funding needs of the planned organic and transactional growth with the lowest possible capital cost, with long-term, low-risk HUF-based bank loans, the issuance of corporate bonds, or closed or public capital increases. Based on preliminary consultations with potential financiers, the current economic environment, and the yield and interest rate environment support the feasibility of the strategy chosen by the Company.

The Company was one of the first to join the Bond Funding for Growth Scheme announced by the National Bank of Hungary in order to finance the approximately HUF 3 billion already stated in the strategy. The Company obtained the international credit rating required for participation on 18 September 2019.[1]

The Company held a successful bond auction on 9 April 2020, which was significantly oversubscribed by banks bidding from among the qualified investors. Following the auction 60 registered, fixed-rate, dematerialised 2030/I AutoWallis NKP Bonds were issued with a nominal value of HUF 50,000,000 each, totalling a nominal value of HUF 3,000,000,000. The primary purpose of issuing the Bonds is to refinance the existing loans and/or operating leases of the Issuer's subsidiaries.

[1] https://www.scoperatings.com/#search/rating/detail/CR0000563879

Expansion of the AutoWallis Group – new brands and new subsidiaries

Q2 2020 was an extremely eventful period for the AutoWallis Group. In line with its previously announced strategy, there was an increase in the number of sales branches operated and brands distributed by the group in the Hungarian market as well, in addition to international expansion.

The AutoWallis Group is committed to growth in Hungary and the region even in such a changing and challenging environment, as shown by the business development incentives, acquisitions of recent months. This year, the Company once again **announced a number of significant transactions**:

1.) the **acquisition of the largest Hungarian Opel dealership** early in the year,

2.) the **start of the distribution of Jaguar and Land Rover models in Hungary** in April,

3.) the **acquisition of the largest BMW dealership in Slovenia** in June (after successfully obtaining the approvals of the authorities, mainly the competition authority),

4.) the company announced the **acquisition of a business share in Iniciál Autóház, a market leader in Western Hungary** selling and servicing seven high-profile car brands (Dacia, Nissan, Opel, Peugeot, Renault, Suzuki and Toyota),

5.) it may operate as the **importer of the Opel brand** in **Croatia, Slovenia and Bosnia and Herzegovina**.

If successfully completed, these announced transactions will contribute to the profit or loss of the AutoWallis Group in the second half of the year, which means that their effect will mostly be seen in 2021.

Through these measures, AutoWallis is expanding both in Hungary and abroad and continues on its journey to implementing its declared strategy of doubling its revenue by 2024. The company's objective is to become a leading mobility service provider in the Central and Eastern European region by 2029.

Consolidated IFRS Profit & Loss Statement

Description HUF ths	H1 2020	H1 2019	Change %
Revenue	38 152 265	38 423 184	-1%
International distribution business unit	16 784 583	16 557 306	+1%
Domestic distribution and wholesale and direct sales business unit	18 084 739	18 176 222	-1%
Automotive services business unit	3 282 943	3 689 656	-11%
Material type expenses	-1 172 767	-1 186 557	-1%
Services	-1 452 261	-1 807 557	-20%
Cost of goods sold	-33 766 534	-33 227 950	+2%
Personal type expenses	-962 759	-827 282	+16%
Depreciation	-669 387	-508 493	+32%
Profit or loss from trading	***128 557***	***865 345***	**-85%**
Other income / expenses	-109 056	25 086	-535%
Other income and expenses	**-109 056**	**25 086**	**-535%**
OPERATING PROFIT OR LOSS - EBIT	**19 502**	**890 431**	**-98%**
Interest expense	-82 775	-43 019	+92%
Financing expenses from leases	-84 722	-92 495	-8%
Foreign exchange gains or losses, net	-474 995	-34 382	+1282%
Other financial gains or losses, net	-78 078	-75 661	+3%
Financial gains or losses	**-720 570**	**-245 557**	**+193%**
PROFIT BEFORE TAX	**-701 069**	**644 874**	**-209%**
Taxation	-72 370	-131 291	-45%
NET PROFIT OR LOSS	**-773 439**	**513 583**	**-251%**
Retrainslation of subsidiaries	8 044	31 662	-1
Total comprehensive income	**-765 394**	**545 245**	**-240%**
EPS (HUF/share)	**-2,55**	**1,90**	**-234%**
EBITDA	**688 889**	**1 398 924**	**-51%**

Note: Restatement of figures for previous periods: - During FY 2019, the Group modified certain accounting policies and presentation decisions, the effects of which had to be accounted for retrospectively. The reasons and effects of such changes are presented in the year-end financial statements for 2019. Accordingly, the figures in the Business Report for H1 2019 had to be corrected as well.

The **sales revenue** of the AutoWallis Group in H1 2020 exceeded HUF 38 billion. This is identical to the sales revenue for the previous period, despite the fact that the effects of the restrictive measures introduced in response to COVID-19 had already been felt during Q1 and were magnified in Q2. While all business lines of the Group in the region as a whole developed dynamically in terms of both volume and margin potential in the first two months of the year (typically above 20%), the effect of an unexpected decline in tourism and business related car rental bookings was quickly felt after February, with no substantial change occurring until the end of June.

The value of **material costs** *remained at the same level* in H1 2020 compared to the comparative period.

The value of **services used** *decreased by 20%* in H1 2020 as a result of the cost cutting measures that became necessary due to the implementation of containment measures to combat the pandemic.

The 2% growth in **COGS** exceeded the increase in sales revenue during H1 as a whole since the sudden and sharp decline in the sales revenue of the Automotive Service Business Line was not immediately followed by a similar movement in the cost of cars for rent, which is complemented by the effect of a shift in the product mix of the international business line, i.e. an increase in the number of models with lower profit margins. As a result, the Group's **profit margin** also decreased from 13.5% to 11.5%.

Similarly to the previous year, the *16% increase* in **personnel-type expenses** was higher than the average change in turnover. This increase already reflects the increase in personnel-type expenses caused by the hiring of new employees required by the Jaguar Land Rover dealership and repair shop opened in Budapest in April. AutoWallis Group is making increased efforts to ensure the availability of staff and expertise that will support growth and maintaining this will remain a top priority despite the fact that less capacity is required due to the pandemic. The average statistical headcount is 330.

The 32% increase in **depreciation** mainly reflects the growth of the short- and long-term car rental fleet, which was justified by the increase in turnover in the first two months.

The **HUF -94 million balance of other revenues and expenses** includes the current year effect of the *HUF 158 million expense* relating to the events listed in the Extraordinary Announcement of AutoWallis Nyrt. dated 7 February 2020. Assets with a book value of approximately HUF 250 million were unlawfully removed from the premises of Wallis Motor Duna Kft. and Wallis Motor Pest Kft., with regard to which a criminal report was immediately filed and other necessary measures to protect assets were taken.

As a result of the above, **operating profit** (EBIT) *decreased to HUF 20 million* during the period under review, which reflects both the outstanding performance of the first two months and the loss from one-off items and the COVID-19 measures.

The value of **financial revenues and expenses** at the end of H1 2020 is a loss of HUF 721 million. A significant part of this, HUF -362 million, is the unrealised exchange rate loss due to the revaluation of open FX inventory financing credit at the end of the period. The magnitude of the unrealised revaluation difference was due to the revaluation of EUR-denominated inventory financing credit lines relating to the international distribution business (for which the amount drawn down was higher at the end of the period than the comparative period) to an exchange rate of 356.57 HUF/EUR. The revaluation of accounts payable and credit balances at the end of the period in accordance with IFRS rules took place at an exceptionally high HUF/EUR exchange rate due to the pandemic. In international distribution, 86% of inventories are invoiced in euros and, therefore, the restart of the issue of invoices, which relate to the ongoing sale of inventories that began after the restrictions had been lifted, mostly compensates for this unrealised exchange rate loss recorded at the end of Q1.

NORMALIZED RESULT HUF ths	H1 2020	H1 2020 Normalized	H1 2019	Changes % - 2020H1 / 2019H1
Losses from unlawfully removed assets	0	158 322	0	N/A
NORMALIZED EBITDA	**688 889**	**847 211**	**1 398 924**	**-39%**
H1 2020 non-realized FX revaluation loss	0	362 445	0	N/A
Normalized Financial revenue and expenses	**-720 570**	**-358 125**	**-245 557**	**+46%**
NORMALIZED PROFIT BEFORE TAX	**-701 069**	**-180 302**	**644 874**	**-128%**
NORMALIZED TOTAL COMPREHENSIVE INCOME	**-765 394**	**-244 627**	**545 245**	**-145%**

The **overall profit or loss was a loss of HUF 765 million**, accounting for the temporary and one-off effects highlighted above in accordance with IFRS rules. By filtering out the above items the *adjusted overall profit or loss for H1 2020 would have been a loss of HUF 245 million*, compared to the profit of HUF 545 million for H1 2019. The primary reasons for the loss include the loss of profit due to a decline in automotive services resulting from the complete shutdown of airport traffic due to COVID-19, as well as the phaseout of the models that had previously produced the highest margins in the International Distribution business and the temporary decline in margin potential resulting from the delay in the arrival of the new models to replace them.

