AUTOWALLIS NYRT.

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

This is an English translation of Annual Report of AutoWallis Nyrt. for the year end and period ended on 31 December 2022. In case of any difference from the Hungarian version, the Hungarian version prevails.

28 April 2023

Budapest – 28 April 2023 – AutoWallis Nyrt. (Reuters: AUTW.HU and Bloomberg: AUTOWALL HB, website: **www.autowallis.hu,** hereinafter: "Company", "AutoWallis Group" or "the Group") published its report for 2022 (for the period ended 31 December 2022) today. The report contains the audited consolidated financial statements for the period ended 31 December 2022 prepared by the Company's management in accordance with the International Financial Reporting Standards adopted by the European Union (EU IFRS), the audited separate financial statements, the notes to the financial statements and the Company's management (business) report.

TABLE OF CONTENTS

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

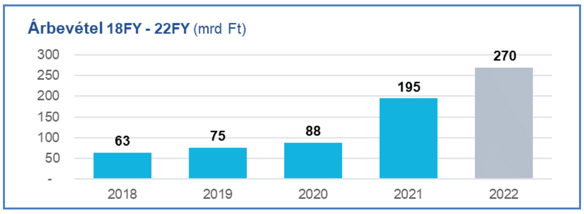
Dear Shareholders and Investors,

2022 was the fourth record-breaking year since the listing of AutoWallis Group on the stock exchange in 2019, even though the business environment was nothing short of challenging. The decline in vehicle supply caused by the global chip shortage following the COVID-19 pandemic, the disruption of supply chains and logistics chains, the war between Russia and the Ukraine which erupted at the beginning of the year and the resulting energy crisis, followed by historically high inflation all had an impact on the Group's operation which spans 15 countries.

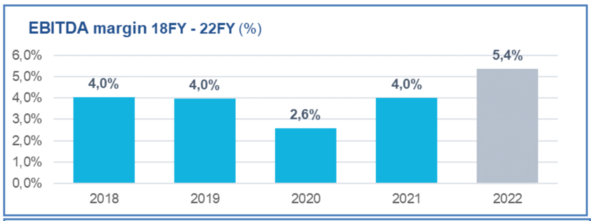
However, recent years have shown that our **growth strategy** announced at the time of being listed on the stock exchange and updated positively in 2021 is so **crisis-resistant** that we once again outperformed several metrics on a prorated basis. It has become clear that the strong capital position, diversified operation and regional presence of AutoWallis Group enables it to achieve consistent growth as a market consolidator and to become the leading car dealership and mobility service provider of the Central and Eastern European region by the end of the decade.

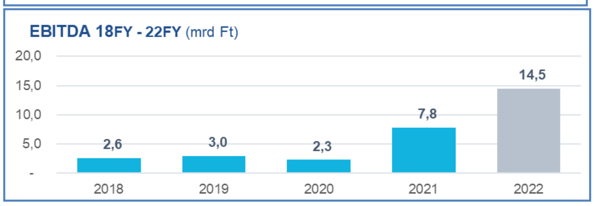
Last year's record-breaking results even exceeded the expansion rate of the industry:

Our revenue was up by nearly 40% to HUF 270 billion. Growth was primarily organic (in terms of transactions, the revenues of Avto Aktiv of Slovenia and Renault Hungária were also included in the figures starting from Q2 and Q4, respectively), with the Distribution Business Unit and the Retail & Services Business unit contributing growth rates of 43% and 32%, respectively.



However, from the shareholders' perspective, it is important to note that this growth was accompanied by an **improvement in operational efficiency**.





Our EBITDA margin was up from 4% to 5.4%, while our gross margin increased from 14.1% to 16.7%. EBITDA was boosted by almost 85% to HUF 14.4 billion, and our earnings per share increased more than twofold to HUF 19.21.

Our growth strategy is a crucial component of our success, but not the only one**. The capital of our shareholders, the funds provided by our lenders, the trust and satisfaction of our clients and partners, and the commitment and expertise of our nearly 1,000 employees are the factors that create value.**

2022 was a landmark year not only because of these excellent figures, but also because of several **completed and announced transactions and acquisitions**. We expanded our Distribution Business Unit by completing the acquisition of Renault Hungária, while our service portfolio benefited from the acquisition of Nelson, one of the top 10 players in the fleet management market, and Net Mobilitás Zrt., the operator of the websites JóAutók.hu and Autó-Licit.hu, at the beginning of 2023. The latter transaction not only opened up our business to online sales, but also served to strengthen the Group's digital knowledge base.

AutoWallis is committed to sustainable development, which is why we began preparations for complying with the EU Taxonomy and obtaining an ESG certification.

In 2023, the acquisitions already announced will definitely improve our figures, but at the same time, economic challenges and the economic environment will continue to prompt us to proceed on the path towards growth in a selective and responsible manner.

Zsolt Müllner
Chairman

Gábor Ormosy
Chief Executive Officer

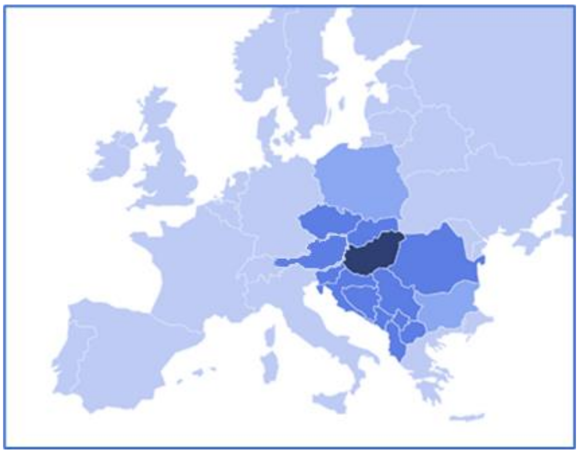
Management (Business) Report of AutoWallis and AutoWallis Group

The Company

The objective of AutoWallis Nyrt. (hereinafter: "AutoWallis Nyrt." or "the Company"), whose shares are listed in the Premium category of the Budapest Stock Exchange and are included in the BUX and BUMIX indices, is to become the leading car dealership and mobility service provider of the Central and Eastern European region by the end of the decade.

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

Areas of operation and activities



AutoWallis Group[1] operates in 15 countries in the Central and Eastern European region (Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia) and is engaged in the retail and distribution of motor vehicles and parts, servicing activities and short-term and long-term car rental.

The brands represented by the Group include Alpine, BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota, Saab parts and Sixt rent-a-car, of which BMW, Jaguar and Land Rover are dominant players in Hungary and Slovenia in the premium car market and Sixt is a leader in the Hungarian car rental market.

Stock exchange presence

AutoWallis has been listed on the Budapest Stock Exchange since 2019. Compared to the initial weight of 0.20%, the weight of AutoWallis shares in the BUX basket has more than doubled. Based on the decision of the Budapest Stock Exchange, the weight of AutoWallis shares in the index increased to 0.47% as of 1 September 2022.

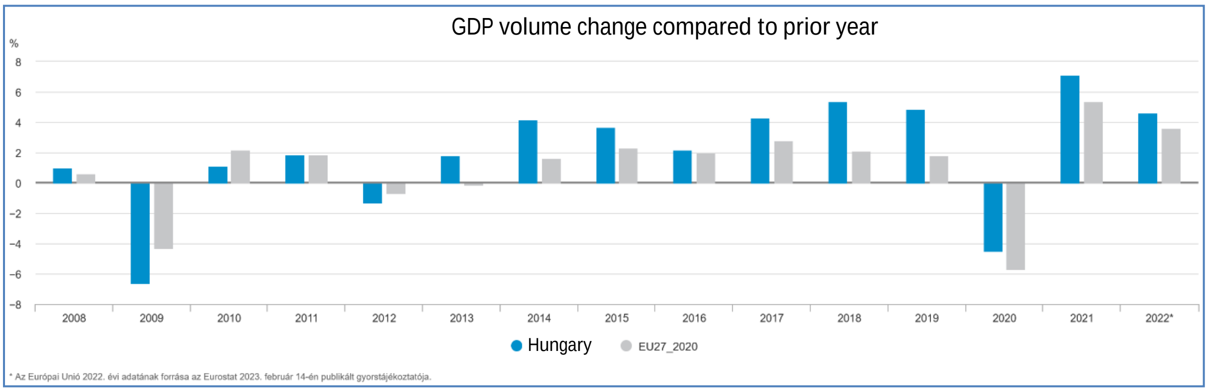
AutoWallis is committed to sustainable operation. Accordingly, the Company was the first enterprise in the Premium category of the Budapest Stock Exchange to have created a green finance framework and to have issued green bonds.

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

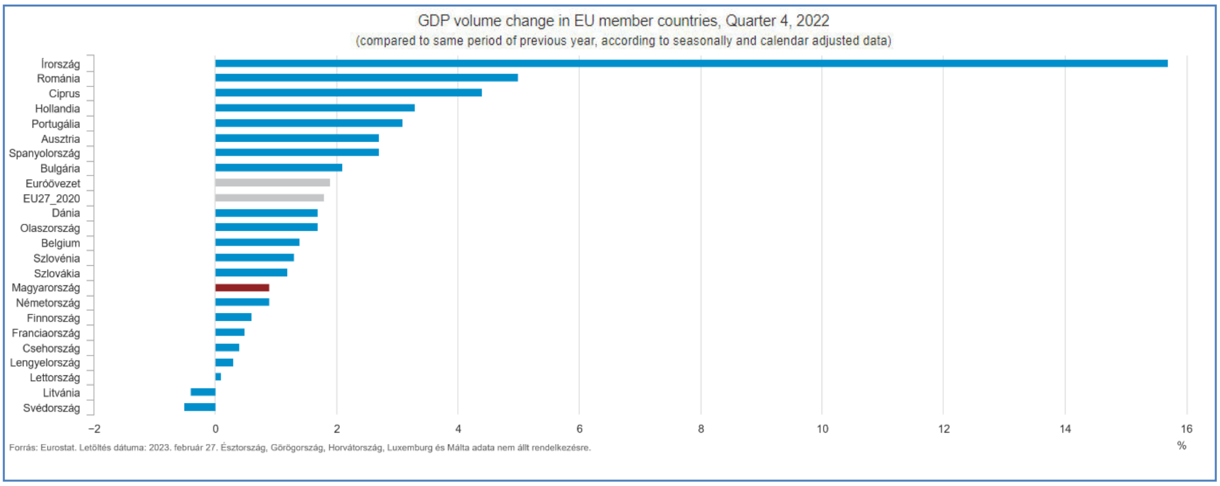
[1] Which collectively refers to AutoWallis Nyrt. and its subsidiaries, as explained in the Company Structure and Sites section

THE ECONOMIC AND MARKET ENVIRONMENT OF THE COMPANY[2]

GDP development



In 2022, the economic performance of the European Union and the Hungarian economy grew compared to the same period of the previous year by 3.6% and 4.6%, respectively. Although almost every Member State improved its performance on an annual basis, a significant slowdown in growth became apparent in Q4 as economic output declined in comparison with the previous quarter in several Member States, including Hungary and the Czech Republic (the key markets of AutoWallis Group), and stagnated in the EU as a whole.

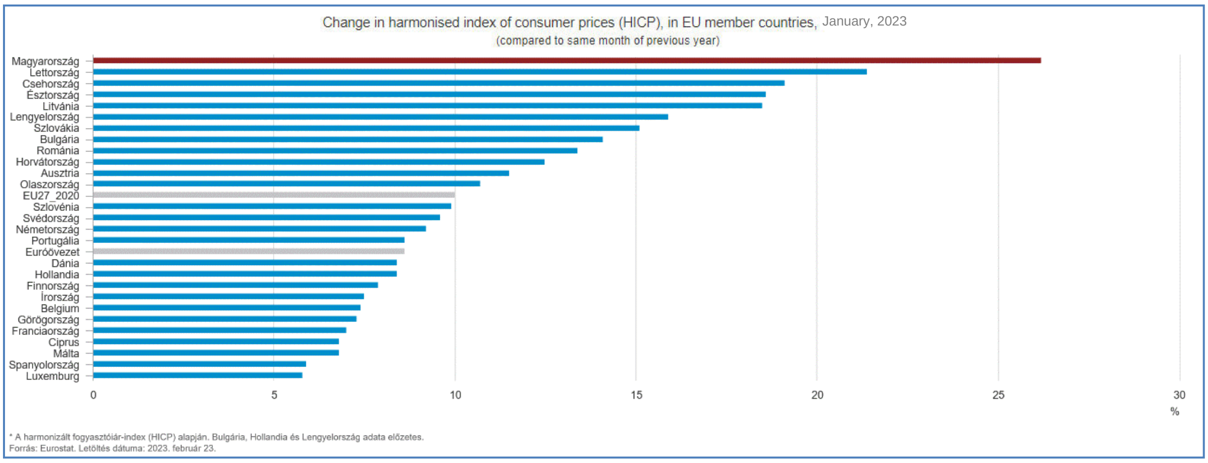


Changes in inflation

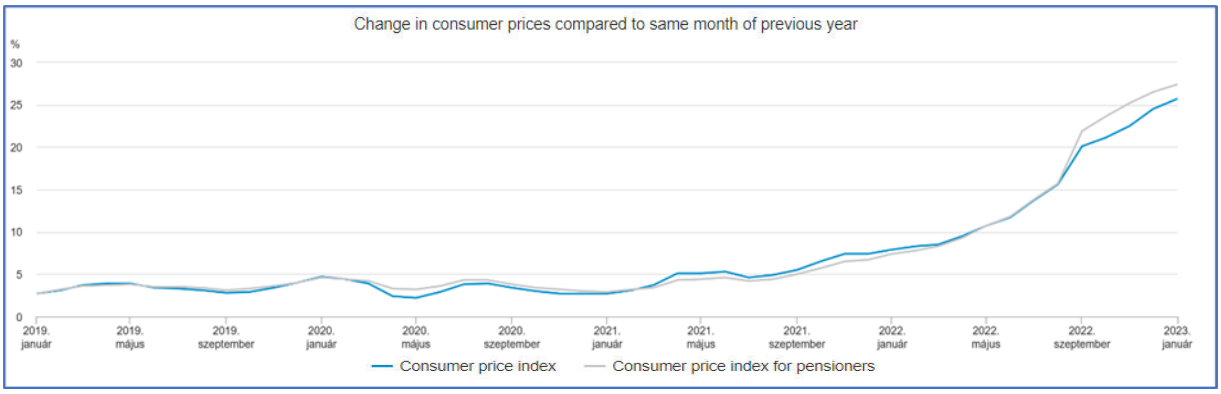
In 2022, inflation rates and benchmark interest rates increased considerably worldwide, including the relevant markets of the Group. Coupled with existing supply chain issues, this caused the price of new and used cars to rise considerably.

Rising inflation and interest rates had already had an effect on disposable income (and, in particular, demand for motor vehicles) by the end of 2022 to varying degrees in each country, typically less so in the Company's export markets, which had manifested itself in a decline in the growth rate of orders towards the end of the year.

[2] Source of external economic data: https://www.ksh.hu/heti-monitor/index.html



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



[3] Source: Hungarian Central Statistical Office (https://www.ksh.hu/heti-monitor/arak.html)

New passenger car sales

	January - December 2022	January - December 2021	%	Change
Austria	215 050	239 803	-10,32	-24 753
Belgium	366 303	383 123	-4,39	-16 820
Bulgaria	28 684	24 537	16,90	4 147
Croatia	42 939	44 915	-4,40	-1 976
Ciprus	11 627	10 624	9,44	1 003
Czech Republic	192 087	206 876	-7,15	-14 789
Denmark	148 293	185 312	-19,98	-37 019
Estonia	21 571	22 336	-3,42	-765
Finnland	81 698	98 484	-17,04	-16 786
France	1 529 035	1 659 003	-7,83	-129 968
Germany	2 651 357	2 622 132	1,11	29 225
Greece	105 283	100 911	4,33	4 372
Hungary	111 524	121 920	-8,53	-10 396
Ireland	105 253	104 932	0,31	321
Italy	1 316 702	1 458 032	-9,69	-141 330
Latvia	16 713	14 348	16,48	2 365
Lithuania	25 544	31 454	-18,79	-5 910
Luxembourg	42 094	44 372	-5,13	-2 278
Netherlands	312 129	322 318	-3,16	-10 189
Poland	419 749	446 647	-6,02	-26 898
Portugal	156 304	146 637	6,59	9 667
Romania	129 328	121 208	6,70	8 120
Slovakia	78 841	75 700	4,15	3 141
Slovenia	46 339	53 988	-14,17	-7 649
Spain	813 396	859 477	-5,36	-46 081
Sweden	288 087	301 006	-4,29	-12 919
European Union	**9 255 930**	**9 700 095**	**-4,58**	**-444 165**
EU14	**8 130 984**	**8 525 542**	**-4,63**	**-394 558**
EU12	**1 124 946**	**1 174 553**	**-4,22**	**-49 607**
Iceland	16 683	12 789	30,45	3 894
Norway	174 329	176 276	-1,10	-1 947
Switzerland	225 934	238 481	-5,26	-12 547
EFTA	**416 946**	**427 546**	**-2,48**	**-10 600**
UK	1 614 063	1 647 181	-2,01	-33 118
TOTAL (EU + EFTA + UK)	**11 286 939**	**11 774 822**	**-4,14**	**-487 883**
Western Europe (EU14+ EFTA + UK)	**10 161 993**	**10 600 269**	**-4,13**	**-438 276**

Source: ACEA

The number of first registrations of passenger cars in the European Union was down by almost 4.6% in 2022, primarily due to general supply chain issues (chip shortage and parts shortage) arising during the first half of the year. The passenger car market began stabilising in the second half of the year, although the annual sales volume of 9.3 million was the lowest figure since 1993.

The region where AutoWallis Group's business is carried out (and thus its relevant market) is Central and Eastern Europe. The strategy formulated by the Company also focuses on this region, and this is the specific environment where the Group's experts possess hands-on and relevant experience and an ability to create value.

New Passenger car registration per country

	January - December 2022	January - December 2021	Vált. %	
Bosnia and Herzegovina	4 318	7 395	-41,6%	-3 077
Croatia	44 170	46 032	-4,0%	-1 862
Czech Republic	192 259	206 955	-7,1%	-14 696
Hungary	111 524	121 920	-8,5%	-10 396
Romania	129 484	121 202	6,8%	8 282
Serbia	22 792	24 048	-5,2%	-1 256
Slovakia	78 738	75 696	4,0%	3 042
Slovenia	46 486	54 167	-14,2%	-7 681
	629 771	**657 415**	**-4,20%**	**-27 644**

forrás: Datahouse

In line with the downturn in EU markets, the number of first registrations of new passenger cars **in the relevant markets of AutoWallis Group** (see the table above) **declined by 4.2%** in 2022[4] compared to 2021.

With all of these trends in mind, the substantial growth in the number of vehicles sold by AutoWallis Group compared to the previous year (both in the Retail & Services and Distribution Business Units) represents a significant achievement and underlines the Group's resilience resulting from its diversified and efficient operation.

Considerable price increases in the markets, rising financing costs and the general geopolitical uncertainties of the region (the war between Russia and the Ukraine, etc.) are expected to continue to put pressure on the automotive market during the period ahead. The Company will continuously monitor the situation and plans to respond to changes through flexible and efficient pricing and cost management, amongst other things.

[4] The Company uses the data provided by Datahouse for the data of relevant markets (with the exception of Poland) as they contain information on countries not covered by ACEA (e.g. Bosnia and Herzegovina and Serbia). There may be insignificant differences between the two data sources and such differences may have an immaterial impact on conclusions in the case of countries covered by both sources.

SUMMARY OF FINANCIAL AND OPERATING PERFORMANCE IN 2022

Analysis of the Group's financial performance

Data in HUF thousand (thHUF)	2022	2021	% change	Change
Revenue	270,165,925	194,956,435	39%	75,209,490
Distribution Business Unit	158,935,920	110,864,087	43%	48,071,833
Retail & Services Business Unit	111,230,005	84,092,348	32%	27,137,657
Material expenses + Own performance capitalised	-5,843,877	-3,764,255	55%	-2,079,622
Services	-12,692,680	-9,497,636	34%	-3,195,044
Cost of goods sold	-224,919,330	-167,486,631	34%	-57,432,699
Personnel expenses	-10,931,262	-6,985,429	56%	-3,945,833
Depreciation and amortisation	-3,440,160	-2,712,690	27%	-727,470
Profit of sales	***12,338,616***	***4,509,794***	***174%***	***7,828,822***
Other income and expenses	-1,023,883	628,374	n/a	-1,652,257
Impairment losses on non-financial instruments	-386,459	-179,606	115%	-206,853
Expected impairment losses on financial instruments	23,034	-86,074	n/a	109,108
Other income and expenses	**-1,387,308**	**362,694**	**-483%**	**-1,750,002**
OPERATING PROFIT - EBIT	**10,951,308**	**4,872,488**	**125%**	**6,078,821**
Interest income	953,874	156,501	510%	797,373
Interest expense	-1,597,483	-691,634	131%	-905,849
Financial expenses from leases	-195,064	-209,158	-7%	14,094
Foreign exchange gains or losses, net	292,675	-16,703	n/a	309,378
Valuation difference of financial instruments	-433,921	51,332	n/a	-485,252
Other financial gains or losses, net	27,200	2,226	1,122%	24,974
Other	0	239	-100%	-239
Financial gains or losses	**-952,719**	**-707,197**	**35%**	**-245,521**
Share of profit of associates and joint ventures	317,718	0	0%	
PROFIT BEFORE TAX	**10,316,307**	**4,165,290**	**148%**	**6,151,018**
Tax expense	-1,692,875	-923,171	83%	-769,704
NET PROFIT OR LOSS	**8,623,432**	**3,242,120**	**166%**	**5,381,313**
Retranslation of subsidiaries	499,164	-18,227	n/a	517,391
TOTAL COMPREHENSIVE INCOME	**9,122,596**	**3,223,893**	**183%**	**5,898,704**
			0%	
EPS (HUF/share)	**19.27**	**8.95**	**115%**	**10.26**
EBITDA impact of items which never generate any net outflow of assets	63,913	149,591	-57%	-85,678
EBITDA	**14,455,381**	**7,820,843**	**85%**	**6,634,538**

- AutoWallis Group's **revenue** exceeded HUF 270.1 billion in 2022, which is more than HUF 75.2 billion (or 39%) higher than the revenue for the previous year. The reasons behind rising revenues included organic growth, growth through acquisitions and the massive inflation during the period.
- **Material expenses** were up by 56% from the comparative period, the main reasons being the considerable rise in public utility costs caused by inflation and other factors, as well as the substantial increase in the price of materials used in the course of servicing activities.
- The value of **services** was up by 34% from the comparative period to nearly HUF 12.7 billion. The main drivers of this increase in costs were the growing volume and cost of logistics activities associated with rising sales volumes (primarily for the Opel and SsangYong brands).

