

AUTOWALLIS NYRT.

SEMI-ANNUAL REPORT

FOR THE SEMI-ANNUAL PERIOD ENDED 30 JUNE 2022

This document is the English translation of the AutoWallis Group's Semi-annual report period ended on 30 June 2022. In case of any difference from the Hungarian version, the Hungarian version prevails.

30 August 2022

Budapest – 31 August 2022 – AutoWallis Nyrt. (Reuters: AUTW.HU and Bloomberg: AUTOWALL HB, Budapest Stock Exchange ticker: AUTOWALLIS, website: www.autowallis.hu, hereinafter: "Company", "AutoWallis Group" or "the Group") published its 2022 report for the semi-annual period ended 30 June 2022 today. The report contains the interim condensed consolidated financial statements for the semi-annual period ended 30 June 2022 prepared by the Company's management in accordance with the International Financial Reporting Standards endorsed by the European Union (EU IFRS) and the Company's management (business) report.

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EXECUTIVE SUMMARY

Dear Shareholders,

Following a record-breaking year in 2021, AutoWallis Group achieved outstanding performance in 2022H1 as well, despite the ongoing chip shortage in the automotive industry, other adverse effects of the war between Russia and the Ukraine on the supply chain, and the challenges facing the region's economies (rising inflation and interest rates). These results continue to demonstrate the fact that AutoWallis and its subsidiaries are able to perform well even in a changing environment, and our team is, in fact, highly motivated by challenges.

Our revenue soared by more than 34% compared to the same period of the previous year to HUF 131 billion, primarily as a result of an organic sales growth that exceeded the market average for both Hungary and the region. In addition, we continued with the systematic implementation of our acquisition and business development plans outlined in our strategy. As part of these efforts, the acquisition of Avto Aktiv was completed in April 2022.

Both of our business units contributed to this dynamic revenue growth: our revenues in the Distribution Business Unit and the Retail & Services Business Unit were up by nearly 44% and more than 22%, respectively.

In addition to growth, one of the most critical questions for our shareholders was how our profit levels changed in such an environment. We are delighted to report that the **EBITDA** (earnings before interest, taxes, depreciation and amortisation, the indicator that best reflects profitability in the management's opinion) **surged to HUF 6.9 billion, an amount that is nearly twice the amount recorded in the same period of the previous year**. It is important to note that this growth was accompanied by an improvement in operational efficiency; thus, **our gross margin**

increased from 12.3% to 15.2%, while **our EBITDA margin was up from 3.3% to 5.3%**.

Funds totalling more than HUF 16 billion raised through last year's successful issue of green bonds and the offering of shares to institutional and retail investors, as well as the Group's strong profitability ensure that we continue to possess a **strong capital structure** and the necessary funds to allow us to achieve our growth objectives outlined in our strategy. This **stable financing position** is demonstrated by the fact that the Group's consolidated equity/total assets ratio exceeded 25.3% at the end of the period, and its net debt/EBITDA figure, with its total debt included, ended up at 1.5, while the same figure without short-term liabilities related to inventory financing (inventory financing loans, IFRS 16, reverse factoring) was -0.5.

Our **outstanding liquidity**, strong balance sheet and the level of diversification we have attained all contribute to the Group's **resistance to crisis** in a rapidly changing macroeconomic environment.

Based on our results, we believe that our goal of increasing our revenue to HUF 400 billion, which is more than twice the amount recorded last year, and our EBITDA to more than HUF 14 billion is achievable in spite of the current economic and business uncertainty, and AutoWallis could become the leading car dealership and mobility service provider in the region by the end of the decade. We trust that the number of our shareholders will keep growing in the years to come, allowing more and more investors to share in our success.

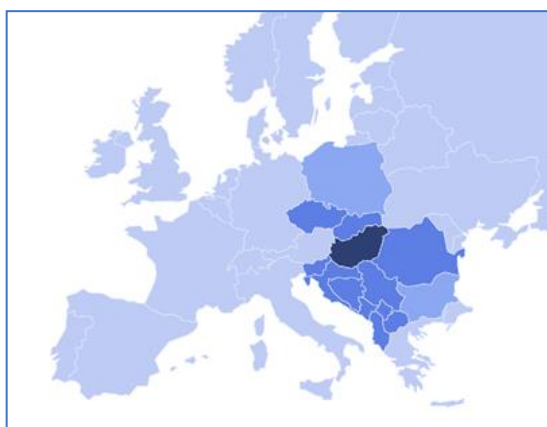
Zsolt Müllner
Chairman

Gábor Ormosy
Chief Executive Officer

MANAGEMENT (BUSINESS) REPORT OF AUTOWALLIS AND AUTOWALLIS GROUP

THE COMPANY

The objective of AutoWallis Group, whose shares are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX and BUMIX indices, is to become the leading car dealership and mobility service provider of the Central and Eastern European region by the end of the decade. The enterprise is devoted to continuously expanding its investment portfolio



that focuses on automotive investments through acquisitions while operating as a market player that adopts a classic, conservative and ESG-compliant business policy and responds to social and environmental challenges.

Areas of operation and activities

AutoWallis Group¹ operates in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities and short-term and long-term car rental. The brands represented by the Group's Distribution Business Unit include Isuzu, Jaguar, Land Rover, Saab parts, SsangYong and Opel, while the Retail & Services Business Unit deals with BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, KIA, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota and Sixt rent-a-car.

Stock exchange presence

AutoWallis has been listed on the Budapest Stock Exchange since 2019. Compared to the initial weight of 0.20%, the weight of AutoWallis shares in the BUX basket has increased more than two-and-a-half-fold. Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the index increased to 0.51% as of 1 March 2022.

In 2021, as part of the BÉT Legek event, the Budapest Stock Exchange handed out awards in 22 categories to capital market players who performed exceptionally well last year despite the unique economic situation. AutoWallis received the "Capital increase of the year" award at the Legek event of the Budapest Stock Exchange on two occasions (in 2020 and 2021) for raising a total of HUF 4.4 billion in capital in 2020 and for completing



a public offering of shares involving a retail subscription² in order to ensure financing for its growth plans, the latter being the first one in the regulated market of the Budapest Stock Exchange since 2017 that ended with a more than twofold oversubscription for over HUF 10 billion, exceeding all prior expectations. In addition, in 2021 the Company issued **green bonds² for a total of HUF 6.6 billion, which were also oversubscribed.** It is important to point out in this regard that AutoWallis has always been committed to sustainable growth and AutoWallis is the first company in the Premium category of the Budapest Stock Exchange to have issued green bonds. As the next step in preparing for its ESG certification, AutoWallis Group appointed an ESG director and selected an advisor to support the process of obtaining the certification. The goal of the automotive company of the Budapest Stock Exchange is to ensure that members of the Group in 14 countries of the region implement a

common ESG strategy and to lay special emphasis on sustainability aspects when making decisions. The Company's objective is to issue an

ESG report on its operation in 2023 and to obtain an ESG certification by 2024 at the latest.

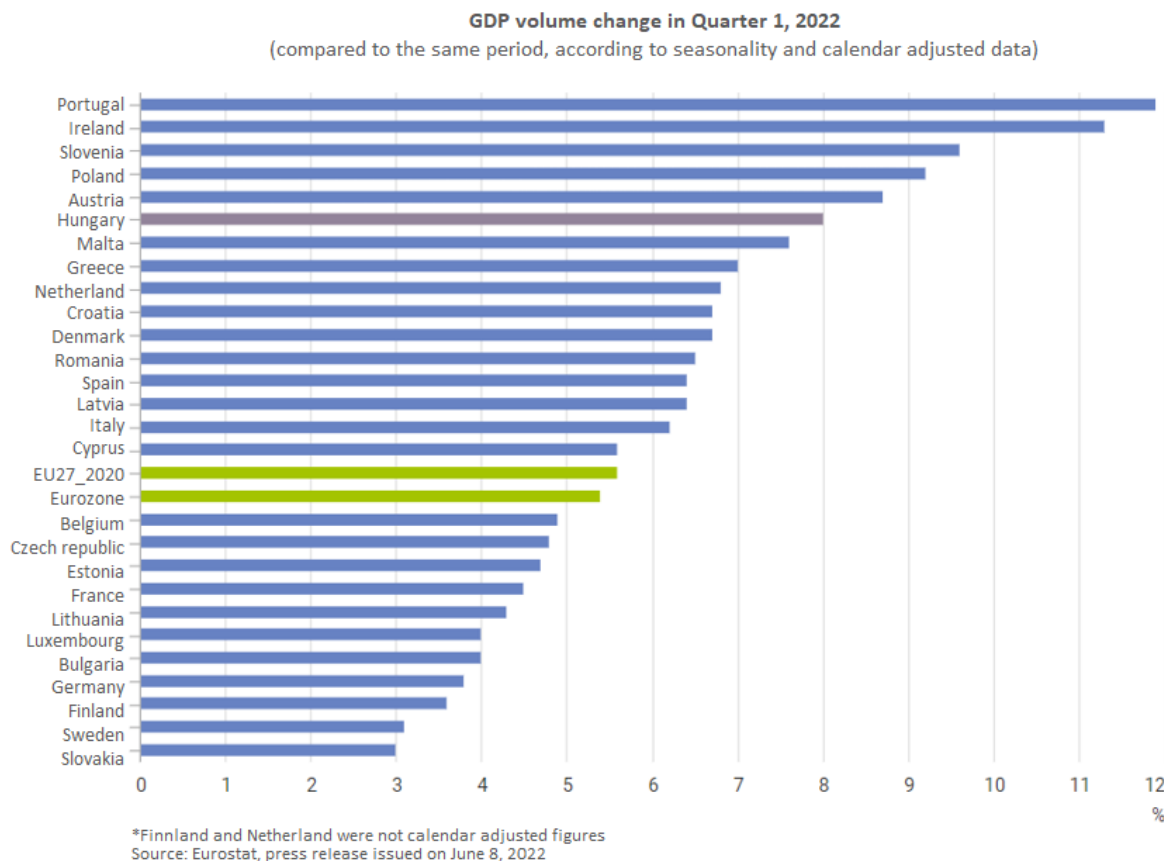


THE ECONOMIC AND MARKET ENVIRONMENT OF THE COMPANY ¹

GDP development

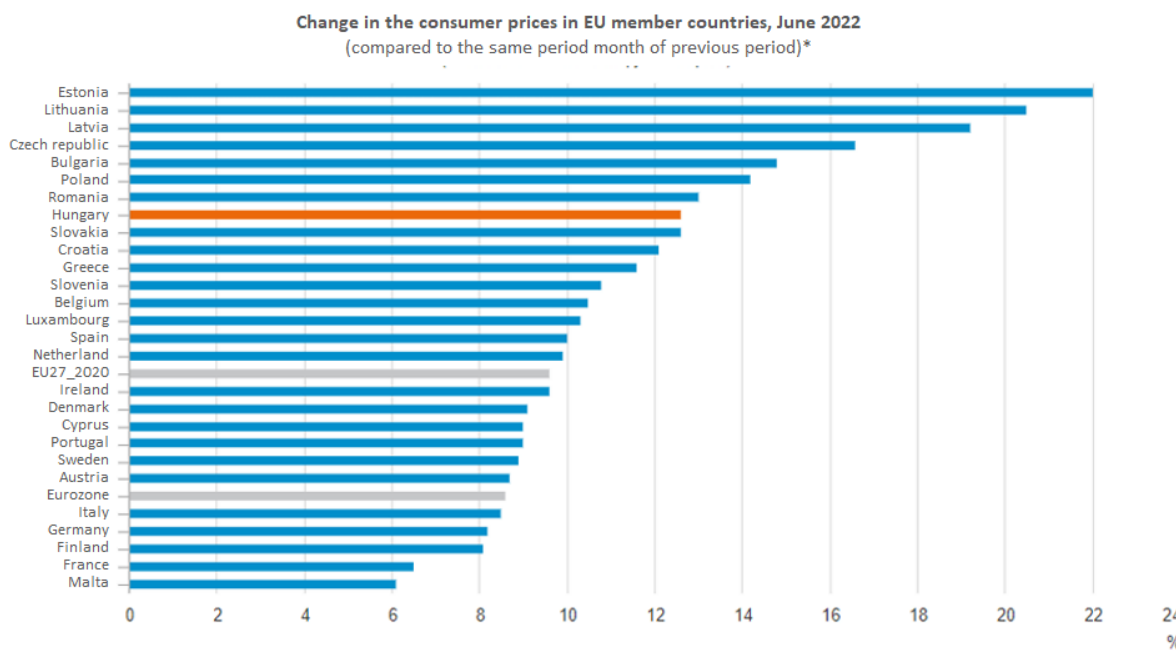
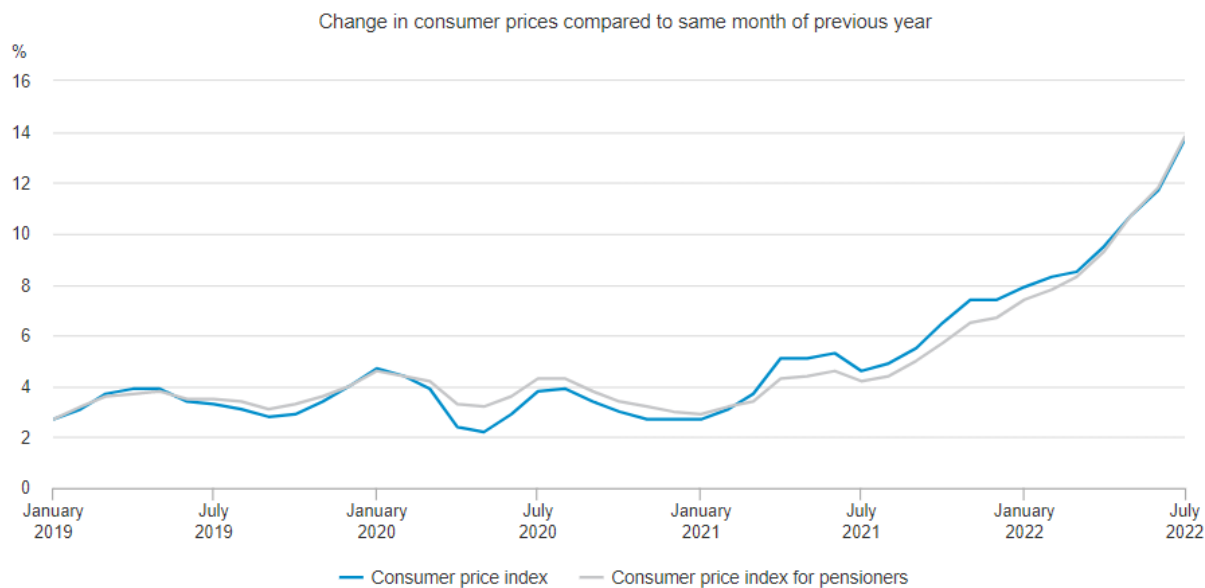
In 2022Q1, the economic performance of the European Union improved by 5.6% compared to the same period of the previous year, with Hungary (the dominant market of AutoWallis

Group, which accounts for approximately half of its revenue) finishing near the top in the ranking of member states with a significant growth rate of 8.0% (data for Q2 were not available at the time of preparation of this report).