The **EBITDA**, the indicator which best describes the Group's performance, **decreased by 51% to HUF 689 million** compared to the comparative period. After eliminating the two significant items highlighted above that are not typical of the AutoWallis Group's normal business operations, its *adjusted EBITDA* at the end of H1 2020 would have been *HUF 847 million*, representing a *COVID-19 related decline of 39%* compared to H1 2019.

Business environment of AutoWallis Group

Based on the data published by the Hungarian Central Statistical Office (KSH), the average GDP growth in the European Union in 2019 was 1.2%, while economic performance in most markets in the Central and Eastern European region, the area considered to be the immediate business environment of AutoWallis, improved at a much faster rate, including growth rates of +4.2% in Romania, +2.3% in Slovakia and +2.4% in the Czech Republic. The Hungarian economy, which accounts for approximately half of the sales revenue of AutoWallis, grew by 4.9% in 2019. According to the optimistic scenario described by the Government of Hungary and the Hungarian National Bank, the growth figure for 2020 will be zero, but the forecast of the EU Commission published in May predicts an annual rate of -7%, with unemployment doubling to 7%. The advantage does not appear to be diminishing in 2020 despite the effects of COVID-19. According to the IMF's April report, Hungary will be the least affected by the economic downturn behind Malta. Based on the forecast, a GDP decline of 3.1% can be expected. Expected changes in GDP in neighbouring European countries are -6.2% in Slovakia, -7% in Austria and -5% Romania, while expected changes in GDP in major European countries are -6.5% in the United Kingdom, -7% in Germany, -7.2% in France, -8% in Spain and -9.1% in Italy.

The new car market in all EU and EFTA countries and the United Kingdom declined by an average of 40.1% in H1 2020 compared to the same period in 2019. New car registrations in EU member states fell by an average of 38.1% in H1 of this year compared to the same period in 2019, according to ACEA[2] statistics. There was a decline in all major EU markets: the

[2] ACEA: European Automobile Manufacturers' Association

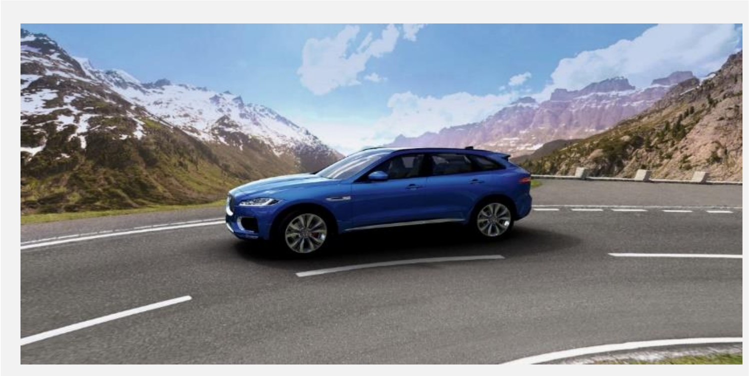
number of first registrations fell by 38.6% in France, 46.1% in Italy, 50.9% in Spain and 34.5% in Germany. In contrast, sales in the AutoWallis Group's Central European markets declined to varying degrees by country, but the rates of decline were typically lower than at international level (see next chapter).

The change in the volume of GDP of the Hungarian economy, which accounts for approximately half of AutoWallis' sales revenue, was a decline of 13.6% compared to the same period of the previous year.

The rapid devaluation of the forint and other regional currencies as a result of COVID-19 represents a significant exchange rate risk for domestic sales; however, such events generally have a delayed inflationary effect in car markets, and so AutoWallis is also typically able to implement a price increase. For items relating to export activities which are typically invoiced in euros and for financing arrangements which are also generally denominated in euros, this effect (being naturally hedged) is observable only during the closing of accounts at the end of the period as an unrealised exchange rate difference.

The low interest rate environment and the ample availability of funds facilitate economic growth throughout the European Union. The expansion of the government's subsidy scheme to incentivise the purchase of various types of new cars is highly beneficial for the domestic operations of AutoWallis, a new element of the scheme being the extended subsidy for fully electric new passenger cars priced under HUF 15 million.

The transition of automotive manufacturing companies to new technologies (production of electric cars) is very costly and the new EU environmental rules, which will come into force in 2020, will also place a heavy burden on them. Therefore, the profits of all manufacturers decreased compared to the previous periods, accompanied by a reduction of certain support and subsidies, for which the subsidiary of AutoWallis in the relevant international and domestic distribution business intends to compensate through volume growth.



2020 HALF - YEARLY MARKET TRENDS AND SALES BY SEGMENTS

International distribution business line

Within the framework of international distribution, the AutoWallis Group is engaged in the wholesale of new vehicles and parts of various brands (Jaguar, Land Rover, Ssangyong and Saab) in the countries of Central and South-East Europe. (Albania, Bosnia Herzegovina, Croatia, Serbia, Slovenia, North-Macedonia, Montenegro and Kosovo, Romania, Czech Republic, Slovakia, and Poland)

The number of new cars sold by the international distribution business of AutoWallis in the first six months of this year was up by 15.6% to 1,244.

Main KPIs' of business units

Description	January - June		Change %
	2020	2019	
International distribution business line			
Number of sold vehicles (unit)	1 244	1 076	*+15,6%*

Automotive trends in the international markets of the AutoWallis Group

In line with the overall decline in the Western European automotive market, the AutoWallis Group's international markets saw a similar downturn in H1 2020 compared to the same period of the previous year. The total number of first registrations of passenger cars in the region was 324,288.

New personal vehicle registration in AutoWallis Group's countries

	January - June		Change %
unit	2020	2019	
Albania	1 361	1 714	*-20,6%*
Bosnia-Hercegovina	3 203	4 489	*-28,6%*
Czech Republic	95 029	128 498	*-26,0%*
Croatia	17 423	38 216	*-54,4%*
Poland	179 821	278 332	*-35,4%*
Macedonia	1 210	2 381	*-49,2%*
Romania	49 616	71 620	*-30,7%*
Serbia	9 634	14 649	*-34,2%*
Slovakia	34 015	52 075	*-34,7%*
Slovenia	28 005	41 122	*-31,9%*
Total	**419 317**	**633 096**	***-33,8%***

Source: Datahouse, ACEA

Premium segment's share within the new car registriation by countries

	January - June		Change %
%	2020	2019	
Albania (January - March period)	*8,5%*	*8,5%*	*+0,0%*
Bosnia-Hercegovina	*18,0%*	*15,1%*	*+2,8%*
Czech Republic	*8,9%*	*7,7%*	*+1,2%*
Croatia	*11,2%*	*8,4%*	*+2,9%*
Macedonia (January - March period)	*8,4%*	*9,9%*	*-1,5%*
Romania	*8,8%*	*7,9%*	*+0,8%*
Serbia	*14,0%*	*12,3%*	*+1,7%*
Slovakia	*9,6%*	*8,5%*	*+1,1%*
Slovenia	*7,4%*	*7,1%*	*+0,3%*
Total	**+9,3%**	**+8,2%**	***+1,1%***

Source: Datahouse, ACEA, S.C. A.P.I.A. CONSULT; ZAP

Jaguar Land Rover's shares within the premium segment by countries	***7,3%***	***8,3%***	***-1,0%***

In these markets, the share of the premium segment[3] is 9.3% of the total passenger car market, which is 1.1% higher than in the previous year. Jaguar Land Rover's share of the premium segment in these regions fell by 1% compared to the same period of the previous year.

2020 half year performance

Main KPIs' of business unit	H1 2020	H1 2019	Change %
International distribution business unit			
Revenue	16 784 583	16 557 306	*+1,4%*
COGS	-14 624 051	-14 549 262	*+0,5%*
Profit before tax	-206 779	466 836	*N.A.*
Margin %	*12,9%*	*12,1%*	
Profit before tax / Revenue %	*-1,2%*	*2,8%*	

The sales revenue of the international distribution segment increased by 1,4% in H1 2020 compared to the sales revenue of the previous period, as despite higher sales number of sales units, growth was driven by lower average selling prices due to a shift in the product mix to smaller vehicles. The COGS exceeded the level of turnover growth, therefore the margin decreased despite the 15,6% increase in natural assets. This is due to the significant number of larger fleet sales in Balcan markets, but with lower margins. The pre-tax profit/sales profitability indicator is significantly worsened by the significant revaluation difference at the end of period, due to the outstanding high FX rate, recognised in respect of the international segment (HUF 362 m).