- The increase in **COGS** (HUF 57.4 billion or 34%) is primarily attributable to the rise in prices charged by car manufacturers (the purchase prices paid by AutoWallis). This growth was below the increase in revenue, as a result of which the **gross margin of AutoWallis Group was up from 14.1% to 16.7%** in 2022. The main reason behind this improvement is that the Group was able to continue successfully implementing an effective pricing policy for both new and used car purchases and sales in the midst of high inflation.
- The 56% rise in **personnel expenses** was caused primarily by the acquisitions completed in 2021 and 2022 and the resulting increase in average headcount (the Group's average headcount increased by nearly 165 from 695 to 860 in 2022) and the pay rise given in response to changes in the labour market. The comparison is also influenced by the fact that 2021 was only affected by these impacts on a prorated basis, while 2022 was typically affected in its entirety.
- The 27% increase in **depreciation and amortisation** is due to the increased fleet size resulting from the expansion of rent-a-car services, as well as the depreciation recognised on the assets (primarily property, equipment and vehicles) 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 twofold to HUF 10.9 billion** during the period, which reflects both the outstanding sales figures resulting from organic growth in the period and the acquisitions completed in 2021 and 2022 as well as the results of the continuation of disciplined pricing and cost management.
- The value of financial gains or losses in 2022 was a **loss of HUF 952.7 million**, which represents a decline of over HUF 245 million compared to the year 2021. The main drivers included the significant increase in financing expenses incurred in the normal course of business caused by rising interest rates, as well as unrealised foreign exchange losses resulting from the year-end translation of items denominated in foreign currency.
- The **EBITDA**, the indicator which best describes the Group's performance, **improved by 84.8% to HUF 14.4 billion** compared to the nearly HUF 7.8 billion figure recorded in 2021. Accordingly, the Group's **EBITDA margin increased** considerably from 4.0% **to 5.4%**.
- **Profit before tax for 2022 was HUF 10.3 billion**, **which represents a growth of almost two and a half times** from the previous year. Profit before tax for the current year already includes the part of the Q4 profit of RN Hungary Kft. (a joint venture acquired in 2022) that is attributable to AutoWallis Group, which amounts to HUF 318 million.
- The Group's **total comprehensive income of HUF 9.1 billion** translates into a **nearly threefold increase** compared to the HUF 3.2 billion profit figure for the same period of 2021.

Analysis of the Group's operating results

Vehicle sales

Megnevezés	Január - December		Vált. %
	2022	2021	
Új gépjármű értékesítés összesen	*29 488*	*23 421*	*+25,9%*
Gépjármű értékesítés összesen	*31 303*	*25 034*	*+25,0%*

Contrary to the performance of the region's automotive market, **the Group achieved an outstanding growth rate of 25.9% in new vehicle sales, which significantly surpasses both the 4.2% downturn in the relevant markets and the nearly 4.6% decline in the broader European market,** despite shrinking demand caused by the chip shortage and other factors and unfavourable changes in the macroeconomic environment**.** Of this growth rate, the effect of acquisitions and organic growth were 10.4% and 15.5%, respectively.

The number of orders to be fulfilled from the previous period and stabilising lower production levels provide cause for optimism for the market to settle down at a new level. However, any currently unforeseen difficulties that certain brands may have to deal with, as well as the logistics challenges facing the region and the industry, could negatively impact the expected sales figures of the upcoming period (6 to 18 months).

Automotive services

Automotive services

	January - December		% change
	2022	2021	
Number of service hours (hours)	163,862	130,375	*+25.7%*
Average fleet size for car rental (units)	877	603	*+45.4%*
Number of rental transactions (units)	22,525	15,648	*+43.9%*
Number of rental days (units)	211,511	164,132	*+28.9%*

All in all, the Group achieved substantial growth in terms of each service it provides (car rental, servicing activities, etc.) compared to the same period of the previous year. As these services are provided in the retail segment, details will be provided in the section presenting the results of the Retail & Services Business Unit.

Segment analysis

In line with its operating, management and decision-making structure, the Group examines and presents its financial and operating performance separately for its **Distribution** and **Retail & Services** segments (**business units**). For the purpose of presentation in the management report, the performance of each business unit is presented in a consolidated manner (after certain items are filtered out), and the data include the proportionate part of the costs of administrative functions that support the operations of each business unit.

Distribution Business Unit

As part of its Distribution business, AutoWallis Group is engaged in the distribution of new motor vehicles and parts involving various brands (Opel, Jaguar, Land Rover, SsangYong, Isuzu and Saab) in Central and Eastern European countries (Albania, Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia). In 2022Q4, AutoWallis Group became the Hungarian importer of the Renault, Dacia and Alpine brands through a joint venture established in partnership with the Portuguese entity Salvador Caetano.

Sales performance of the Distribution Business Unit

Eladott új gépjárművek száma (darab)

Nagykereskedelmi üzletág	Január - December		Vált. %
	2022	2021	
Eladott új gépjárművek száma (darab)	22 174	16 501	*+34,4%*

** A 2022-es darabszám 1873 db közös veztésű vállalkozás által értékesített gépjárművet tartalmaz*

Compared to the previous year, the Distribution Business Unit of AutoWallis Group **improved its sales by 34.4%** in 2022, selling a total of 22,174 new cars.

This growth was **mainly organic** (23%), the main driver being the sale of SsangYong motor vehicles. In addition, the Q4 figures of the Renault, Dacia and Alpine sales (1,873 units) of RN Hungária Kft., an entity acquired in partnership with Salvador Caetano Group, the Company's Portuguese partner, were also reflected in the year-end results.

Financial performance of the Distribution Business Unit

Profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	January - December		% change
	2022	2021	
Revenue	158,935,920	110,864,087	*+43.4%*
COGS	-136,110,532	-97,451,960	*+39.7%*
Profit before tax (excluding the JV)	7,368,604	3,010,919	*+144.7%*
Profit before tax (including the JV)	7,686,321	N/A	
Gross margin %	*14.4%*	*12.1%*	*+19.0%*
Profit before tax / Revenue % (excluding the JV)	*4.6%*	*2.7%*	*+66.7%*

The **revenue** of the Distribution Business Unit increased by 43.4% to HUF 158.9 billion in 2022 in comparison to the previous year's revenue. The main driver of this growth was the increase in the volume and average price of new vehicles sold.

COGS increased at a slower rate than revenue (39.7%), 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 sales increased and gross margin improved at the same time. As a result, the **gross margin** of the Distribution Business Unit was **up from 12.1% in 2021 to 14.4% in 2022.**

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

Number of vehicles sold (units)

Retail & Services Business Unit	January - December 2022	2021	% change
Number of new vehicles sold (units)	7,314	6,920	+5.7%
Number of used vehicles sold (units)	1,815	1,613	+12.5%
Total vehicle sales	***9,129***	***8,533***	***+7.0%***

In terms of **new vehicle sales,** the Retail & Services Business Unit achieved a growth rate in 2022 (+5.7%) that, in aggregate, substantially exceeds the market growth presented in the section on the Company's business environment (-4.6% in the EU and -4.2% in Central and Eastern Europe). This increase was largely due to the acquisition of Avto Aktiv (574 more vehicles and 8.3% growth), while organic change was a decline of 2.6%, which is half of the downturn seen in the region. This clearly demonstrates the strength and benefits of the Group's diversified brand portfolio.

Used vehicle sales were up by 12.5% to 1,815 units in total compared to the same period of 2021, the growth essentially being attributable to the effect of acquisitions as presented earlier.

Automotive services

Automotive services

	January - December 2022	2021	% change
Number of service hours (hours)	163,862	130,375	*+25.7%*
Average fleet size for car rental (units)	877	603	*+45.4%*
Number of rental transactions (units)	22,525	15,648	*+43.9%*
Number of rental days (units)	211,511	164,132	*+28.9%*

At the beginning of 2021, opportunities for rent-a-car services had remained subdued due to the COVID-19 related lockdown that limited tourism still being in effect in some places, but in 2022, as the restrictions were lifted and tourism expanded gradually, the number of rental days also began to rise. As a result, this area of the business achieved a growth of 28.9% in the **number of rental days** and a 43.9% increase in the **number of rental transactions** in 2022 compared to the same period of the previous year.

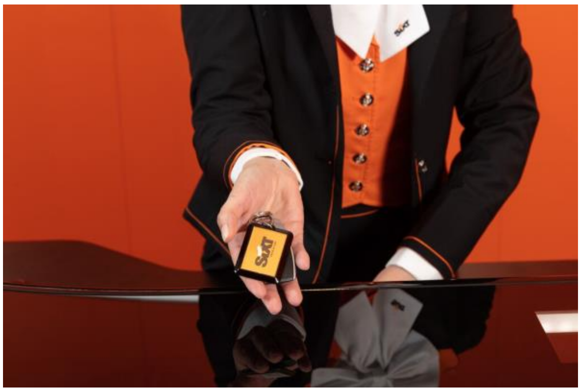
Number of passengers arriving at the airport in Budapest

Persons	January - December 2022	2021	% change
Total	6,069,141	2,319,646	*+161.6%*

Source: Hungarian Central Statistical Office, report 24.2.1.17

During 2022, AutoWallis Group carried out **servicing activities** at five sites in Budapest, four sites around the country (Iniciál Group) and five foreign sites.

For the whole of 2022, **the number of service hours was up by one quarter** (25.7%) to 163,862 in comparison with the figures for the same period of 2021 (130,375 hours). This increase is mainly attributable to the Avto Aktiv transaction (+22.9%), while organic growth without acquisitions amounted to 2.8%, which means that the Group was able to expand its servicing activities despite the decline in the number of new cars sold by the Retail & Services Business Unit.



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 or loss of the Retail & Services Business Unit

Retail & Services Business Unit (thHUF)	January - December		% change
	2022	2021	
Revenue	111,230,005	84,092,348	*+32.3%*
COGS	-88,808,797	-70,034,671	*+26.8%*
Profit before tax	2,629,986	1,154,371	*+127.8%*
Gross margin %	*20.2%*	*16.7%*	
Profit before tax / Revenue %	*2.4%*	*1.4%*	

The **revenue** of the Retail & Services Business Unit **for 2022 was up by 32.3%** compared to the previous year. This is attributable in part to the price increase offsetting the slight decline in sales volumes in 2022 (organic growth) and in part to the impact that the transactions completed during the current year (Avto Aktiv) and in 2021 had on the entire year 2022. In addition, the substantial growth in rent-a-car services also contributed to the improved sales performance of the business unit.

The **gross margin** of the Retail & Services Business Unit improved further as well, exceeding 20.2% in 2022 compared to 16.7% in 2020. This was mainly driven by the effective pricing policy described in the section on the Distribution Business Unit, as a result of which the business unit was able to improve its revenue at a faster rate than the increase in COGS.

As a result of all of this, the profit before tax / revenue ratio **increased** significantly (nearly twofold) **to 2.4%** from the 1.4% figure in 2021.

EVENTS DURING THE CURRENT PERIOD AND AFTER THE BALANCE SHEET DATE

Significant events between 1 January 2022 and 28 April 2022 were presented in the consolidated annual report of AutoWallis Group.[5] In addition, in order to comply with the applicable reporting and disclosure requirements, the Group informs market participants about significant events and changes via the websites of the National Bank of Hungary and the Budapest Stock Exchange, as well as its own website.[6]

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 annual report.

Significant events during the current period

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 **acquisition of 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, MINI, Toyota and Suzuki vehicles at

[5] https://bet.hu/site/newkib/hu/2022.04./AutoWallis_Nyrt._eves_jelentes_a_2021._december_31-re_vegzodo_evre_128716932
[6] **https://www.autowallis.hu/**

several locations, as well as the employees, land and buildings, property, plant and equipment, and other contracts required for carrying out these activities.

The total 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. In connection with the transaction, the parties established AutoWallis Caetano Holding Zrt., which was incorporated on 24 June 2022.

Following approval by the competition authority, the transaction was completed on 4 October 2022 and, as a result, the Group and Salvador Caetano Group of Portugal jointly acquired a 100% share in RN Hungary Kft., **thus obtaining the exclusive Hungarian import rights for the Renault, Dacia and Alpine brands.**

e) In April 2022, the IT security department of **Sixt SE**, the entity operating certain systems of Wallis Autókölcsönző Kft., detected IT-related issues and irregularities, and it was eventually concluded that the **IT system fell victim to a cyberattack**. 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 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 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 Program Organisation (registered office: 1055 Budapest, Honvéd utca 20.), approved the document entitled "2022 Remuneration Policy" on 21 April 2022 as part of the AutoWallis Employee Stock Ownership Program.

h) On 27 May 2022, the Group announced that it had made a decision to **acquire, by way of in-kind contribution**, a plot of nearly 5,000 square metres where the **Wallis Motor Ljubljana** dealership and repair shop are located, as well as a complex consisting of 5,400 square metres of **retail property**, a warehouse area of 1,800 square metres and 127 parking spaces.

i) On 27 August 2021, the Company announced that Wallis Autókölcsönző Kft. would **establish a new service centre near Budapest 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.

j) In September 2022, AutoWallis acquired the **exclusive Austrian import rights for SsangYong vehicles**, thereby expanding its distribution business into yet another country.

k) In November 2022, exercising its contractual call option, AutoWallis acquired the AutoWallis share package of Taródy Operatív Kft. (which represents 1.14% of the Company's total number of shares) in an OTC deal at a stock price of HUF 91.33. The purpose of the acquisition was to provide for the necessary number of shares for the ESO programs to be launched and for possible share swap deals.

l) In November 2022, AutoWallis Group entered into an agreement for the **acquisition of the fleet management business of Nelson Group**. This acquisition marked the next stage in the expansion of the mobility services of AutoWallis, in line with and in support of the implementation of the Group's growth strategy. The acquisition was completed in January 2023 following approval by the Competition Authority (see the section on events after the balance sheet date).

Events after the balance sheet date

Significant events after the balance sheet date that occurred before the preparation of the Annual Report were as follows:

a) On 13 January 2023, the Group announced that it had acquired Net Mobilitás Zrt., the operator of the websites jóAutók.hu and auto-licit.hu, as well as Logic Car Kft., an entity engaged in motor vehicle trade. The Group acquired these entities from WAM Immobilia Zrt. (a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis) and from Car Alliance Kft. The total purchase price of the companies is HUF 800 million, consisting of a fixed instalment of HUF 320 million and a variable instalment of HUF 480 million contingent on certain criteria. The purchase price is to be settled using treasury shares in its entirety.

Through this acquisition, AutoWallis is opening up its business to online sales and strengthening its ongoing development projects by exploiting intra-group synergies. Another important aspect is that this allows the Group to address the challenges posed by the changes in distribution models.

b) On 27 January 2023, the Group completed the acquisition of the fleet management business of Nelson Group, following approval by the Hungarian Competition Authority. As a result of the transaction, the Group acquired a 100% share in Nelson Flottalízing Kft. and its service providers Nelson Sales Kft. and Nelson Assistance Kft. By entering the fleet management market, AutoWallis Group reached yet another milestone and took a major step towards expanding its service and mobility portfolio. Through this transaction, the Group immediately acquired a nearly 2.5% share of the fleet management market.

The purchase price amounts to HUF 2.9 billion, to be settled in cash in its entirety.

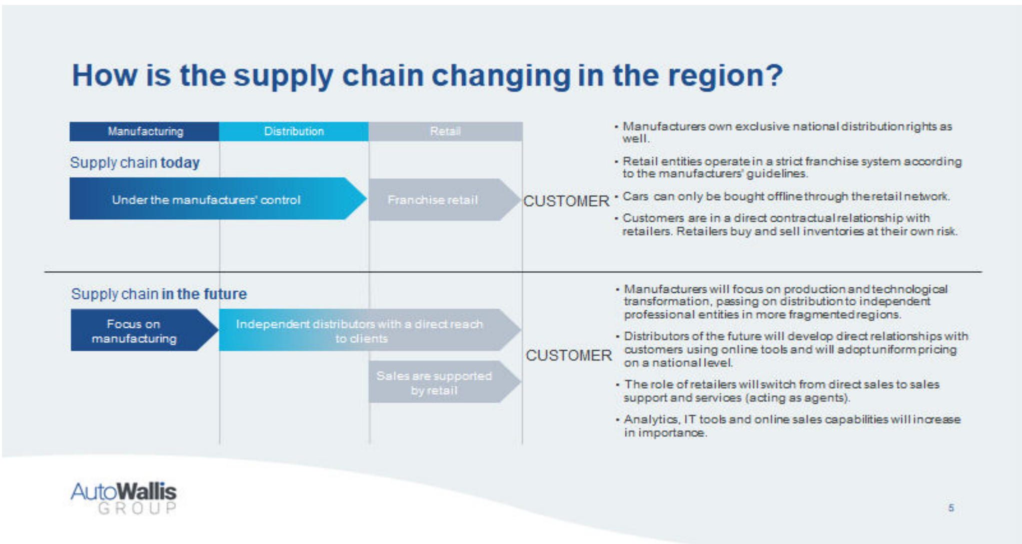
Information about other important events between the balance sheet date and the publication of this annual financial report is available on our website (**https://www.autowallis.hu/**).

STRATEGY OF AUTOWALLIS GROUP

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

In order to work towards this objective, AutoWallis Group continued implementing its strategy in 2022 by completing two transactions: in April 2022, it acquired the car distribution business of Avto Aktiv of Slovenia, as well as the properties related to the business. Through this transaction, the Group further increased its share of the Slovenian car market. In October 2022, the Group joined forces with another investor to acquire Renault Hungária, the entity owning the Hungarian import rights for the Renault, Dacia and Alpine brands, further broadening the portfolio of its Distribution Business Unit. Still, the Group will continue growing in 2023, as demonstrated by two additional transactions completed in January 2023: it acquired the fleet management business of Nelson Group, as well as Net Mobilitás Zrt., the operator of the websites jóautók.hu and autó-licit.hu. Partly as a result of these transactions, AutoWallis Group took a major step towards expanding its service portfolio and establishing the online sales channels of the future.

The transformation of the automotive supply chain poses new challenges, which makes last year's acquisitions even more significant. A key trend of recent years, whereby manufacturers are opting to sell their distribution businesses due to the high pressure on investments and costs



caused by the shift to electric vehicles, is continuing. This will continue to provide excellent opportunities for AutoWallis Group to acquire distribution rights going forward. Based on the Group's vision, the most successful entities in this rapidly changing market will be those that are able to cover the entire post-production supply chain and have direct access to clients through their broad range of distribution, retail and service operations using advanced IT solutions.

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

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

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

CORPORATE GOVERNANCE

Governance system of AutoWallis Group

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

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

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

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

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

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:

https://bet.hu/oldalak/ceg_adatlap/$issuer/3399

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

The rules pertaining to the appointment and removal of senior executives and the amendment of the Statutes are included in the Company's Statutes. Neither the General Meeting nor the Board of Directors of the Company adopted a resolution on a future change to their composition before the date of approval of this report.

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

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

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 five 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 fulfilment of the commitments each year. The current report is available at: **https://bet.hu/newkibdata/128760995/AutoWallis_allocation%20and%20impact%20report_2022_final-AW06.pdf**

AutoWallis Group and the going concern principle

As part of its usual planning process, AutoWallis Group prepared its business plans for 2023 and the subsequent 3-year period. The annual business plan for the year 2023 was approved by the Company's Board of Directors. Based on the plans, the management determined that the Company qualifies as a going concern. The ongoing and prolonged effects of the COVID-19 pandemic, the potential impact of the war between Russia and the Ukraine and the expected general macroeconomic environment and trends were also taken into account during the approval of the business plans. With these in mind, the management confirmed that the Group's reserves of cash equivalents are sufficient and its business prospects are positive and, as a result, the Group is able to continue as a going concern.

SUSTAINABILITY AND ENVIRONMENTAL PROTECTION

Sustainability

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

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

AutoWallis Nyrt. was the first enterprise listed in the Premium category of the Budapest Stock Exchange (BSE) to have developed and approved a Green Finance Framework and, with a view to the dynamic growth of the Company and the changes in the regulatory environment, is looking to obtain a new certification in 2023 to strengthen this 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 include commitments to develop e-mobility, including adding new charging stations, and increasing the number of electric or hybrid vehicles in its own fleet. The Group does not finance operations which could cause environmental damage or are associated with the supply of goods or services that are ethically or morally unacceptable or their manufacturing process is objectionable. The Company's Green Committee has published its first Allocation and Impact Report on the green projects implemented so far and on the use of the funds raised through green bonds.

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

Environmental protection

Activities which are hazardous or harmful to the environment are carried out by AutoWallis Group only to a limited extent, and AutoWallis Group is dedicated to environmental protection. The hazardous materials and waste generated in the course of its operation (spent oil, oil filters, air filters, paint and paint thinner, paint-soaked paper, batteries, tyres, windscreens, brake and clutch parts and plastic parts) are removed by its contractual partners. The Group places great emphasis on environmental protection (compliance with the applicable regulations and standards) in its vehicle repair shops. The operation of our production plants is assisted by contracted environmental advisors and safety advisors for the transportation of dangerous goods. Neither the Company nor any subsidiaries incurred any environmental liabilities in 2022.