¹ Source of external economic data: <https://www.ksh.hu/s/kiadvanyok/magyarorszag-2022-i-negyedev/index.html>

Changes in inflation



The low interest rate environment and the ample availability of funds at the start of 2021, which facilitated economic growth throughout the European Union, changed towards the end of the year, and this trend continued in the first half of 2022. Inflation rates and benchmark interest rates began rising considerably worldwide, including the relevant markets of the Group. In general, rising inflation and interest rates have not yet had a marked impact on disposable income; however, the percentage of vehicles

purchased using loans has been showing signs of a decline in certain cases. Due to the increase in order volumes caused by supply problems, there may be a longer delay than usual in observing these effects (as much as 6 to 18 months).

At the same time, these trends highlight the correctness of the Company's financing strategy (improving capital adequacy and an increase in the significance of long-term fixed HUF-denominated financing).

New passenger car sales

The operation of AutoWallis Group is not independent of the changing European automotive market as a whole.

New passenger car registration per countries

	January - June		Change. %	Change
	2022	2021		
AUSTRIA	108 606	134 396	-19,2%	-25 790
BELGIUM	195 387	232 391	-15,9%	-37 004
BULGARIA	14 639	12 926	13,3%	1 713
CROATIA	22 869	25 972	-11,9%	-3 103
CYPRUS	6 133	5 794	5,9%	339
CZECH REPUBLIC	98 916	112 805	-12,3%	-13 889
DENMARK	73 539	96 489	-23,8%	-22 950
ESTONIA	11 074	12 940	-14,4%	-1 866
FINLAND	43 501	56 736	-23,3%	-13 235
FRANCE	771 980	922 765	-16,3%	-150 785
GERMANY	1 237 975	1 390 889	-11,0%	-152 914
GREECE	54 798	58 362	-6,1%	-3 564
HUNGARY	57 411	64 816	-11,4%	-7 405
IRELAND	65 174	63 853	2,1%	1 321
ITALY	684 228	885 090	-22,7%	-200 862
LATVIA	8 146	7 682	6,0%	464
LITHUANIA	14 004	18 697	-25,1%	-4 693
LUXEMBOURG	21 812	25 287	-13,7%	-3 475
NETHERLANDS	153 708	162 762	-5,6%	-9 054
POLAND	212 405	242 123	-12,3%	-29 718
PORTUGAL	75 449	81 445	-7,4%	-5 996
ROMANIA	58 712	47 698	23,1%	11 014
SLOVAKIA	39 953	38 449	3,9%	1 504
SLOVENIA	25 847	31 009	-16,6%	-5 162
SPAIN	407 757	456 832	-10,7%	-49 075
SWEDEN	144 182	173 163	-16,7%	-28 981
EUROPEAN UNION (EU)	4 608 205	5 361 371	-14,0%	-753 166
EU14	4 038 096	4 740 460	-14,8%	-702 364
EU12	570 109	620 911	-8,2%	-50 802
ICELAND	9 267	6 041	53,4%	3 226
NORWAY	68 505	83 930	-18,4%	-15 425
SWITZERLAND	109 600	124 547	-12,0%	-14 947
EFTA	187 372	214 518	-12,7%	-27 146
UNITED KINGDOM	802 079	909 973	-11,9%	-107 894
TOTAL (EU + EFTA + UK)	5 597 656	6 485 862	-13,7%	-888 206
WESTERN EUROPE (EU14 + EFTA + UK)	5 027 547	5 864 951	-14,3%	-837 404

The conflict between Russia and the Ukraine which erupted at the beginning of 2022 and the slowdown in production and supply difficulties resulting from the ongoing chip shortage significantly reduced the number of cars that were available for delivery in the first half of the year, particularly in Q2.

Due to all of these effects, a **decline of 14.0%**² was recorded in the EU passenger car market in terms of first registrations of new vehicles in the first half of the year compared to the baseline period of 2021. Given that the decline in sales observed mainly in 2020 due to COVID-19 turned into delayed purchases in the same period of 2021, the above setback is explained to a smaller extent by the base effect as well.

A nearly identical decline was seen in the passenger car market of EU+EFTA countries and the United Kingdom where the number of first registrations of new passenger cars dropped by **13.7%** in the first half of 2022 in comparison to the previous year.

The price increase in the market, persisting supply difficulties, rising interest rates and bleak prospects in the global economy have temporarily limited market growth.

² Source of the table: <https://www.acea.auto/pc-registrations/passenger-car-registrations-14-0-first-half-of-2022-15-4-in-june/>

	January - June		Change %
	2022	2021	
Bulgaria	14 639	12 926	13,3%
Bosnia-Herzegovina	3 983	3 664	8,7%
Croatia	22 869	25 972	-11,9%
Czech republic	98 916	112 805	-12,3%
Hungary	57 411	64 816	-11,4%
Poland	212 405	242 123	-12,3%
Romania	58 712	47 698	23,1%
Serbia	9 099	12 752	-28,6%
Slovakia	39 953	38 449	3,9%
Slovenia	25 847	31 009	-16,6%
Total	543 834	592 214	-8,2%

In addition to the above, when assessing AutoWallis Group's operations, efficiency, business opportunities and ability to create value, it is important to consider that the region where the Group's business is carried out (and thus its relevant market) is Central and Eastern Europe. The strategy formulated by the Company also focuses on this region, and this is the specific

environment where the Group's experts possess hands-on and relevant experience and an ability to create value.

There was a significantly lower rate of decline in the number of first registrations of new passenger cars in 2022 in the relevant market of AutoWallis Group than in EU markets (**8.2%**).

SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE IN 2022H1

Analysis of the Group's financial performance

Profit & loss statement (HUF ths)	2022H1	2021H1	Change %	Change
Revenue	131,045,612	97,651,046	34%	33,394,566
<i>Distribution Business Unit</i>	78,824,637	54,919,266	44%	23,905,371
<i>Retail & Services Business Unit</i>	52,220,975	42,731,781	22%	9,489,195
Materials + Own performance capitalised	-2,428,957	-1,777,019	37%	-651,938
Services	-6,266,271	-4,014,929	56%	-2,251,343
Cost of goods sold	-111,106,962	-85,630,998	30%	-25,475,965
Personal expenses	-4,730,120	-3,235,554	46%	-1,494,566
Depreciation	-1,631,046	-1,430,022	14%	-201,024
Profit or loss from trading	4,882,256	1,562,524	212%	3,319,731
Other income and expenses	332,897	99,574	234%	233,324
OPERATING PROFIT - EBIT	5,215,153	1,662,098	214%	3,553,054
Interest income	272,843	9,340	2821%	263,503
Interest expenses	-504,092	-222,372	127%	-281,720
Financing expenses from leases	-123,517	-98,568	25%	-24,949
Foreign exchange gains or losses, net	330	285,768	-100%	-285,438
Impairment of financial instruments	-7,462	-78,937	-91%	71,475
Other financial gains or losses, net	2,564	4,009	-36%	-1,445
Other	-13,708	-10,586	29%	-3,122
Financial gains or losses	-373,043	-111,346	235%	-261,697
PROFIT BEFORE TAX	4,842,110	1,550,752	212%	3,291,358
Tax expense	-759,391	-351,324	116%	-408,066
NET PROFIT OR LOSS	4,082,719	1,199,428	240%	2,883,292
Retranslation of subsidiaries	461,505	-6,474	N/A	467,979
TOTAL COMPREHENSIVE INCOME	4,544,224	1,192,954	281%	3,351,270
EPS (HUF/share)	9.14	3.52	159%	5.61
EBITDA impact of items which never generate any net outflow of assets	55,040	89,090	-38%	-34,050
EBITDA	6,901,239	3,181,210	117%	3,720,028

- AutoWallis Group's **revenue** exceeded HUF 131.0 billion in 2022H1, which is more than **HUF 33.3 billion (or 34%) higher than the revenue for the same period of the previous year**. This growth is attributable largely to the considerable organic growth in sales volume from the comparative period and, to a smaller extent (HUF 4 billion or 4.1%), the effect of the Company's acquisition of Avto Aktiv of Slovenia in April 2022.
- The value of **materials** was up by 37% from the comparative period, which is in line with the growth in turnover, the reasons being the rise in energy prices and a substantial increase in the volume of aftersales (typically vehicle repair) services in the retail segment.
- The value of **services** increased by 56% to nearly HUF 6.3 billion from the comparative period, most of which is explained by the rise in marketing and communication costs, as well as the increase in logistics expenses caused by the significant rise in sales volume and fuel prices.
- The increase in **COGS** (HUF 111.1 billion or 30%) remained below the increase in revenue, as a result of which the **gross margin of AutoWallis Group was up from 12.3% in 2021H1 to 15.2%**. The main reason behind

this improvement is that the Group was able to continue successfully implementing an effective pricing policy for both new and used car purchases and sales.

- The 46% rise in **personal expenses** is attributable mainly to the pay rise carried out in response to changes in the labour market and rising inflation, changes in headcount and, to a smaller extent, the personal costs incurred in connection with Avto Aktiv during the period following the completion of its acquisition.
- The 14% increase in **depreciation** is largely due to the depreciation recognised on the assets (primarily land and buildings, facilities, vehicles and right-of-use assets) newly added to the Group's portfolio in connection with the new transactions.
- As a result of the above, **operating profit (EBIT) increased more than threefold, i.e. by 214% to HUF 5.2 billion** during the period, which reflects both the organic growth in the period and the results of the continuation of disciplined pricing and cost management.

- The value of financial gains or losses in 2022H1 was a loss of HUF 373.0 million, which represents a decline of over HUF 261 million compared to 2021H1. This change is explained by increased financing (mainly inventory financing) expenses caused by the deteriorating interest rate environment.
- As a result of the above effects, the Group's profitability also showed exceptional improvement in 2022H1.

On the one hand, the **EBITDA**, the indicator which best describes the Group's performance, **increased more than twofold (by 117%) to HUF 6.9 billion in 2022H1**, which is nearly as much as the EBITDA for the entire year 2021 (HUF 7.8 billion).

On the other hand, **profit before tax for 2022H1 was HUF 4.8 billion, which translates into a more than threefold increase** from the profit of HUF 1.5 billion recorded in the same period of the previous year.

Analysis of the Group's operating results

Vehicle sales

Description	January - June		Change %
	2022	2021	
<i>New vehicle sales</i>	14 442	10 813	+33,6%
<i>Vehicle sales</i>	15 379	11 655	+32,0%

Unlike the region's shrinking automotive market, **the Group achieved an outstanding growth rate of 33.6% in new vehicle sales, which significantly surpasses both the 8.2% decline in the relevant markets and the 13.7% decline in the broader European market**, despite the challenging external environment. Of this growth rate, the effect of acquisitions and organic growth were 1.4% and 32.2%, respectively, and the latter itself is several times the average market growth, even in our region.

In terms of vehicle sales, although the volatile car delivery volumes and the increase in the number of orders to be fulfilled resulting from supply difficulties continue to be promising, the temporary or even permanent problems in chip supply or the sourcing of other raw materials and parts for certain brands and the deteriorating macroeconomic environment of the relevant markets (including, in particular, the rise in inflation) could negatively impact the expected sales figures of the upcoming period (6 to 18 months).