[3]The following car brands are classified in the premium segment according to industry practices: Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes, MINI, Porsche, Volvo

Domestic distribution and wholesale and direct sales

As part of its domestic sales operations, the AutoWallis Group is engaged in the sale of newly manufactured Isuzu and Ssangyong vehicles, BMW passenger cars and motorcycles and MINI, Maserati and OPEL passenger cars and parts, as well as the distribution of used passenger cars, motorcycles and parts. (The operating results and sales volume data for Q3 2020 will contain the sales figures for OPEL, KIA and Isuzu passenger cars and parts sold by the member firm Wallis Kerepesi as well.)

According to the ACEA statistics, although the EU automotive market shrank by 38.1% in H1 2020, the number of first registrations of new cars in Hungary declined at a slower rate over the same period (by 25.3%).

New personal vehicle registration in Hungary

unit	January - June 2020	January - June 2019	Change %
Total	**55 673**	**74 548**	***-25,3%***

Source: DataHouse

Similarly to its international markets, the AutoWallis Group is mostly present in the premium segment within the domestic automotive market. The share of the premium segment within the total number of first registrations of passenger cars in Hungary increased by 11.5% in H1 2020 compared to the same period of the previous year.

Premium segment 's share within the new car registrations in Hungary

unit	January - June 2020	January - June 2019	Change %
Total	***11,5%***	***10,0%***	***+1,5%***

Source: DataHouse

Premium segment registrations in Hungary

unit	January - June 2020	January - June 2019	Change %
Mercedes	2 015	2 160	*-6,7%*
BMW	1 568	1 958	*-19,9%*
Audi	974	1 502	*-35,2%*
Volvo	1 074	975	*+10,2%*
Lexus	389	375	*+3,7%*
MINI	133	264	*-49,6%*
Land Rover	70	88	*-20,5%*
Porsche	121	61	*+98,4%*
Jaguar	40	54	*-25,9%*
Total	**6 384**	**7 437**	***-14,2%***

Source: DataHouse

In Hungary, the premium segment[4] saw a decline of over 14% in the period under review, contrary to the average decline in the market.

The Hungarian BMW and MINI markets shrank in the first half of the year, similarly to the European trend. Compared to the same period of the previous year, in the first six months the new BMW and MINI saw declines of 19.92% and 49.62%, respectively.

[4] During the period covered by this Flash Report, the AutoWallis Group sold the BMW and Mini premium brands in Hungary; however, as of 1 April 2020, the Jaguar and Land Rover brands were also added to the product offering.

The domestic distribution business saw new car sales decrease by 5.6% to 1,547 units, which is an exceptional performance compared to the 25% decline in the Hungarian market.

As a result of the economic recession triggered by the pandemic, BMW AG.'s total vehicle sales in H1 were down by 23.0% compared to the same period of the previous year. The decline is comprised of the following items: -21.7% for BMW cars, -17.7% for BMW Motorrad and -31.1% for MINI.

German premium manufacturers continue to focus on new technologies, including alternative powertrain solutions (with a focus on hybrid and purely electrical systems), car-sharing services, self-driving technologies and other automated services (e.g. parking in major cities). An excellent example of this is the fact that, even in an industry heavily affected by the pandemic, BMW's Electrified business was able to grow by 3.4% in H1.

In Q2, a period full of challenges brought about by COVID-19, the AutoWallis Group opened its new Jaguar Land Rover dealership in Budapest. Following the launch in April, there were decent sales in May and the expected level of sales was achieved in June. This also ensured that the return to normal business went smoothly.

The domestic distribution business of the AutoWallis Group saw new car sales decrease by 5.6% to 1,547 units, which is an exceptional performance compared to the 25% decline in the Hungarian market.

Description	January - June		Change %
	2020	2019	
Domestic retail business line			
Number of new sold vehicles (unit)	1 547	1 638	-5,6%
Number of used vehicles (unit)	349	454	-23,1%
Total	**1 896**	**2 092**	**-9,4%**

Source: AutoWallis

2020 half year performance

Main KPIs' of business unit	H1 2020	H1 2019	Change %
Domestic distribution and wholesale and direct sales			
Revenue	18 084 739	18 176 222	-0,5%
COGS	-16 767 056	-15 862 964	+5,7%
Profit before tax	-43 286	-65 120	N.A.
Margin %	*7,3%*	*12,7%*	
Profit before tax / Revenue %	*-0,2%*	*-0,4%*	

The sales revenue of the domestic distribution business for H1 2020 remained more or less at the same level as in the same period of the previous year. This is largely explained by the fact that, despite a decline in the number of units sold, the sale of vehicles through the Jaguar Land Rover dealership launched in April helped maintain sales at a steady level. The return on sales of the business line was negatively affected by the events included in the Extraordinary Announcement published by

AutoWallis Nyrt. on 7 February 2020. Assets with a book value of approximately HUF 250 million were unlawfully removed from the premises of Wallis Motor Duna Kft. and Wallis Motor Pest Kft., with regard to which a criminal report was immediately filed and the necessary measures to protect assets were taken. As a result, the profit or loss for H1 2020 includes the recognition of a loss in the amount of HUF -158,322 thousand. The decline in used car sales was caused by the restructuring that became necessary due to recent events as well as the effects of the restrictive measures to combat the pandemic.

In line with the AutoWallis Group's strategy, brand dealerships play a key role along with their generally lower performance in compliance with industry practice, as new and used car sales provide the most important customer relations entry point for the AutoWallis Group's outstandingly successful service activities.

Starting from the autumn of 2020, this business line will include the domestic retail sale of the brands distributed by Iniciál Autóház (Renault, DACIA, NISSAN, Peugeot, Toyota, OPEL, Suzuki and Citroen).

Automotive service business line

The automotive service business of the AutoWallis Group includes servicing activities as well as short- and long-term car rental services. (The operating results and sales volume data for Q3 2020 will contain the figures for the servicing activities of the member firm Wallis Kerepesi as well.)

The negative economic impact of the confinement measures adopted by the government with a view to limiting the spread of COVID-19 was more pronounced in the automotive service business line. On the one hand, there was less demand for servicing activities in H1 due to the lockdown, while the sudden, significant and, hopefully, temporary decline in tourism and business travel caused a considerable decline in the car rental business, which was only partly compensated by the alternative use of the rental fleet (e.g. for courier services). As a result of the above, the number of service hours was down by 5.4% to 23,772, the fleet size for car rental dropped by 12% to 438, while the number of rental transactions fell by 61.2% to 4,352.

Description	January - June		Change %
	2020	2019	
Automotive service business unit			
Number of service hours	23 772	25 118	*-5,4%*
Average fleet size - rent a car fleet (unit)	438	498	*-12,0%*
Number of rental casess (unit)	4 352	11 207	*-61,2%*

Source: AutoWallis

AutoWallis provides services at 3 sites in the analysed period, that operate at a consistently high level of utilisation. In line with the increased market demands, we pay special attention to retaining existing employees and are constantly working to recruit new staff and introduce the latest available technological developments.

The short- and long-term car rental business continues to benefit from the positive effects of the international growth of brand owner Sixt SE. Thanks to Sixt's growing international presence:

(1) the brand awareness is growing steadily;

(2) the international customer base (B2C & B2B) is growing rapidly;

(3) the industry processes in line with the latest trends are also becoming available in Hungary.

The development of the number of rental transactions is obviously significantly affected by the dramatic reduction of the number of passengers arriving at Liszt Ferenc Airport due to the coronavirus epidemic from the last week of February.

Number of arriving passengers at Budapest Airport

person	January - June 2020	January - June 2019	Change %
Total	**1 406 721**	**3 597 154**	***-60,9%***

Source: KSH, Budapest Airport

In 2020 half-year, the number of passengers arriving at Budapest Liszt Ferenc International Airport fell by 61% compared to the first 6 months of 2019.

2020 half year performance

Main KPIs' of business unit	H1 2020	H1 2019	Change %
Automotive service business unit			
Revenue	3 282 943	3 689 656	*-11,0%*
COGS	-2 375 427	-2 815 724	*-15,6%*
Profit before tax	-451 003	243 157	*-285,5%*
Margin %	*27,6%*	*23,7%*	
Profit before tax / Revenue %	*-13,7%*	*6,6%*	

In H1 2020, the sales revenue of the automotive service business dropped by 11%, which is largely explained by the fact that the airport revenues of the car rental business are practically missing from the revenues for H1 as a result of the temporary airport shutdown due to COVID-19. The servicing activity remained at the same level despite COVID-19, and even showed growth at certain repair shops. The return on sales of the business line was negatively affected by the COVID-19 related temporary shutdown of the car rental business within the business line.

Starting from the autumn of 2020, this business line will include the domestic servicing activity relating to the brands distributed by Iniciál Autóház (Renault, DACIA, NISSAN, Peugeot, Toyota, OPEL, Suzuki and Citroen).