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

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

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

SOCIAL AND EMPLOYMENT MATTERS AND HUMAN RIGHTS

The employment policy of AutoWallis

Similarly to previous years, the employment policy of AutoWallis in 2022 focused on human resource management to keep up with business growth, and on secure employment, careful selection, competitive salaries and workforce development. However, the employment policy adopted in the current year was greatly affected by the lack of qualified workforce.

As the Group's headcount has doubled in recent years due to its acquisitions and organic growth, the organisational development project aimed at the Group's segmentation by retail & services and distribution units were completed, and the consolidation of the employment practices of member firms began and continued in 2022.

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

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

In February 2022, we carried out the first employee engagement survey of AutoWallis in line with international standards, covering the entire Group (all of its member firms). On the basis of the opinions collected, local and group-level actions were taken under the management's leadership.

Wallis Asset Management Zrt., the majority owner of AutoWallis Nyrt., launched an ESO program for the management of AutoWallis Nyrt. and its subsidiaries after the balance sheet date of the semi-annual financial statements for 2019, on the basis of which the ESO organisation was founded in September 2019.

Following its successful launch in 2019, AutoWallis decided to extend the ESO program in order to ensure that a select group of employees and managers of the Group remain committed to the growth and profitability of the Group in the long run, thus creating value. As a result, AutoWallis announced the Employee Stock Ownership Program in 2022 as well, with a duration of 24 months.

Presentation of the diversity policy and its results

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

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

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

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

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

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

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

2022 was the first time a materiality analysis was conducted, in which over 200 employees and managers listed the issues they considered important, as well as their order of importance. Based on the results of this analysis, the following critical areas for AutoWallis Group were identified:

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

The Company's operations are designed with these issues in mind, and the Company sets objectives for each of these areas.

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 crises of recent times (the COVID-19 pandemic, the war between Russia and the Ukraine, etc.) and the resulting macroeconomic challenges.
- AutoWallis Group works with stable partners such as BMW, MINI, Isuzu, Jaguar, Land Rover, Maserati, OPEL, KIA, Saab, SsangYong, Dacia, Nissan, Peugeot, Renault, Suzuki, Toyota and, in terms of services, Sixt.
- Supported by the 30-year history and capabilities of Wallis Group, the ultimate owner of AutoWallis,[7] 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:[8]

- The COVID-19 pandemic, which emerged from Wuhan in the Chinese province of Hupei in December 2019, has had a significant impact on the automotive industry in China as a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) and its more recent waves have had a temporary adverse impact on demand and have affected the supply chain as well. Just like the entire industry, AutoWallis is also exposed to the impact of any similar pandemic in the future. The Company did not identify any apparent material threats in this regard as of the date of this report.
- The success of the Company's operation depends 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

[7] For the ownership structure, please see the section on the Company's shares.

[8] 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 this annual report.

materials) also have an indirect effect on the Company's operations.

- An important aspect of the Company's operations is the delivery of vehicles from the manufacturers to the Company and from there to customers. As a result, the Company's activities depend on access to logistics services within the industry and the region. Any disruptions to these services could directly affect the Company's operations, even to a significant extent (longer delivery times, fluctuating costs, etc.).
- Although AutoWallis Group undertakes careful planning for commercial, legal and efficiency aspects when preparing for the implementation of its business development projects, delays or failure in the case of certain projects cannot be completely avoided. In addition, the complexity and organisational restructuring brought about by exceptional growth also result in additional responsibilities in terms of management control and strategic governance.
- The operation, financing and profitability of AutoWallis Group are indirectly or directly related to the economic processes of Hungary and the countries where the Company's subsidiaries operate. In the event of adverse changes in the macroeconomic situation of Hungary and the rest of the countries concerned, or if inflation rises permanently, growth rates decline and the external and internal balances deteriorate, AutoWallis Group will be unable to escape the effects of any unfavourable economic processes.
- In preparing projections and business plans for the Group, we assumed a stable political environment in the countries where the Group operates and in their environment. Any changes in this regard could have an unforeseen impact on the Group's performance.
- Due to the Group's geographical and operational diversification, the Group's revenues and expenses, investments and financing are generated in several different currencies (typically local currencies and the euro) which differ among members, and even among businesses. Although the management of AutoWallis Group strives to avoid exchange rate risks by implementing various approaches (strengthening natural hedges, pricing rules, hedging transactions, etc.), foreign exchange risk cannot be eliminated entirely (at a reasonable cost), and unforeseen and atypical changes in exchange rates could render any planned hedging transactions insufficient.
- The automotive industry has always been characterised by innovation and ongoing technological development, but during the recent decade, it has undergone radical change due to the environmental regulations becoming more stringent, the technological development of alternative drivetrains, and the widespread adoption of mobile broadband, and the key drivers of this change include electrification and IT development (self-driving and other areas of software development) which could create new mobility solutions in the future. Such technological advancements and industry developments can significantly affect how the automotive industry operates. Technological development doesn't merely transform the areas where AutoWallis Group is present: in some cases, it may even cause certain areas to disappear entirely or may substantially reduce their significance.
- Losing key staff or difficulties in replacing them could negatively impact the business of AutoWallis.
- The dynamic growth in salaries, the shortage of workforce and any deficiencies of the education and training system in the countries where AutoWallis Group is present may have an adverse impact on the operation of AutoWallis Group.
- Through the maintenance of its sites, its servicing activities, the logistics services associated with its distribution operations and its rental fleet, AutoWallis Group is exposed to fluctuations in the price of energy and energy sources. The Group is able to partly manage these risks through investments in energy efficiency, but

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

- AutoWallis Group intends to implement its business plans partly through its existing business operations and/or by carrying out new development and construction projects and company acquisitions. Although each transaction is preceded by careful planning, there may be unavoidable events relating to the target companies when completing an acquisition which may have a negative impact on the business operations and profitability of AutoWallis Group.
- SsangYong Motor Company now operates under new ownership (KG Mobility) after a lengthy reorganisation process. The management of AutoWallis has welcomed this change and 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. The stated objective of the new owner is to continue with and expand upon existing operations and to promote electromobility, for which the rest of its activities provide opportunities for synergies. Changes in the development and/or commercial strategy could significantly impact the future of our operations concerning this brand.
- Stellantis, a company comprising 14 car brands, terminated all dealership contracts within the EU (for retail) in 2021Q2, 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 foreign exchange rates, changes in the interest rate environment) could have a detrimental effect on the Group's financing.

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

Risk management

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

In addition to the requirements of the Group's governance system, the management continuously monitors and discusses any signs of risks, their probability and the associated exposure at its regular monthly business reviews and decides on any necessary steps to be taken. This is also aided by the BI system described in the section on corporate governance through the collection and processing of data. In doing so, the financial risks incurred during the course of operation, amongst others, are analysed by the Company both systematically and by business. The risks analysed include market risks (foreign exchange risk, fair value risk, interest rate risk and price risk), credit risk, payment risk and cash flow risk. The Group's intention is to minimise the potential effect of these risks. The Group is not involved in financial arrangements serving speculative purposes. AutoWallis Group presents its price risk, credit risk, interest rate risk, liquidity risk and cash flow risk (also numerically, if possible) in the consolidated IFRS financial statements of AutoWallis Group.

COMPANY STRUCTURE AND SITES

Registered offices and sites of the entities in AutoWallis Group

- AutoWallis Nyilvánosan Működő Részvénytársaság, registered office: 1055 Budapest, Honvéd utca 20.
- 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 Autókölcsönző Kereskedelmi és Szolgáltató Kft.: registered office: 1138 Budapest, Váci út 141., site: 1033 Budapest, Kórház utca 6-12.
- Iniciál Autóház Kft.:
  - registered office: 9028 Győr, Külső Veszprémi utca 6.
  - site: Győr, Külső Veszprémi utca 5.
- ICL Autó Kft.:
  - registered office: 9028 Győr, Külső Veszprémi utca 6.;
  - sites: 9400 Sopron, Balfi út 162.; 9700 Szombathely, Vásártér u. 3.; 9200 Mosonmagyaróvár, Szekeres Richárd u. 17.
- Wallis Kerepesi Kft.: registered office: 1106 Budapest, Kerepesi út 85.
- K85 Kft: registered office: 1106 Budapest, Kerepesi út 85.
- Wallis Motor Ljubljana d.o.o.: registered office: Celovška cesta 182, 1000 Ljubljana
- VCT78 Ingatlanhasznosító Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- AW Csoport Szolgáltató Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- DALP Kft.; registered office: 1055 Budapest, Honvéd utca 20.
- AW Property Kft.; registered office: 1055 Budapest, Honvéd utca 20.
- AVTO AKTIV SLO d.o.o.; registered office: Celovška cesta 182, 1000 Ljubljana, Slovenia
  Sites:

  AVTO AKTIV, KRANJ, Mirka Vadnova 2a, SI-4000 Kranj, Slovenia

  AVTO ACTIVE, KOPER, Ankaranska cesta 12, SI-6000 Koper, Slovenia

  AVTO AKTIV, TRZIN, Ljubljanska cesta 24, 1236 Trzin, Slovenia

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

  AVTO AKTIV, BTC CITY LJUBLJANA, Latinski trg 5, SI-1000 Ljubljana, Slovenia
- AAI PROPERTIES d.o.o.; registered office: 1000 Ljubljana, Celovška cesta 182, Slovenia
- C182 LJUBLJANA d.o.o.: registered office: 1000 Ljubljana, Celovška cesta 182, Slovenia

Joint ventures:

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

Share capital of the Company and information on shares

Share capital and shares of the Company

The Company's share capital is made up exclusively of series "C" shares listed on the Budapest Stock Exchange (i.e. a regulated market). The number and total nominal value of these shares as at 31 December 2022 is as follows:

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

Information on shares

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

Investors with a significant share

The following table lists the shareholders of the Company with a share greater than 5% as at 31 December 2022 for the listed series:

Name	Name of security (ISIN code)	Custodian (yes/no)	Number (units)	% held
Wallis Asset Management Zrt.	HU0000164504	no	261,818,532 units	59.20%
Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap	HU0000164504	no	29,961,025 units	6.77%
Total:			**291,779,557 units**	**65.97%**

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 of the Company issued Resolution No. 11/2022. (IV.29.) to authorise the purchase of 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.

In Resolution No. 2/16. (XI.29.), the general meeting of AutoWallis Nyrt. authorised the Board of Directors to increase the Company's share capital in accordance with Section 3:294 (1) of the Civil Code and Section 11.1 of the Statutes, 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 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 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 was not engaged in and did not participate in research and development activities in 2022.

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.

Consolidated Financial Statements

of

AutoWallis

Nyilvánosan Működő Részvénytársaság and its subsidiaries

for the financial year ended 31 December 2022

in accordance with the International Financial Reporting Standards (IFRSs)

adopted by the European Union

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

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

Figures in parentheses in the financial statements denote negative numbers.
In certain cases, the notes to the financial statements may contain insignificant rounding errors.

Table of Contents

Data in HUF thousand

I. Consolidated Financial Statements

1. Consolidated statement of profit or loss and other comprehensive income

Item	Note	2022	2021
Revenue	VII. 1)	270,165,925	194,956,435
Own performance capitalised	VII. 2)	26,189	(5,149)
Material expenses	VII. 3)	(5,870,066)	(3,759,106)
Services	VII. 4)	(12,692,680)	(9,497,636)
Cost of goods sold	VII. 5)	(224,919,330)	(167,486,631)
Personnel expenses	VII. 6)	(10,931,262)	(6,985,429)
Depreciation and amortisation	VII. 7)	(3,440,160)	(2,712,690)
Profit of sales		***12,338,616***	**4,509,794**
Other income	VII. 8)	1,334,849	5,271,880
Other expenses	VII. 8)	(2,358,732)	(4,643,506)
Impairment losses on non-financial assets	VII. 9)	(386,459)	(179,606)
Expected credit losses on financial instruments	VII. 10)	23,034	(86,074)
Operating profit		**10,951,308**	**4,872,488**
Interest income – using the effective interest rate method	VII. 11)	953,874	156,501
Interest expense *less interest expense of lease liabilities*	VII. 11)	(1,597,483)	(691,634)
Interest expense of lease liabilities	VII. 11)	(195,064)	(209,158)
Foreign exchange gains or losses, net	VII. 12)	292,675	(16,703)
Other financial gains or losses, net	VII. 13)	27,200	2,226
Gain or loss on disposal of equity instruments	VII. 14)	-	239
Fair value gains or losses on derivatives	VII. 15)	(433,921)	51,332
Financial gains or losses		**(952,719)**	**(707,197)**
Share of profit of associates and joint ventures	VIII.6)	317,718	-
Profit before tax		**10,316,307**	**4,165,291**
Income tax expense	VII. 16)	(1,692,875)	(923,171)
Net profit or loss		**8,623,432**	**3,242,120**
Net profit attributable to owners of the parent		8,299,530	3,099,643
Net profit attributable to non-controlling interests		323,902	142,477
Other comprehensive income which may be recognised in profit or loss in subsequent periods:			
Other comprehensive income on translation of subsidiaries	VII. 17)	499,164	(18,227)
Other comprehensive income, net of tax		**499,164**	**(18,227)**
Total comprehensive income		**9,122,596**	**3,223,893**
Total comprehensive income attributable to owners of the parent		8,798,694	3,081,416
Total comprehensive income attributable to non-controlling interests		323,902	142,477
Basic EPS (HUF/share)	VII. 18)	**19.27**	**8.95**
Diluted EPS (HUF/share)	VII. 18)	**19.27**	**8.95**
EBITDA	VII. 19)	**14,455,381**	**7,820,843**

Data in HUF thousand

2. Consolidated Statement of Financial Position (Balance Sheet)

Item	Note	31/12/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment	VIII. 1)	21,000,710	13,377,526
Leased vehicles	VIII. 2)	2,695,018	2,827,578
Right-of-use assets	VIII. 3)	2,170,017	4,593,643
Goodwill	VIII. 4)	935,202	898,738
Intangible assets	VIII. 5)	2,400,725	3,047,330
Investments in associates and joint ventures	VIII. 6)	2,167,718	-
Deferred tax assets	VIII. 7)	214,661	67,985
Net investment in leases (long-term part)	VIII. 11)	378,544	288,975
Investments in equity instruments	VIII. 8)	2,200	2,200
Total non-current assets		**31,964,795**	**25,103,975**
Current assets			
Goods	VIII. 9)	54,998,395	24,127,997
Other inventories	VIII. 9)	166,102	111,708
Trade receivables	VIII. 10)	8,690,787	5,179,198
Factoring receivables	VIII. 10)	1,681,843	3,315,735
Income tax assets	VIII.19)	65,950	48,512
Net investment in leases (short-term part)	VIII. 11)	523,264	425,386
Prepayments	VIII. 11)	3,486,632	3,149,567
Other receivables	VIII. 11)	15,127,811	2,135,230
Other financial assets	VIII. 11)	91,657	70,264
Cash and cash equivalents	VIII. 12)	16,886,900	24,698,967
Total current assets		**101,719,341**	**63,262,564**
Assets held for sale	VIII. 21)	-	610,000
Total assets		**133,684,136**	**88,976,539**

Data in HUF thousand

Item	Note	31/12/2022	31/12/2021
Equity and liabilities			
Share capital (of the Legal Parent)	VIII. 13)	5,528,613	5,314,797
Share premium	VIII. 13)	16,027,021	13,680,790
Share-based payments reserve	VIII. 13)	108,970	288,266
Treasury shares	VIII. 13)	(523,890)	(567,954)
Cumulative translation difference	VIII. 13)	521,240	22,076
Retained earnings	VIII. 13)	12,619,089	4,493,540
Equity attributable to owners of the parent		**34,281,043**	**23,231,515**
Non-controlling interest	VIII. 14)	1,184,057	1,040,155
Total equity		**35,465,100**	**24,271,670**
Interest-bearing non-current liabilities			
Long-term bonds	VIII. 15)	9,534,861	9,546,913
Long-term loans and borrowings	VIII. 15)	5,841,553	2,359,665
Long-term lease liabilities	VIII. 15)	1,904,072	4,714,662
Non-interest-bearing non-current liabilities			
Deferred tax liabilities	VIII. 7)	343,424	178,299
Provisions	VIII. 16)	93,469	77,206
Other non-interest-bearing non-current liabilities	VIII. 20)	391,412	451,012
Total non-current liabilities		**18,108,791**	**17,327,757**
Interest-bearing current liabilities			
Short-term loans and borrowings	VIII. 15)	1,385,474	252,822
Inventory financing loans	VIII. 15)	4,301,178	1,990,875
Current lease liabilities	VIII. 15)	1,262,030	1,867,247
Liabilities from reverse factoring - interest-bearing	VIII. 17)	27,091,112	5,766,791
Other interest-bearing current liabilities	VIII. 15)	288,000	744,260
Non-interest-bearing current liabilities			
Advance payments received from customers	VIII. 18)	8,364,565	6,651,132
Trade payables	VIII. 18)	21,217,697	15,253,308
Liabilities from reverse factoring - non-interest-bearing	VIII. 17)	3,145,524	3,080,509
Income tax expense	VIII. 19)	871,478	554,822
Other tax and contribution liabilities	VIII. 20)	1,941,151	1,962,639
Provisions	VIII. 16)	527,479	121,864
Accruals	VIII. 20)	5,559,906	2,158,163
Other non-interest-bearing current liabilities	VIII. 20)	4,154,651	6,922,680
Total current liabilities		**80,110,245**	**47,327,112**
Liabilities associated with assets held for sale	VIII. 21)	-	50,000
Total liabilities		**98,219,036**	**64,704,869**
Total equity and liabilities		**133,684,136**	**88,976,539**

Data in HUF thousand

3. Consolidated Statement of Changes in Equity

		Equity attributable to owners of the parent								
Item	**Note**	**Share capital (of the Legal Parent)**	**Share premium**	**Share-based payments reserve**	**Historical cost of treasury shares**	**Cumulative translation difference**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Restated at 1 January 2021		**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**
Total profit or loss for the year		-	-	-	-	(18,227)	3,099,642	3,081,416	142,477	3,223,893
Share-based payments	VIII. 13)	-	-	35,843	-	-	137,231	173,074	-	173,074
Sale of treasury shares	VIII. 13)	-	-	-	733,724	-	-	733,724	-	733,724
Capital increase	VIII. 13)	1,260,876	10,306,305	-	-	-	-	11,567,181	-	11,567,181
Distribution to non-controlling interests	VIII. 14)	-	-	-	-	-	-	-	(168,000)	(168,000)
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**
Profit or loss for the current year		-	-	-	-	-	8,299,530	8,299,530	323,902	8,623,432
Other comprehensive income		-	-	-	-	499,164	-	499,164	-	499,164
Share-based payments	VIII. 13)	-	-	(179,296)	502,978	-	(173,981)	149,701	-	149,701
Repurchase of treasury shares	VIII. 13)	-	436,113	-	(458,914)	-	-	(22,801)	-	(22,801)
Capital increase	VIII. 13)	213,816	1,516,925	-	-	-	-	1,730,741	-	1,730,741
Acquisition of subsidiaries	VIII. 13)	-	393,193	-	-	-	-	393,193	-	393,193
Distribution to non-controlling interests	VIII. 14)	-	-	-	-	-	-	-	(180,000)	(180,000)
At 31 December 2022		**5,528,613**	**16,027,021**	**108,970**	**(523,890)**	**521,240**	**12,619,089**	**34,281,043**	**1,184,057**	**35,465,100**

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

Data in HUF thousand

4. Consolidated Statement of Cash Flows

Item	Note	2022	2021
Profit before tax		**10,316,307**	**4,165,291**
Interest income	VII. 10)	(953,874)	(156,501)
Interest expense	VII. 10)	1,597,483	900,791
Foreign exchange difference of cash and cash equivalents	VII. 11)	(10,727)	(15,578)
Depreciation and amortisation	VII. 7)	3,437,651	2,712,690
Impact of impairment losses and expected credit losses	VII. 13)	363,425	169,681
Recognition and reversal of provisions	VIII. 15)	388,464	69,607
Share of profit of associates and joint ventures	VIII.6)	(317,718)	-
Other non-cash items	VII. 17)	363,310	(438,716)
Gain or loss on disposal of non-current assets		(78,320)	46,215
Effect of share-based payments	VIII. 13)	149,400	173,074
Operating cash flows before movements in working capital		**15,255,401**	**7,626,554**
Changes in inventories	VIII. 9)	(29,353,646)	336,230
Adjustment due to reverse factoring	VIII. 17)	166,493,406	88,305,348
Changes in trade receivables	VIII. 10)	(3,360,465)	(647,067)
Changes in other receivables	VIII. 11)	(11,810,995)	(5,085,201)
Changes in forward transactions	VIII. 11)	379,968	2,656
Changes in advance payments received from customers	VIII. 18)	1,713,433	4,114,516
Changes in trade payables	VIII. 18)	5,964,381	3,177,596
Changes in other current liabilities	VIII. 20)	177,831	4,552,757
Changes in net working capital		**130,203,913**	**94,756,835**
Cash inflows from interest received		953,874	152,416
Cash outflows from interest paid		(1,609,535)	(731,512)
Income taxes paid		(1,363,020)	(313,863)
Net cash from operating activities		**143,440,633**	**101,490,430**
Purchases of property, plant and equipment and intangible assets	VIII. 1)	(7,504,319)	(6,069,626)
Cash inflows from disposal of property, plant and equipment and intangible assets	VIII. 1)	3,358,355	1,628,514
Acquisition of subsidiaries, net of cash acquired	X.3)	(2,112,306)	39,726
Foundation of joint ventures	VIII.6)	(1,850,000)	-
Net cash used in investing activities		**(8,108,270)**	**(4,401,386)**
Proceeds from capital increase	VIII. 13)	-	9,824,703
Repurchase of treasury shares	VIII. 13)	(458,914)	-
Cash inflows from the sale of treasury shares	VIII. 13)	-	733,724
Distribution to non-controlling interests	VIII. 14)	(180,000)	(168,000)
Change in short-term loans and borrowings and inventory financing loans	VIII. 15)	2,425,228	(3,277,719)
Settlement of liabilities from reverse factoring		(145,104,070)	(87,939,736)
Proceeds from loans and borrowings	VIII. 15)	3,305,419	9,124,635
Repayment of loans and borrowings	VIII. 15)	(1,635,451)	(3,511,882)
Repayment of lease liabilities	VIII. 15)	(1,508,630)	(2,265,443)
Net cash from/(used in) financing activities		**(143,156,418)**	**(77,479,718)**
Expected impairment losses on cash and cash equivalents		1,261	(2,006)
Foreign exchange difference of cash and cash equivalents		10,727	15,577
(Decrease)/increase in cash and cash equivalents		**(7,812,067)**	**19,622,897**
Opening balance of cash and cash equivalents	VIII.12)	24,698,967	5,076,070
Closing balance of cash and cash equivalents		**16,886,900**	**24,698,967**

Notes to the financial statements

II. The Group

Brief presentation of the Group's activity

The name of the Group's legal parent is AutoWallis Nyilvánosan Működő Részvénytársaság (ALTERA Nyrt. until 17 December 2018; hereinafter: "Legal Parent") and is a public company limited by shares registered in Hungary by the Registry Court of the Budapest-Capital Regional Court.