Automotive services

Description	January - June		Change %
	2022	2021	
Service hours (hour)	77 983	62 666	+24,4%
Fleet size - related to rent a car	786	478	+64,6%
Number of rental transactions	9 380	4 396	+113,4%
Number of rental days	83 410	66 183	+26,0%

The Group continued expanding in terms of **servicing activities** as well, as **the number of service hours increased by 24.4% to 77,983 hours** compared to the figure recorded in 2021H1. The **effect of the acquisition of Avto Aktiv** in the beginning of April 2022 strongly contributed to this outstanding result (**+20.0%**). **The rate of organic growth (without acquisitions) was 4.4%**.

Back in 2021, **car rental services** had been adversely affected by the measures adopted in

order to limit the spread of the COVID-19 pandemic. In 2022H1, the expansion of tourism and business travel resulting from the absence of such restrictions **had a favourable impact on the number of rental days, which increased by 26.0% compared to the same period of the previous year as a result**. There was significant growth in the number of rental transactions (113.4%), even though the fleet size was only 64.6% larger, which clearly demonstrates the ongoing and successful efforts of the Group to improve efficiency in the area of car rental services.

Segment analysis

In line with its operating, management and decision-making structure, the Group examines and presents its financial and operating performance separately for its **Distribution** and **Retail & Services** segments (**business units**). For the purpose of presentation in the management

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



Distribution Business Unit

As part of its Distribution business, AutoWallis Group is engaged in the distribution of new motor vehicles and parts involving various brands (Opel, Jaguar, Land Rover, SsangYong, Isuzu and Saab) in Central and Eastern European countries

(Albania, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia).

Sales performance of the Distribution Business Unit

Description	January - June		Change %
	2022	2021	
New vehicle sales*	10 659	7 385	+44,3%

*388 (2021: 331) piece related to intercompany sales

In 2022H1, the Distribution Business Unit of AutoWallis Group **sold 44% more vehicles** than in the first half of the previous year, selling a total of

10,659 new cars. The key driver of growth was the massive increase in Ssangyong sales in all four countries concerned.

Financial performance of the Distribution Business Unit

Profit of the Distribution Business Unit

Distribution Business Unit (HUF ths)	January - June		Change %
	2022	2021	
Revenue	78,824,637	54,919,266	44%
Cost of goods sold	-68,298,658	-49,623,558	38%
Profit before tax	3,603,819	1,148,443	214%
EBITDA	4,418,281	1,343,979	229%
<i>Gross margin %</i>	13.4%	9.6%	
<i>Profit before tax/Revenue %</i>	4.6%	2.1%	

- The **revenue** of the Distribution Business Unit increased by **44%** to HUF 78.8 billion in 2022H1 in comparison to the same period of the previous year. The main driver of this growth was the increase in the volume of new vehicles sold, particularly the OPEL and Ssangyong brands.
- **COGS** increased at a slower rate than revenue (38%), and so the business unit was able to improve its **gross margin** from the comparative period, the main reason being that the volume of SsangYong and OPEL sales increased and gross margin improved at the same time.
- As a result of the above, the **gross margin of the Distribution Business Unit was up from 9.6% in 2021 to 13.4%** in 2022H1.
- The profit before tax of the Distribution Business Unit was a profit of HUF 3.6 billion with a profit before tax/revenue ratio of 4.6%, compared to the lower profit before tax of HUF 1.1 billion for 2021H1.

Retail & Services Business Unit

As part of its Retail & Services business, AutoWallis Group is engaged in the sale of new Isuzu, Jaguar, Land Rover, MINI, Maserati, Opel, KIA, Renault, Dacia, Nissan, Peugeot, Toyota, Suzuki and BMW passenger cars and parts, BMW motorcycles and various brands of used motor vehicles in Hungary and Slovenia.

In addition to vehicle sales, this business unit is engaged in short-term and long-term rent-a-car

services, servicing activities, fleet management and premium limousine services.

In line with the strategy formulated by AutoWallis Group, the dealerships of the Retail & Services Business Unit have immense significance despite their generally lower profitability which is typical for the industry, since the sale of new and used cars serves as the most important customer entry point for the exceptionally profitable service activity of AutoWallis Group.

Sales performance of the Retail & Services Business Unit

Vehicle sales

Description	January - June		Change %
	2022	2021	
New vehicle sales	3 783	3 428	+10,4%
Used vehicle sales	937	842	+11,3%
Total vehicle sales	4 720	4 270	+10,5%

In terms of **new vehicle sales**, the Retail & Services Business Unit achieved a growth rate in 2021 (+10.4%) that substantially exceeds the market growth presented in the section on the Company's business environment (-14.0% in the EU and -8.2% in Central and Eastern Europe). The volume of these sales would have increased by 5.8% without the effect of the acquisition completed in 2022, while the Avto Aktiv

transaction added 4.5% to that figure, resulting in an aggregate growth to 3,783 units.

The business unit did well in terms of **used vehicle sales** as well, as the number of units sold was up by 11.3% to 937 compared to the same period of 2021, including 71 vehicles resulting from acquisitions (+8.4%).

Automotive services

Description	January - June		Change %
	2022	2021	
Service hours (hour)	77 983	62 666	+24,4%
Fleet size - related to rent a car	786	478	+64,6%
Number of rental transactions	9 380	4 396	+113,4%
Number of rental days	83 410	66 183	+26,0%

The first half of 2022 was only marginally affected by the COVID-related restrictions. As a result, the number of rental days increased as tourism boomed. This area of business achieved a significant growth of 26.0% in the **number of rental days** and a 113.4% increase in the **number of rental transactions** in 2022 compared to the same period of the previous year. The main driver of this growth was the considerable increase in the number of passengers arriving at Liszt Ferenc International Airport, which is the key driver of short-term rent-a-car services.

At the same time, **capacity utilisation improved** as this growth was achieved with a fleet size that increased by a mere 64.6%. These clearly demonstrate the impact of the measures

implemented in order to improve the efficiency of the business unit.

In 2022H1, AutoWallis Group carried out **servicing activities** at five sites in Budapest, four sites around the country (Iniciál Group) and five foreign sites (Ljubljana, Trzin, Kranj, Nova Gorica, Koper).

In 2022H1, the number of **service hours** was up by 24.4% to 77,983 in comparison with the figures for the same period of 2021 (62,666 hours).

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

Financial performance of the Retail & Services Business Unit

Profit of the Retail & Services Business Unit

Retail & Services Business Unit (HUF ths)	January - June		Change %
	2022	2021	
Revenue	52,220,975	42,731,781	+22.2%
Cost of goods sold	-42,808,305	-36,007,440	+18.9%
Profit before tax	1,238,290	402,308	+207.8%
EBITDA	2,482,958	1,837,231	+35.1%
<i>Gross margin %</i>	18.0%	15.7%	
<i>Profit before tax/Revenue %</i>	2.4%	0.9%	

- As a result of a growth in sales volume and acquisitions, the **revenue** of the Retail & Services Business Unit was up by 22.2% in 2022H1 from the previous year. The primary reasons behind this include the rise in sales volume resulting from organic growth and transactions, as well as the revenue from the further expansion in car rental services, including the increase in turnover caused by the acquisitions completed in 2022 (Avto Aktiv) and the turnover achieved by Wallis British Motors, Wallis Kerepesi, Wallis Motor Ljubljana, Wallis Motor Duna, Wallis Motor Pest and Inicial Group in 2022.
- The **gross margin** of the Retail & Services Business Unit improved further as well, reaching 18.0% in 2022H1 compared to 15.7% in 2021H1. The main driver of this growth was the effective pricing policy implemented by the Retail & Services Business Unit.
- The **profit before tax** of the Retail & Services Business Unit was a profit of HUF 2.5 billion, with its profit before tax/revenue ratio increasing to 2.4% compared to 2021H1. The 35.1% improvement in **EBITDA** is explained mainly by the more effective pricing policy of the Retail & Services Business Unit and the more favourable market environment.

EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE

Significant events during the current period

Significant events between 1 January 2022 and 30 April 2022 were presented in the consolidated annual report of AutoWallis Group³ published on 29 April 2022. In addition, in order to comply with the applicable reporting and disclosure requirements, the Group continuously informs market participants about significant events and changes via the websites of the National Bank of Hungary and the Budapest Stock Exchange, as well as its own website.⁴

Therefore, to ensure the transparency of this report, only the most significant events that occurred in 2022 and those which have not yet been presented in previous reports or other disclosures are included in this semi-annual report:

- a) In January 2022, the newest Jaguar and Land Rover dealership and service centre of the region was opened after the successful technical commissioning of the dealership at Váci út 76-80. The two iconic British brands sold by AutoWallis in Hungary and in eight other countries in the region are showcased in a building complex that spans over 2,200 square metres where a significant design goal was to ensure sustainable operation, alongside the aim of providing the highest standard of customer service
- b) In March 2022, the Group entered the Hungarian retail market for Ssangyong vehicles. In addition to its Maserati, Isuzu and BMW Premium Selection offering, the entire model range of SsangYong is also available to customers at the car dealership of Wallis Motor Pest Kft., a member of the Group, at Váci út 175. This decision of AutoWallis is in line with the Group's strategy of achieving organic growth in addition to growth through acquisitions, thereby making the brands represented by the Group and the related services available at more and more retail locations as well.
- c) The share and asset purchase agreement concluded on 9 September 2021 by the

Company and Avto Aktiv Intermercatus d.o.o. on the operation, land and buildings and other assets of Avto Aktiv was fulfilled on 4 April 2022 and the transaction was closed. Through these transactions, the Company's existing operations in the Slovenian market will be expanded to include the sale of BMW, Toyota and Suzuki vehicles at several locations, as well as the employees, land and buildings, tangible assets and other contracts required for carrying out these activities.

The full purchase price paid was EUR 10.6 million and was settled in cash in its entirety.

- d) On 7 April 2022, AutoWallis and the Portuguese group Salvador Caetano announced their intention to jointly acquire Renault Hungária Kft., thus obtaining the exclusive Hungarian import rights for the Renault, Dacia and Alpine brands. In connection with the transaction, the parties established AutoWallis Caetano Holding Zrt., which was incorporated on 24 June 2022.

The transaction requires the approval of the competition authority, and although the related proceedings have commenced, there has been a delay for reasons beyond the control of AutoWallis and Salvador Caetano, and the proceedings are expected to be completed as late as during autumn.

- e) In April 2022, the IT security department of Sixt SE, the entity operating certain systems of Wallis Autókölcsonzó Kft., detected IT-related issues and irregularities, and it was eventually concluded that the IT system fell victim to a cyber-attack. Actions were immediately taken in response, in accordance with the security protocols. Most centralised systems of Sixt (including www.sixt.com) were fully operational during these incidents; there were, however, temporary disruptions for short periods of time, particularly in customer service centres and certain offices (e.g. online access to Sixt Hungary via brokers). These issues were

³https://bet.hu/site/newkib/hu/2022.04./AutoWallis_Nyrt._eves_jelentes_a_2021._december_31-re_vegzodo_evre_128716932

⁴ <https://www.autowallis.hu/>

resolved in May 2022, and additional measures were implemented by Sixt SE in order to further protect the IT infrastructure from similar threats.

- f) In May 2022, Wallis Motor Ljubljana launched the only Land Rover dealership and authorised service centre in Slovenia, which offers a full range of servicing activities for both English brands. By doing so, the Group is becoming a more and more prominent player in the country's automotive retail market. With the addition of this British brand, the members of the Hungarian group (Avto Aktiv, Wallis Motor Ljubljana) now offer five automotive brands in five Slovenian cities.
- g) The Company, as the founder of the AutoWallis Employee Stock Ownership Plan Organisation (registered office: 1055 Budapest, Honvéd utca

20.), approved the remuneration policy entitled "2022 Remuneration Policy" on 21 April 2021 as part of the AutoWallis Employee Stock Ownership Plan.

- h) On 27 August 2021, the Company announced that Wallis Autókölcsonzó Kft. would establish a new service centre near Liszt Ferenc International Airport (2220 Vecsés, Széchenyi u. 56.) in order to allow AutoWallis Group to prepare for serving car sharing providers and fleet managers as well, in addition to the development of rent-a-car services. The total budget for the project is HUF 565 million, which includes a non-refundable grant of HUF 282 million provided by the Ministry of Foreign Affairs and Trade for the purpose of improving competitiveness. The project was completed in June 2022 and the new complex was opened.

Events after the balance sheet date

Significant events after the balance sheet date were as follows:

- a) In its announcement dated 14 July 2022, Scope Ratings GmbH confirmed the B+ credit rating of the Company and its senior unsecured debt after conducting a review of its credit ratings. According to the detailed assessment published, the outlook for the Company's credit rating remained stable, despite prospects for the global economy being uncertain for several reasons.
- b) As part of its expansion in Slovenia, the Board of Directors of AutoWallis adopted a decision on acquiring the entity owning the property where the dealership and repair shop of Wallis Motor Ljubljana, a company owned by AutoWallis, are located (C182 Razvoj Nepremičnin Ljubljana d.o.o). The issue value of the 17.1 million shares to be

newly issued as part of the in-kind contribution is the average stock price for 30 calendar days, i.e. HUF 101.18. The new shares will be acquired by Milton-Property Kft., the entity performing the in-kind contribution involving C182 and owned by Wallis Asset Management Zrt. (the ultimate owner of AutoWallis), and Milton-Property Kft. has agreed to a lock-up period of one year with respect to such new shares. The Company joined AutoWallis Group in July 2022.