GOALS AND STRATEGY OF THE AUTOWALLIS GROUP

The AutoWallis Group has managed to dynamically increase its revenues over the past few years, the Company intends to expand further.

The AutoWallis Group is a retail and wholesale distribution and automotive industry service provider with a wide presence in the domestic and international markets. The Company aims to harness the business potential of the motor industry in a changing automotive environment.

The strategic goal of the AutoWallis Group is to become one of the most reliable and dominant distributors, retailers and wholesalers and automotive service providers in the Hungarian and regional markets and to generate a sufficient return for its shareholders and financiers.

The management of the AutoWallis Group developed a five-year strategy by May 2019 with a hope of doubling the revenues of the AutoWallis Group earned in 2018 during the period. The presentation is available here:

https://www.bet.hu/newkibdata/128229178/AutoWallis_Strategia_20190522.pdf

The AutoWallis Group intends to rely on the opportunities stemming from being listed in the public capital market, where favourable acquisition options may result in public fundraising even through the issue of shares and bonds. The shares of the AutoWallis Group are included in the BUX Premium category, BUMIX, FTSE Micro Cap and the FTSE Total-Cap Indices.

MAIN SOURCES AND RISKS OF THE AUTOWALLIS GROUP – AND THE CHANGES AND UNCERTAINTIES ASSOCIATED WITH THEM

Main resources of the Company and the AutoWallis Group:

- The AutoWallis Group has stable operating and a cash generating portfolio in the automotive industry in the markets built over the past 27 years.
- The AutoWallis Group works with the representatives of stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, Saab, Ssangyong and Sixt.
- On the basis of 30 years of traditions and abilities of the Wallis Group, the main owner[5] of AutoWallis, the Group will be able to acquire new brands and markets and launch new activities in automobility either through acquisitions or the foundation of new companies or development of existing companies.
- The purpose of the Group is to adjust flexibly, yet with a conservative investment business policy, to the changes in technology and in customer requirements in the automotive industry, which is the currently most dominant segment of the economy of the European Union.
- Building with a portfolio approach, the Group can dampen the cyclic trends of the automotive industry with a combination of various activities responding differently to macroeconomic changes.

[5] Owners of AutoWallis shares over 5% shareholding on December 31, 2019: Wallis Asset Management Zrt. (79,47%), AutoWallis MRP Szervezet (7,36%), Andrew John Prest (5,81%)

- The transformation of the mobility industry provides the further opportunities for development, including the development of electric cars, the appearance of driverless cars and car sharing.
- Carefully elaborated automotive industry small and wholesale trade portfolio size and effective volume management
- Continuation of coordinated financing and revenue structure
- The Company and the AutoWallis Group have a cost-effective operation

The main risks of the Group, and the related changes and uncertainties are as follows:

- The COVID-19 coronavirus, that appeared in December 2019 in Wuhan, Hubei Province, China, has had a major impact on the automotive industry in China, with many large companies having to suspend car production. The intense global, including European spread of the virus has a temporary negative effect on demand. The cuts announced by car producers by the end of March 2020, scheduled for a few weeks, could later cause temporary disruptions in inventory supply, but supply chains are expected to recover soon after the lifting of restrictive measures, with signs of recovery. Nevertheless, like the corporate sector as a whole, the consequences of measures taken to curb the coronavirus will affect not only car factories but also other actors in the value chain.
- Although during preparations for the implementation of its projects, the AutoWallis Group prepares careful commercial, legal and profit plans, certain projects/acquisitions may still be postponed or become impossible to implement.
- The operation, financing and profitability of the AutoWallis Group is directly or indirectly related to the processes in the national economy of Hungary and the other countries involved in the operation of the subsidiaries of the Company. If negative changes occur in the macroeconomic situation of Hungary and the other countries concerned, the growth of the economy slows down, the external and internal balance positions deteriorate, the AutoWallis Group will also be affected by the impacts of the potentially occurring negative processes.
- The technology reforms might influence the operation of the automotive industry significantly. Technology development may not only transform the areas where the AutoWallis Group operates but, in certain cases, can also terminate or significantly reduce the volume of specific activities, concerning especially the introduction of restrictions on diesel vehicles.
- The sudden rise in wages in the countries involved in the operation of the AutoWallis Group (especially Hungary), the labour shortage and the inadequate education/training system may have a negative impact on the operation of the AutoWallis Group bot in distribution and its other services.
- The AutoWallis Group intends to implement its business plans with its existing business activities and/or new developments, investments, and acquisitions. Although each transaction is preceded by a thorough preparation process, in relation to the implementation of the acquisitions events may still occur in the acquired companies that have a negative impact on the business and profitability of the AutoWallis Group.
- With respect to Brexit, the potential lack of an agreement between the United Kingdom and the European Union by the detailed agreement deadline set until the end of January 2021 based on the end-January 2020 arrangement, can negatively affect demand for certain models imported by the AutoWallis Group; although according to a statement by the Jaguar Land Rover, the negative changes would not affect the supply

chain beyond production and the manufacturing capacities would be relocated to factories established in the EU within a short period.

SUSTAINABILITY REPORT

Business sites of the AutoWallis Group

- Business site of WAE Autóforgalmazási és Szolgáltató Kft.: 2051, Biatorbágy, Budai út 16.
- Business site of Polar Import Polska Sp. Zo.o: 00-37 Warsaw, ul Wybrzeze Kosciuszkowskie 43/2.
- Business site of Wallis Adria d.o.o: 10000 Zagreb, Strojarska cesta 20.
- Business site of POLAR PROPERTY Kft.: 2051, Biatorbágy, Budai út 16.
- Business site of WALLIS MOTOR DUNA Autókereskedelmi Kft.: 1097 Budapest, Könyves Kálmán krt. 5.
- Business site of WALLIS MOTOR PEST Autókereskedelmi Kft.: 1143 Budapest, Hungária krt. 95. and 1138 Budapest, Váci út 175.
- Business site of WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Kft.: 1138 Budapest, Váci út 141.
- Business site of ICL Autó Kft: 9028 Győr, Külső Veszprémi utca 6.
- Business site of Iniciál Autóház Kft: 9028 Győr, Külső Veszprémi utca 6.; 9400 Sopron, Balfi út 162.; 9700 Szombathely, Vásártér u. 3.; 9200 Mosonmagyaróvár, Szekeres R. u. 17.
- Business site of Wallis Kerepesi Kft: 1106 Budapest, Kerepesi út 85.
- Business site of K85 Kft: 1106 Budapest, Kerepesi út 85.

Management system of the AutoWallis Group, corporate governance report

The Company has a Board of Directors. The competence of the Board of Directors is defined in the Articles of Association. Together with the Annual Report the Company also discloses a package of documents presenting its responsible corporate governance system.

The Company has a Board of Directors with at 6 members. The Chairman of the Board of Directors is elected by the members of the Board. The scope of competence of the Board of Directors includes all decisions and measures that do not fall within the exclusive competence of the General Meeting or the competence of any other body or person pursuant to the provisions of the Civil Code or the Articles of Association. The Board of Directors develops and controls the working organisation of the Company, defines the financial management and arranges for effective operation. The Chairman of the Board of Directors exercises the employer rights over the employees of the Company.

On behalf of the Company the Board of Directors may approve decisions on the issue of bonds over HUF 10 billion or the issue of any new bonds with the principal amount of which the principal debt resulting from previously issued and still outstanding bonds would exceed the HUF 10 billion principal amount only with the prior approval of the General Meeting.

The General Meeting of the Company authorised the Board of Directors to decide on increasing the capital of the Company within its own competence, with an affirmative vote of at least four members of the Board of Directors. Based on the authorisation, the Board of Directors may decide on increasing the capital of the Company within its own competence. The highest amount of the capital increase with which the Board of Directors may raise the capital of the Company: an amount equivalent to 75% of the subscribed capital entered into the company register on the date of the extraordinary General Meeting of the Company of 17 December 2018. Period available for the capital increase: five years from the date of the extraordinary General Meeting of the Company of 17.12.2018. During the capital increase only 'C' series ordinary shares of HUF 12.5 nominal value may be issued. The Board of Directors defines the volume of new ordinary shares to be issued in a capital increase from the following figures, whichever is higher: the average stock exchange price weighted with the turnover of thirty days prior to the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange or, if the average thirty-day price indicated above is lower than the closing stock exchange price of the day preceding the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange, then the closing stock exchange price of the day preceding the date of the resolution of the Board of Directors on the capital increase, published on the website of the Budapest Stock Exchange.

The General Meeting of the Company authorised the Board of Directors to purchase a sell treasury shares issued by the Company.

- Number of shares that may be acquired: the total number of the shares issued in all series, not exceeding 25% of the share capital
- Nominal value of the shares that may be acquired: HUF 12.5
- In the case of a purchase with recourse the lowest amount of consideration is the price which is 20% lower than the closing price of the stock exchange on the day which precedes the day of the transaction
- In the case of a purchase with recourse the highest amount of consideration is the price which is 20% higher than the closing price of the stock exchange on the day preceding the day of the transaction

The Company has a 3-member Supervisory Board, whose members are elected by the General Meeting. An Audit Committee is appointed, consisting of 3 independent members of the Supervisory Board.