There was a significant change in the ownership structure of the Parent in 2018. The previous shareholders left and, at the same time, the Group was taken over by a new controlling shareholder which carried out a capital increase and thus established a new group of companies by way of a reverse acquisition as defined under IFRS, with AutoWallis Nyrt. as the Legal Parent.

The Legal Parent operates as a typical holding company, which means that it is not engaged in any business activities (in the real economy) other than holding shares, carrying out activities of holding companies and providing financing.

AutoWallis Group operates in 14 countries[9] 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 include BMW passenger cars and motorcycles, Dacia, Isuzu, Jaguar, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota, Saab parts, as well as Sixt rent-a-car, a dominant player in the car rental market.

General information about the Group and the Parent

The Legal Parent is incorporated under the laws of Hungary (governing law). The registered office and centre of operation of the Group's Parent is at 1055 Budapest, Honvéd utca 20. The Group publishes its consolidated financial statements on the website **www.autowallis.hu** as well.

Persons authorised to sign the consolidated financial statements:

Gábor Ormosy (place of residence: Budapest)

Gábor Székely (place of residence: Nagykőrös)

The majority shareholder of the Company (and thus the Group) is Wallis Asset Management Zártkörűen Működő Részvénytársaság (1055 Budapest, Honvéd utca 20). Similarly to the end of the comparative period, the Group's ultimate parent as at 31 December 2022 is WALLIS PORTFOLIÓ

[9] In 15 countries from 1 January 2023 (together with the start of SsangYong's distribution possibility in Austria)

Korlátolt Felelősségű Társaság (1055 Budapest, Honvéd utca 20.). This entity has no ultimate parent and all of its shareholder is individual.

Data in HUF thousand

Ownership structure of the Parent as at 31 December:

Shareholders of the entity	Ownership share 31/12/2022	Ownership share 31/12/2021
Wallis Asset Management Zrt.	59.20%	57.55%
Széchenyi Alapok Kockázati Tőkealap (previously: Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap)	6.77%	7.05%
Free float	34.03%	35.40%
	100.00%	100.00%

Data in HUF thousand

Subsidiaries and joint ventures of the Group

AutoWallis Nyrt., as the Legal Parent, has the following controlled companies. The following tables show the method of acquiring ownership, the percentage of shares held and the main activity for each subsidiary and joint venture.

List of subsidiaries that are members of the Group:

Entity	Method of acquiring ownership	Ownership share 2022	Ownership share 2021	Main activity	Country of registration	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
C182 Razvoj Nepremičnin Ljubljana d.o.o.	In-kind contribution	100%	0%	Real estate management	SLO	EUR

Data in HUF thousand

List of joint ventures that are members of the Group:

Entity	Method of acquiring ownership	Ownership share 2022	Ownership share 2021	Main activity	Country of registration	Currency
AutoWallis Caetano Holding Zrt.	Foundation	50%	0%	Asset management	HU	HUF
RN Hungary Kft.	Acquisition	50%	0%	Sale of cars	HU	HUF

The Group was established by way of a reverse acquisition back in 2018. This is due to the fact that the legal acquirer (AutoWallis Nyrt.) became controlled by the entity (Wallis Asset Management Zrt.) that had controlled, immediately before the acquisition, the entities that became subsidiaries through the acquisition. Accordingly, this required the direct application of the following rules:

- IFRS 3.6 and IFRS 3.7,
- and IFRS 3.B19-27.

III. Changes in the Group's structure

In 2022, the following changes took place in the Group's structure in order to support the Group's business activities and the accomplishment of its strategic and business objectives:

- On 6 April, AutoWallis and Salvador Caetano Group jointly established AutoWallis Caetano Holding Zrt., which is consolidated as a joint venture by the Group (see Note VIII.6).
- On 21 July 2022, C182 Razvoj Nepremičnin Ljubljana d.o.o (the entity owning the property where the dealership and repair shop of Wallis Motor Ljubljana d.o.o are located) was contributed by Milton-Property Kft., a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis Nyrt., by way of in-kind contribution (see Note VI.2).
- On 3 October 2022, AutoWallis Caetano Holding Zrt. acquired a 100% share in Renault Hungária Kft., the entity owning the import rights for the Renault, Dacia and Alpine brands. Since that date, Renault Hungária Kft. has been operating under the name RN Hungary Kft.

IV. Significant accounting policies and changes in accounting policies

1. Basis for the preparation of the financial statements and the going concern principle

1.1. Statement of IFRS compliance

The management declares that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU). IFRSs consist of the standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC). The notes to the consolidated financial statements also contain the disclosures required under the Hungarian Accounting Act of 2000.

1.2. Basis for the preparation of the financial statements and the going concern principle

The Group's Legal Parent has been preparing its separate financial statements in accordance with IFRSs since 2017, whereas the legal subsidiaries have been preparing and issuing their financial statements in accordance with the Hungarian accounting rules (or, in the case of foreign entities, the Slovenian and Croatian accounting rules).

The Group's management has determined that the Group will be able to continue as a going concern, which means that there are no signs that would imply that the Group intends to terminate or significantly reduce its operations in the foreseeable future (at least within one year).

The Group measures its assets on a historical cost basis, except for cases where a given asset or liability should be measured at fair value under IFRS. Financial assets not measured at amortised cost are measured at fair value in the financial statements (these include equity instruments and derivative financial instruments).

The Group prepares consolidated financial statements. From a legal perspective, the Group's Legal Parent acquired the rest of the entities in the Group in 2018, but from an accounting perspective, the transaction was treated as a reverse acquisition since, as a result of the transaction, the entity that contributed the shares by way of in-kind contribution became the entity controlling the Group's parent company.

The Group's management is responsible for issuing the consolidated financial statements in accordance with the applicable regulations (laws and stock exchange policies).

1.3. Basis of consolidation

The consolidated financial statements present the assets, liabilities, equity, income, expenses and cash flows of AutoWallis Nyrt. and its subsidiaries as if they were the financial statements of a single economic entity. The Group's financial statements are prepared and approved by the management.

Control is achieved by the investor over the investee only if all of the following conditions are met:

- the investor has the power over the investee;
- the investor is exposed, or has rights, to variable returns from its involvement with the investee; and
- the investor has the ability to use its power over the investee to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income until the date of obtaining or losing control, as appropriate.

All intra-Group transactions, balances, income and expenses are eliminated entirely on consolidation.

2. Effects of changes in foreign exchange rates

2.1 Presentation currency

The presentation currency is the currency in which the IFRS financial statements are prepared.

The Group's financial statements are prepared in Hungarian forints (HUF), which is also the Group's presentation currency. Unless otherwise indicated, all amounts are in thousand forints (thousand HUF).

2.2 Functional currency

When preparing the financial statements, each entity must determine its functional currency, considering the fact that the primary economic environment of an entity is typically the one in which it primarily generates and expends cash.

Entities must consider the following factors in determining their functional currency:

The currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled) of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The following factors may also be considered to provide additional evidence of an entity's functional currency:

• the currency in which funds from financing activities (i.e. the issue of debt and equity instruments) are generated,

• the currency in which receipts from operating activities are retained.

Considering the criteria set out above, all entities within the Group use the forint (HUF) as their functional currency, with the following exceptions:

EUR: Wallis Motor Ljubljana d.o.o, WAE S d.o.o., Avto Aktiv SLO d.o.o., AAI Properties d.o.o, C182 d.o.o

HRK: Wallis Adria d.o.o., WAE C d.o.o (starting from 2023, its functional currency is the EUR)

Data in HUF thousand

Foreign currency translation

The Group classifies its assets and liabilities as monetary and non-monetary items. Monetary items include items whose settlement or inflow involves the movement of cash, and also include cash itself. Items relating to receivables or liabilities which do not involve the movement of cash (such as advance payments for services or inventories) do not qualify as monetary items.

Transactions denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date of such transactions or similar rates. Foreign exchange gains and losses arising from the recognition of such transactions and from the retranslation of monetary assets and liabilities to the functional currency at year-end are recognised in profit or loss.

The exchange rate selected and used by the Group is the official mid-market rate published by the National Bank of Hungary.

Non-monetary items that are measured at historical cost are not retranslated at year-end. Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Loan balances between members of the Group and the related foreign exchange gains and losses are eliminated on consolidation. If, however, such loan balances are outstanding between members of the Group with different functional currencies, foreign exchange gains and losses cannot be eliminated and are recognised in consolidated profit or loss.

For consolidation purposes, the profit or loss and financial position of each company whose functional currency is different from the Group's presentation currency (HUF) will be translated to the currency of the financial statements as follows:

- assets and liabilities for each presented statement of financial position are translated at the closing exchange rates prevailing at the end of the relevant reporting period;
- income and expenses in each statement of profit or loss are translated using the average exchange rate of the National Bank of Hungary for the relevant period; equity components are translated using historical exchange rates, and any resulting exchange differences are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

Because of the operations of its subsidiaries, the foreign currencies relevant to the Group include the euro, the Czech koruna and the Croatian kuna. The exchange rates of these currencies in the reporting period were as follows (one currency unit per HUF):

	31/12/2022	31/12/2021	2022 average	2021 average
EUR/HUF	400.25	369.00	391.33	358.52
CZK/HUF	16.58	14.84	15.93	13.98
HRK/HUF	53.11	49.10	51.94	47.62

3. Distinction between current and non-current items

The Group presents current and non-current assets and current and non-current liabilities separately in its statement of financial position.

The Group classifies an asset as current when:

- it expects to realise the asset in its normal operating cycle, or
- it intends to sell or consume the asset during this period, or
- it holds the asset primarily for the purpose of trading or for the short term, and it expects to sell or consume the asset within 12 months after the reporting period, or
- the asset is cash or a cash equivalent and is not restricted from being exchanged by the Group.

All assets which are not recorded as current assets are classified by the Group as non-current.

A liability is classified by the Group as current if:

- it is expected to be settled in its normal operating cycle, or
- it is held primarily for the purpose of being traded, or
- it is expected to be realised within 12 months after the reporting date, or
- the entity has no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All liabilities which are not recorded as current liabilities are classified by the Group as non-current.

The Group classifies deferred tax assets as non-current assets and deferred tax liabilities as non-current liabilities.

4. Elements of the financial statements

The Group's financial statements comprise the following parts:

- Consolidated statement of profit or loss and other comprehensive income;
- Consolidated statement of financial position (balance sheet);
- Consolidated statement of changes in equity;
- Consolidated statement of cash flows;
- Notes to the consolidated financial statements.

The Group has decided to present the consolidated statement of profit or loss and other comprehensive income in a single statement in such a way that items relating to other comprehensive income are presented by function in the same statement following the presentation of net profit or loss for the period.

Other comprehensive income includes items which increase or decrease net assets (i.e. the difference between assets and liabilities) and such decrease may not be recognised against any asset, any liability or profit or loss, but instead these items modify an element of equity directly in respect of the broadly defined performance of the Group. Other comprehensive income does not include, amongst others, equity transactions which result in a change in available equity and transactions conducted by the Group with the owner in its capacity as the owner.

5. Accounting policies relating to the statement of profit or loss and other comprehensive income

5.1 Revenue

The Group had the following types of revenue in the current year:

Revenue from contracts with customers, which is recognised in accordance with *IFRS 15 Revenue from Contracts with Customers*. The Group was engaged in the following supplies of goods and services in the current year:

- Revenue from the sale of cars in both the Hungarian market and foreign (export) markets
- Revenue from servicing activities

Revenue from leases, which is recognised in accordance with *IFRS 16 Leases*. This includes:

- Revenue from car rental:
    - Renting out owned assets in the form of an operating or finance lease, depending on whether the purpose of the lease is long-term or short-term rental;
    - Renting out leased assets in the form of a sublease, which is likewise classified as an operating or finance lease, depending on the purpose of the lease.

5.1.1 Revenue from contracts with customers

The Group recognises revenue in accordance with the provisions of IFRS 15. To recognise revenue, the Group applies the following steps for each contract type:

Step 1: identify the contracts with the customer,
Step 2: identify the performance obligations in the contract,
Step 3: determine the transaction price,
Step 4: allocate the transaction price to the performance obligations,
Step 5: recognise revenue when a performance obligation is satisfied.

Revenue from contracts with customers is recognised when control of the goods or services is transferred by the Group to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Having analysed its existing contracts with customers, the Group came to the conclusion that it acts as a principal in the case of certain specific goods or services promised to customers.

Warranty obligations:

- Assurance-type: The Group is required by law to provide a warranty or a warranty is provided in line with industry practices; as a result, a promised warranty cannot be treated as a separate performance obligation because such requirements typically exist to protect customers from the risk of purchasing defective products. If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

- Service-type: If a customer has the option to purchase a warranty separately (for example, because the warranty is priced or negotiated separately), the warranty is a distinct service because the Group promises to provide the service to the customer in addition to the product (this includes cases where the customer extends an assurance-type warranty for an additional year or more). Promised warranties are treated by the Group as separate performance obligations. Using the stand-alone selling price, a portion of the transaction price is allocated by the Group to the warranty and is recognised as a contractual obligation. Revenue from service-type warranties is recognised over the period of the service.

Sale of goods – wholesale

Revenue from the sale of cars is recognised at the time when the goods are transferred by the Group to customers. The wholesaler decides, at its own discretion, on the sales channels to be used and the price of the goods. Goods are not deemed to have been transferred until they are delivered by the Group to the specified location and the risks of damage and loss are transferred to the customer.

The Group considers whether its contracts with customers include other promises that may be regarded as separate performance obligations to which a portion of the transaction price must be allocated (such as warranty obligations or customer loyalty programs). The Group does not have sales contracts (e.g. package deals) in place which contain multiple performance obligations.

When determining the transaction price for the sale of cars, the Group considers the effects of variable consideration and significant financing components (if any). In many cases, the Group sells cars at a discount based on the volume resold by the customer, where sales are recorded in the books at the time of sale at the prices specified in the sale and purchase agreements after estimated discounts are applied. The value of discounts is estimated by the Group based on past experience. Volume discounts are determined based on the volume of expected annual purchases and the fulfilment of other qualitative criteria.

When accounting for revenue, the time value of money is ignored by the Group as sales are made in line with market practices. For certain contracts, the Group requires advance payment when the order is placed, with the remaining amount paid when the goods ordered are delivered.

Sale of goods – retail

The Group operates a retail network for the sale of cars and the provision of services. Sales of goods are recognised at the time when the cars are transferred by the Group to customers.

The Group considers whether its contracts with customers include other promises that may be regarded as separate performance obligations to which a portion of the transaction price must be allocated (such as warranty obligations or customer loyalty programs). The Group has concluded that it does not have sales contracts (e.g. package deals) in place which contain multiple performance obligations.

In some cases, the Group sells cars with a repurchase obligation at a fixed repurchase price, where the repurchase obligation is triggered either automatically or at the customer's discretion. Sales that result in an automatic repurchase are recognised and presented in the Group's financial statements as a lease rather than as a sale of goods, and a liability is recognised in connection with the repurchase. For transactions where repurchase is optional, the Group examines whether there is a significant economic interest or incentive for the customer to exercise his repurchase right. If yes, the transaction is recognised and presented as a lease. If not, the transaction is treated by the Group as a sale of goods with a right of return.

The Group considers the effects of variable consideration, significant financing components and non-monetary consideration when determining the transaction price. The Group sells cars at a fixed price, does not offer volume discounts to its customers and does not consider the time value of money, since in retail sales, customers make an advance payment when placing their orders and then settle the remaining part of the purchase price upon receipt of the car, and the time interval between the two points in time is not enough for the time value of money to be material. When determining the transaction price for the sale of new cars, the Group considers the value of used cars received from customers as non-monetary consideration. The Group incorporates the fair value of used cars in the transaction price, which is determined for the point in time when the Group acquires control of the car. Used cars acquired in this manner will be resold later on.

In retail sales, customers typically pay in cash or by bank transfer before receiving the car. The Group does not operate customer loyalty programs.

Services – retail

The Group also derives revenue from servicing activities, where OEM components used in the provision of services are incorporated into the price of the service. The Group does not sell parts separately. Revenue from services is recognised when the Group has performed the services ordered and control of the services has been transferred to the customer. In the case of services, payment is made in cash or by bank transfer after the service has been provided, and so the Group does not consider the time value of money. Services are performed at a point in time, and there are no contracts where revenue should be accounted for over time.

Contract balances

a) Trade receivables

A trade receivable represents the Group's right to receive a consideration which is unconditional and already due (i.e. only the passage of time is required before the consideration is received) and is within the scope of IFRS 9.

b) Contract assets

A contract asset is the Group's right to consideration in exchange for the goods or services it transfers to the buyer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

The Group did not have any significant contract assets in the current period.

c) Contract liabilities

If a customer pays consideration before the Group transfers goods or services to the customer, the Group recognises a contract liability when the payment is made (or the payment is due, whichever is earlier). A contract liability is the Group's obligation to transfer goods or services for which the Group has received consideration from the customer. The Group presents advance payments received from customers as contract liabilities.

d) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are recognised as an asset if those costs are expected to be recovered in fulfilling the contract. These can be recovered directly (as part of the invoiced amount) or indirectly (as part of the contract margin). Such costs incurred by the Group include sales commissions related to the sale of cars. As these costs are recognised at the time of selling a car, i.e. at a point in time, sales commissions are recognised by the Group not as an asset, but instead as an expense in profit or loss when incurred.

5.1.2 Rental income

The Group has lease contracts in which the Group acts as a lessor and earns income from them. These include, for example, income from the lease of owned and leased assets. The Group classifies leases based on whether or not all the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee. Accordingly, leases are classified as follows:

- Operating leases
- Finance leases

In deciding whether a lease is classified as an operating lease or a finance lease, the Group considers the actual substance of the transaction and not the form of the contract. The requirements for the classification of leases are presented in Note III. 6.4.b).

a) Income from the lease of owned assets

Income from operating leases

Rental income is recognised in net profit or loss on a straight-line basis over the lease term *(disclosed separately from revenue under IFRS 15 if such income will be significant).*

The Group assesses whether it acts as a principal or an agent in the case of certain specific goods or services in its lease contracts. The Group concluded that it acts as an agent in the case of non-lease components (such as insurance) and receives a commission from the insurance company for each contract concluded. Such commissions are recognised in accordance with the requirements of IFRS 15.

Income from finance leases

Income from the net investment in finance leases is recognised by the Group as interest income over the lease term. Revenue includes difference recognised on derecognition of the leased assets.

The initial direct costs of acquiring the lease are recognised as expenses over the lease term on the same basis as lease income. Such initial costs recognised by the Group include sales commissions paid to its employees for each contract involving a short-term lease (typically for periods shorter than one year) or a long-term lease (typically for periods longer than one year). The Group has decided not to capitalise the value of sales commissions for short-term leases; instead, these are recognised as expenses in profit or loss when incurred. For long-term leases, sales commissions are capitalised when incurred (modifying the initial amount of finance lease receivables) and are recognised in profit or loss over the lease term.

b) Income from subleasing leased assets

A sublease is a transaction involving three parties: a head lessor who owns the underlying asset, an intermediary or intermediate lessor (the Group) who leases the asset from the head lessor, and a sub-lessee who re-leases the asset from the intermediate lessor.

According to IFRS 16, the accounting requirements for the head lease remain the same for the intermediary (the Group). The recognition of the right-of-use asset depends on the classification of the sublease:

- if the sublease is a finance lease, the intermediary derecognises the relevant right-of-use asset and recognises a lease receivable;
- if the sublease is an operating lease, the intermediary continues to recognise a right-of-use asset in the books. Income from a sublease is recognised over the term of such sublease.

5.2 Material expenses

Material expenses include the costs of materials used in the course of operations, including the parts and other auxiliary materials used and installed in the course of servicing operations, fuel costs and public utility charges (energy, water, gas, etc.).

5.3 Services

Services include the costs of services used in the course of operations, including the costs of sales, marketing, communication and PR services, management services, printing services, communication fees, shipping costs, accounting services, rental fees (this is where the Group presents expenses recognised in connection with leases of assets of small value, both long-term and short-term), administrative and telecommunications services, authority services and other miscellaneous services.

5.4 Cost of goods sold

Cost of goods sold includes the value of inventories resold in substantially unchanged form, as well as the value of services and subcontracted work directly transferred, which are broken down by the Group along the same logic as its revenues.

5.5 Personnel expenses

Payroll costs: Includes wages and salaries for the period and, in addition to payroll items, fees directly related to employment. It also contains contributions payable on the items listed, as well as estimated bonuses, taxes on such bonuses, and expenses relating to share-based benefits.