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

STRATEGY OF AUTOWALLIS GROUP

Vision 2030

The AutoWallis Group is one of the leading consolidators in the region



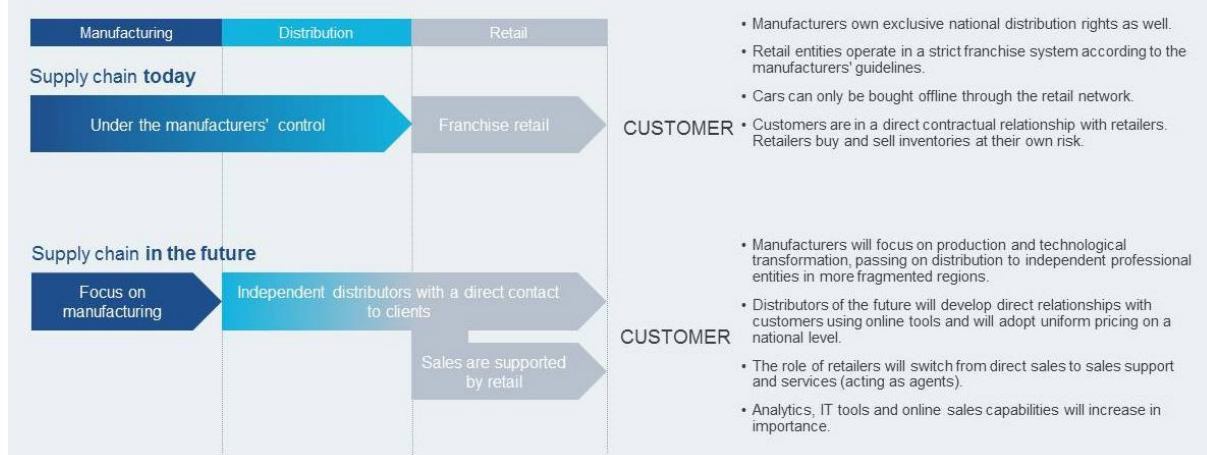
AutoWallis Group is engaged in retail, distribution and automotive service activities in a wide range of domestic and international markets. The Company's objective is to become a leading integrator within the region for the retail and distribution of motor vehicles and for services by 2030.

In order to work towards this objective, AutoWallis Group completed six transactions in the past two years: acquisition of one of the largest Opel dealerships in Hungary, acquisition of the distribution rights for Jaguar and Land Rover models in Hungary, acquisition of the largest BMW dealership in Slovenia, acquisition of a majority share in Inicial Autóház Kft., acquisition of the regional import rights for Opel vehicles (in Croatia, Slovenia, Bosnia and Herzegovina and Hungary), and the acquisition of Avto Aktiv, a well-known Slovenian car

dealership. As a result of these transactions, midsize car brands have been added to the product offering to complement premium vehicles, meaning that AutoWallis Group is now able to target a much wider range of customers, particularly in terms of fleet sales.

The automotive supply chain is undergoing change. Manufacturers are facing pressure in terms of investments and costs due to the transition to electric vehicles; as a result, they are selling their distribution activities in countries other than their core European markets. This provides an excellent opportunity for AutoWallis Group and similar integrators to acquire long-term distribution rights. Based on the Group's strategic analysis, the most successful entities in this changing market will be those that cover the entire post-production supply chain and have direct access to clients through their broad range

How is the supply chain changing in the region?



of distribution, retail and service operations. IT solutions will play a more crucial role in customer processes, which are becoming shorter and more digital.

Due to stricter environmental regulations and advances in the technology of alternative drivetrains, manufacturers are being forced to engage in capital intensive, innovative and ongoing technological development, causing them to focus on their core activity of manufacturing. Digital sales channels are increasing in importance, which means that focus will shift to online marketing, the extensive digitalisation of sales and distribution and professional sales support and services instead of direct sales. The demand for alternative mobility is expected to grow, but ownership will continue to enjoy great significance alongside car sharing; the brand loyalty of customers is declining, and so customers will be more open to brand-independent mobility solutions.

Therefore, a major goal of AutoWallis Group is to further strengthen its market position through one or two acquisitions each year and by way of business development and diversification. The

Group is still committed to its objective of being a leader in consolidation in the automotive market of the Central and Eastern European region. To that end, the Group plans to actively improve its position in the service business, particularly fleet management and the related mobility activities. In an expanding group, exploiting synergies is especially important, which is why our goal is to develop functions that support corporate operations and to build an international management team. The strategy of AutoWallis focuses strongly on digital transformation and data asset management capabilities. The goal of AutoWallis is to cover the entire value chain and integrate its commercial and service portfolio as part of a common brand, thereby exploiting operational and sales synergies among group members.

AutoWallis Group intends to take advantage of the opportunities afforded by its presence in the public capital market and, therefore, the Group is open to funds being raised by public offering in order to seize any favourable opportunities for acquisition, also through the issue of shares and bonds.

Strategic focus

The AutoWallis Group is one of the leading consolidation platforms in the region



CORPORATE GOVERNANCE

Governance system of AutoWallis Group

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

The Company meets the requirements applicable to corporate governance systems in Hungary. In the course of its operations, the Company complies with the applicable laws and supervisory regulations and the policies of the Budapest Stock Exchange and strives to follow the corporate governance recommendations of the Budapest Stock Exchange. The Company's organisational structure and operating rules are included in the Statutes approved by the General Meeting. The Company acts in line with the Corporate Governance Report approved via the relevant resolution of the General Meeting and such Corporate Governance Report is published in a timely manner after the regular General Meeting where the financial statements for the given financial year are approved.

Main governing body and supervisory bodies

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

[Company profile - Bet site](#)

In 2020, the management of AutoWallis Group launched its BI development project which is also an important pillar of its strategy, given that analytics and keeping a growing company under control require advanced solutions. AutoWallis Group has a group-level data warehouse and business intelligence system in place that allows for the analysis and comparison of the financial, sales, aftersales and other data of all of its member firms. As a result, the Group's management was able to automate and significantly expand the content of its previous Excel-based monthly reporting system. A common financial and operational controlling structure with a common definition (one that relies on raw data and is updated daily) was developed using an automated data connection based on the general ledger and subledger systems. A benefit of the system is that automation significantly reduces the operational workload of staff since they no longer need to deal with the task of producing repetitive standard reports. The system is capable of handling enormous volumes of data, which makes performing complex analyses very easy. An additional benefit is that the system is "self-service BI", meaning that staff are able to produce their own reports as well (depending on their permissions) and so the workload of the entire controlling department can be reduced. The related internal training courses are in progress within the Group.

<https://www.autowallis.hu/hu/rolunk/vezeto-testuletek>

The rules pertaining to the appointment and removal of senior executives and members of the supervisory bodies and the amendment of the Statutes are included in the Company's Statutes. Changes in personnel during the current period are presented in the following chapters.

Board of Directors

The Company is managed by a Board of Directors consisting of six members. The Board of Directors elects the Chairman of the Board of Directors from its members itself. The Board of Directors is responsible for any decisions or actions which are not in the exclusive competence of the General Meeting or any other body or person on the basis of a provision of the Civil Code of Hungary (hereinafter: Civil Code) or the Statutes. The Board of Directors develops and manages the Company's work organisation,

outlines the Company's business activities and ensures that the business activities are profitable. The employer's rights with respect to the Company's employees are exercised by the Chairman of the Board of Directors and the Chief Executive Officer. The employer's rights with respect to the senior executives of the Company's subsidiaries are exercised by the member of the Board of Directors who acts as the Chief Executive Officer.

Body ¹	Name	Position	Start of assignment	End/termination of assignment
BoD	Zsolt Müllner	Chairman of the BoD	17/12/2018	
BoD	Gábor Ormosy	Member of the BoD	30/04/2019	
BoD	Gábor Székely	Member of the BoD	17/12/2018	
BoD	Andrew John Prest	Member of the BoD	17/12/2018	
BoD	Péter Antal	Member of the BoD	17/12/2018	
BoD	Gábor Dévai	Member of the BoD	30/04/2020	

Supervisory Board and Audit Committee

The Company has a Supervisory Board consisting of five members elected by the General Meeting. The Company has an Audit Committee consisting of at least three members

who are selected from the independent members of the Supervisory Board.

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

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

Green Committee

In order to ensure that the funds raised are used in line with the commitments and that green aspects are also taken into account when adopting investment decisions, AutoWallis has set up a Green Committee. The body (whose

members are Beatrix Szabó, Sustainability and EHS Director at ALTEO Nyrt., and three members of the Board of Directors of AutoWallis, namely Andrew John Prest, Péter Antal and Gábor Székely) prepares a report on the fulfillment of

the commitments each year. The current report
is available at:
<https://bet.hu/newkibdata/128760995/AutoWal>

[lis_allocation%20and%20impact%20report_2022
_final-AW06.pdf](#).

AutoWallis Group and the going concern principle

AutoWallis Group has prepared business plans for the year 2022 and the strategic period thereafter. The Company's management determined that the Company qualifies as a going concern. With these in mind, the management confirmed that the Group's reserves of cash equivalents are sufficient and its business prospects are stable and, as a result, the Group is able to continue as a going concern.

AutoWallis Group continues to monitor the situation with the COVID-19 pandemic and, if required, will implement measures similar to those in previous waves in order to maintain the financial strength of the Group.

The management examined the impact of the war between Russia and the Ukraine on the Company's business and informed its investors

in its disclosure dated 3 March 2022. Accordingly, the Company is of the opinion that it does not have any direct short-term exposures in this regard and that the war has no direct and immediate short-term implications for the Company's financial position and thus its financial statements.

The developing crisis and the sanctions may have indirect long-term economic effects (shortage of raw materials and parts in car manufacturing, inflationary effects, financing difficulties, rise in interest rates, etc.) which could affect the Company, the crippled Ukrainian business sector (including automotive plants) and the region's population, thereby potentially exerting an indirect impact on the operation and business of AutoWallis. The Company is continuously monitoring the situation.

SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

Sustainability

Obtaining an ESG certification is a particularly important strategic goal for the Company. The Company's commitment to this initiative is strengthened by the expectations of and feedback from the Company's staff, investors and clients. To that end, the Company continuously optimises its operation, processes and organisation to ensure that this environmental, social and economic responsibility is reflected in its day-to-day operations. AutoWallis Group took the next step towards obtaining an ESG certification as Gábor Székely, Director of Investor Relations, will act as the Company's leader responsible for ESG readiness while retaining his current position. Listed in the Premium category of the Budapest Stock Exchange (BSE), the Company is

the Group's newest dealerships and service centres in Budapest and Ljubljana and Sixt's service centre in Vecsés, and the establishments were constructed with these requirements in mind. One of the Company's key objectives is to issue an ESG report on its operation in 2023 and to obtain an ESG certification by 2024 at the latest.

AutoWallis Nyrt. was the first enterprise listed in the Premium category of the Budapest Stock Exchange (BÉT) to have developed and approved a Green Finance Framework. The amount received from the green bonds will be used by AutoWallis Group in line with the principles laid down in the framework, which included commitments to develop e-mobility, including adding new charging stations, installing fast



increasing its focus on sustainability in its day-to-day operation as well, in addition to appointing an ESG director. The Company engaged Deloitte to prepare an ESG report and to assist in developing a roadmap containing actions necessary for obtaining an ESG certification as soon as possible. In its investment projects, the Group already pays special attention to the sustainability of its operation. The most recent example of these efforts is that environmental aspects were taken into account when designing

chargers, and increasing the number of electric or hybrid vehicles in its own fleet as well as in its rental fleet. The Group does not finance operations which could cause environmental damage or are associated with the supply of goods or services that are ethically or morally unacceptable or their manufacturing process is objectionable.

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

Environmental protection

Activities which are hazardous or harmful to the environment are carried out by AutoWallis Group only to a limited extent, and AutoWallis Group is dedicated to environmental protection. The hazardous materials and waste generated in the course of its operation (spent oil, oil filters, air filters, paint and paint thinner, paint-soaked paper, batteries, tyres, windscreens, brake and clutch parts and plastic parts) are removed by its contractual partners. The Group places great emphasis on environmental protection (compliance with the applicable regulations and standards) in its vehicle repair shops. The operation of our production plants is assisted by contracted environmental advisors and safety advisors for the transportation of dangerous goods. Neither the Company nor any subsidiaries incurred any environmental liabilities in 2021.

The Company lays great emphasis on monitoring changes to environmental regulations and maintaining up-to-date records of its plants with respect to waste management, air quality protection and ADR (transportation of dangerous goods). Waste generated at the plants is stored separately in the designated packaging materials

(depending on the type of waste) and is handed over to contracted partners who possess official permits for the transportation/disposal of the given waste fraction.

Waste processing companies determine the precise weight of the waste (using scales) at their own sites and issue so-called weight notes to confirm such weights. We submit cumulative reports on weight notes for each waste fraction to the Environmental Authority on an annual basis. After being verified by the authority, the information provided in these reports is stored in the Electronic Waste Information System Module (EHIR) of the National Environmental Information System (OKIR) operated by the Ministry of Agriculture.

In addition, the Company has also been engaged in green investments that result in additional energy savings at the Group's current properties and is taking steps to increase, as much as possible, the percentage of renewable energy within the total energy it uses and generates in the course of its operations.