The rules governing the appointment and replacement of executive officers and the amendment of the articles of association are contained in the Company's Articles of Association. The Articles of Association may be viewed on the website of the Company: http://autowallis.hu/tarsasagi_dokumentumok/#

The AutoWallis Group Business continuity framework

The AutoWallis Group prepared its business plans for the period after 2019 in relation to which the management of the Company concluded that the going concern principle of the Company has been fulfilled. Following the appearance of the COVID-19 coronavirus, the 2020 business plans were re-examined by management before the report was issued, confirming that the

Group's cash equivalent reserves were sufficient to offset foreseeable temporary losses, thus not harming the business continuity requirement.

Financial instruments and risk management

The Group assesses the arising financial risks systematically and by company. The assessed risks include market risks (currency risk, fair value, interest rate risk and price risk), credit risk, payment risk and cash-flow interest rate risk. The Group strives to minimise the potential impact of these risks. The Group does not engage in financial instruments for speculative purposes.

The AutoWallis Group presents price, credit, interest rate, liquidity and cash flow risks (also quantified where possible) in the consolidated (aggregated) IFRS financial statements of the AutoWallis Group.

Environmental protection

In the course of its activities, AutoWallis Nyrt. does not carry out activities that are dangerous or harmful to the environment. It does not use any hazardous materials in its operation.

The following hazardous wastes are generated by the member companies of the AutoWallis Group and are removed by their contracted partners: waste oil; oil filter; air filter; paint; diluent; painted paper; battery; tyre; windshield; brake and clutch components; plastic parts. Neither the Company nor its subsidiaries had any environmental investments or environmental obligations.

Employment policy of the AutoWallis Group, Employee share and management program

The employment policy of AutoWallis Nyrt. and the AutoWallis Group focuses on the retention, motivation and development of employees and, simultaneously, the selection and integration of new employees. We believe that the loyalty and motivation of our staff means that they have stable jobs, good working conditions, complex tasks and earn competitive wages. We provide our employees with continuous professional development opportunities both internally and externally. The main shareholder of the Company, Wallis Asset Management Zrt, launched an employee share programme for the managements of AutoWallis Nyrt and its subsidiaries following the balance sheet day of the six-month report, based on which an employee share programme organisation was established in September 2019.

Relevant information

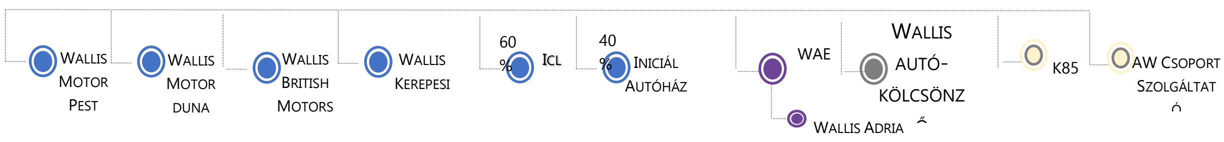
The Board of Directors has disclosed all relevant information that may materially affect the operation of the Company outside of the Company's continuous expected operation. Management is not aware of any indemnity agreement that applies to management members or employees.

Kutatás és kísérleti fejlesztés

Az AutoWallis Csoport nem foglalkozik és nem vesz részt kutatási és fejlesztési tevékenységekben.

LEGAL SUMMARY

AutoWallis Plc.



Note: Group structure as at June 30, 2020

Corporate events related to AutoWallis Nyrt. in the period between 1 January 2020 and the date of publication of this Management Report

- The audited financial statements in accordance with IFRS standards for the financial year ended 31 December 2019 and the auditor's reports have been approved.

- Gábor Dévai was elected a member of the Board of Directors of the Company with the right of joint representation.

- On 03 February 2020, AutoWallis Nyrt. acquired a business share of ICL AUTÓ Kft., which represents 60% of its initial capital.

- On 23 April 2020, AutoWallis Nyrt. acquired a business share of Wallis British Motors Kft. with a nominal value of HUF 3,000,000, representing 100% of its initial capital, therefore, on 23 April 2020, it became the sole owner of Wallis British Motors Kft.

- On 26 March 2020, a contract of transfer and related documents were signed for the acquisition of the business share of K85 Ingatlanhasznosító Kft (registered office: 1106 Budapest, Kerepesi út 85; company reg. no: 01-09-861051) with a total nominal value of HUF 3,000,000, representing 100% of its initial capital, and for the business share of Wallis Kerepesi úti Autó Kft (registered office: 1106 Budapest, Kerepesi út 85, company reg. no.: 01-09-078910) with a total nominal value of HUF 139,400,000, representing 100% of its initial capital.

- Sections 6 and 9 of the Company's Articles of Association have been amended.

- AutoWallis Nyrt. established AW Csoport Szolgáltató Kft. (company reg. no.: Cg. 01-09-357786; registered office: 1055 Budapest, Honvéd utca 20) with a 100% ownership share.

- AutoWallis Nyrt. acquired a 100% business share in VCT78 Ingatlanhasznosító Kft. (company reg. no.: 01-09-911556; registered office: 1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1).

- AutoWallis Nyrt. established WallisMotor Ljubljana d.o.o. with a 100% business share (company reg. no.: 8674655000; registered office: Celovška cesta 182, 1000 Ljubljana).

- On 21 June 2020, AutoWallis Nyrt. acquired an additional 20% share in Iniciál Autóház Autóház Kft., thereby gaining control of the entity. On 6 August 2020, AutoWallis Nyrt. concluded a contract for in-kind contribution to acquire an additional 20% share as part of a HUF 868 million capital increase through in-kind contribution.

- AutoWallis Nyrt. repurchased treasury shares at a price of HUF 93 per share, which had previously been issued in connection with the acquisition of its associate ICL Autóház Kft.

Corporate events related to subsidiaries of the Company in the period between 1 January 2020 and the date of publication of this Management Report

WALLIS MOTOR DUNA Autókereskedelmi Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- It extended the mandate of its auditor until 31 May 2021.

WALLIS MOTOR PEST Autókereskedelmi Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- It extended the mandate of its auditor until 31 May 2021.

WAE Autóforgalmazási és Szolgáltató Kft.

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- It extended the mandate of its auditor until 31 May 2021.

Wallis British Motors Kft. (previous name: POLAR PROPERTY Ingatlanfejlesztő, Kereskedelmi és Szolgáltató Kft.)

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- It extended the mandate of its auditor until 31 May 2021.

- In its decision dated 13 March 2020, the Company states that in his statement dated 12 March 2020, Roland Czeilinger resigned from his position as managing director on 12 March 2020, therefore his managing director position is terminated as of 12 March 2020, and that it elects Tamás Kovács-Farkas as managing director with independent signatory rights for an indefinite term, from 12 March 2020. It further stated that the new company name of the Company is: Wallis British Motors Kft, new registered office: 1095 Budapest, Máriássy utca 5, new core activity: 4511'08 Sale of cars and light motor vehicles. With regard to the changes, the Deed of Foundation has been amended. Date of amendment of the Deed of Foundation: 12 March 2020, date of registration: 01.04.2020, date of disclosure: 03.04.2020

- It was recorded that, on 23 April 2020, AutoWallis Nyilvánosan Működő Részvénytársaság acquired a business share of the Company with a nominal value of HUF 3,000,000, representing 100% of its initial capital, therefore, on 23 April 2020, it became the sole owner of the Company.

- It was recorded that AutoWallis Nyilvánosan Működő Részvénytársaság increased the capital of Wallis British Motors Kft. by HUF 200 million (date of the Deed of Foundation: 28 July 2020).

WALLIS AUTÓKÖLCSÖNZŐ Kft

- The audited annual report for the financial year ended 31 December 2019 in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- It extended the mandate of its auditor until 31 May 2021.

Wallis Adria d.o.o

- Its financial statements for the financial year ended 31 December 2019 have been approved.

Wallis Kerepesi Kft.

- The audited annual report for the financial year ended 31 December 2019 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- In its decision dated 26 June 2020, the Company stated that, based on the contract for in-kind contribution dated 26 March 2020, the Company acquired a business share representing 100% of the registered capital of Wallis Kerepesi Kft. on 26 June 2020, as a result of which it became the sole member of Wallis Kerepesi Kft. and Wallis Kerepesi Kft. was transformed into a single-member limited liability company. The Deed of Foundation was amended with respect to the changes. Date of amendment of the Deed of Foundation: 26 June 2020, date of registration: 31 July 2020, date of disclosure: 4 August 2020.

K85 Kft.