Other staff costs: Contains staff costs which are not included in payroll costs, such as business entertainment, early retirement, benefits in kind, severance pay, business gifts, etc.

5.6 Depreciation and amortisation

The depreciation of property, plant and equipment and the amortisation of intangible assets are presented by the Group in the line item "Depreciation and amortisation".
This is also where the Group presents the depreciation of right-of-use assets recognised in the balance sheet in connection with leases.

5.7 Other income and expenses

Other income recognised by the Group includes consideration for sales typically not related to the main activity that cannot be recognised as revenue (such as the disposal of property, plant and equipment), any income that cannot be considered financial income or an item increasing other comprehensive income, and income that is not classifiable in any other designated category.

Items recognised here by the Group include, amongst others, gain on disposal of property, plant and equipment, subsidies and compensation received, and other miscellaneous income. In addition, this is where the Group presents any negative goodwill recognised in connection with acquisitions.

Other expenses include those which are indirectly related to operations and are not classified as financial expenses or do not reduce other comprehensive income. Items recognised here by the Group include, amongst others, the amount of fines, the impact of damage claims, compensation, late payment interest, expenses arising on provisions for items involving other expenses, loss on disposal of property, plant and equipment, taxes, duties and contributions paid to municipalities, and other miscellaneous expenses.

5.8 Impairment losses on non-financial instruments

Impairment losses on non-financial instruments recognised by the Group include the impairment of inventories and property, plant and equipment, which includes the effect of damage claims during the year on profit or loss.

Impairment losses may be recognised on property, plant and equipment and intangible assets if there is an indication that the recoverable amount of an asset could drop below its carrying amount. If this is the case, impairment losses must be recognised on assets measured at cost against profit or loss. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is determined on a case-by-case basis.

For inventories, impairment losses must be recognised at the end of the period if the cost significantly exceeds the expected future selling price less costs to sell.

5.9 Expected credit losses on financial instruments

Expected credit losses on financial instruments are recognised by the Group in financial gains or losses in accordance with IFRS 9 for the following financial assets:

- trade receivables and contract assets;
- lease receivables under IFRS 16;
- other receivables measured at amortised cost or at fair value through other comprehensive income (FVTOCI), such as other financial assets;
- loan commitments and financial guarantees not measured at fair value;
- cash and cash equivalents

The Group does not recognise ECL (expected credit loss) on receivables that do not qualify as financial assets (e.g. advance payments).

IFRS 9 introduced the expected credit loss model, which is based on the calculation of expected impairment.

The Group applies the simplified approach, which allows the Group to account for lifetime credit losses in respect of financial instruments (trade receivables and lease receivables). In this case, monitoring changes in credit risk is not required.

In applying the simplified approach, the Group uses a provision matrix to determine lifetime ECL.

Data in HUF thousand

The Group uses the following ECL ranges when applying the simplified approach:

Days past due	ECL %
Less than 90 days	0.1-0.6%
Between 91 and 180 days	5%
Between 180 and 360 days	10%
Over 360 days	75% or arbitrary

In addition to the number of days past due, macroeconomic factors are also taken into account by the Group in the case of trade receivables, and the loss rates used are revised as required.

5.10 Financial gains or losses

Interest income and interest expenses

Interest income is presented in financial income and is recognised on a straight-line basis. This is where the Company recognises interest income from loans and credits granted and interest income from assets leased under finance leases.
Interest expenses are calculated using the effective interest rate (EIR) method (except for interest on lease liabilities) and are presented in financial expenses. This is where the Group recognises interest expenses on loans and borrowings received and bonds issued for the current period, calculated using the effective interest rate method.

Dividend income

The Group recognises dividend income (if not eliminated on consolidation) as financial income when the dividend has been approved by the entity paying the dividend and the shareholder becomes entitled to receive the dividend.

Interest on lease liabilities

This is where the Group presents interest expenses under IFRS 16 recognised on lease liabilities as a lessee. When discounting lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

Foreign exchange gains or losses

Exchange differences on foreign currency items (if not a part of other comprehensive income under IAS 21 The Effects of Changes in Foreign Exchange Rates) are recognised by the Group in financial gains or losses. This is where the Group recognises the following items:

- gain/loss on the settlement of receivables and liabilities;
- foreign exchange gain/loss on translation at the balance sheet date:
    - translation of foreign currency loans granted;

- translation of trade receivables and trade payables;
- translation of foreign currency and foreign exchange reserves;
- other receivables and liabilities denominated in foreign currency.

Financial gains or losses are presented by the Group on a net basis in the statement of profit or loss and other comprehensive income.

Gain or loss on disposal of equity instruments

The Group measures its equity instruments at fair value in accordance with IFRS 9. Gains or losses on disposal of equity instruments, dividends received on ownership interests recognised as financial instruments, and similar items are recognised in this line item.

Fair value gains or losses on derivatives

The Group measures its derivatives at fair value through profit or loss in accordance with IFRS 9. Fair value gains or losses on derivatives open at the balance sheet date are recognised in this line item. The Group entered into FX forward contracts during the current year to hedge foreign exchange risk, and does not apply hedge accounting.

5.11 Share of profit of associates and joint ventures

There are no separate line items for the income and expenses of both associates and joint ventures in the consolidated statement of profit or loss and other comprehensive income. Net profit and other comprehensive income attributable to the Group from associates and joint ventures are presented in the consolidated statement of profit or loss and other comprehensive income in the line item "Share of profit of associates and joint ventures". Dividends due from associates and joint ventures are recognised by the Group in its consolidated financial statements as a reduction in investments, and not as an item affecting profit or loss.
When the Group transacts with an associate or joint venture, the Group eliminates the proportionate part of the resulting gain or loss when preparing its consolidated financial statements, unless it is impracticable for the Group to obtain the necessary information (in which case the Group uses estimates to determine the amount of the item to be eliminated).

5.12 Income taxes

Items that represent a tax on a certain level of profit are classified by the Group as income taxes. The following items are presented as income taxes:

- corporate income tax,
- local business tax, and
- innovation contribution

Taxes other than income taxes are recognised by the Group in other expenses and are presented in the line item "Other tax and contribution liabilities" in the statement of financial position.

5.13 Other comprehensive income on translation of subsidiaries

The Group only recognises exchange differences arising on the retranslation of foreign subsidiaries in this line, which are accumulated in equity in the line item "Cumulative translation difference".

In preparing its consolidated financial statements, the Group examines at the reporting date whether any of the intra-group loans qualify as a net investment in a foreign operation, and based on the business plans, the Group assesses the borrower's ability to repay the loan. If repayment is not planned or expected, any unrealised foreign exchange gains/losses are recognised by the Group as part of other comprehensive income in its consolidated financial statements, in the line item "Retranslation of subsidiaries".

5.14 Application and definition of EBITDA

Although the concept of EBITDA is not recognised by IFRS, the Group decided to present this commonly used indicator as well, given its widespread use in industry practice. Also, the Group is convinced that disclosing this figure provides useful information to users of the financial statements.

To facilitate understanding, the method of calculation is presented below:

+/-	Profit before tax	X/(X)
-/+	Share of profit of associates and joint ventures	(X)/X
-/+	Elimination of financial gains or losses	(X)/X
-/+	Elimination of depreciation and amortisation	(X)/X
-/+	EBITDA impact of items which never generate any net outflow of assets	(X)/X
	EBITDA	**X/(X)**

The Group adjusts its profit before tax for the following items:

- *Financial gains or losses:* profit before tax is adjusted by the Group for all items in financial gains or losses (effective interest, exchange differences, etc.), which means that the effect of financial gains or losses is eliminated by the Group in its entirety when calculating this indicator.
- *Share of profit of associates and joint ventures:* profit before tax is adjusted by the Group for the Group's share of profit of associates and joint ventures, which means that the effect of such profit is eliminated by the Group when calculating this indicator.
- *Depreciation and amortisation:* depreciation and amortisation on assets within the scope of IAS 16, IAS 38 and IFRS 16 and assets leased under operating leases or concessions which are recognised by the Group as assets are eliminated when calculating this indicator (these items are "returned"). Non-systematic write-downs of such assets (typically impairment) are also readjusted by the Group, similarly to depreciation and amortisation. [Impairment losses on other assets, such as financial instruments, are not adjusted for when calculating the indicator.]

- *Items which never generate any net outflow of assets:* This line item shows the effect of the ESOP 1 program presented in the financial statements on profit.

5.15 Earnings per share (EPS)

The Group presents its basic and diluted earnings per share (EPS) in its consolidated financial statements. Earnings per share is calculated by the Group by dividing the net profit attributable to owners of the parent by the average number of ordinary shares outstanding in the current year. Diluted earnings per share is calculated by adjusting the number of ordinary shares for the effects of dilutive shares (if any).

When calculating EPS, the Group's shares affected by put options or other similar instruments (e.g. synthetic forward contracts) are treated by the Group as regular shares until the point in time when the shares are physically repurchased through the given instrument. On this basis, the denominator of the EPS indicator is not reduced by the number of such shares (which may be purchased under the contract).

6. Accounting policies relating to the statement of financial position

6.1 Property, plant and equipment

Only assets which are used in production or for administrative purposes and are used for at least one year after commissioning are classified by the Group as property, plant and equipment. In terms of their purpose, the Group makes a distinction between production and non-production (other) assets.

Property, plant and equipment (vehicles) rented out under an operating lease are presented separately by the Group in its statement of financial position as *Leased vehicles*. The accounting policy for recognising operating leases is presented in section 6.4 b) of this chapter.

The initial carrying amount of an asset comprises all items which are related to the purchase or creation of the given asset, including borrowing costs (for the relevant accounting treatment, see accounting policy 6.9 Borrowing costs).

If an asset needs to be removed or decommissioned at the end of its useful life (or if the given asset is no longer required, is sold or is no longer used), the cost incurred in doing so is added to the initial value of the asset and a provision is recognised against it, provided that the Group has at least a constructive obligation to remove or decommission the asset. Related assets are assessed on a collective basis.

The Group applies component accounting, which means that items of property, plant and equipment consisting of multiple significant components are depreciated separately if their useful lives are different.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss.

The depreciable amount is the value on initial recognition reduced by the residual value. The Group determines residual value if its amount is significant (at least 10% of the value of the asset, but no less than thHUF 2,000). Residual value is equal to the amount recoverable after the asset is decommissioned, less costs to sell.

Depreciation is calculated on the basis of the depreciable value for each component. The Group recognises depreciation using the straight-line method. The following depreciation rates are used for assets:

Asset group	Depreciation rate
Land	not depreciated
Buildings	2-5%
Technical and other equipment	14-33%
Leased vehicles	20-33%

The Group reviews the useful lives of assets for each component at the reporting date and assesses whether a given asset can be used over its remaining useful life and whether its residual value is reasonable. If not, then the depreciable amount and the residual value are adjusted by the Group going forward.

The historical cost of property, plant and equipment is increased by significant repair projects which involve substantial cost and occur regularly but not every year. These projects are treated by the Group as a component of the given asset and their useful lives are aligned with the next (expected) occurrence of such projects. Maintenance costs of assets are recognised by the Group in profit or loss for the current year.

Proceeds on disposal of property, plant and equipment are presented by the Group in other income, reduced by the remaining carrying amount of the assets. Expenses arising on the scrapping of items of property, plant and equipment are recognised in other expenses.

6.2 Recognition of government grants

Government grants are not recognised by the Group until there is reasonable assurance that

- the Group will comply with the conditions attaching to them,
- the grants will be received.

In the event that a grant becomes repayable, a liability is recorded when this becomes apparent by increasing the value of the asset or costs.

If an advance payment is made against a government grant, the value of such advance payment is recognised by the Group as a liability. For such grant arrangements, deferred income may only be recognised if the grant has been accounted for.

Grants related to assets

Government grants related to assets are presented in the statement of financial position either as deferred income or by deducting the grant from the carrying amount of the asset. The Group recognises grants related to assets using the first method, i.e. as deferred income. This method recognises the grant as deferred income that is recognised in profit or loss over the useful life of the asset.

Grants related to income

Grants related to income are presented by the Group as part of profit or loss in one of two ways: either separately under a general heading such as "Other income", or deducted from the related expenses. If a grant is related to expenses, then such grant is primarily recognised by the Group by reducing expenses.

6.3 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Costs to sell are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for being classified as held for sale are regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and must have an active program to locate a buyer, and the sale should be expected to be completed within one year from the date of classification. Such assets are presented as current assets in a separate line item.

Property, plant and equipment and intangible assets which are classified as held for sale are not depreciated.

6.4 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to the lessee for a period of time in exchange for consideration. Throughout the period of use, the lessee has the right to obtain the economic benefits from the use, and direct the use, of the identified asset. Furthermore, cases where a lease contract is signed but the underlying asset is not controlled for the benefit of the Group (e.g. a company car provided for personal use, which is treated as an employee benefit) are not classified by the Group as leases.

The Group identifies leases in each of its contracts based on the following criteria and, if these criteria are met, the contract contains a lease:

- The contract contains an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
- The customer determines the method and purpose of the use of the asset throughout the period of use;
- The customer has the right to operate the asset throughout the period of use.

The Group defines the lease term as the non-cancellable period of the lease and any additional periods for which the Group as lessee has an option (e.g. extension) and it is reasonably certain at the commencement of the lease that the option will be exercised. The lease term begins on the day when the lessor makes the underlying asset available for use. The Group typically has fixed-term lease contracts.

a) The Group as Lessee

The Group uses the exemptions for low-value leases (that are not short-term) and short-term leases:

- Leases where the value of the underlying asset (in new condition) does not exceed thHUF 1,500 are classified by the Group as low-value leases. The Group has low-value leases in the current year (such as printer lease).
- A lease is short-term if the lease term does not exceed 12 months, provided that the lease does not contain a purchase option. Amounts paid for short-term leases are recognised in profit or loss using the straight-line method.

Initial measurement

At the commencement date, a right-of-use asset and a lease liability is recognised by the Group as lessee. For this purpose, the Group:

- identifies cash flows that qualify as lease cash flows (lease payments);
- determines the unguaranteed residual value;
- determines the value of initial direct costs, if available.

Since the rate implicit in the lease cannot be readily determined, the incremental borrowing rate or contractual interest rate that would be charged in a similar financing arrangement is used by the Group for the purpose of discounting lease payments.

When measuring lease payments, the Group takes into account any amounts due in exchange for the right to use the underlying asset for the lease term that have not been paid until the commencement date, which comprise the following amounts (if applicable):

- fixed lease payments, less any lease incentives: The Group has reviewed its current lease contracts and concluded that there are no lease incentives.
- variable lease payments that depend on an index or rate: The Group's lease contracts contain variable lease payments that depend on an index (CPI);
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use asset is initially measured at the present value of outstanding lease payments, less any lease incentives received, plus the lessee's initial direct costs.

The lease liability is initially measured at the discounted present value of lease payments.

Subsequent measurement

After the commencement date, right-of-use assets are measured by the Group at cost less accumulated depreciation and impairment loss. The Group as lessee applies the depreciation requirements in IAS 16 in depreciating right-of-use assets. Furthermore, right-of-use assets are tested for impairment in accordance with the requirements of IAS 36.

The Group uses the following depreciation rates for right-of-use assets based on the lease term of each underlying lease contract:

Asset group	Depreciation rate
Motor vehicles	20%-50%
Property	5%-50%

Right-of-use assets are presented by the Group in a separate line item in its statement of financial position.

After the commencement date, the lease liability is measured by the Group as follows:

- by increasing the carrying amount to reflect interest on the lease liability;
- by reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group classifies lease liabilities into short-term and long-term lease liabilities in its statement of financial position.

The following items are subsequently presented by the Group as lessee in profit or loss:

- interest on lease liabilities;
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs;
- depreciation of right-of-use assets.

Remeasurement of lease liabilities

The standard distinguishes between two types of lease modifications: a revised discount rate and revised lease payments.

In accounting for a revised discount rate, the Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

In accounting for revised lease payments, the Group remeasures the lease liability by discounting the revised lease payments if there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect). The Group determines the revised lease payments for the remainder of the lease term based on the revised contractual payments. In this case, the Group uses an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the lessee shall use a revised discount rate that reflects changes in the interest rate. The Group presents the remeasured amount of the lease payments as an adjustment to the right-of-use asset.

b) The Group as Lessor

Leases are classified at the commencement of a lease. The classification of the lease is based on the extent to which risks and rewards incidental to ownership of the leased asset lie with the lessor or the lessee.

The Group as lessor classifies leases as either operating or finance leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction and not the form of the contract. A lease is classified by the Group as a finance lease if substantially all the risks and rewards incidental to ownership of the underlying asset are transferred to the lessee. If this condition is not met, the lease is classified as an operating lease.

The lease of an asset qualifies as a finance lease if any of the following criteria is fulfilled:

- the lease transfers ownership to the lessee by the end of the lease term;
- the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the commencement date, that the option will be exercised;
- the lease term is for the major part of the economic life of the underlying asset even if title is not transferred;
- at the commencement date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
- the underlying asset is of such a specialised nature that only the lessee can use it without major modifications.

Finance lease

The Group has leases identified as finance leases (typically long-term rental). For these leases, assets held under the finance lease are derecognised by the Group in its balance sheet at the commencement date and the Group recognises a lease receivable (net investment in the lease) in the same amount as the present value of the cash flows arising from the lease. The Group uses the interest rate implicit in the lease to calculate present value.

The Group determines the discount rate (interest rate implicit in the lease) for which the following equation is true:

present value of lease payments + unguaranteed residual values

=

fair value of the underlying asset + initial direct costs of the lessor

Revenue is recognised by the Group in the statement of profit or loss and other comprehensive income in the same amount as the lease receivable, and the expense arising on derecognition of the assets held under the finance lease is recognised against revenue.

Subsequent to initial recognition, finance leases are measured by the Group by reducing lease receivables by the amount of monthly lease payments and increasing them by the amount determined using the interest rate implicit in the lease against interest income.

Expected credit losses on lease receivables are determined by the Group by using the simplified approach (lifetime ECL).

Operating lease

The Group has leases identified as operating leases (typically short-term rental). The Group presents lease payments under operating leases in the statement of profit or loss and other comprehensive income using the straight-line method. The Group continues to recognise the leased asset in its statement of financial position and recognises depreciation on such asset over its useful life in accordance with IAS 16. Incentives related to operating leases, if any, are recognised proportionally in profit or loss over the lease term. The Group does not currently have contracts that contain lease incentives.

c) Sale and leaseback transactions

The Group is involved in sale and leaseback transactions, in which an asset is sold and subsequently re-leased by the Group (acting as a seller-lessee). For each transaction, the Group examines whether or not the transfer of the asset qualifies as a sale under IFRS 15, i.e. whether control of the asset is transferred to the buyer-lessor upon satisfaction of the performance obligation. If the transfer of the asset qualifies as a sale, the transaction is treated by the Group as a sale in accordance with IFRS 15. If control of the asset is not transferred to the buyer-lessor upon transferring the asset, the transaction is accounted for by the Group (i.e. the seller-lessee) as a financing transaction.

Additionally, the entity must consider, amongst others, the following transfer of control indicators:

a) The entity has a present right to payment for the asset – if a customer is presently obliged to pay for an asset, then that may indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset in exchange.
b) The customer has legal title to the asset – legal title may indicate which party to a contract has the ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset or to restrict the access of other entities to those benefits. Therefore, the transfer of legal title of an asset may indicate that the customer has obtained control of the asset.
c) The entity has transferred physical possession of the asset – however, physical possession may not coincide with control of an asset. This may typically indicate that the customer has obtained the asset and the benefits from the asset. However, in some repurchase agreements and in some consignment arrangements, a customer or consignee may have physical possession of an asset that the entity controls.
d) The customer has the significant risks and rewards of ownership of the asset – the transfer of the significant risks and rewards of ownership of an asset to the customer may indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. However, when evaluating the risks and rewards of ownership of a promised asset, an entity shall exclude any risks that give rise to a separate performance obligation in addition to the performance obligation to transfer the asset.
e) The customer has accepted the asset – the customer's acceptance of an asset may indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The Group recognises transferred assets involved in sale and leaseback transactions in its statement of financial position (such assets are not derecognised), and the amounts received are accounted for as financial liabilities in accordance with IFRS 9 (Note 6.11). These transactions do not qualify as sales under IFRS 15 and, as a result, no revenue is recognised by the Group.

6.5 Business combinations

Business combination vs. asset acquisition

In deciding whether to account for an acquired business as a business combination or an asset acquisition, the Group takes into account the following:

- Performing a concentration test: the optional fair value concentration test can be performed. If the test is met, the set of activities and assets is not a business and no further assessment is required. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.
- If the fair value concentration test is not met, or if the entity elects not to apply the test, the entity will need to carry out the assessment under paragraphs B8–B12D of IFRS 3 to ascertain if the transaction qualifies as a business combination.
- To constitute a business combination, the acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create output. An acquired process is considered to be substantive if it is critical to the ability to continue producing output, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process, or if it significantly contributes to the ability to continue producing output and is considered unique or scarce, i.e. it cannot be replaced without significant cost or effort to continue operating.

Recognition of asset acquisitions

The Group recognises identifiable assets acquired (including assets which fit the definition of and meet the recognition criteria for intangible assets under IAS 38 Intangible Assets) and liabilities assumed. Cost is allocated by the Group to each identifiable asset and liability based on their relative fair value for the date of acquisition. Such a transaction or event does not give rise to goodwill or negative goodwill. If an asset is overvalued, the difference is recognised in profit or loss.

Recognition of business combinations

Acquisitions of businesses are accounted for using the acquisition method based on the fair value of assets and liabilities at the date of acquisition, i.e. the date of obtaining control. With regard to business combinations, the share of non-controlling shareholders is measured either at fair value or in the amount of the fair value of the acquiree’s net assets attributable to non-controlling shareholders, at the Group’s discretion. Entities acquired or disposed of during the year are presented in the financial statements from the date of obtaining control and until the date of losing control, respectively.