SOCIAL AND EMPLOYMENT MATTERS AND HUMAN RIGHTS

The employment policy of AutoWallis

Similarly to previous years, the focus of the employment policy of AutoWallis for 2022 remains the same as before, placing emphasis on human resource management to keep up with business growth, and on secure employment, careful selection, competitive salaries and workforce development. The employment policy adopted in the current year continues to be greatly affected by the lack of qualified workforce.

The measures implemented in 2021 in order to consolidate the employment practices of member firms have continued in 2022 as well. The Group is currently considering the consolidation and centralisation of labour administration and payroll.

Both conventional and new approaches are still adopted by the Group to improve the effectiveness of the selection process, similarly

to how we apply both tried and tested and new techniques in workforce development, including internal and external training.

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

For the first time in its history, the Group carried out an employee engagement survey covering all of its member firms in February 2022 using the methodology developed by Kincentric. Based on this survey and following an analysis of the results, member firms began developing local action plans in order to ensure that not only the member firm in question, but also the Group as a

whole becomes an even better workplace for its staff.

Wallis Asset Management Zrt., the majority owner of AutoWallis Nyrt., launched an ESO program for the management of AutoWallis Nyrt. and its subsidiaries after the balance sheet date of the semi-annual financial statements for 2019,

Presentation of the diversity policy and its results

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

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

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

on the basis of which the ESO organisation was founded in September 2019. Following a redesign in 2021, AutoWallis Nyrt. expanded the program to key managers of the Group and implemented the changes in 2022.

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

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

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

Social and employment matters and respecting human rights

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

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

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

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

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

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

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

The employer informs employees about any facts, information, circumstances or any

changes thereto which are relevant to the establishment of the employment relationship, the exercising of rights and performance of obligations.

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

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

ESG principles are seemingly difficult for a car dealership and mobility service provider to implement. Despite this, management adopts an environmentally conscious growth strategy, is committed to sustainable operations and opts mostly for green investments and financing. A goal for the medium term is to obtain an ESG certification.

The Corporate Governance Report describes the Group's governance practices, touching on

matters involving business ethics, the transparent operation of the entity, financial planning and execution, the mechanisms of controlling the entity's operation, as well as corporate social responsibility principles and procedures.

There were no reports or incidents concerning human rights, corruption or bribery during the financial year.

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

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

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

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

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

RISKS AND RISK MANAGEMENT

Key resources

- AutoWallis Group owns a stable portfolio of automotive operations developed over the past 30 years which is able to generate cash despite the downturn caused by COVID-19.
- AutoWallis Group works with stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, OPEL, KIA, Saab, SsangYong, Dacia, Nissan, Peugeot, Renault, Suzuki, Toyota and, in terms of services, Sixt.
- Supported by the 30 years of experience and capabilities of Wallis Group, the ultimate owner of AutoWallis⁵, AutoWallis Group is capable of acquiring new brands and expanding into new markets, as well as undertaking new mobility-related activities, either through acquisitions or by founding new companies and developing existing ones.
- The objective of AutoWallis Group is to adapt to technological changes and to the shift in customer demand in the automotive industry (currently one of the most prominent industry segments in the European Union) in a flexible manner, while adopting a conservative investment policy.
- By using a portfolio-based approach, AutoWallis Group is able to mitigate the cyclical nature of the automotive industry though the combination of various activities that react differently to changes in the market and through diversification.
- The transformation of the mobility industry, including advances in electric cars, the introduction of self-driving vehicles, the spreading of car sharing and the appearance of other needs and services in mobility, presents not only risks, but also further opportunities for growth.
- Rational retail and distribution portfolio size and volume-efficient business operations.
- Coordinated financing and revenue structure.
- The operation of AutoWallis Group is cost-efficient.

Key risks

The key risks faced by AutoWallis Group and the related changes and uncertainties are as follows:⁶

- The COVID-19 pandemic, which emerged from Wuhan in the Chinese province of Hubei in December 2019, has had a significant impact on the automotive industry in China as a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) and its more recent waves have had a temporary adverse impact on demand and have affected the supply chain as well. Similarly to the entire corporate sector, the implications of the measures introduced to combat the new waves of COVID-19 may continue to affect not only car manufacturers, but also other entities in the value chain. The COVID-19 pandemic had a moderate impact on the Group in 2021, and we haven't identified any material risks in this regard in 2022 up to the date of this report. However, the Group is exposed to the effects of new variants of the virus or other similar

⁵ Shareholders of the Company with a share greater than 5% as at 30 June 2022: Wallis Asset Management Zrt. (57.55%), Kárpát-medencei Vállalkozásfejlesztési és Kockázati Tőkealap (7.05%).

⁶ Please note that this part of the report should be read in conjunction with the relevant sections of the Prospectus issued in connection with the public offering of shares referenced in this report, as well as the consolidated annual financial statements of AutoWallis Group and the notes to the financial statements included in the annual report for 2021.

epidemics, as are other players in the industry and the economy.

- The operation, financing and profitability of AutoWallis Group are indirectly or directly related to the economic processes of Hungary and the countries where the Company's subsidiaries operate. In the event of adverse changes in the macroeconomic position of Hungary and the rest of the countries concerned, or if inflation rises permanently, the growth rate declines and the external and internal balances deteriorate, AutoWallis Group will be unable to escape the effects of any unfavourable economic processes.
- In preparing projections and business plans for the Group, we assumed a stable political environment in the region where the Group operates and in their environment. Adverse changes in this regard may have an unexpected impact on actual performance. The war between Russia and the Ukraine did not affect the Group directly in this respect.
- The success of the Company's operation depends greatly on the production levels of the manufacturers of the car brands distributed by the Company. As a result, adverse effects on the production levels of manufacturers (e.g. shortage of raw materials) also have an indirect effect on the Company's operations.
- Although AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its projects, delays or failure in the case of certain projects cannot be completely avoided. In addition, the complexity and organisational restructuring brought about by exceptional growth also result in additional responsibilities in terms of management control and strategic governance.
- The sales of a considerable part of the Group's activities (including the vast majority of the Retail & Services Business Unit and an increasing percentage of the Distribution Business Unit) are generated in Hungarian forints (HUF), and the majority of its expenses, projects and financing are also denominated in forints. However, in the case of distribution, a significant portion of sales (more than 50% in certain periods) is denominated in euros and a smaller part in other currencies (e.g. Czech koruna), and the major currency used in procurement in the distribution business is the euro. Although the management of AutoWallis Group strives to avoid exchange rate risks by implementing various approaches (strengthening natural hedges, pricing rules, hedging transactions, etc.), foreign exchange risk cannot be eliminated entirely (at a reasonable cost), and unforeseen and atypical changes in exchange rates could render any planned hedging transactions insufficient.
- The automotive industry has always been characterised by innovation and ongoing technological development, but during the recent decade, it has undergone radical change due to the environmental regulations becoming more stringent, the technological development of alternative drivetrains, and the widespread adoption of mobile broadband, and the key drivers of this change include electrification and IT development (self-driving and other areas of software development) which could create new mobility solutions in the future. Such technological advancements and industry developments can significantly affect how the automotive industry operates. Technological development doesn't merely transform the areas where AutoWallis Group is present: in some cases, it may even cause certain areas to disappear entirely or may substantially reduce their significance.
- Losing key staff or difficulties in replacing them could negatively impact the business of AutoWallis.
- The dynamic growth in salaries, the shortage of workforce and any deficiencies of the education and training system in the countries where AutoWallis Group is present (especially in Hungary) may have an adverse impact on the operation of AutoWallis Group.
- AutoWallis Group intends to implement its business plans partly through its existing business operations and/or by carrying out new development and construction projects and company acquisitions. Although each transaction is preceded by careful planning, there may be unavoidable events relating to the target companies when completing an acquisition which may have a negative impact on the business operations and profitability of AutoWallis Group.

- SsangYong Motor Company is still undergoing a reorganisation process. The management of AutoWallis continues to have faith in this brand and is still distributing cars of this brand with growing success, though with increased caution and international commercial guarantees, and sales are currently rising.
- Stellantis, a company comprising 14 car brands, terminated all dealership contracts within the EU (for retail) in Q2 2021, primarily due to regulatory changes in the industry. This decision also affects AutoWallis' own (Opel) dealerships, but the Group considers this termination to be only a technical issue in terms of its operation. The decision does not affect AutoWallis' 5-year import contracts (for distribution) concluded in 2020.
- The conflict between Russia and the Ukraine that began during the spring of 2022 does not have a direct short-term impact on the Group's operation as the Group is not present in these markets and the Group is diversified in terms of both its areas of operation and the

positioning of the brands it distributes. However, there may be indirect short-term effects, including:

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

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

Risk management

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

In addition to the requirements of the Group's governance system, the management continuously monitors and discusses any signs of risks, their probability and the associated exposure at its regular monthly business reviews and decides on any necessary steps to be taken.

This is also aided by the BI system described in the section on corporate governance through the collection and processing of data. In doing so, the financial risks incurred during the course of operation, amongst others, are analysed by the Company both systematically and by business. The risks analysed include market risks (foreign exchange risk, fair value risk, interest rate risk and price risk), credit risk, payment risk and cash flow risk. The Group's intention is to minimise the potential effect of these risks. The Group is not involved in financial arrangements serving speculative purposes.

COMPANY STRUCTURE AND SITES

Registered offices and sites of AutoWallis Group

- AutoWallis Nyilvánosan Működő Részvénytársaság, registered office: 1055 Budapest, Honvéd utca 20.
 - WAE Autóforgalmazási és Szolgáltató Kft.: Registered office: 2040 Budaörs, Szabadság utca 117.
 - WAE CEE Kft.: Registered office: 2040 Budaörs, Szabadság utca 117.
 - WAE Hun Kft.: Registered office: 2040 Budaörs, Szabadság utca 117.
 - WAE S d.o.o.: Registered office: Leskoškova cesta 9E, 1000 Ljubljana
 - WAE C d.o.o.: Registered office: 10020 Zagreb, Ulica Damira Tomljanovića – Gavrana 15.
 - Wallis Adria d.o.o.: Registered office: 10020 Zagreb, Ulica Damira Tomljanovića – Gavrana 11.
 - Wallis British Motors Kft.: Registered office: 1044 Budapest, Váci út 76-80.
 - Wallis Motor Duna Autókereskedelmi Kft.: Registered office: 1097 Budapest, Könyves Kálmán krt. 5.
 - Wallis Motor Pest Autókereskedelmi Kft.:
 - Registered office: 1138 Budapest, Váci út 175.
 - sites: 1140 Budapest, Hungária krt. 95.; 1143 Budapest, Francia út 38.
 - Wallis Autókölcsonzó Kereskedelmi és Szolgáltató Kft.: Registered office: 1138 Budapest, Váci út 141.,
site: 1033 Budapest, Kórház utca 6-12.
 - Inicial Autóház Kft. and ICL Kft.:
 - Registered office: 9028 Győr, Külső Veszprémi utca 6.;
 - sites: 9400 Sopron, Balfi út 162.; 9700 Szombathely, Vásártér u. 3.; 9200 Mosonmagyaróvár, Szekeres Richárd u. 17.
 - Wallis Kerepesi Kft.: Registered office: 1106 Budapest, Kerepesi út 85.
 - K85 Kft.: Registered office: 1106 Budapest, Kerepesi út 85.
 - Wallis Motor Ljubljana d.o.o.: Registered office: Celovška cesta 182, 1000 Ljubljana
 - VCT78 Ingatlanhasznosító Kft.: Registered office: 1055 Budapest, Honvéd utca 20.
 - AW Csoport Szolgáltató Kft.: Registered office: 1055 Budapest, Honvéd utca 20.
 - DALP Kft.; Registered office: 1055 Budapest, Honvéd utca 20.
 - AW Property Kft.; Registered office: 1055 Budapest, Honvéd utca 20.
 - AVTO AKTIV SLO d.o.o.; Registered office: Celovška cesta 182, 1000 Ljubljana, Slovenia
- Sites:
- AUTO AKTIV, KRANJ, Mirka Vadnova 2a, SI-4000 Kranj, Slovenia
 - AUTO ACTIVE, KOPER, Ankaranska cesta 12, SI-6000 Koper, Slovenia
 - AUTO AKTIV, TRZIN, Ljubljanska cesta 24, 1236 Trzin, Slovenia

AUTO AKTIV, NOVA GORICA, Industrijska cesta 9, 5102 Nova Gorica, Slovenia

AUTO AKTIV, BTC CITY LJUBLJANA, Latinski trg 5, SI-1000 Ljubljana, Slovenia

- AAI PROPERTIES d.o.o.; Registered office: Celovška cesta 182, 1000 Ljubljana, Slovenia
- AutoWallis Caetano Holding Zrt.; Registered office: 1055 Budapest, Honvéd utca 20.