- The audited annual report for the financial year ended 31 December 2019 prepared in accordance with the provisions of the Hungarian Accounting Act and the auditor's report have been approved.

- In its decision dated 26 June 2020, the Company stated that, based on the contract for in-kind contribution dated 26 March 2020, the Company acquired a business share representing 100% of the registered capital of K85 Kft. on 26 June 2020, as a result of which it became the sole member of K85 Kft. and K85 Kft. was transformed into a single-member limited liability company. The Deed of Foundation was amended with respect to the changes. Date of amendment of the Deed of Foundation: 26 June 2020, date of registration: 31 July 2020, date of disclosure: 4 August 2020.

Statements of the Company as issuer

On behalf of AutoWallis Nyrt., we the undersigned, authorised signatories and representatives hereby declare that the Company assumes full responsibility for the fact that, to the best of our knowledge, the Flash Report published by AutoWallis Nyrt. for 2020 half-year financial year was prepared in accordance with the applicable accounting standards, it gives a true and fair view of the income, financial position, profit and loss of the Company (issuer) and the companies included in the consolidation (AutoWallis Group), as well as the position, development and performance of the Company and the AutoWallis Group, describing the main risks and uncertainties for the remaining six months of the financial year.

Furthermore, the Company declares that the data of this Management Report have not been audited.

Budapest, 31 August, 2020

n behalf of AutoWallis Nyrt.:

Gábor Ormosy	Gábor Székely
Member of the Board of Directors	Member of the Board of Directors

Consolidated Interim Financial Statements

Public Limited Liability Company and it's consolidated subsidiareis in accordance with IAS 34

for the interim period ended on 30th June 2020

Table of content

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 30

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) 31

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 32

IV. CONSOLIDATED STATEMENT OF CASH FLOWS 33

V. THE BASIS OF THE PREPARATION OF THE FINANCIAL STATEMENTS 34

VI. ACCOUNTING POLICIES AND CHANGING STANDARDS 34

VII. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS, FAIR VALUE DISCLOSURES AND SELECTED EXPLANATORY INFORMATION 36

VIII. OPERATING SEGMENTS 40

IX. SIGNIFICANT EVENTS IN THE REPORTED PERIOD (2020 FIRST QUARTER) AND THEIR EFFECT ON THE FINANCIAL STATEMENTS 41

X. EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD, SIGNIFICANT ONGOING MATTERS ... 42

XI. SELECTED INFORMATION FROM THE SEPARATE FINANCIAL STATEMENT OF THE LEGAL PARENT (AUTOWALLIS NYRT.) 42

XII. AUTHORIZATION TO ISSUE THE FINANCIAL STATEMENTS, OTHER STATEMENTS OF THE ISSUER 43

Disclaimer!

This is the English translation of the Hungarian document. In the event of inconsistency or discrepancy between the Hungarian version and the English version of this document, the Hungarian language version shall prevail.

Abbreviations:

CBH	Central Bank of Hungary
EPS	Earnings per share
kHUF	thousand forints
MHUF	million forints
NCI	non-controlling interest

I. Consolidated statement of comprehensive income

Description	182 days ending on 30 June 2020 (not audited)	181 days ending on 30 June 2019 (not audited)
Revenue	38 152 265	38 423 184
Material used	(1 172 767)	(1 186 557)
Services	(1 452 261)	(1 807 557)
Cost of goods sold	(33 766 534)	(33 227 950)
Personal type expenses	(962 759)	(827 282)
Depreciation	(669 387)	(508 493)
Profit of sales	***128 557***	***865 345***
Other income	1 882 951	1 093 206
Impairment and write off of non-financial assets	(29 572)	(75 358)
Other expenses	(1 962 435)	(992 762)
Other income and expenses	***(109 056)***	***25 086***
Operating profit	**19 502**	**890 431**
Interest income	4 313	8 815
Interest expenses	(82 775)	(43 019)
Lease expenses	(84 722)	(92 495)
Net gain or loss on currency translations	(474 995)	(34 382)
Gain or loss on disposal of equity items	-	(23 409)
Impairment and expected credit loss of financial assets	(78 737)	(68 332)
Revaluation gain or loss of financial instruments	(3 655)	7 265
Profit on financial items	**(720 570)**	**(245 557)**
Profit before taxes	**(701 069)**	**644 874**
Taxation	(72 370)	(131 291)
Net profit	**(773 439)**	**513 583**
Other comprehensive gain or loss on translating subsidi	8 044	31 662
Total comprehensive income	**(765 394)**	**545 245**
of which attributable to the shareholders of the pare	(766 243)	545 245
of which attributable to the non-controlling interest:	849	-

II. Consolidated statement of financial position (balance sheet)

	30st June 2020 (not audited)	31 December 2019 (audited)
Assets		
Non-current assets		
Property, plant and equipment	3 460 861	1 940 274
Assets held for operating leases	2 163 801	2 072 060
Right-of-use assets	3 747 096	3 797 811
Goodwill	543 610	515 034
Other intangible assets	55 346	50 038
Deferred tax assets	17 849	6 160
Investments in equity instruments	2 100	0
Investments in debt instruments	917	865
Investments in associates	1 046 392	0
Non-current assets total:	**11 037 972**	**8 382 242**
Current assets		
Goods	18 699 668	14 137 468
Other inventories	832	413
Account receivables	5 740 208	3 812 609
Income tax receivables	114 602	85 501
Other receivables	4 045 407	3 674 346
Other financial assets	0	3 655
Cash and cash equivalents	6 151 831	1 890 714
Current assets total:	**34 752 548**	**23 604 706**
Assets total	**45 790 520**	**31 986 948**
Equity and liabilities		
Issued capital (legal parent)	3 722 033	3 383 268
Share premium	1 791 267	0
Accumulated translation difference	27 151	19 107
Retained earnings	928 684	1 702 971
Equity attributable to the shareholder of the parent	**6 469 134**	**5 105 346**
Non-controlling interest	20 847	0
Equity:	**6 489 981**	**5 105 346**
Long term liabilities		
Debentures	3 060 193	0
Long term loans	468 946	309 593
Lease liabilities	3 887 687	3 999 961
Deferred tax liabilities	48 477	36 798
Provisions	28 347	8 856
Other long term liabilities	116 307	12 961
Long term liabilities:	**7 609 957**	**4 368 169**
Short term liabilities		
Short term loans	9 158 631	6 998 855
Lease liabilities	942 196	1 739 838
Advance payment received from customers	1 754 587	1 337 947
Account payables	18 261 473	11 230 619
Income tax payable	33 478	20 216
Provisions	96 021	9 704
Other short term liabilities	1 444 196	1 176 254
Short term liabilities:	**31 690 582**	**22 513 432**
Liabilities:	**39 300 538**	**26 881 602**
Equity and liabilities:	**45 790 520**	**31 986 948**

III. Consolidated statement of changes in equity

	Issued capital of the legal parent	Share premium	Accumulated translation difference	Retained earnings	Equity attributable to the shareholder of the parents	Non-controlling interest	Total equity
1st January 2019.	**3 383 268**	**-**	**(15 554)**	**1 361 361**	**4 729 073**	**-**	**4 729 073**
Comprehensive income for the for the the first six months	-		31 662	513 583	545 245		545 245
Dividend declared (legal parent, 30th April)	-			(575 000)	(575 000)		(575 000)
Effect on the equity of disposal of the subsidiary				94 732	94 732		94 732
30th June 2019.	**3 383 268**	**-**	**16 108**	**1 394 676**	**4 794 050**	**-**	**4 794 050**
Effects on equity of the second six months			2 999	308 296	311 295		311 295
31st December 2019.	**3 383 268**	**-**	**19 107**	**1 702 971**	**5 105 346**	**-**	**5 105 346**
Comprehensive income for the for the the first six months			8 044	(774 288)	(766 243)	849	(765 394)
Acquisition of ICL Autó Kft.					-	19 998	19 998
Issue of new shares	338 765	1 791 267			2 130 032		2 130 032
31th June 2020.	**3 722 033**	**1 791 267**	**27 151**	**928 684**	**6 469 134**	**20 847**	**6 489 981**