Subsequent to the acquisition, the equity interest of non-controlling shareholders is the initially recorded amount adjusted by changes in the acquiree's equity attributable to non-controlling shareholders.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions in retained earnings.

Goodwill

Goodwill is recognised by the Group as of the acquisition date, measured as the excess of (a) over (b) below:

(a) the aggregate of:

- (i) the consideration transferred measured in accordance with IFRS 3, which generally requires acquisition-date fair value;
- (ii) the amount of any non-controlling interest in the acquiree; and
- (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the amount in (b) above exceeds the amount in (a), the excess is recognised as a bargain purchase. Negative goodwill is presented as a lump sum in the line item "Other income" in profit or loss.

Goodwill is not amortised. Each year the Group examines whether there is an indication that the carrying amount of goodwill is unlikely to be recovered. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that benefit from the synergies of the business combination, regardless of whether the Group has any other assets or liabilities allocated to such units or groups of units.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment loss by the Group.

Business combinations achieved in stages

If control of an entity is obtained by the Group in stages, goodwill is recognised only once, i.e. when control is obtained by the Group. Where control of the acquiree is obtained by the Group having previously held an investment in that entity, the investment is recognised immediately in profit or loss at the date of obtaining control, and the value of that investment at the date of obtaining control will be the fair value of the Group's previously held equity interest in the acquiree at the date of acquisition, which is included in the consideration paid. Where the Group acquires additional equity interest in a subsidiary, the difference between the non-controlling interest acquired and the consideration paid is recognised as an equity transaction.

Consolidation of special purpose entities

The Group established the AutoWallis Employee Stock Ownership Program (ESOP) Organisation. The purpose of establishing the organisation was to accomplish the objectives set out in the Group's remuneration policy, and this is the only relevant activity of the organisation. The parent company has the ability to influence the returns of the ESOP organisation. On this basis, the Group controls the AutoWallis Employee Stock Ownership Program (ESOP) Organisation and consolidates the organisation as a special purpose entity in the Group's financial statements.

6.6 Intangible assets

The value of intangible assets at initial recognition is determined using the method described in the case of property, plant and equipment.

The Group does not own any intangible assets with indefinite useful lives.

Other intangible assets recognised by the Group contain rights of pecuniary value, which include acquired import rights. For these, the Group considers whether there are any contractual periods which restrict the use of such rights. In such cases, the depreciation period may not be longer (though it may be shorter) than this period. By default, the Group considers the contractual period to be the useful life.

The Group accounts for amortisation on software and similar intangible assets using the straight-line method. The amortisation rates applied range from 20% to 33%. Subsequent to initial recognition, intangible assets are measured at cost. The residual value of intangible assets is deemed by the Group to be zero, unless there is evidence to the contrary**.**

6.7 Investments in associates and joint ventures

Such investments are recognised by the Group using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is recognised by the Group initially at cost and the carrying amount is adjusted thereafter to recognise the Group's share of its profit or loss since the acquisition.

The cost of the investment is determined the same way as in the case of subsidiaries. If the cost of the investment is higher than the Group's share of the fair value of net assets, the difference is recognised in goodwill, which is contained in the value of the investment. If the cost of the investment is lower than the Group's share of net assets, the difference is recognised in profit or loss, similarly to negative goodwill.

There are no separate line items for the assets and liabilities of associates and joint ventures in the consolidated financial statements; instead, investments in associates and joint ventures are presented in a single line item. Net profit and other comprehensive income attributable to the Group from these entities are presented in the consolidated statement of profit or loss and other comprehensive income in the line item "Share of profit of associates and joint ventures". Dividends due from associates and joint ventures are recognised by the Group in its consolidated financial statements as a reduction in investments, and not as an item affecting profit or loss.

When the Group transacts with an associate or joint venture, the Group eliminates the proportionate part of the resulting gain or loss when preparing its consolidated financial statements, unless it is impracticable for the Group to obtain the necessary information (in which case the Group uses estimates to determine the amount of the item to be eliminated).

The above methodology is used for joint arrangements under IFRS 11 that are classified as joint ventures.

6.8 Inventories

Inventories are presented by the Group in the financial statements at the lower of cost and net realisable value. The cost of inventories comprises the cost of purchase and costs incurred in bringing the inventories to their present location and condition. The cost of purchased inventories includes all expenses incurred in order to acquire the asset until the asset is warehoused and can be directly allocated to the asset.

The cost of inventories includes the following items:

- Purchase price
    - purchase price less discounts received, including so-called invoiced subsequent discounts and rebates;
    - import duties;
    - other taxes which may not be recovered by the entity later on;
    - cost of transport, loading and handling;
    - all other costs, directly attributable to the acquisition.
- Other costs
    - All other costs incurred in bringing the inventories to their present location and condition.

The following costs are not classified by the Group as costs of inventories:

- costs to sell;
- warehousing costs.

Goods recognised by the Group include new and used vehicles as well as parts, whereas other inventories include materials used in the course of servicing activities.

Impairment losses on inventories are recognised as an expense in the period in which the loss is incurred. The amount of reversals of impairment losses is recognised by the Group as an increase in the value of inventories recognised as an expense, i.e. the income is recognised net of expense.

6.9 Borrowing costs

In accordance with the requirements of IAS 23, the Group capitalises the borrowing costs of qualifying assets for specific and general borrowings.

An asset (project) is regarded by the Group as a qualifying asset (project) if the construction, production or modification of the asset necessarily takes a substantial period of time, typically more than one year (regardless of whether such asset is created by the Group or third parties).

Borrowing costs include:

- interest expense calculated using the effective interest rate method as described in IFRS 9 Financial Instruments;
- interest expense recognised in accordance with IFRS 16 Leases.

For borrowings made for a special purpose (those that are assigned to a specific purpose), the interest expense calculated using the effective interest rate of the borrowing is considered by the Group to be the amount to be capitalised.

To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period, excluding borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The Group had both special purpose and general purpose borrowings in the current year.

For each asset, the Group commences capitalisation of borrowing costs when it incurs expenditures for the asset or, in the case of projects, when physical work commences or, if planning is also done by the Group, the preparation of the plan subject to the licensing process begins. The Group suspends capitalisation of borrowing costs if work is interrupted for an extended period of time that is longer than technologically reasonable. The capitalisation of borrowing costs is completed when the asset is complete, physical work on the project is finished, or the asset created in the course of the project is in use or has been approved for use.

6.10 Financial assets and financial liabilities

The Group applies the requirements of IFRS 9 when accounting for financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

a) cash,
b) an equity instrument of another entity,
c) a contractual right:
   (i) to receive cash or another financial asset from another entity; or
   (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
d) a contract that will or may be settled in the entity's own equity instruments and is:
   (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
   (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is:

a) a contractual obligation:
   (i) to deliver cash or another financial asset to another entity; or
   (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
b) a contract that will or may be settled in the entity's own equity instruments and is:
   (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
   (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Initial recognition and measurement of financial instruments

Financial instruments are measured at fair value at initial recognition. The value if the financial instruments at initial recognition adjusted by the transaction costs directly attributable to the purchase or issue (if not measured at fair value through profit or loss).

Measurement at amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortisation calculated using the effective interest rate method of any difference between that initial amount and the maturity amount, less any loss allowance due to the impairment or uncollectibility of the financial asset.

The effective interest rate is the rate that exactly discounts estimated future cash payments and cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows by taking into account all contractual terms of the financial asset, excluding expected credit losses.

6.10.1. Financial assets – Classification

IFRS 9 classifies financial assets into the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost (AC).

Financial assets and liabilities held for trading and for profit and derivative instruments are financial instruments measured at fair value through profit or loss (FVTPL).

The Group measures its derivatives (FX forward contracts) at fair value.

Debt instruments which meet the SPPI test (i.e. they give rise to cash flows that are solely payments of principal and interest) and are held to collect contractual cash flows (business model test) are measured at amortised cost (AC). This category includes trade receivables and other receivables, interbank loans, and cash and cash equivalents.

The Group measures its financial assets at amortised cost (with the exception of derivatives).

Debt instruments which meet the SPPI test and are held to collect contractual cash flows and to sell the instruments are classified as instruments measured at fair value through other comprehensive income (FVTOCI). Instruments are initially measured at fair value, and fair value gains or losses are recognised in other comprehensive income and accumulated in a separate reserve within equity. Interest and expected credit losses on debt instruments and gains or losses on disposal of debt instruments are recognised in net profit or loss. The cumulative fair value gain or loss is reclassified to net profit or loss on derecognition of the instrument.

The Group classifies its equity instruments based on whether or not they are assets held for trading. Equity instruments which are held for trading are designated as at FVTPL, while other equity instruments are designated as at FVTOCI. Equity instruments are measured by the Group at fair value

at each reporting date (in some cases, cost may also be considered as fair value). Fair value gains or losses are recognised in net profit or loss for instruments designated as at FVTPL and in other comprehensive income for instruments designated as at FVTOCI. The cumulative fair value gain or loss cannot be reclassified to net profit or loss on derecognition of equity instruments; instead, it is reclassified to retained earnings.
The methodology for determining expected credit losses on financial instruments is presented in Note III. 5.9 Expected credit losses on financial instruments.

6.10.2. Financial liabilities – Classification

Subsequent to initial recognition, financial liabilities within the scope of IFRS 9 are classified into two measurement categories:

- Measured at amortised cost (AC)
- Measured at fair value through profit or loss (FVTPL)

Financial liabilities measured at amortised cost are presented in the statement of financial position at amortised cost calculated using the effective interest rate method. Interest expense is recognised in profit or loss as a financial expense.

For financial liabilities measured at fair value through profit or loss, financial liabilities are recognised at fair value at the end of the reporting period. All fair value gains or losses are recognised in profit or loss, except for fair value gains or losses arising from changes in own credit risks, as those are recognised by the Group in other comprehensive income.

The Group measures its financial liabilities at cost, with the exception of the contingent part of purchase prices in acquisitions, which is measured at fair value.

6.10.3. Other special items

Cash and cash equivalents

Cash recorded by the Group includes demand deposits. Cash equivalents include liquid investments maturing in three months or less from the date of acquisition which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost in the balance sheet. As a result, the Group recognises expected credit losses on cash and cash equivalents**.**

Recognition of factored receivables (including non-recourse and recourse factoring)

In the case of non-recourse factoring, the assignor does not provide any guarantee as to the performance of the purchaser. In such transactions, substantially all the risks and rewards are transferred to a third party (the factor) and the Group derecognises the factored receivable. If a receivable is purchased from the third party at a discount, the resulting loss is recognised by the Group in financial expenses in profit or loss.

In the case of recourse factoring, the first step is to examine whether the assignor retains substantially all the risks and rewards of ownership of the receivable, and if the answer is not obvious, the transfer of control must be assessed. If most of the risks associated with the receivables are retained by the Group, the receivable will not be sold by the assignor, therefore cannot be derecognised. The Group typically enters into recourse factoring arrangements where the risks are retained by the Group. In such cases, the amount received from the factor is classified as a loan, and the difference arising on the factoring arrangement is recognised as interest for the period until the purchaser pays the amount of the receivable to the factor.

The Group currently has both recourse and non-recourse factoring contracts in place, both of which fall into the hold-to-collect business model and are measured at amortised cost.

Liabilities from reverse factoring and liabilities from inventory financing

Transactions where the consideration payable for the cars purchased is received by the supplier through reverse factoring represent a significant part of the Group's operation. The essence of the transaction is that the supplier receives the consideration for the purchase not from the Group directly, but instead from an intermediary financial institution, and this financial institution will collect the purchase price from the Group at a later date. Due to the large number and magnitude of these transactions, the Group decided to recognise liabilities from such transactions separately within current liabilities in the balance sheet (liabilities from reverse factoring) and not as loans or trade payables. Of the above liability, balances that already bear interest under the contract and those that do not yet bear contractual interest (as these have not yet aged enough for the financing company to charge interest on) are presented separately by the Group in the balance sheet.

If a fee or interest is involved in the transaction, it is recognised by the Group as interest expense in financial expenses.

The Group has adopted the following accounting policy for the purpose of presenting inventories financed through reverse factoring in the statement of cash flows, taking into account the considerations set out in the most recent publications of the IFRIC: cash flows from the purchase of inventories and payments to suppliers are presented in operating cash flows if the conditions applicable to the liability from reverse factoring are substantially the same as those that would be imposed by the supplier. If this requirement is not met, the amount paid to the intermediary financial institution as part of the reverse factoring arrangement is presented by the Group in financing cash flows, while the purchase of inventories is presented in operating cash flows as a non-cash transaction. This adjustment for non-cash items is presented in the line item "Adjustment due to reverse factoring" within operating cash flows in the consolidated statement of cash flows.

Items where the supplier is paid not by the financing company directly but instead by the Group are not classified by the Group as liabilities from reverse factoring. These items are recognised by the Group separately as liabilities from inventory financing.

Contingent consideration

Contingent consideration (purchase price) in an acquisition is measured by the Group at fair value at the date of acquisition. Contingent consideration that is within the scope of IFRS 9 Financial Instruments is measured at fair value, with any fair value gains or losses recognised in profit or loss (FVTPL).

Sale and leaseback

The Group records amounts received under sale and leaseback transactions as financial liabilities if the transaction in question is not classified as a sale. The relevant criteria and details are presented in Note 6.4 d).

6.10.4. Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers all the risks and rewards of ownership of the financial asset to another entity (without retaining any significant rights) and such transfer satisfies the requirements of derecognition.

A financial liability (or a part thereof) is derecognised when the Group as debtor satisfies its obligations (or a part thereof) by paying the creditor (using cash or other financial assets).

6.10.5. Determining fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments is the quoted market price at the end of the reporting period, net of transaction costs. Where a quoted market price is not available, the fair value of the instrument is determined using valuation models or discounted cash flow techniques. When using discounted cash flow techniques, estimated future cash flows are based on the Group’s economic estimates, and the discount rate is the market rate that would apply to a given instrument at the reporting date under similar terms and conditions. When using valuation models, data are based on market valuations carried out at the end of the reporting period.

IFRS 13 establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels:

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

The Group measures the fair value of assets and liabilities based on Level 3 inputs in the fair value hierarchy.

6.11 Equity components

The Group presents the following items as part of its equity in the financial statements:

Equity component	Description of equity component
Share capital (of the Legal Parent)	Contains the share capital of the Legal Parent.
Share premium	The sum of amounts paid for issued shares in excess of their nominal value.
Share-based payments reserve	Fair value of the shares granted in the ESO program at the grant date, which is distributed over the vesting period. The expense incurred in doing so is recognised in profit or loss as an item of personnel expenses against a separate reserve in equity.
Treasury shares	The consideration paid for the repurchase of treasury shares, which is deducted from equity (nominal value is also included in this line, which is not deducted from equity).
Cumulative translation difference	This reserve includes the cumulative amount of differences arising on the retranslation of subsidiaries, which is recognised in other comprehensive income.
Retained earnings	The amount of cumulative profit not paid out as dividends (i.e. accumulated profit).

The following information on shares is disclosed by the Group in the notes to the financial statements for all classes of share capital:

- number of shares authorised for issue;
- number of shares issued and fully paid and shares issued but not fully paid;

- nominal value of shares;
- reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- rights, preferential rights and restrictions attached to each class of shares, including:
- restrictions on dividend payment and return of capital;
- shares held by the Group or its subsidiaries or associates;
- shares reserved for issue based on options and share subscription agreements, including the terms and amounts.

Payment of dividends

Dividends payable to the Group's shareholders are recognised as a liability against equity for the period in which the payment of dividends was approved by the shareholders.

6.12 Non-controlling interest

The Group as acquirer measures its non-controlling interest in the acquiree for each of its business combinations at the date of acquisition, either at fair value or at the non-controlling interest's share of the recognised amount of the acquiree's identifiable net assets. The Group has chosen to apply the latter approach when measuring non-controlling interests. Losses are allocated to non-controlling interests even if their value turns negative as a result.

6.13 Current and deferred income taxes

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity.

Current income tax is calculated based on the tax laws enacted or substantively enacted at the reporting date. Current income tax expense for the year is presented by the Group in current liabilities or current receivables. The Group classifies corporate income tax, local business tax and innovation contribution as current income tax.

Deferred income tax is presented in order to measure the effects of temporary differences between the tax base of assets and liabilities and their carrying amounts as presented in these consolidated financial statements. The Group recognises deferred tax in non-current liabilities or non-current assets. Deferred tax is calculated using the balance sheet method, with the effects of subsequent changes in tax rates taken into account. A deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities can only be offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

The Group calculates the average effective tax rate in the notes to the financial statements and presents the numerical reconciliation between the effective tax rate and the applicable tax rate, disclosing the basis on which the applicable tax rate(s) is (are) computed.

6.14 Provisions

The Group only records provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. No provisions are recognised by the Group in the following cases:

- for future operating losses;
- for "safety purposes" to cover unforeseeable losses;
- for write-downs (e.g. for the write-down of receivables and inventories) which reduce the value of the relevant assets.

The Group presents provisions in liabilities and classifies them into non-current and current liabilities. If the time value of money in respect of a provision is considered material, the expected cash flows are discounted by the Group. The Group had no provisions at the end of the current year where the time value of money was material.

The Group recognises provisions in the following cases, if material:

- compensation payable in relation to lawsuits;
- indemnification or compensation based on an agreement;
- warranty obligations;
- asset decommissioning liabilities;
- severance pay and restructuring costs.

A restructuring provision (e.g. for severance pay) may be recognised if there is a formal plan for the restructuring which has been approved and communicated to those affected. Provisions may only be recognised for costs associated with discontinued operations and not for continuing operations (e.g. cost of retraining or relocation).

If a decision needs to be made in respect of a specific obligation, the value of the provision will be the most likely unique outcome, while the effect of all remaining outcomes must be reasonably taken into account. If the value of the provision needs to be estimated based on a set of data (guarantees, payments concerning a large number of persons), then the fair value of the expected outcomes (their probability-weighted average) will be used as the value of the provision.

Provisions are reviewed by the Group at the end of each reporting period and are adjusted to reflect the best estimate at the time. When it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingent liabilities

In cases where it is unclear whether there is an obligation, a provision may only be recognised by the Group if it is more likely than not that an obligation exists (probable obligation). If the probability is lower than this, a contingent liability is disclosed by the Group (possible obligation), which is not presented in its statement of financial position, but instead in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Onerous contracts

If the Group enters into a contract where the costs arising from the contract exceed the benefits derived therefrom, a provision is recognised for the lower of the financial consequences of a failure to perform the contract and the losses arising from performing the contract, if considered material.

6.15 Share-based payments

Specific employees of the Group receive remuneration as part of a share-based benefit scheme under an ESO program. As part of the program, employees become entitled to equity-settled share-based payments.

The program is initially recognised by the Group at the grant date. The Group considers the grant date to be the date on which the parties have agreed on the material terms and conditions and the notice is accepted by the employees. The Group measures the cost of equity-settled share-based payments at the fair value of the shares to be delivered to the Group's employees, based on the quoted share price. The fair value of the benefit is expensed by the Group over the vesting period on a straight-line basis or, if another indicator provides a more realistic measure of expenses, then using that indicator.

Expenses are recognised against a separate component of equity (Share-based payments reserve). This accumulated reserve is reclassified when

- the program ends and the shares are distributed;
- the program ends and it is determined that the conditions have not been satisfied.

In the first case, the accumulated balance is taken into account as a capital increase, while in the second case, the reserve is transferred to retained earnings when vesting occurs.

The share options recognised (expected share-based payments) are anti-dilutive and are excluded from the calculation of diluted earnings per share (diluted EPS) (for more details, see Note VII.18. Earnings per share).

6.16 Advance payments received from customers

Where a customer pays consideration before the Group transfers goods or services to the customer, the Group recognises a contract liability when the payment is made (or when the payment is due, whichever is earlier). A contract liability is the Group's obligation to transfer goods or services for which the Group has received consideration from the customer.

The Group recognises advance payments for cars as a contract obligation, presented in the line item "Advance payments received from customers".

6.17 Employee benefits

The Group provides predominantly short-term employee benefits to its employees. These are recognised by the Group in profit or loss after they have vested.

Employee bonuses and other items of a similar nature are presented by the Group in its statement of financial position if they give rise to a liability, that is:

- if they are subject to a contractual condition and that condition has been fulfilled (e.g. a given revenue level is reached); in such cases, the item is recognised not in the period when it is established that the contractual condition has been fulfilled, but when the condition is fulfilled (i.e. the employee provides the service).
- if such an item arises not from a management decision but from a contractual condition, then the item must be recognised when the decision becomes known to the Group (constructive obligation).

The Group operates in a legal environment where employees are entitled to paid leave, and any unused leave may be carried forward to the next year. The Group recognises (accrues) a liability for any unused leave accrued at year-end against employee benefits**.**

6.18 Assets held for sale and liabilities associated with assets held for sale

Where the Group no longer uses a non-current asset of significant value and intends to sell it, such asset is reclassified as held for sale. Reclassification may take place if the sale is highly probable, i.e. the following conditions are satisfied:

- management is committed to a plan to sell;
- an active program to locate a buyer is initiated;
- the sales price is reasonable in relation to its fair value;

- the sale is highly probable within 12 months of classification as held for sale (subject to exceptions).

Assets held for sale are no longer depreciated or amortised by the Group as of the date of reclassification. At the balance sheet date, these assets are presented in the balance sheet at the lower of carrying amount and fair value less costs to sell.

If multiple related assets are sold in a single transaction, those assets must be treated collectively as a disposal group, in line with the rules set out above. If a liability is associated with a disposal group or a liability is also transferred along with an asset held for sale, that liability must be reclassified from liabilities to liabilities associated with assets held for sale. Assets and liabilities cannot be netted solely for the purpose of such reclassification**.**

7. Other accounting policies

7.1. Segment reporting

The Group distinguishes between the following segments in its segment report:

- distribution segment;
- retail & services segment.

Segment profit is calculated and presented by the Group down to the level of profit before tax. The Group discloses a breakdown of assets and liabilities by segment.