REGISTERED CAPITAL OF THE COMPANY AND INFORMATION ON SHARES

Share capital and shares of the Company

The Company's registered capital is made up exclusively of series "C" shares listed on the Budapest Stock Exchange (i.e. a regulated market). The number and total nominal value of these shares as at 30 June 2022 are as follows:

Series of shares	Nominal value (HUF/unit)	Number of units	Total nominal value (HUF)
Series "C" (ordinary shares)	HUF 12.50	425,183,765 units	HUF 5,314,797,062.50
Total share capital:			HUF 5,314,797,062.50

On 27 May 2022, the Company's Board of Directors resolved to increase the Company's capital by way of in-kind contribution. For this purpose, the EUR 4.4 million valuation for C182 Razvoj Nepremičnin Ljubljana d.o.o. (C 182), an entity that exclusively owns Slovenian properties, was determined by an independent appraiser and the amount was settled by AutoWallis in full using new shares created as part of the capital increase. The issue value of the 17.1 million shares to be newly issued as part of the in-kind contribution is the average stock price for 30 calendar days, i.e. HUF 101.18. The new shares will be acquired by Milton-Property Kft., the entity performing the in-kind contribution involving C182 and owned by Wallis Asset Management Zrt. (the ultimate owner of AutoWallis), and Milton-Property Kft. has agreed to a lock-up period of one year with respect to such new shares.

Neither the registration of the capital increase by the registry court nor the creation and listing of the resulting shares took place before the reporting date of this management report. These will occur during Q3.

Information on shares

Share type	Ordinary share
Type of security	Registered
Method of creation	Dematerialised
Identifier (ISIN)	HU0000164504
Ticker	AUTOWALLIS
Nominal value of the security	HUF 12.5
Number of securities listed (units)	425,183,765
Total nominal value	HUF 5,314,797,062.50
Right to dividends	Full year
Date of listing	25 June 2013
First trading day	25 June 2013
Stock exchange category	Premium

Investors with a significant share

The following table lists the shareholders of the Company with a share greater than 5% as at 30 June 2022 for the listed series:

Name	Name of security (ISIN code)	Custodian (yes/no)	Number (units)	% held
Wallis Asset Management Zrt.	HU0000164504	no	244,713,295 units	57.55%
Széchenyi Alapok Kockázati Tőkealap ¹	HU0000164504	no	29,961,025 units	7.05%
Total:			274,674,320 units	64.60%

¹ legal successor of *Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap*

Rights and obligations relating to shares

The Company's shareholders are entitled to the membership rights and monetary rights set out in the statutory regulations and the Company's Statutes on the basis of their dematerialised registered shares.

The Company's shares represent voting rights, the voting power of which depends on the nominal value of each share. Shares of the same nominal value represent equal voting rights.

The shares are freely transferable, subject to the provisions of the Company's Statutes, and the transfer of the shares issued by the Company is not limited by the deed of foundation (Statutes). Dematerialised shares are transferred by having them credited to and removed from the relevant securities accounts.

Transfers of registered shares are effective and shareholders may exercise their shareholder's rights against the Company only if the shareholder (i.e. the party that acquires the share) is registered in the share register. Deleted information must also be identifiable in the share register. Shareholders may access the share register and may request a copy of the section of the share register that is relevant to the shareholder in question from the Board of Directors (or the representative of the Board of Directors).

Shareholders are entitled to a proportionate part of the profits of the Company (dividend) which is distributable and approved for distribution by the

General Meeting under Section 3:261 (1) of the Civil Code based on the nominal value of their shares. Dividends may also be paid by the Company in the form of in-kind benefits or as a combination of monetary and in-kind benefits. Shareholders are entitled to dividends if they are listed in the share register at the time of the General Meeting that decides on dividend payment. Shareholders are only entitled to dividends in proportion to their cash contribution already paid.

Having regard to the fact that the Company's ordinary shares are listed on the Budapest Stock Exchange, the final amount of the dividend must be disclosed no later than two trading days before the ex-coupon date (as defined in the Regulations for Listing, Continued Trading and Disclosure of Budapesti Értéktőzsde Zrt.) under the Regulations for Listing, Continued Trading and Disclosure. The earliest permitted ex-coupon date is the third trading day following the date of the General Meeting (or, in the case of a dividend advance, the meeting of the Board of Directors) that determines the amount of the coupon.

The Board of Directors must provide the required information on matters listed in the agenda of the General Meeting to shareholders submitting a written request at least eight days before the date of the General Meeting. Such information must be provided no later than three days before the date of the General Meeting. The Board of Directors may refuse to provide such information

only if the Board of Directors is of the opinion that doing so would reveal trade secrets of the Company. Providing information is mandatory even in such cases if a resolution adopted by the General Meeting requires the Board of Directors to do so. The provision of information that does not contain any trade secrets may not be limited. However, shareholders may not access the Company's business records or other business-related documents.

Shareholders may exercise their shareholder's rights via a representative as well. Such power of attorney is valid until the next ordinary General Meeting or extraordinary General Meeting is

adjourned. Auditors may not be granted a power of attorney.

The Company's Board of Directors (or its representative) keeps a share register that lists shareholders possessing registered shares and shareholder proxies by share type, in which the name (company name) and home address (registered office) of each shareholder and shareholder proxy, the series, number and nominal value of the shares owned by each shareholder, the ownership percentage of the shareholder and the date of registration are recorded.

Information on the issue of shares and the purchase of treasury shares

The General Meeting issued Resolution No. 11/2022. (IV.29.) to authorise the Board of Directors to purchase treasury shares as follows:

- a) Type of shares that may be acquired: ordinary shares.
- b) Number of shares that may be acquired: the total number of the shares issued in the particular series, not exceeding 25% of the share capital.
- c) Face value of the shares that may be acquired: HUF 12.5.
- d) The lowest amount of consideration in case of a purchase: a price that is 20% lower than the closing price on the trading day preceding the transaction.
- e) The highest amount of consideration in case of a purchase: a price that is 25% higher than the closing price on the trading day preceding the transaction.

The General Meeting issued Resolution No. 12/2022. (IV.29.) to authorise the Board of Directors to purchase treasury shares as follows:

- The highest amount to which the Board of Directors may increase the share capital of the Company: HUF 10,000,000,000, i.e. ten billion forints.
- The share capital of the Company may be increased by issuing new ordinary shares

and/or any type of preferential shares and/or convertible bonds and/or mandatory convertibles and/or any combination thereof.

- The Board of Directors is also authorised to limit or exclude pre-emptive subscription rights granted under the Civil Code or the Statutes.
- The new ordinary shares to be issued during the capital increase must be admitted to trading on the stock exchange by the Board of Directors.
- Period available for the capital increase: 5 (five) years from the day following the date of the Company's General Meeting on 29 April 2022.
- This authorisation to increase the share capital is renewable and applies to all cases and methods of share capital increase and any combination thereof, and may be exercised several times during the above period.
- On the basis of the authorisation to increase the share capital, the Board of Directors also decides on matters relating to capital increase which are otherwise among the responsibilities of the general meeting under the Civil Code or the Statutes.

OTHER

Research and experimental development

AutoWallis Group is not involved and does not intend to be involved in research and development activities.

Material information

All material information which could materially impact operations outside of the normal course of business was published by the Board of Directors at the places where the documents of AutoWallis

Nyrt. are published. The management is not aware of any agreements to indemnify members of the management or employees.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim Condensed Consolidated Financial Statements

of

AutoWallis

Nyilvánosan Működő Részvénytársaság and its subsidiaries

for the semi-annual period ended 30 June 2022

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

Explanation of the abbreviations used in the financial statements:

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

Figures in parentheses in the financial statements denote negative numbers.

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

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I. Interim condensed consolidated financial statements

1. Condensed Consolidated Statement of Comprehensive Income

Item	Note	2022H1	2021H1
Revenue	III. 1)	131,045,612	97,651,046
Own performance capitalised		17,670	12,703
Materials		(2,446,627)	(1,789,722)
Services	III. 2)	(6,266,271)	(4,014,929)
Cost of goods sold		(111,106,962)	(85,630,998)
Personal expenses		(4,730,120)	(3,235,554)
Depreciation and amortisation		(1,631,046)	(1,430,022)
Profit or loss from trading		4,882,256	1,562,524
Other income (expenses)		317,508	118,079
Impairment of non-financial assets		15,389	(18,505)
Operating profit		5,215,153	1,662,098
Interest income		272,843	9,340
Interest expenses <i>less interest expenses of lease liabilities</i>		(504,092)	(222,372)
Interest expenses of lease liabilities		(123,517)	(98,568)
Foreign exchange gains or losses, net		330	285,768
Other financial gains or losses, net		2,564	4,009
Expected credit loss of financial instruments		(13,709)	(10,825)
Proceeds on disposal of equity instruments		0	239
Fair value gain/loss on derivatives		(7,462)	(78,937)
Financial gains or losses		(373,043)	(111,346)
Share of profits of associates and joint ventures		0	0
Profit before tax		4,842,110	1,550,752
Income tax expenses	III. 3)	(759,391)	(351,324)
Net profit		4,082,719	1,199,428
Net profit attributable to owners of the parent		3,884,824	1,137,314
Net profit attributable to non-controlling interests		197,895	62,113
<i>Other comprehensive income which may be recognised in profit or loss in subsequent periods:</i>			
Retranslation of subsidiaries		461,505	(6,474)
Other comprehensive income, net of related tax effects		461,505	(6,474)
Total comprehensive income		4,544,224	1,192,954
<i>Total comprehensive income attributable to owners of the parent</i>		4,346,329	1,130,840
<i>Total comprehensive income attributable to non-controlling interests</i>		197,895	62,113
Basic EPS (HUF/share)		9.14	3.52
Diluted EPS (HUF/share)		9.14	3.52

EBITDA	III. 4)	6,901,239	3,181,210
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2. Condensed Consolidated Statement of Financial Position (Balance sheet)

Item	Note	30/06/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment	IV. 1)	16,720,011	13,377,526
Leased vehicles	IV. 1)	3,694,133	2,827,578
Right-of-use assets		5,161,725	4,593,643
Goodwill	IV. 2)	934,883	898,738
Other intangible assets		2,721,957	3,047,330
Investments in associates and joint ventures		1,850,000	0
Deferred tax assets		151,127	67,985
Net investments in leases (long-term part)		401,263	288,975
Investments in equity instruments		2,200	2,200
Investments in debt instruments		0	0
Non-current assets		31,637,299	25,103,975
Current assets			
Goods	IV. 3)	36,982,056	24,127,997
Other inventories		153,321	111,708
Accounts receivable		11,469,039	5,179,198
Income tax receivables		62,528	48,512
Net investments in leases (short-term part)		629,662	425,386
Loan receivables (short-term part)		29	0
Prepayments		3,543,092	3,149,567
Other receivables		9,537,788	5,450,965
Other financial assets		116,754	70,264
Cash and cash equivalents		19,199,786	24,698,967
Current assets		81,694,055	63,262,564
Assets held for sale		0	610,000
Assets total		113,331,354	88,976,539

Item	Note	30/06/2022	31/12/2021
Equity and liabilities			
Registered capital (of the legal parent company)		5,314,797	5,314,797
Share premium		13,680,790	13,680,790
Share-based payment reserve		369,522	288,266
Treasury shares		(567,954)	(567,954)
Accumulated translation adjustment		483,581	22,076
Retained earnings		8,378,364	4,493,540
Equity attributable to owners of the parent		27,659,100	23,231,515
Non-controlling interest		1,058,050	1,040,155
Equity total		28,717,150	24,271,670
Long-term liabilities (interest-bearing)			
Long-term debentures		9,594,338	9,546,913
Long-term loans		2,630,931	2,359,665
Long-term lease liabilities		4,934,079	4,714,662
Long-term liabilities (non-interest-bearing)			
Deferred tax liabilities		188,182	178,299
Provisions		76,082	77,206
Other long-term liabilities (non-interest bearing)		380,905	451,012
Long-term liabilities		17,804,517	17,327,757
Short-term liabilities (interest-bearing)			
Short-term loans		1,091,599	252,822
Inventory financing loans		2,083,479	1,990,875
Short-term lease liabilities		2,317,288	1,867,247
Liabilities from reverse factoring (interest-bearing)		7,599,738	5,766,791
Other short-term liabilities (interest-bearing)		749,137	744,260
Short-term liabilities (non-interest-bearing)			
Advance payment received from customers		9,730,873	6,651,132
Accounts payable		19,776,845	15,253,308
Liabilities from reverse factoring (non-interest bearing)		6,243,755	3,080,509
Income tax liability		756,926	554,822
Other tax and contribution liabilities		2,763,560	1,962,639
Provisions		126,284	121,864
Accruals		5,499,071	2,158,163
Other short-term liabilities (non-interest bearing)		8,071,132	6,922,680
Short-term liabilities		66,809,687	47,327,112
Liabilities related to assets held for sale			50,000
Liabilities		84,614,204	64,704,869
Equity and liabilities		113,331,354	88,976,539