IV. Consolidated statement of cash flows

Description	182 days ending on 30 June 2020 (not audited)	181 days ending on 30 June 2019 (not audited)
Profit before taxes	**(701 069)**	**657 312**
Depreciation, amortization	669 387	508 493
Impairment and reversal of impairment	89 643	47 046
Recognition and derecognition of provision	86 506	23 565
Other non-cash items	(28 262)	53 866
Gain or loss sale of property, plant and equipment	(93 043)	(26 717)
	23 162	**1 263 564**
Changes in inventory	(4 493 268)	595 749
Changes in account receivables	(1 698 853)	(1 684 953)
Changes in other receivables	(289 427)	(791 990)
Changes in loan receivables and debt instruments	3 696	533 352
Changes in short term loans financing current assets	2 199 995	(708 083)
Changes in advances received from customers	372 032	87 040
Changes in account payables	6 393 690	4 858 351
Changes in other payables	231 556	230 707
Changes in the net current assets	**2 719 420**	**3 120 174**
Income taxes paid	(88 219)	(104 828)
Cash generated in operation	**2 654 364**	**4 278 910**
Acquisition of PPE and intangible assets	(1 026 519)	(1 227 182)
Proceeds from sale of PPE and intangible assets	1 438 308	395 382
Acquisition of subsidiary, net cash acquired	19 998	-
Proceeds from selling non-current financial assets	-	27 017
Cash generated from investing activities	**431 787**	**(804 783)**
Dividends paid		(575 000)
Loan taken	3 826 357	1 860 066
Loan paid back	(1 106 209)	(1 733 118)
Lease repayment	(1 543 848)	(2 795 362)
Other movements in equity	-	431
Cash used in financing	**1 176 300**	**(3 242 983)**
Expected credit loss of cash and cash equivalents	(1 333)	39
Changes in cash and cash equivalents	**4 261 117**	**231 182**
Opening cash and cash equivalent balance	1 890 714	1 535 247
Closing cash and cash equivalent balance	**6 151 831**	**1 766 429**

V. The basis of the preparation of the financial statements

These interim financial statements were prepared in accordance with IAS 34 Interim financial statements, therefore they do not include all information required by IAS 1 Presentation of the financial statements. These interim financial statements should be read and interpreted together with the financial statements published for the year ending on 31st December 2019. (hereinafter: last full financial statements).

VI. Accounting policies and changing standards

The accounting policies used by the Group for the current period are identical for those used for the financial statements for the year ended on 31st December 2019, except the new accounting policies for measuring non-controlling interest and the new standards coming in force.

Neither of those changes had a material effect on the financial statements.

New accounting policy – non-controlling interest

The Group did not recognize non-controlling interest before the first quarter of 2020, due to the acquisition of ICL Auto Kft. The non-controlling interest will be measured at the proportion of the net asset of the subsidiary, no goodwill will be recognized on non-controlling interest. The losses shall be allocated to NCI even if it will become negative.

The Group started to have interest in an associated entity starting from the second quarter of 2020, therefore the Group prepares an accounting policy for those entities now. The investments in associates shall be presented separately in the consolidated financial statements (separate line in the balance sheet). Initially an associate will be measured at the larger of…

- consideration paid or transferred
- the proportionate fair value of the net assets of the associate.

The consideration paid or transferred will be measured the same way it is measured for subsidiaries. If the consideration paid or transferred exceeds the proportionate net assets the difference will be treated as goodwill but the goodwill will not be recognized separately but will remain together with the carrying amount of the associate. If the proportionate net asset value exceeds the consideration paid or transferred the difference will be credited to net profit as a bargain purchase.

The assets and liabilities of the associate will not be consolidated line-by-line but the value of the net asset will be shown as a one line item. At the end of each reporting period the share of profit of the associate and the share of profit in other comprehensive income will be recognized as an adjustment to the investment value. The dividend receivable from the associate will be presented as a deduction from the investment and not as an income.

It the associate and a group entity transacts with each other only the proportionate profit will be eliminated, unless this is not possible due to the lack of information (in latter case the Group prepares estimations, if possible and reasonable).

Restatements of previous periods

The Group identified an error that is connected to the transition to IFRS of one of the legal subsidiaries. Under Hungarian GAAP the effect of assumed liabilities on the net profit is deferred and will only be included in the income statement as the actual cash flow happens. IFRSs do not allow such deferral, so the related asset balance should have been removed on the transition. This was not removed, therefore the Group presented this adjustment as a correction of prior period error – in this financial statement. The adjustment decreased directly the retained earnings and will not affect the net profit for the presented periods nor the cash flow. The explanation of this error is detailed in the financial statements issued for the year ending on 31st December 2019. (This error had effect on the 2019 figures, no effects whatsoever on the 2020 numbers.)

Furthermore the Group changed certain accounting policies and some presentation decisions which led the retrospective adjustments. The explanation of this restatement is detailed in the financial statements issued for the year ending on 31st December 2019.

New accounting policies – changes in the standards

The following new or amended standards were issued by the International Financial Standard Board or the International Financial Standard Interpretation Committee which were coming to force on 1st January 2020:

- IFRS 3 Business combinations modification;
- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, accounting estimates and errors;
- Modifications of IFRS 7, IFRS 9 and IAS 39 due to the IBOR reform;
- The modifications of the Conceptional Framework;
- The definition of the materiality and it’s consequences.

The Group applied the IFRS 16 standard retrospectively the date of the transition was 1st January 2018.

IFRS 16 Leases

The standard becoming effective on 1st January 2019 changes the definition of lease and it will change the accounting treatment of leases for the lessee. Under the new regulation a contract is or contains a lease if for an agreed period the lessor transfers substantially all the rewards for an underlying asset and the lessee will be able to make all relevant decision for with the underlying asset.
The lessee shall will recognize all lease – expect those exceptions stated in the standard – as a right of use asset together with the corresponding liability.

The Group applies the practical expedient allowed in the standard for recognition. The Group considers leases with the lease term less than a year being short term leases and leases with the underlying asset's value less than 1,5 million forint when new being low value assets.

A lease is short term if – when considering all extension options – the lease term will not go above 12 months. For short term leases the Group bases the analysis and for leases cancellable in a short notice (unless the usage of the asset over the 1-year period is not backed up by other circumstances) the Group applies the short term lease exception.

The Group has very material lease agreements (leased buildings and vehicles previously classified as operating leases), so the Group elected to adopt IFRS 16 using the full retrospective approach [IFRS 16 C5a] which requires the restatement of the comparative figures. The Group used the implicit borrowing rates for the vehicles since it was readily available from the financing institution, however for the real estates an incremental borrowing rate was used.

The Group presents the right of use assets as a separate line item in the statement of financial position.

The effect of the adaption is very material, both assets and liabilities will increase materially.

Information in other documents

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

VII. Changes in the group structure in year 2020

The group structure was significantly altered during the quarter. The following entities were established or acquired.

Established entities

AW Csoportszolgáltató Kft.

The legal parent established AW Csoportszolgálató Kft., which is the 100% subsidiary of the legal parent. The issued capital of the entity is 50 000 tHUF. There were no goodwill nor negative goodwill recognized on the transaction. The Kft. will be required to help the effective utilization of the proceeds from the debentures. The Kft. is not operating outside the Group.

Wallismotor Ljubljana

The legal parent established Wallismotor Ljubljana, which is the 100% subsidiary of the legal parent and is considered to be a limited liability company. The issued capital of the entity is 2 764 tHUF when translated to forint. There were no goodwill nor negative goodwill recognized on the transaction. The subsidiary will be operating on the sloven market. The actual activity of the entity did not yet start.

Acquired entities

Wallis Kerepesi Kft.

The legal parent acquired 100% of the share capital of Wallis Kerepesi úti Autó Kft. The acquisition was paid by issuing shares from the legal parent, during which the legal parent issued 7 338 720 shares. The cost of control was calculated – according to IFRS 3 – using the fair value of the shares issued on the date acquisition which was 80,2 forint/share. The fair value of the acquired net assets were not materially different from their fair value. There was a negative goodwill recognized on the acquisition:

Acquisition of Wallis Kerepes úti Autó Kft.		**tHUF**
Fair value of shares issued		588 565
Issued capital	139 400	
Share premium	296 673	
Retained earnings	175 959	
Fair value differences	-	
Fair value of the net assets acquired		(612 032)
Negative goodwill (credited to net profit)		**(23 467)**

The negative goodwill was taken to the income statement as a gain. The acquisition was a business combination. This entity will widen the brands that the group will be selling.

K85 Kft.

Together with the previous entity the group acquired the entity that holds the real estate needed for the operation of Wallis Kerepesi úti Autó Kft. The acquisition was paid by issuing shares from the legal parent, during which the legal parent issued 6 173 003 shares. The cost of control was calculated – according to IFRS 3 – using the fair value of the shares issued on the date acquisition which was 80,2 forint/share. The fair value of the real estate held by the acquired entity is materially higher than the its' book value, therefore this difference was recognized in the consolidated financial statements. On the acquisition goodwill was recognized.

Acquisition of K85 Kft.		**tHUF**
Fair value of shares issued		495 075
Issued capital	3 000	
Share premium	-	
Retained earnings	23 353	
Fair value differences identified	483 676	
Tax effect of the fair value excercise	(43 531)	
Fair value of the net assets acquired		(466 498)
Goodwill (recognized as an asset)		**28 577**

The goodwill was recognized as an intangible asset. The acquisition was a business combination since the entity holds an important operational asset serving the core activity directly.