The Group did not identify any new segments in the current year. Segments are referred to in the Group's communications as business units.

7.2. General accounting policy relating to the statement of cash flows

The Group's statement of cash flows is based on the indirect method in the case of operating cash flows. Investing cash flows and financing cash flows are calculated using the direct method.

7.3. Changes in accounting policies, IFRSs published but not yet effective

The Group did not amend its accounting policies from 2021 to 2022. Exceptions include the application of accounting policies related to the adoption of new standards and to activities that had not existed previously.

Effects of the adoption of new and revised IFRSs effective from 1 January 2022 on the financial statements

- **Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases)**

  The amendment could be adaptable for annual periods beginning on or after 1 April 2021, including financial statements not yet authorised for issue at the issue date of the amendment. Earlier application is permitted. In March 2021, IASB amended the conditions for the practical expedient under IFRS 16 which provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. Following the amendment, the practical expedient applies to rent concessions only if the reduction in lease payments affects only payments originally due on or before 30 June 2022, provided that all other conditions for applying the practical expedient are met.

The Group had not adapted this option, therefore the amendments had no impact on the financial statements.

- **Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well as Annual Improvements 2018-2020**

The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted. IASB issued narrow scope amendments to IFRSs as follows:

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify that the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments had no significant impact on the Group's financial statements.

Standards issued but not yet effective and not early adopted

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

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

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

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

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

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

- **IFRS 17 Insurance Contracts**

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

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

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

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

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

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

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

The Group did not opt for earlier application in respect of the above relevant amendments and new standards, and the new standards and amendments are not expected to have a significant impact on the Group's consolidated financial statements.

7.4. Materiality threshold and errors

Information is material if omitting or misstating it could reasonably be expected to influence the decisions made by users on the basis of the financial statements.

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of the financial statements. Errors may include omissions from, and misstatements in, the Group's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The Group corrects any errors affecting the current year which are identified during the current year before the financial statements are authorised for issue.

If a material error is discovered in a subsequent period, the Group corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior periods presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered.

If the Group restates items in its financial statements retrospectively or reclassifies items in its financial statements, it presents at least three statements of financial position, at least two of each of the other statements, and the related notes.

V. Critical accounting estimates and judgments

The Group evaluated the estimates made in preparing its consolidated financial statements. These estimates are presented in the relevant notes. However, none of them were classified as critical accounting estimates in terms of their impact on the financial statements.

VI. Acquisitions

Acquisitions completed in the current year

1. Avto Aktiv

On 5 January 2022, the Group announced that, in its resolution dated 24 December 2021, the Slovenian competition authority approved the transaction involving the Group and Avto Aktiv Intermercatus d.o.o., as part of which the Group acquired the operations of this significant Slovenian car dealership and its related properties and assets. The Group completed the transaction on 4 April 2022 and, as a result, 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.
See Note **X. 3)** for disclosures related to the business combination.
The full purchase price paid was EUR 10.56 million and was settled in cash in its entirety. Of the purchase price of EUR 10.56 million, an amount of EUR 4.8 million relates to the acquisition of assets (all of which is property), while EUR 5.8 million relates to the acquisition of the car distribution business of Avto Aktiv.
Through these transactions, the Group’s existing operations in the Slovenian market were expanded to include the sale of BMW, Toyota and Suzuki vehicles at several locations, as well as the employees, land and buildings, property, plant and equipment, and other contracts required for carrying out these activities.

2. C182

When assessing the transaction, the concentration test was met and, as a result, the Group recognised the following acquisition as a purchase of assets:

Milton Property Kft., a subsidiary of Wallis Asset Management Zrt., the Company’s majority shareholder, contributed and transferred ownership of a 100% share in C182 Razvoj Nepremičnin Ljubljana d.o.o. to the Company by way of in-kind contribution. C182 d.o.o owns the property rented by a subsidiary of the Company (Wallis Motor Ljubljana d.o.o) where the subsidiary’s retail activities are carried out. The transaction was completed on 21 July 2022. As the purchase price was settled using shares in its entirety, assets and liabilities were measured at fair value at the date of acquisition, in accordance with IFRS 2.10.

Data in HUF thousand

Fair value of assets and liabilities obtained by way of acquisition at the date of acquisition:

	Fair value at the date of acquisition (thHUF)
Assets	
Property, plant and equipment	4,510,652
Trade receivables	136,893
Other receivables	178,688
Cash and cash equivalents	42,312
Total assets	**4,868,545**
Liabilities	
Loans and borrowings	2,823,178
Other liabilities	26,967
Total liabilities	**2,850,145**
Identifiable net assets at fair value	**2,018,400**

The fair value of the issued shares at the date of the transaction was thHUF 1,730,741, and the resulting fair value gain or loss was recognised in share premium as follows:

- difference between the fair value of the assets acquired and the value of the ownership interest: thHUF 287,660
- effect of derecognised leases on capital: thHUF 105,533

Data in HUF thousand

VII. Notes to the statement of profit or loss and other comprehensive income

In the notes to the statement of profit or loss and other comprehensive income, the sign of each amount corresponds to the effect of that item on profit or loss.

1. Revenue

1.1. Revenue from contracts with customers

Breakdown of revenue

Revenue is presented by the Group broken down by segment for each type of product or service, along with a breakdown by country.
In the case of distribution, performance obligations are satisfied at a point in time when control of the cars is transferred to the customers (these may include retailers outside the Group and other distributors outside the Group), i.e. when the car is delivered. For retail, similarly to distribution, performance obligations are satisfied at a point in time when control of the goods is transferred in the case of cars or when the services ordered are rendered in the case of services.
Breakdown of revenues from customers in accordance with the accounting treatment under IFRS 15:

Segments	For the year ended 31 December 2022		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	158,848,467	92,335,272	251,183,739
Supply of services	87,453	18,894,733	18,982,186
Total	**158,935,920**	**111,230,005**	**270,165,925**
Breakdown by country			
Hungary	56,218,032	78,292,935	134,510,967
Slovenia	17,257,086	21,001,112	38,258,198
Croatia	36,231,766	875,121	37,106,887
Czech Republic	16,907,394	793,958	17,701,352
Romania	13,145,667	1,874,142	15,019,809
Slovakia	7,069,757	2,585,581	9,655,338
Belgium	4,706,864	316,581	5,023,445
Germany	55,534	3,365,173	3,420,707
Bosnia and Herzegovina	3,354,861	-	3,354,861
Albania	2,489,882	-	2,489,882
Other countries	1,499,077	2,125,402	3,624,479
Total	**158,935,920**	**111,230,005**	**270,165,925**

Data in HUF thousand

Comparative data:

Segments	For the year ended 31 December 2021		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	110,256,657	70,243,890	180,500,546
Supply of services	607,431	13,848,458	14,455,889
Összesen	110,864,087	84,092,348	194,956,435
Breakdown by country			
Hungary	41,464,733	59,790,207	101,254,940
Slovenia	12,791,479	5,729,011	18,520,490
Croatia	27,275,453	122,798	27,398,251
Serbia	3,997,723	537	3,998,260
Czech Republic	7,466,262	1,328,611	8,794,873
Slovakia	3,889,276	3,039,874	6,929,150
Romania	5,043,295	2,831,624	7,874,919
Belgium	38,931	61,755	100,686
Germany	2,577,510	5,297,527	7,875,037
Bosnia and Herzegovina	659,073	18,969	678,042
Albania	2,180,337	0	2,180,337
Other countries	3,480,016	6,618,688	10,098,703
Total	110,864,087	84,092,348	194,956,435

The Group does not have any contracts in place where the performance obligation is part of a contract with an initial expected term of one year or more.

Contract balances and customer balances

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

	31/12/2022	31/12/2021
Trade receivables	8,690,787	5,179,198
Contract liabilities	8,364,565	6,651,132

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

The change in the balance of contract liabilities is presented in Note VIII.18 (Trade payables and advance payments received from customers).

1.2. Rental income

The Group leases cars under both operating and finance leases.

The Group manages the rights and risks retained in connection with the leased assets by imposing a limitation on use (e.g. mileage limits) and charging extra for exceeding such limits, and by continuously monitoring the financial position of the lessee and whether lease payments are made in a timely manner. The use of leased vehicles (e.g. geographical restrictions) is also regulated in the terms of use.

Operating leases – The Group as lessor

The Group derives rental income from leasing owned assets and leased assets (cars) to both individuals and legal entities, which is recognised as revenue.

data in thousand HUF	2022	2021
Owned assets		
Lease payments	3,806,498	2,590,558
Leased assets (sublease)		
Lease payments	540,339	273,257
Total	**4,346,837**	**2,863,815**

The lease term for the Group's operating leases is typically not longer than 12 months. These contracts are usually non-cancellable, except in the event of a breach of contract. As the lease term is typically less than one year, the maturity analysis of lease payments is not applicable here and has not been performed by the Group.

Finance leases – The Group as lessor

The Group also leases cars under finance leases where the lease term is over 1 year. The maturity analysis of future minimum lease payments under non-cancellable operating leases is as follows:

data in thousand HUF	31/12/2022	31/12/2021
Due within 1 year	575,699	482,915
Due between 1 year and 2 years	219,183	196,956
Due between 2 and 3 years	136,719	101,314
Due between 3 and 4 years	59,658	42,877
Due between 4 and 5 years	2,804	-
Due in more than 5 years	-	-
Undiscounted contractual cash flows	**994,063**	**824,062**
Unearned financial income	92,255	109,701
Net investment in leases	**901,808**	**714,361**

Data in HUF thousand

2. Own performance capitalised

The value of own performance capitalised was thHUF 26,189 in the current year and thHUF -5,149 in the comparative period.

3. Material expenses

Material expenses recognised by the Group include the following expenses incurred in the course of operations:

Item	2022	2021
Material expenses of servicing activities	4,965,765	3,087,387
Fuel costs	357,517	207,354
Public utility charges (energy, water, gas)	349,226	162,738
Other	197,558	301,627
Total	**5,870,066**	**3,759,106**

The line item "Material expenses of servicing activities" contains the historical cost of parts used in the course of servicing activities. Additionally, the fuel costs of the vehicles used by the Group and overhead costs are also presented here.

4. Services

	2022	2021
Sales, marketing, communication and PR services	4,118,419	3,259,440
- of which: marketing costs	3,175,139	2,895,821
Other miscellaneous services	4,424,047	2,631,038
- of which: other services relating to cars	1,670,960	290,434
- of which: advisory	359,465	3,168
- of which: real estate management costs	341,551	185,802
- of which: warehousing costs	332,906	497,782
- of which: training and education	323,836	178,978
- of which: maintenance	421,085	370,079
- of which: other	974,245	1,105,195
Shipping costs	1,560,364	1,347,792
Accounting, legal and capital market services	749,457	789,764
Bank charges and insurance	1,063,521	754,745
Rental fees	415,983	406,651
Administrative services	206,202	172,750
Telecommunications services	94,949	83,958
Authority fees	59,738	51,497
Total	**12,692,680**	**9,497,636**

Costs related to sales, marketing, communication and PR services were incurred mainly in connection with entering new markets, the most substantial change being the HUF 1.68 billion increase for WAE CEE Kft. compared to the previous year. Also, significant additional costs were incurred in relation to acquisitions, which led to an increase in nearly all types of costs. A detailed breakdown of rental fees is presented in the note on leases (see Note VIII.3).

Data in HUF thousand

5. Cost of goods sold

Cost of goods sold includes the value of inventories resold in unchanged form, as well as the value of services and subcontracted work directly transferred, which are broken down by the Group by segment, similarly to revenues. Parts installed are recognised in material expenses.

	2022	2021
Distribution	136,110,533	97,451,960
Retail & Services	88,808,797	70,034,671
Total	**224,919,330**	**167,486,631**

6. Personnel expenses

Personnel expenses include payroll items and items directly related to employment.

	2022	2021
Wages and salaries	8,329,331	5,242,498
Social security contributions	1,430,052	1,120,025
Company car, emoluments	34,223	14,081
Other staff costs	987,956	435,751
Expenses of equity-settled share-based payment plans	149,700	173,074
Total	**10,931,262**	**6,985,429**

Average statistical headcount at the level of the Group increased to 860 from the previous year's average of 695. The significant increase in wages and salaries is largely attributable to the rise in the Group's employee headcount primarily caused by the employees of the acquired entity (Avto Aktiv) being transferred to the Group (for an additional 104 employees), as well as the pay rise during the current year.

Last year the Group received grants to cover expenses (such as the wage subsidy and occupational health and safety subsidy), which were recognised against personnel expenses (see Note VII.8 for details). The Group did not receive any grants of this nature in the current year.

The part of the ESOP benefit scheme which is related to the Group's employees is presented in these consolidated financial statements as follows. The fair value of the transferred shares for the grant date was expensed over the vesting period on a straight-line basis. The expense incurred in doing so is recognised in profit or loss as an item of personnel expenses against a separate component of equity (Share-based payments reserve). An amount of thHUF 149,700 was recognised as share-based payments against profit or loss for this period (previous year: thHUF 173,073).

7. Depreciation and amortisation

The line item "Depreciation and amortisation" includes depreciation and amortisation recognised by the Group on intangible assets and property, plant and equipment (including right-of-use assets).

Data in HUF thousand

There was no depreciation to be presented as part of an asset in either the current year or the comparative period.

The Group recognises depreciation using the straight-line method:

	2022	2021
Depreciation of property, plant and equipment	1,907,572	1,128,651
of which: depreciation of assets leased under operating leases	*718,885*	*349,650*
Depreciation of right-of-use assets	728,204	813,794
Amortisation of intangible assets	804,384	770,245
Total	**3,440,160**	**2,712,690**

The main reason behind the increase in depreciation is the surplus depreciation caused by the growing fleet size. The amount presented as depreciation of intangible assets contains the prorated amount of the depreciation of import rights recognised by the Group.

8. Other income and expenses

8.1 Other income

Other income and expenses recognised by the Group contain items that are not directly related to operations, including gains or losses on disposal of assets acquired for purposes other than sale, and gains or losses that are not directly related to business operations.

	2022	2021
Compensation received	551,665	332,725
Effect of forgiven items	-	419
Subsidies received	128,767	473,542
Gain on disposal of property, plant and equipment	100,060	158,479
Other miscellaneous income	554,357	1,236,239
Other income	**1,334,849**	**2,201,404**

Subsidies received include subsidies received by the Retail & Services Business Unit from importers. The most significant item within "Other miscellaneous income" is warranty income from manufacturers.

8.2 Other expenses

	2022	2021
Fines and damage claims	343,710	288,549
Provisions made	484,567	239,798
Tax expenses (other than income tax)	607,048	356,763
Non-business expenses	2,573	-
Loss on disposal of property, plant and equipment	21,740	204,694
Other miscellaneous expenses	899,094	483,226
Other expenses	**2,358,732**	**1,573,030**

Data in HUF thousand

Other miscellaneous expenses mainly include items relating to warranties.

The Group received grants related to assets in the current year, which are recognised as deferred income in the statement of financial position (see the next section).

The gain or loss on disposal of property, plant and equipment is recognised by the Group on a net basis, which means that the proceeds on disposal are offset against the carrying amount of the derecognised asset and other related expenses.

8.3 Recognition of government grants

The Group did not receive any government grants in the current year. Government grants received by the Group in the previous year were as follows:

- The Group received COVID-19-related wage subsidies for thHUF 20,862, which were recognised against profit or loss.
- The following table presents the accounting of grants recognised as deferred income:

Deferred income:	2022	2021
At 1 January	**423,178**	399,109
Opening adjustment	(43,601)	
Grants received in the current year	-	32,584
Recognised in net profit or loss	(28,502)	(8,515)
At 31 December	**351,075**	423,178
Amount recognised in deferred income:		
of which: long-term part	312,518	391,226
of which: short-term part	38,557	31,952

There are no unfulfilled or contingent conditions attached to the grants received.

9. Impairment losses on non-financial assets

Impairment losses on non-financial assets include impairment losses on inventories and non-current assets:

	2022	2021
Impairment losses on inventories	202,188	157,598
Impairment losses on property, plant and equipment	184,271	22,008
Total	**386,459**	**179,606**

Data in HUF thousand

10. Expected credit losses on financial instruments

The Group recognises expected credit losses on trade receivables, lease receivables and other financial assets.

	2022	2021
Impairment losses recognised		
On trade receivables	50,217	115,540
On lease receivables	-	-
On other receivables and bank deposits	980	17,960
Total	**51,197**	**133,500**
Reversals of impairment losses		
On trade receivables	109,464	68,372
On lease receivables	-	-
On other receivables and bank deposits	14,612	-
Total	**124,076**	**68,372**
Write-down of impaired instruments		
On trade receivables	49,845	20,946
On lease receivables	-	-
On other receivables and bank deposits	-	-
Total	**49,845**	**20,946**
Expected credit losses on financial instruments	**(23,034)**	**86,074**

The Group uses the ECL model to determine expected credit losses. Under the ECL model, expected credit losses must be calculated for receivables which are not due as well. The Group did not recognise any impairment on lease receivables during the current year as these receivables are secured.

The Group applies the simplified approach for its trade receivables, lease receivables and other receivables, where it recognises lifetime ECL.

11. Interest income and expenses (net)

Interest income and interest expenses for the current year and the previous year were as follows:

	2022	2021
Interest income calculated using the effective interest rate method	**953,874**	**156,501**
Interest income from loans and credits granted	865,600	41,902
Other interest income	31,364	59,737
Interest income from leases	56,910	54,862
Total	**953,874**	**156,501**

Data in HUF thousand

	2022	2021
Interest expense calculated using the effective interest rate method	**1,597,483**	**691,634**
Interest expense of loans and borrowings received	1,193,044	395,891
Interest expense of debentures	275,948	166,749
Interest expense	128,491	128,994
Other interest expense	**195,064**	**209,158**
Interest expense of lease liabilities	195,064	209,158
Total	**1,792,547**	**900,792**

Net effect on profit	**(838,673)**	***(744,291)***

12. Foreign exchange gains and losses (net)

This line item contains gains and losses from fluctuations in exchange rates recognised by the Group:

	2022	2021
Foreign exchange gain	5,676,916	2,817,927
Foreign exchange loss	(5,384,241)	(2,834,630)
Total	**292,675**	**(16,703)**

13. Financial gains or losses (net)

Financial gains or losses on other accounting items are presented by the Group in this line item. The value of these items was thHUF 27,200 in the current year and thHUF 2,226 in the previous year.

14. Gains or losses on equity instruments

Gains or losses on disposal of equity instruments, dividends received on ownership interests recognised as financial instruments, and similar items are recognised by the Group in this line item. The value of these items was thHUF 0 in the current year and thHUF 239 in the previous year.

15. Fair value gains or losses on derivatives

The Group enters into derivative transactions to mitigate foreign exchange risk. The Group measures these transactions at fair value through profit or loss and does not apply hedge accounting. The gain or loss on transactions outstanding at year-end, measured at the reporting date, was a loss of thHUF 433,921 (previous year: gain of thHUF 51,332).

16. Income tax expenses

The Group classifies corporate income tax (including income tax paid abroad), local business tax and innovation contribution as income tax.

Data in HUF thousand

	2022	2021
Current income tax		
Corporate income tax for the year	902,797	412,461
Local business tax	734,932	475,151
Innovation contribution	36,618	28,423
Total	**1,674,347**	**916,035**
Deferred tax		
Increase/decrease in temporary differences	18,528	7,136
Total	**18,528**	**7,136**
Total income tax expense	**1,692,875**	**923,171**

a) Calculation of the effective corporate income tax rate, current income tax expense

The following table presents the calculation of the effective tax rate:

		2022		2021	
	Profit before tax in the consolidated statement of profit or loss and other comprehensive income		**10,316,307**		**4,165,290**
Note	**Tax expense calculated based on the current tax rate (9%)**	**9.00%**	**928,468**	**9.00%**	**374,876**
1.	Other income tax expense (local business tax, innovation contribution)	7.48%	771,550	12.09%	503,574
2.	Other income tax expense deductible from the tax base	-0.67%	(69,440)	-1.09%	(45,322)
3.	Effect of different tax rates	0.15%	15,671	0.09%	3,641
4.	Tax effect of the profit of entities accounted for using the equity method	-0.28%	(28,595)	0.00%	0
5.	Other items individually not material	0.73%	75,221	2.07%	86,402
	Total income tax expense	**16.41%**	**1,692,875**	**22.16%**	**923,171**

1. Other income taxes include local and state taxes payable in Hungary which are imposed on the profits of the entities calculated based on a certain income using a tax base that is significantly higher than the corporate income tax base and a significantly lower tax rate (2% at most). The first line of the calculation only shows the amount of hypothetical tax calculated using the corporate income tax rate and, as a result, local business tax and innovation contribution give rise to additional income tax expenses for the Hungarian subsidiaries of the Group.
2. Local business tax and innovation contribution are deductible for corporate income tax purposes, the positive effect of which is presented in this line.
3. This line contains the tax effects arising from the application of different tax rates for subsidiaries, considering the fact that the Group operates in foreign countries as well. The corporate income tax rate for the years presented was 18% in Croatia and 19% in Slovenia. This line of the tax calculation contains the effect of the differences between the 9% hypothetical tax rate and the current tax rate.
4. The tax expense on the profit of joint ventures calculated using the current tax rate is presented by the Group in this line, since profit before tax already includes the profit after tax of entities accounted for using the equity method which is attributable to the Group.

b) Breakdown of deferred taxes

Items giving rise to deferred tax assets and liabilities are presented in the following table. Deferred tax is caused by differences between the carrying amount and the tax amount, tax losses carried forward, and other items (e.g. development reserve).