3. Consolidated Statement of Changes in Equity

Item	Note	Equity attributable to owners of the parent							Non-controlling interest	Total equity
		Registered capital (of the legal parent company)	Share premium	Share-based payment reserve	Historical cost of treasury shares	Accumulated translation adjustment	Retained earnings	Total		
Restated at 31 December 2020		4,053,921	3,363,760	252,423	(1,301,678)	40,303	1,256,667	7,665,396	1,065,678	8,731,074
Comprehensive income for 2021H1						(6,474)	1,137,314	1,130,840	62,113	1,192,953
Share-based payments (including adjustment for the current year)				94,961	502,978		(502,978)	94,961		94,961
Disposal of treasury shares					733,724			733,724		733,724
Capital increase		192,500	1,549,978					1,742,478		1,742,478
Distribution to non-controlling interests								0	(168,000)	(168,000)
At 30 June 2021		4,246,421	4,913,738	347,384	(64,976)	33,829	1,891,003	11,367,399	959,791	12,327,190
Comprehensive income for 2021H2						(11,753)	1,962,328	1,950,575	80,364	2,030,939
Share-based payments (including adjustment for the current year)				(59,118)	(502,978)		640,209	78,113		78,113
Disposal of treasury shares					0			0		0
Capital increase		1,068,376	8,756,327					9,824,703		9,824,703
Changes in the fair value of stock options			10,725					10,725		10,725
At 31 December 2021		5,314,797	13,680,790	288,266	(567,954)	22,076	4,493,540	23,231,515	1,040,155	24,271,670
Comprehensive income for 2022H1						461,505	3,884,824	4,346,329	197,895	4,544,224
Dividends								0		
Share-based payments				81,256				81,256		81,256
Distribution to non-controlling interests								0	(180,000)	(180,000)
At 30 June 2022		5,314,797	13,680,790	369,522	(567,954)	483,581	8,378,364	27,659,100	1,058,050	28,717,150

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

Data in HUF ths

4. Condensed Consolidated Statement of Cash Flows

Item	Note	2022H1	2021H1 restated
Profit before tax		4,842,110	1,550,752
Interest income		(272,843)	(9,340)
Interest expenses		627,610	320,940
Foreign exchange difference of cash and cash equivalents		263,698	56,507
Depreciation		1,631,046	1,430,022
Impact of impairment and expected credit loss		(8,479)	44,283
Provisions made, released and cancelled		3,299	211,941
Other items not involving cash flows		(910,662)	(272,947)
Gain or loss on disposal of non-current assets		(18,686)	(49,770)
Net cash from operating activities before movements in working capital		6,157,093	3,282,388
Changes in inventories		(12,058,592)	(672,950)
Adjustment due to reverse factoring		71,556,452	56,917,311
Changes in accounts receivable		(6,294,185)	(2,859,457)
Changes in other receivables		(4,645,287)	(10,021,557)
Changes in derivatives related to forward contracts		(46,520)	61,246
Changes in advance payment received from customers		3,079,741	731,361
Changes in accounts payable		4,523,537	384,875
Changes in other short-term liabilities		5,016,976	5,216,761
Changes in net working capital		61,132,122	49,757,590
Cash inflow from interest received		234,575	8,004
Cash outflow from interest paid		(424,412)	(300,061)
Income taxes paid		(644,563)	(235,032)
Net cash from operating activities		66,454,815	52,512,889
Purchases of property, plant and other equipment and intangible assets		(6,639,571)	(1,298,752)
Proceeds from disposal of property, plant and other equipment and intangible assets		1,397,696	869,507
Acquisition of subsidiary, net of cash acquired		0	39,726
Purchases of investments		0	0
Net cash used in investing activities		(5,241,875)	(389,519)
Proceeds from capital increase		1	733,724
Proceeds from the sale of treasury shares		0	0
Distribution to non-controlling interests		(180,000)	(168,000)
Changes in short-term loans and credits and inventory financing loans		936,257	1,580,718
Settlement of liabilities from reverse factoring		(66,560,259)	(49,352,191)
Proceeds from loans and borrowings		1,910,622	1,290,784
Repayment of loans and borrowings		(1,591,932)	(3,345,347)
Repayment of lease liabilities		(959,480)	(1,051,466)
Net cash from/(used in) financing activities		(66,444,791)	(50,311,778)
Expected impairment of cash and cash equivalents		(3,635)	(945)
Foreign exchange difference of cash and cash equivalents		(263,698)	(56,507)
(Decrease)/increase in cash and cash equivalents		(5,499,184)	1,754,140
Opening balance of cash and cash equivalents		24,698,967	5,076,070
Closing balance of cash and cash equivalents		19,199,786	6,830,210

II. Notes to the condensed consolidated financial statements

1. Basis for the preparation of the financial statements

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. As a result, they do not contain all of the information presented in the year-end financial statements prepared in accordance with IAS 1 Presentation of Financial Statements. These interim financial statements should be read in conjunction with the financial statements for the financial year ended 31 December 2021 (hereinafter: complete financial statements). The notes necessary for understanding material changes in the Group's financial position and performance since the most recent annual financial statements are presented below.

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

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

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

3. Fair value measurement

The Group currently has two types of assets which must be measured by the Group at fair value in the balance sheet at the end of each period:

- Derivatives related to foreign exchange forward contracts measured at fair value, which are classified as Level 3 fair value measurements. Fair value was determined by the Group using the foreign exchange rate quoted by the institution managing the account. The value of derivatives shown in the balance sheet in the Group's financial statements for the end of the current period was HUF 116,754 ths (other financial assets). On aggregate, derivatives reduced net profit by HUF 7,462 ths in the current period.

Changes in inputs to fair value measurements may directly affect fair value.

- The Group incurred a liability arising from contingent consideration in connection with the acquisition of the Opel business, which must be measured at fair value at the end of each period and the difference must be recognised in net profit. This is a Level 3 fair value measurement. In the Group's financial statements, the liability arising from contingent consideration amounted to HUF 2,161,376 ths at the end of the current period [Other short-term liabilities (non-interest bearing)], and the impact on net profit in the current period was a loss of HUF 151,173 ths arising from foreign exchange translation (no revaluation of the liability was necessary due to changes in fair value for reasons other than changes in foreign exchange rates).

Fair value is determined using the following key inputs which are estimated by the Group itself based on market data and its knowledge of the market:

- number of cars sold;
- revenue generated from the sale of cars.

The contingent consideration is to be determined in euros, which means that its value is affected by the exchange rate as well.

In calculating the contingent consideration, the Group identified various scenarios whose outcomes were weighted using the probabilities of their occurrence. Determining the outcomes of each scenario did not require complex calculations, but changes in inputs to fair value measurements may directly affect fair value, and such effects may even be significant.

According to the Group's estimate, the fair value and carrying value of the Group's financial assets and liabilities which are not measured at fair value do not differ significantly.

4. Material elements of the accounting policy and changes thereto

The accounting policies and standards adopted by the Group when preparing its interim financial statements are identical to those adopted when its financial statements for 31 December 2021 were prepared.

The amendments effective as of 1 January 2022 have had no material impact on the Group's financial statements. These include:

- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16) (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)
- Provisions, Contingent Liabilities and Contingent Assets – Cost of Fulfilling a Contract (Amendments to IAS 37) (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)
- Reference to the Conceptual Framework (Amendments to IFRS 3) (issued on 14 May 2020 and effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022)
- Annual Improvements to IFRSs 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

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

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (the standard and the amendments were issued on 18 May 2017 and 25 June 2020, respectively, and are effective for annual periods beginning on or after 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2) (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

- Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8) (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

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

- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17) (issued on 9 December 2021 and effective on the initial application of IFRS 17)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements) and Classification of Liabilities as Current or Non-Current – Deferral of Effective Date (Amend-ment to IAS 1 Presentation of Financial Statements) (issued on 23 January 2020 and 15 July 2020, respectively, and effective for annual periods beginning on or after 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) (issued on 6 May 2021 and effective for annual periods beginning on or after 1 January 2023)

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

5. Information included in other documents

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

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

The Group has a financing arrangement in place under which the consideration for the inventories acquired is paid to the supplier not by the Group, but by a financing company, typically immediately upon purchase. Legally, under these arrangements, the Group no longer incurs any debt to the supplier and the financing company becomes liable for such debt. The Group settles its debt to the financing company later on (typically when the inventories are sold) in the amount of the original purchase price plus any financing fees charged.

The presentation of these reverse factoring agreements is adjusted by the Group as follows. As the Group enters into such transactions in large volumes, the effects of these transactions were highlighted and presented as liabilities from reverse factoring in the balance sheet of the Group's financial statements for 2021H1. However, the Group further clarified their classification in 2021Q4, and now only items where the financing institution directly pays the seller are recognised as liabilities from reverse factoring.

The Group's financial statements for 2021H1 are also adjusted based on this clarification. Since the comparative period of the interim condensed statement of financial position (balance sheet) under IAS 34 is the reporting date of the previous financial year, the balance sheet is not presented in this document and the impact of the restatement on the balance sheet and the statement of cash flows is presented below, and there is no impact on profit or loss.

Items where payment is made by the Group are included in a separate line item and are presented as inventory financing loans. Reclassifications relating to the previous period amount to HUF 5,060,073 ths. These balances were presented in the report published in 2021 in the line item Reverse factoring. Financing arrangements where the Group's inventories are paid for in the form of open-end leases are presented in the line items Short-term lease liabilities and Long-term lease liabilities. These items were presented in the financial statements for 2021H1 in the line item Reverse factoring. The adjustment results in an increase of HUF 858,564 ths in the balance of short-term lease liabilities and an increase of HUF 4,948 ths in the balance of long-term lease liabilities.

Item	30/06/2021 reported	Reclassifications	30/06/2021 restated
Equity and liabilities			
Long-term lease liabilities	4,509,204	4,948	4,514,152
Short-term liabilities (interest-bearing)			
Short-term loans	718,976	0	718,976
Inventory financing loans		5,060,073	5,060,073
Short-term lease liabilities	1,138,673	858,564	1,997,237
Liabilities from reverse factoring (interest-bearing)	17,876,995	(5,923,586)	11,953,409
Short-term liabilities (non-interest bearing)			
Accounts payable	11,946,601	0	11,946,601
Liabilities from reverse factoring (non-interest bearing)	4,093,400	0	4,093,400
Restated line items total	40,283,848	0	40,283,848

The adjustments presented above resulted in changes in the statement of cash flows as well. The reduction in payments related to reverse factoring increased the amount of net cash from financing activities by HUF 5,739,814 ths, while the amount of net cash from operating activities decreased by the same amount.

Item	30/06/2021 reported	Reclassifications	30/06/2021 restated
Net cash from operating activities	58,252,702	(5,739,813)	52,512,889
Net cash used in investing activities	(389,519)	0	(389,519)
Net cash from/(used in) financing activities	(56,051,592)	5,739,814	(50,311,778)

7. Segment information

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

AUTOWALLIS Nyrtr. and its subsidiaries

Interim condensed consolidated financial statements for the semi-annual period ended 30 June 2022

Data in HUF ths

2022H1:

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

2021H1:

	Distribution segment	Retail and services Segment	Segments total	Adjustment and eliminations	Consolidated figures
Sales revenue					
External sales	54 919 266	42 731 781	97 651 046	0	97 651 046
Intercompany and intersegment sales	7 927 676	2 427 529	10 355 206	(10 355 206)	0
Sales revenue total	62 846 942	45 159 310	108 006 252	10 355 206	97 651 046
Incomes/(expenses)					
Material costs	(36 025)	(2 019 047)	(2 055 072)	265 350	(1 789 722)
Services used	(3 713 353)	(1 696 273)	(5 409 627)	1 394 698	(4 014 929)
Cost of goods sold	(56 179 547)	(38 095 179)	(94 274 726)	8 643 728	(85 630 998)
Personal type expenses	(1 027 357)	(2 208 721)	(3 236 078)	524	(3 235 554)
Depreciation and amortization	(541 761)	(867 256)	(1 409 016)	(21 006)	(1 430 022)
Goodwill impairment	0	0	0	0	0
Share from equity accounted investees	0	0	0	0	0
Interest income	59 112	51 714	110 826	(101 486)	9 340
Interest expense	(134 691)	(144 443)	(279 134)	56 762	(222 372)
Segment profit before tax	1 447 717	683 585	2 131 301	(580 550)	1 550 751
Segment EBITDA	1 621 388	1 618 937	3 240 325	(59 115)	3 181 210
Total Assets	50 739 962	51 141 313	101 881 275	(27 023 054)	74 858 221
Total Liabilities	34 745 116	35 824 116	70 569 233	(8 038 201)	62 531 032
Other presentations					
Investments in associates	0	0	0	0	0
Investments in joint ventures	0	0	0	0	0

III. Notes to the Condensed Consolidated Statement of Comprehensive Income

1) Revenue

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

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

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

Segments	For the period ended 30/06/2022		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	77,967,119	43,527,353	121,494,472
Supply of services	857,518	8,693,622	9,551,140
Total	78,824,637	52,220,975	131,045,612
Breakdown by country			
Hungary	25,484,373	38,140,159	63,624,532
Slovenia	10,748,859	8,707,586	19,456,445
Croatia	18,077,937	251,290	18,329,227
Czech Republic	8,844,882	541,001	9,385,883
Romania	6,144,898	860,376	7,005,274
Other countries	9,523,688	3,720,564	13,244,252
Total	78,824,637	52,220,975	131,045,612

Segments	For the period ended 30/06/2021		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	54,639,266	36,622,276	91,261,542
Supply of services	280,001	6,109,504	6,389,504
Total	54,919,266	42,731,780	97,651,046
Breakdown by country			
Hungary	18,024,446	29,354,492	47,378,938
Croatia	16,157,823	0	16,157,823
Slovenia	6,118,375	2,871,176	8,989,551
Germany	2,571,401	3,180,626	5,752,027
Romania	1,910,704	1,658,503	3,569,206
Other countries	10,136,518	5,666,984	15,803,501
Total	54,919,266	42,731,780	97,651,046

Contract balances and customer balances

The contract balances recognised by the Group include accounts receivable, contract assets and contract liabilities.