The acquisition of the associate

The Group acquired 40% of the share capital of INICIÁL AUTÓHÁZ Kereskedelmi és Szolgáltató Kft. The significant influence – through this acquisition – was demonstrated clearly and it was also clear that the acquisition did not lead to control. Therefore, the entity was classified as an associate. The acquisition was paid by issuing shares from the legal parent, of which a specific part of the transferred shares was promised to be paid back on a preset fixed price. For the latter portion the fixed price was used to calculate the consideration for the remaining part the fair value of the shares on the date of the issue.

Iniciál Autóház Kft.	**tHUF**
Book value of the portion of the net assets	956 731
Identified fair value differences (proportionate)	62 978
Goodwill - not presented separately	26 683
	1 046 392

Due to the date of the acquisition no share of profit in the associate was recognized in this period.

The Group – based on the regulation in IFRS 3 – is required the finalize the figures in connection with the acquisition (ie. fair value exercises, the amount of goodwill etc.) The Group does not expect changes in the amounts, however it is allowed.

VIII. Debentures

The legal parent issued new bonds under the Funding for Growth Scheme program. The issued debenture has the following characteristics:

Name of the bond	AutoWallis NKP Kötvény 2030/I.
ISIN code	HU0000359476
Number of bonds issued	60
Par value of the bonds (each)	50 000 000
Total par value (Ft)	3 000 000 000
Proceeds from the debentures (Ft)	3 044 657 300
Interest type	fixed
Annual nominal interest	3,00%
Interest payment period	annual
Repayment	at maturity in on lump sum
Maturity	10 years

The calculated effective interest rate of the debenture – that yields nil net present value – is 2,8375% pa. The effective interest rate includes the proceeds above the face value (44 657 tHUF) and the direct costs connected to the issue.

	AutoWallis NKP bond 2030/I.
Opening balance	-
Proceeds	3 044 657
Direct costs related to the issue	(2 723)
Intial measurement of the bond	3 041 934
Effective interest	18 259
Interest paid	-
Repayment	-
Carrying value of the debentures	**3 060 193**

The interest of the bonds were recognized in net profit.

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

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

IAS 34 requires disclosing information about the measurement of fair values. The Group does not have any material balances that was required to be measured at fair value. The only item is a derivative coming from a FOREX transaction which is measured as level 3. In the disclosures all other fair value disclosers are at level 3, unless otherwise stated.

The full time equivalent headcount of the group is 330,7 person in the reported period, in the last comparative period it was 306.

The EPS of the group – based on net profit – is the following:

	First quarter of 2020	First quarter of 2019
Shares issued by the legal parent	(774 288)	513 583
All shares in circulation	297 762 626	270 661 400
EPS (basic, kHUF/share)	**(2,60)**	**1,90**
EPS (diluted, kHUF/share)	**(2,60)**	**1,90**

*When calculating EPS – since the preference shares were converted to ordinary shares without the inflow of additional capital – the number of shares used for the calculation was retrospectively adjusted (IAS 33.64).

The activity of the Group is partially seasonal. The subsidiary providing rental services has reasonably higher turnover in the summer and shortly before and after that – following the seasonality in tourism. The turnover in vehicle trading is usually show higher activity in the III. and IV. quarter. Thus, the performance of the Group is expected to be bigger in the second half of the year.

X. Operating segments

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

- international distribution
- domestic distribution and wholesale and direct sales
- automotive services

The segment revenue, segment cost of goods sold and segment profit calculation is the following for the reported period:

	Internatinal distribution segment	Domestic distribution segment	Automotive industry services	Total
Segment revenue of the first six months of 2020	16 784 583	18 084 739	3 282 943	**38 152 265**
Segment revenue of the first six months of 2019	16 557 306	18 176 222	3 689 656	**38 423 184**

First six months of 2020	Internatinal distribution segment	Domestic distribution segment	Automotive industry services	Total
Segment revenue	16 784 583	18 084 739	3 282 943	38 152 265
Segment expenses	(14 624 051)	(16 767 056)	(2 375 427)	(33 766 534)
Segment profit before taxes	**2 160 532**	**1 317 684**	**907 516**	**4 385 732**
Profit not allocated to segments	2 367 312	1 360 970	1 358 519	5 086 800
Profit before taxes	**(206 779)**	**(43 286)**	**(451 003)**	**(701 069)**

The values for the comparative period:

First six months of 2019	Internatinal distribution segment	Domestic distribution segment	Automotive industry services	Total
Segment revenue	16 557 306	18 176 222	3 689 656	38 423 184
Segment expenses	(14 549 262)	(15 862 964)	(2 815 724)	(33 227 950)
Segment profit before taxes	**2 008 044**	**2 313 258**	**873 933**	**5 195 234**
Profit not allocated to segments	1 541 208	2 378 377	630 775	4 550 360
Profit before taxes	**466 836**	**(65 120)**	**243 157**	**644 874**

XI. Significant events in the reported period (2020 second quarter) and their effect on the financial statements

The events of the reported period is detailed in the management commentary section. The significant events in the past period – together with their effect on the financial statements – are the following:

- The Group executed several acquisitions of subsidiaries and the acquisition of an associate. The details are disclosed in point VII. of this Notes and also in the management commentary issued by the entity.
- The Group issued debentures under the Funding for Growth Scheme in the period. The details are disclosed in point VIII. of this Notes and also in the management commentary issued by the entity.
- One of the legal subsidiaries of the Group was notified that due to breach in the dealer contract the company is required to pay compensation for damages. After several rounds of discussion the entity agreed to pay 257 028 EUR. The full amount of these damages are recognized as loss in the current period.
- There is an ongoing penal case in connection with the misappropriation of certain assets of the entity. The loss from this case was already recognized in previous periods. There are currently no advances in the case that would require adjustment in the consolidated financial statements.
- The legal parent converted all of its preference shares (200 000 preference shares with additional voting rights, 200 000 preference shares entitled to early dividend; all with par value of 12,5 forint/piece) were converted into ordinary shares.

The further discussion of these events are presented in the management commentary. Furthermore, the Group discloses the corporate events separately, so those are omitted in this document.

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

The events of the reported period is detailed in the management commentary section. The significant events in the past period – together with their effect on the financial statements – are the following:

- Due to the coronavirus pandemic one of the group entities, Wallis Autókölcsönző Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság received a government grant amounting to 282 400 tHUF.
- The legal parent of the Group acquired 100% of the issued capital of VTC78 Ingatlanhasznosító Kft, and with this control was established.
- The legal parent of the Group reacquired a portion of the shares it issued for the acquisition of 40% of Iniciál Autóház Kft for 93 forint/share.
- The legal parent initiated the process on 21st June 2020 to acquire additional 20% of Iniciál Autóház Kft. This step would lead to the acquisiton of control. The deal requires the approval of the relevant authorities. The Group expects to get these approvals.
- The legal parent of the Group was required to provide a financial guarantee for the associate amounting to 250 000 tHUF.
- The legal parent increased capital in one of the subsidiaries, Wallis British Motors Kft amounting to 200 000 tHUF.

XIII. Selected information from the separate financial statement of the legal parent (AutoWallis Nyrt.)

The Group – due to it's certain legal requirements – publishes selected information from the separate financial statements of the legal parent. The following information was extracted from the separate statement of comprehensive income (kHUF):

	182 days ending on 30st June 2020 (not audited)	181 days ending on 30st June 2019 (not audited)
Revenues	-	-
Net profit	904 319	756 711
Total comprehensive profit	904 319	756 711

Selected information from the separate balance sheet of the legal parent (kHUF)

	30 June 2020 (not audited)	31 December 2019 (audited)
Non current assets	20 594 929	15 725 616
Current assets	2 048 393	592 280
	22 643 322	**16 317 895**
Issued captial	3 722 033	3 383 268
Share premium	14 949 151	13 157 884
Retained earnings	826 595	(239 396)
Owners equity:	**19 497 779**	**16 301 755**
Long term liabillities	3 124 182	-
Short term liabilities	21 361	16 140
Liabilities:	3 145 543	16 140
	22 643 322	**16 317 895**

XIV. Authorization to issue the financial statements, other statements of the issuer

These interim financial statements were discussed and authorized for issue on the 27th August 2020 by the Board of Management.

The Company declares that its consolidated Interim Financial Statements for the period ending on 31th June 2020 were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union, based on the Company's best knowledge, providing a true and fair view of the assets, liabilities, financial situation as well as of the profit and loss of the Company as an issuer and of its consolidated subsidiaries. The Company also declares that its consolidated Interim Financial Statements for the period ending on 30th June 2020 provides a fair view of the situation, development and performance of the issuer and the enterprises included in the consolidation, outlining the main risks and uncertainties likely to arise in the rest of the financial year.

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

at Budapest, on 27th August 2020.

ORMOSY, Gábor	SZÉKELY, Gábor
CEO, member of the board	member of the board

representing the Borad of Directors of AutoWallis Nyrt.