Item	30/06/2022	31/12/2021
Accounts receivable	11,469,039	5,179,198
Contract liabilities	9,730,873	6,651,131

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

2) Services

Item	30/06/2022	30/06/2021
Sales, marketing, communication and PR services	2,089,458	1,059,034
- of which: marketing costs	1,840,587	981,354
Various other services	1,977,635	1,401,067
- of which: warehousing costs	201,255	414,479
Shipping costs	952,058	408,924
Accounting, legal and capital market services	369,294	375,552
Bank charges and insurance	475,968	402,341
Rental fees	238,746	238,231
Administrative services	83,424	80,913
Telecommunications services	46,847	37,982
Authority fees	32,841	10,885
Total	6,266,271	4,014,929

The value of services was up by 56% to nearly HUF 6.3 billion from the comparative period, mainly due to the significant increase in marketing and communication costs, as well as the considerable rise in shipping costs caused by the increase in volume and rising prices.

3) Income taxes

The composition of income taxes reported in the consolidated financial statements for 30 June 2022 and 30 June 2021 was as follows:

Item	2022H1	2021H1
Corporate income tax for the current period	455,862	82,019
Local business tax and innovation contribution	376,717	256,956
Deferred tax	(73,188)	12,349
Income tax expense	759,391	351,324

There were no changes effective as of 1 January 2022 in income tax rates that should have been taken into account by the Group.

There were no changes effective as of 1 January 2023 in corporate income tax rates used for the purpose of calculating deferred taxes.

4) EBITDA

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

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

The above method was used to calculate the EBITDA indicator in the previous period as well, whereas these are the first financial statements in which the EBITDA impact of items which never generate any net outflow of cash is eliminated. This adjustment is caused by a single item, namely the EBITDA impact of the ESOP 1 program presented as a restatement in these financial statements.

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

Item	2022H1	2021H1
+ Profit before tax	4,842,110	1,550,753
+ Depreciation	1,631,046	1,430,022
+/- Financial gains or losses	373,043	111,346
+/- EBITDA impact of items which never generate any net outflow of assets	55,040	89,089
EBITDA	6,901,239	3,181,210

IV. Notes to the Condensed Consolidated Statement of Financial Position

1) Property, plant and equipment and leased assets

The Group purchased assets for HUF 6.6 billion in 2022H1, while in 2021H1, the value of purchased assets totalled HUF 1.3 billion. Significant items within purchases for the current period were as follows:

- The acquisition of Avto Aktiv resulted in a HUF 1.8 billion and a HUF 269 million increase in land and buildings and tangible assets, respectively.
- Other investment projects related to land and buildings amount to HUF 300 million.
- Purchases of leased assets and vehicles amount to HUF 2.3 billion.
- Purchases of technical machinery and other equipment amount to HUF 1 billion.

The balance of investment projects as at the reporting date was HUF 1.4 billion (HUF 1.1 billion in the previous year).

2) Goodwill

The value of goodwill increased by HUF 36 million as a result of the acquisition of Avto Aktiv in the current period. The Group tests goodwill for impairment at the end of each reporting period. The Group calculates goodwill impairment using the discounted cash flow model for the cash-generating unit in question (which is relevant to the goodwill) prepared on the basis of an approved business plan relying on the management's knowledge and its current expectations. The Group did not recognise any impairment during the period and did not identify any indicators of impairment. (See note V.7 for the calculation of goodwill.)

3) Goods

The value of goods increased to HUF 36,982 million as at 30 June 2022 (from HUF 24,127 million as at 31 December 2021), with vehicles accounting for HUF 33,629 million (compared to HUF 21,269 million as at 31 December 2021). The rise was caused by the acquisition of Avto Aktiv (HUF 2,128 million), the larger number of vehicles purchased due to the prevailing market conditions, as well as the weakening of the HUF exchange rate. The Group did not recognise any significant impairment during the current period.

V. Other disclosures

4) Disclosure on headcount

The average statistical headcount of the Group was 821 in the current period and 686 in the same period of the previous year.

5) EPS indicator

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

Item	2022H1	2021H1
Profit attributable to owners of the parent (HUF ths)	3,884,824	1,137,314
Average number of shares	425,183,765	322,999,810
EPS (HUF/share)	9.14	3.52
Diluted EPS (HUF/share)	9.14	3.52

6) Seasonality

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

7) Changes in the Group's structure

The acquisition of Avto Aktiv was completed on 4 April 2022. As a result, the following assets were transferred to two subsidiaries of AutoWallis Group (Avto Aktiv SLO d.o.o. and AAI Properties d.o.o.) as of the date of acquisition.

Through these transactions, the Company's existing operations in the Slovenian market will be expanded to include the sale of BMW, Toyota and Suzuki vehicles at several locations, as well as the employees, land and buildings, tangible assets and other contracts required for carrying out these activities.

The transaction completed by AAI Properties d.o.o. was an asset purchase, while the transaction of Avto Aktiv SLO d.o.o. was conducted as a business combination.

The purchase price amounted to a total of EUR 10,565,288, of which the asset purchase constituted EUR 4,805,000.

Assets acquired as part of the asset purchase	Amount (EUR)	Amount (HUF ths)*
Land and buildings	4,805,000	1,771,940

Assets acquired and liabilities assumed in business combinations	Fair value (EUR)	Fair value (HUF ths)*
Property, plant and equipment	950,428	350,489
Right-of-use assets	277,472	102,323
Inventories	4,808,782	1,773,335
Cash and cash equivalents	1,078	398
Lease liabilities	-277,472	-102,323
Employee benefits	-91,104	-33,596
Identifiable net assets at fair value	5,669,184	2,090,626

Preliminary calculation of goodwill:

Assets acquired and liabilities assumed in business combinations	Fair value (EUR)	Fair value (HUF ths)*
Consideration (related to business combinations)	5,760,288	2,124,221
Identifiable net asset value at fair value	5,669,184	2,090,626
Identifiable net assets at fair value	91,104	33,596

*at the date when the transaction was closed, using the exchange rate published by the National Bank of Hungary

Goodwill arose on employee benefits acquired as part of the transaction, given that there was no difference between the consideration and the fair value of the net assets according to the Group's preliminary assessment.

During spring, AutoWallis and the Portuguese group Salvador Caetano announced their intention to jointly acquire Renault Hungária Kft., thus obtaining the exclusive Hungarian import rights for the Renault, Dacia and Alpine brands. In connection with the transaction, the parties established AutoWallis Caetano Holding Zrt., which was incorporated by the registry court on 24 June 2022. The Company is consolidated by the Group as a joint venture.

No other changes took place in the Group's structure during the current period. The group structure as at 30 June 2022 is presented in Annex I.

8) Issue of shares

No shares were issued in the current period.

9) Share-based payments

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

The Group had the following share-based payment agreements in place as at 30 June 2022.

As part of the ESOP 1 program, the shares of the Parent Company (which were transferred to the ESOP Organisation by Wallis Asset Management Zrt.) are being distributed. The benefit scheme will never have any impact on the aggregate value of the Group's net assets and will not generate and has never generated any outflow of cash.

Name of the program	ESOP 1 program
Total number of shares provided as part of the program	19,864,829 units
Of which: shares provided to employees of AutoWallis Group	4,511,013 units
Value of one share at the grant date	HUF 111.5/unit
Total value of the benefit attributable to the Group at the grant date	HUF 465,926 ths

Data in HUF ths

Grant date	7 August 2019
Vesting period – round 1 [16,584,585 units]	2 years
Vesting period – round 2 [3,280,244 units]	3 years
Vesting conditions	achievement of specific performance goals, keeping equity above the target level
Type of program	equity-settled

Name of the program	ESOP 2 program
Total number of shares provided as part of the program	700,000 units
Of which: shares provided to employees of AutoWallis Group	700,000 units
Value of one share at the grant date	HUF 100.6/unit
Total value of the benefit at the grant date	HUF 70,450 ths
Grant date	26 April 2021
Vesting period – round 1 [700,000 units]	3 years
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

Name of the program	ESOP 3 program
Total number of shares provided as part of the program	1,638,650 units
Of which: shares provided to employees of AutoWallis Group	1,638,650 units
Value of one share at the grant date	HUF 101/unit
Total value of the benefit at the grant date	HUF 165,504 ths
Grant date	23 May 2022
Vesting period	2 years
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

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

10) Authority proceedings and legal proceedings

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

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

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

- As part of its expansion in Slovenia, the Board of Directors of AutoWallis adopted a decision on acquiring the entity owning the property where the dealership and repair shop of Wallis Motor Ljubljana, a company owned by AutoWallis, are located (C182 Razvoj Nepremičnin Ljubljana d.o.o). The issue value of the 17.1 million shares to be newly issued as part of the in-kind contribution is the average stock price for 30 calendar days, i.e. HUF 101.18. The new shares will be acquired by Milton-Property Kft., the entity performing the in-kind contribution involving C182 and owned by Wallis Asset Management Zrt. (the ultimate owner of AutoWallis), and Milton-Property Kft. has agreed to a lock-up period of one year with respect to such new shares. The Company joined AutoWallis Group in July 2022.
- In its announcement dated 14 July 2022, Scope Ratings GmbH confirmed the B+ credit rating of the Company and its senior unsecured debt after conducting a review of its credit ratings. According to the detailed assessment published, the outlook for the Company's credit rating remained stable, despite prospects for the global economy being uncertain for several reasons.
- On 15 August 2022, the Chief Prosecution Office of the Capital published a press release on its website entitled "Car dealership employee causes hundreds of millions of forints in damage to employer". The case was presented in detail in the Group's Annual Report for 2020, and the loss arising from the misappropriation of assets was recognised in the Group's financial statements for 2019 and 2020 and has no impact on these interim condensed consolidated financial statements. The Group is involved in the legal proceedings as the claimant.

ANNEX I**LIST OF COMPANIES THAT ARE MEMBERS OF THE GROUP:**

Company name	Method of acquiring ownership	Shareholding 30.06.2022	Shareholding 2021	Main activity	Country of registration	Functional currency
AutoWallis Nyrt.	-	-	-	Asset management	HU	HUF
WAE Autóforgalmazási és Szolgáltató Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
WAE CEE Kft.	Foundation	100%	100%	Sale of cars	HU	HUF
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Kft.	In-kind contribution	100%	100%	Renting and leasing of cars	HU	HUF
WALLIS MOTOR DUNA Autókereskedelmi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
WALLIS MOTOR PEST Autókereskedelmi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
Wallis British Motors Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
Wallis Kerepesi Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
WallisMotor Ljubljana d.o.o.	Foundation	100%	100%	Sale of cars	SLO	EUR
ICL Autók Kft.	Foundation	60%	60%	Sale of cars	HU	HUF
Iniciál Autóház Kft.	In-kind contribution	60%	60%	Sale of cars	HU	HUF
AVTO AKTIV SLO d.o.o.	Foundation	100%	100%	Sale of cars	SLO	EUR
VCT 78 Kft.	Acquisition	100%	100%	Real estate management	HU	HUF
K85 Kft.	In-kind contribution	100%	100%	Real estate management	HU	HUF
AW Csoport Szolgáltató Kft.	Foundation	100%	100%	Financing	HU	HUF
DALP Kft.	In-kind contribution	100%	100%	Real estate management	HU	HUF
AW Property Kft.	Foundation	100%	100%	Real estate management	HU	HUF
AAI PROPERTIES d.o.o	Foundation	100%	100%	Real estate management	SLO	EUR
Wallis Adria d.o.o	In-kind contribution	100%	100%	Sale of cars	HR	HRK
WAE Hun Kft.	Acquisition	100%	100%	Sale of cars	HU	HUF
WAE C. d.o.o.	Acquisition	100%	100%	Sale of cars	HR	HRK
WAE S. d.o.o.	Acquisition	100%	100%	Sale of cars	SLO	EUR
AutoWallis Caetano Holding Zrt.	Foundation	50%	0	Asset management	HU	HUF

DECLARATIONS

These interim condensed consolidated financial statements and management (business) report (hereinafter collectively referred to as: Financial Statements) were discussed by the Group's Board of Directors on 30 August 2022 and were approved for disclosure.

We hereby declare that the Group's interim condensed consolidated financial statements for 2022H1 were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (IAS 34) to the best of our knowledge and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

Furthermore, we hereby declare that its Management (Business) Report for 2022H1 gives a true and fair view of the circumstances, development and performance of the Group and presents the key foreseeable risks and uncertainties.

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

Budapest, 30 August 2022

Gábor Ormosy
Member of the Board of Directors

Gábor Székely
Member of the Board of Directors

AutoWallis Nyrt.

This interim report contains forward-looking statements and prospective statements on the Group's opinions and expectations, which are presented by the Company in good faith and in a reasonable manner. Such forward-looking statements rely on current plans, expectations and projections and may be affected by known or unknown risks, uncertainties or other factors which may cause the specific results, financial situation, performance or achieved goals of the Company or the industry to differ significantly from those explicitly or implicitly described in such forward-looking statements.

The Group is not liable for updating or modifying any of these statements on the basis of new information or future events and for publishing such changes.

Therefore, having regard to such risks, uncertainties and other factors, we advise investors not to rely solely upon these forward-looking statements when making investment decisions.