	Opening balance (net) 01/01/2022	Recognised in profit or loss	Closing balance (net)	Deferred tax asset	Deferred tax liability
			31/12/2022		
Property, plant and equipment and leased vehicles	(144,055)	(3,687)	(147,743)	38,959	(186,702)
Leases	62,374	(13,462)	48,912	48,912	-
Intangible assets	10,505	(4,467)	6,038	6,038	-
Trade receivables and other receivables	(41,380)	(26,825)	(68,204)	21,337	(89,541)
Inventories	7,977	14,129	22,106	25,389	(3,283)
Cash and cash equivalents	307	165	471	471	-
Loans and borrowings	(3,622)	121	(3,501)	-	(3,501)
Other liabilities	248	5,549	5,797	17,467	(11,669)
Provisions	17,093	30,778	47,871	51,512	(3,641)
Tax losses carried forward	13,564	(8,989)	4,575	4,575	-
Other items	(33,325)	(11,760)	(45,086)	-	(45,086)
Total	**(110,314)**	**(18,448)**	**(128,764)**	**214,660**	**(343,423)**

Tax rates differ between countries. All differences are determined using the tax rate of the source country. The Group's tax losses carried forward and their expiry dates are presented in the following table:

data in thousand HUF	31/12/2022	expiry	31/12/2021	expiry
Income tax losses carried forward	2,054,178	2023-2027	2,098,606	2022-2026

17. Other comprehensive income on translation of subsidiaries

The Group presents the difference arising on the retranslation of foreign subsidiaries in other comprehensive income, which is recognised separately in equity (in the line item "Cumulative translation difference"). This difference is caused by the fact that certain subsidiaries of the Group have different functional currencies. The difference amounted to a gain of thHUF 499,164 in the current year and a loss of thHUF 18,227 in the previous year. These differences are presented by the Group in the statement of cash flows in the line item "Other non-cash items".

Data in HUF thousand

18. Earnings per share (EPS)

As the Group's shares are publicly traded, the Group discloses information on EPS.

The following table presents the data used to calculate basic EPS and diluted EPS.

Event	Days	FY 2022	Event	Days	FY 2021
Number of shares at 1 January	245	425,183,765	Number of shares at 1 January	96	324,313,680
Issue of shares – 2 September	120	442,289,002	Issue of shares – 6 April	223	339,713,680
			Post-issue – 15 November	46	425,183,765
Average number of shares (for basic EPS)	**365**	**430,807,405**		**365**	**346,434,841**
Average number of shares (for diluted EPS)		**430,807,405**			**346,434,841**

Basic EPS and diluted EPS are identical.

	2022	2021
Profit attributable to owners of the parent (for basic EPS)	8,299,530	3,099,643
Number of shares (for basic EPS)	430,807,405	346,434,841
EPS (basic, HUF/share)	**19.27**	**8.95**
Profit attributable to owners of the parent (for diluted EPS)	8,299,530	3,099,643
Number of shares (for diluted EPS)	430,807,405	346,434,841
EPS (diluted, HUF/share)	**19.27**	**8.95**

No other transactions involving ordinary shares or potential ordinary shares took place between the balance sheet date and the date when these financial statements were authorised for issue.

19. EBITDA

The Group also presents a profit category not defined under IFRS which provides useful information for decision-making. The calculation process is described in accounting policy IV.5.14.

EBITDA is calculated as follows:

	2022	2021
Profit before tax	10,316,307	4,165,291
Elimination of the share of profit of associates and joint ventures	317,718	-
Elimination of financial gains or losses	952,719	(793,271)
Elimination of depreciation and amortisation	3,440,160	2,712,690
Current-year expense under IFRS 2 Share-based Payment	63,913	149,591
EBITDA	**14,455,381**	**7,820,843**

Data in HUF thousand

VIII. Notes to the statement of financial position

1. Property, plant and equipment

Changes in items of property, plant and equipment for the financial year ended 31 December 2022 were as follows:

	Property	Plant and equipment	Assets under construction	Total
Gross opening value at 1 January	**9,364,108**	**4,695,368**	**2,812,284**	**16,871,760**
Increase	9,666,335	1,731,898	-	11,398,233
Assets obtained by acquisition	-	350,490	-	350,490
Decrease (disposal)	-	(820,624)	-	(820,624)
Decrease (scrapping)	(182,959)	(4,615)	-	(187,574)
Reclassification	-	(27,948)	(2,163,956)	(2,191,904)
Fair value gains or losses	108,823	15,050	(12,773)	111,100
Gross closing value at 31 December	**18,956,307**	**5,939,619**	**635,555**	**25,531,481**

Accumulated depreciation	Property	Plant and equipment	Assets under construction	Total
Opening value at 1 January	**1,283,070**	**2,207,304**	**3,860**	**3,494,234**
Depreciation (VII.7)	440,123	748,564	-	1,188,687
Impairment losses (VII.9)	-	-	-	-
Reversal of impairment losses (VII.9)	-	(9,666)	-	(9,666)
Decrease (disposal)	-	(172,963)	-	(172,963)
Decrease (scrapping)	(3,817)	(4,581)	-	(8,398)
Reclassification, other	149,745	(110,868)		38,877
Closing value at 31 December	**1,869,121**	**2,657,790**	**3,860**	**4,530,771**

	Property	Plant and equipment	Assets under construction	Total
Net closing value at 31 December	**17,087,186**	**3,281,829**	**631,695**	**21,000,710**

For the financial year ended 31 December 2021:

	Property	Plant and equipment	Assets under construction	Total
Gross opening value at 1 January	**5,648,408**	**4,434,502**	**401,676**	**10,484,586**
Increase	1,133,708	866,961	2,305,833	4,306,502
Assets obtained by acquisition	3,575,740	25,836	105,903	3,707,479
Decrease (disposal)	(209,443)	(890,905)	-	(1,100,348)
Decrease (scrapping)	(1,155)	(82,738)	(1,128)	(85,021)
Reclassification	(783,150)	341,712	-	(441,438)
Fair value gains or losses	-	-	-	-
Gross closing value at 31 December	**9,364,108**	**4,695,368**	**2,812,284**	**16,871,760**

Data in HUF thousand

Accumulated depreciation	Property	Plant and equipment	Assets under construction	Total
Opening value at 1 January	**983,027**	**1,900,878**	**-**	**2,883,905**
Depreciation (VI.7)	185,375	593,627	-	779,002
Assets obtained by acquisition	249,616	16,401	-	266,017
Impairment losses (VI.9)	-	-	3,860	3,860
Reversal of impairment losses (VI.9)	-	-	-	-
Decrease (disposal)	(12,332)	(233,463)	-	(245,795)
Decrease (scrapping)	-	(70,139)	-	(70,139)
Reclassification	(122,616)	-	-	(122,616)
Closing value at 31 December	**1,283,070**	**2,207,304**	**3,860**	**3,494,234**

	Property	Plant and equipment	Assets under construction	Total
Net closing value at 31 December	**8,081,038**	**2,488,064**	**2,808,424**	**13,377,526**

Individual assets of significant value recognised as property include the land presented in the books of VCT78 Kft., as well as the land, office buildings, dealerships and repair shops presented in the books of K85 Kft., Wallis British Motors Kft. and Iniciál Kft. Items causing a significant increase in 2022 include the capitalisation of the new Jaguar and Land Rover dealership located at Budapest, Váci út 78. and the BMW dealership in Ljubljana operated by C182 doo, which was acquired by the Group by way of in-kind contribution in the current year.

Changes in interest capitalised in connection with assets under construction were as follows:

Change in borrowing costs:

	31/12/2022	31/12/2021
Interest expense of special purpose loans calculated using the EIR	-	-
Interest expense of general purpose loans calculated using the capitalisation rate	32,395	16,420
Total capitalised interest for the period	**32,395**	**16,420**

The Group does not have any significant commitment to acquire new property, plant and equipment.

All assets are measured by the Group using the cost model.

The Group's property financing loans are secured by the properties involved in the respective financing arrangements. Their carrying amount at the end of the period was as follows:

	Carrying amount at the reporting date (thHUF)		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Property, plant and equipment	6,762,250	(928,500)	5,833,750

Data in HUF thousand

2. Leased vehicles

Assets leased under operating leases are presented separately by the Group, the balance of which was as follows:

Gross value	31/12/2022	31/12/2021
Opening value at 1 January	**3,294,135**	**2,210,122**
Increase	2,963,410	1,790,385
Decrease (disposal)	(3,319,014)	(1,079,959)
Decrease (scrapping)	(52,027)	-
Reclassification	441,641	373,379
Fair value gains or losses	-	-
Other	(124,946)	208
Closing value at 31 December	**3,203,199**	**3,294,135**
Accumulated depreciation		
Opening value at 1 January	**466,557**	**376,653**
Depreciation (VII.7)	718,885	349,650
Impairment losses (VII.9)	-	-
Reversal of impairment losses (VII.9)	-	-
Decrease (disposal)	(643,313)	(259,784)
Decrease (scrapping)	(51,594)	-
Other	17,646	38
Closing value at 31 December	**508,181**	**466,557**
Total		
Net closing value at 31 December	**2,695,018**	**2,827,578**

Leased assets include cars held by specialised members of the Group for the purpose of renting them out to customers in exchange for a rental fee. These cars were obtained by the Group through purchases. Considering the typical term of such leases, these assets qualify as operating leases on the lessor's part.

3. Right-of-use assets (ROU)

Right-of-use assets relating to leases are presented by the Group separately from property, plant and equipment, the balance of which for the financial year ended 31 December 2022 was as follows:

	Vehicles	Property	Total
Gross opening value at 1 January	**395,641**	**5,768,759**	**6,164,400**
Increase due to acquisition	-	349,462	349,462
Lease	339,007	465,435	804,442
Sublease	(290,444)	-	(290,444)
Derecognition of right-of-use assets	(57,109)	(3,612,519)	(3,669,628)
Effects of contract amendments and other movements	37,879	37,817	75,696
Gross closing value at 31 December	**424,974**	**3,008,954**	**3,433,928**

Data in HUF thousand

Accumulated depreciation	Vehicles	Property	Total
Opening value at 1 January	**351,070**	**1,219,687**	**1,570,757**
Depreciation	49,058	679,146	728,204
Derecognition of right-of-use assets	(104,925)	(436,358)	(541,283)
Decrease (derecognition)	-	-	-
Effects of contract amendments and other movements	(224,968)	(268,799)	(493,767)
Closing value at 31 December	**70,235**	**1,193,676**	**1,263,911**

	Vehicles	Property	Total
Net closing value at 31 December	**354,739**	**1,815,278**	**2,170,017**

For the financial year ended 31 December 2021:

	Vehicles	Property	Total
Gross opening value at 1 January	**922,565**	**8,066,966**	**8,989,531**
Purchase	-	-	-
Lease and acquisition	306,706	1,029,587	1,336,293
Sublease	(696,688)	-	(696,688)
Derecognition of right-of-use assets	(136,942)	(3,193,929)	(3,330,871)
Effects of contract amendments	-	(133,865)	(133,865)
Gross closing value at 31 December	**395,641**	**5,768,759**	**6,164,400**

Accumulated depreciation	Vehicles	Property	Total
Opening value at 1 January	**446,157**	**885,779**	**1,331,937**
Depreciation (VI.7)	41,855	771,939	813,794
Derecognition of right-of-use assets	(136,942)	(447,637)	(584,579)
Decrease (derecognition)	-	-	-
Effects of contract amendments	-	9,606	9,606
Closing value at 31 December	**351,070**	**1,219,687**	**1,570,757**

	Vehicles	Property	Total
Net closing value at 31 December	**44,571**	**4,549,072**	**4,593,643**

Right-of-use assets include:

- property held by the Group under rental arrangements where such rental fits the definition of a lease under IFRS 16, and
- cars to be rented out by the Group which are rented by the Group itself but meet the recognition criteria under IFRS 16 (e.g. held under a contract with a term longer than 12 months).

The most significant movement in the current year was the derecognition of the lease of property relating to the dealership leased by Wallis Motor Ljubljana from C182 d.o.o., which was presented in "Derecognition of right-of-use assets".

Items recognised in profit or loss in connection with leases are presented in the table below:

data in thousand HUF	2022	2021
Interest on lease liabilities	195,064	209,158
Income from the sublease of right-of-use assets	(540,339)	(273,257)
Expenses on short-term leases	66,033	115,375
Expenses on leases of assets of small value	233,743	205,154

4. Goodwill

The balance sheet line item "Goodwill" contains the following items arising from business combinations:

	31/12/2022	31/12/2021
Goodwill recognised on reverse acquisitions	515,034	515,034
Iniciál Autóház Kft.	383,704	383,704
Avto Aktiv SLO d.o.o.	36,464	-
Total	**935,202**	**898,738**

The details of acquisitions are presented in chapter VI of the financial statements.

The Group tests goodwill for impairment at the end of each reporting period. The Group calculates impairment on goodwill using the discounted cash flow model for the cash-generating unit in question (the one that 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 recoverable amounts calculated on the basis of such impairment tests were significantly higher than the carrying amounts in each case and, as a result, the Group did not recognise any impairment in the current year.

Data in HUF thousand

5. Intangible assets

The following movements involving rights of pecuniary value took place in the current year:

Gross value	Total
Gross opening value at 1 January	**4,137,547**
Increase	115,239
Assets obtained by acquisition (V.1)	-
Decrease (disposal)	-
Decrease (scrapping)	(28,111)
Other increase	42,810
Gross closing value at 31 December	**4,267,485**

Accumulated depreciation	Total
Opening value at 1 January	**1,090,217**
Depreciation (VI.7)	804,384
Impairment losses (VI.9)	-
Decrease (disposal)	-
Decrease (scrapping)	(28,111)
Other increase	270
Closing value at 31 December	**1,866,760**
Net closing value at 31 December	**2,400,725**

Comparative data for the previous period:

Gross value	Total
Gross opening value at 1 January	**4,056,021**
Increase	81,479
Assets obtained by acquisition	-
Decrease (disposal)	(92)
Other increase	139
Gross closing value at 31 December	**4,137,547**

Accumulated depreciation	Total
Opening value at 1 January	**303,057**
Depreciation (VI.7)	770,245
Impairment losses (VI.9)	16,902
Decrease (disposal)	(92)
Other increase	105
Closing value at 31 December	**1,090,217**
Net closing value at 31 December	**3,047,330**

A material item in rights of pecuniary value is an acquired import right, on the basis of which certain members of the Group have the exclusive right to import OPEL vehicles in certain markets (Hungary, Slovenia, Croatia, and Bosnia and Herzegovina).

Data in HUF thousand

6. Investments in associates and joint ventures

	31/12/2022	31/12/2021
Investments in joint ventures	2,167,718	-
Investments in associates	-	-
Closing value	**2,167,718**	**-**

Investments in joint ventures include the Group's interest in AutoWallis Caetano Holding Zrt., an entity in which it has a 50% share and control is exercised by the Group and the other investor on a parity basis (see Note III). AutoWallis Caetano Holding Zrt. was established in 2022 for the purpose of acquiring Renault Hungária Kft. The Group and the other investor have no obligations to the entity other than those required by law. AutoWallis Caetano Group sold 1,873 cars.

As AutoWallis Caetano Holding Zrt. qualifies as a parent company itself, the Group discloses aggregate information presented in the entity's consolidated financial statements, as shown in the following table.

	2022	2021
Ownership percentage of AutoWallis Group	50%	N/A
Non-current assets	4,592,547	-
Current assets	17,694,589	-
- of which: cash and cash equivalents	3,603,633	-
Non-current liabilities	1,634,156	-
- of which: non-current financial liabilities (less trade receivables and provisions)	-	-
Current liabilities	16,218,416	-
- of which: current financial liabilities (less trade receivables and provisions)	12,826,571	-
Net assets (100%)	4,434,564	-
Net assets attributable to the Group (50%)	2,217,282	-
Elimination of unrealised profit or loss	(49,564)	-
Goodwill	-	-
Carrying amount of interests in joint ventures	1,850,000	-
Revenue	14,252,957	-
Depreciation and amortisation	(175,249)	-
Interest income	18,893	
Interest expense	(22,618)	-
Income tax expense	(52,636)	-
Total comprehensive income (100%)	734,564	-
Total comprehensive income (50%)	367,282	-
Elimination of unrealised profit or loss	(49,564)	-
Total comprehensive income attributable to the Group	317,718	-
Dividends received	-	-

Data in HUF thousand

The reconciliation of the net assets of AutoWallis Caetano Holding Zrt. attributable to the Group and the carrying amount is as follows:

Reconciliation of the carrying amount	2022	2021
Opening value of net assets	-	-
Foundation in the current year	3,700,000	-
Net profit or loss for the current year*	734,564	-
Other comprehensive income	-	-
Dividends paid	-	-
Closing value of net assets	**4,434,564**	**-**
Net assets attributable to the Group (%)	50%	-
Net assets attributable to the Group (thHUF)	2,217,282	-
Elimination of interim profit or loss	(49,564)	
Goodwill	-	-
Carrying amount	**2,167,718**	**-**

* Net profit or loss of AutoWallis Caetano Group

7. Deferred tax assets and liabilities

Temporary differences that will reverse in the future and may result in tax liabilities or tax assets later on are recorded by the Group if there is evidence that taxable profit will be available against which the deductible temporary differences can be utilised. In the current environment, only corporate income tax and, for foreign subsidiaries, local income tax can give rise to deferred tax.
Deferred tax assets and liabilities are presented in detail in **Note VII. 16 b)**.

8. Investments in equity instruments and debt instruments

Equity instruments include two shareholdings held by one of the subsidiaries (Wallis Kerepesi Kft.). No member of the Group has significant influence over these investments. The investments are carried at fair value in the financial statements, and both assets are measured at FVTOCI. The fair value of the investments was determined by the Group based on the investee’s equity.

Debt instruments include corporate loans in both non-current and current receivables. The interest rates on the loans correspond to the market interest rate, and there were no transaction costs or other costs that would cause the effective interest rate to differ from the contractual interest rate.

	31/12/2022	**31/12/2021**
Investments in equity instruments	2,200	2,200
Investments in debt instruments	-	-
Long-term part	-	-
Short-term part	-	-
Total	**2,200**	**2,200**

Data in HUF thousand

9. Goods and other inventories

	31/12/2022	31/12/2021
Motor vehicles	51,616,392	21,268,651
Parts	3,300,895	2,737,640
Other goods	53,582	56,767
Mediated services	27,526	64,939
Total	**54,998,395**	**24,127,997**

Inventories are measured at the lower of cost and net realisable value.

A significant part of inventories has been pledged to secure the underlying financing loans**.** The considerable increase in inventories of motor vehicles is explained by delayed deliveries of inventory items due to logistics issues across Europe.

10. Trade receivables and factoring receivables

Trade receivables recognised by the Group include receivables arising from sales and operating leases. The value of trade receivables is broken down as follows:

	31/12/2022	31/12/2021
Receivables in foreign currencies	4,240,997	3,006,234
Receivables in HUF	4,668,578	2,482,744
Total trade receivables	**8,909,575**	**5,488,978**
Impairment losses on trade receivables	(218,788)	(309,780)
Trade receivables, net	**8,690,787**	**5,179,198**

Trade receivables are non-interest-bearing receivables with average payment terms between 8 and 60 days.

Impairment losses on receivables were recognised using the expected credit loss model. The fair value of trade receivables is identical to their carrying amount. Advance payments received from customers are presented by the Group in a separate line item within liabilities (*Advance payments received from customers*)**.**

Receivables factored by the Group under recourse factoring arrangements have been presented separately in the balance sheet since 2022. The following table shows the balance of these receivables at the reporting date:

	31/12/2022	31/12/2021
Factoring receivables	1,681,843	3,315,735

Data in HUF thousand

11. Prepayments, other receivables, other financial assets and net investment in leases

Prepayments, other receivables and other financial assets include receivables not classified into other categories:

	31/12/2022	31/12/2021
Prepayments	3,486,632	3,149,567
Accrued income	*1,091,165*	*830,644*
Prepaid expenses	*2,395,466*	*2,318,923*
Other receivables	15,127,811	2,135,230
Other tax assets	*2,183,931*	*1,456,270*
Advance payments made	*11,885,814*	*225,539*
Receivables from employees	*14,044*	*16,340*
Other miscellaneous receivables	*1,044,022*	*437,081*
Other financial assets	91,657	70,264
Total	**18,706,100**	**5,355,061**

The most significant items in accrued income and prepaid expenses include bonuses received from/given to manufacturers and/or importers.

Other receivables presented by the Group include other tax assets, advance payments made, current receivables from employees, and other miscellaneous receivables. Other miscellaneous receivables primarily include receivables arising from commercial bonuses given to the Group by wholesalers and manufacturers. These are recognised by the Group in profit or loss as items deductible from cost of goods sold.

Other receivables typically do not fit the definition of a financial instrument. No ECL was recognised by the Group on items which do not fit the definition of a financial instrument (such as accrued or prepaid items and tax assets). The fair value and carrying amount of the above items are nearly identical.

In the previous year, the line item "Other financial assets" included the fair value gain or loss on open foreign exchange derivatives, measured by the Group at fair value through profit or loss. Its current-year amount contains a deposit related to loans.

Changes in receivables related to subleased assets for the current year were as follows:

data in thousand HUF	2022
Opening balance	714,361
Recognition	719,252
Calculated interest	56,910
Repayment	(721,916)
Other change	133,201
Closing balance	**901,808**
Of which: long-term	*378,544*
Of which: short-term	*523,264*

The following table presents a breakdown of receivables related to subleased assets by maturity for the current year and the previous year. The Group did not recognise any impairment losses on its lease receivables in either the current year or the previous year.

data in thousand HUF	31/12/2022	31/12/2021
Net investment in leases (short-term part)	523,264	425,386
Net investment in leases (long-term part) due between 1 and 5 years	378,544	288,975
Net investment in leases (long-term part) due in more than 5 years	-	-
Total	**901,808**	**714,361**

12. Cash and cash equivalents

The Group had significant cash balances at the balance sheet date. The fair value of bank deposits is equal to their carrying amount.

	31/12/2022	31/12/2021
Bank deposits in HUF	9,891,324	17,756,991
Bank deposits in foreign currencies	6,904,806	6,886,008
Cash in HUF	54,930	53,747
Cash in foreign currencies	43,443	11,084
ECL on cash and cash equivalents	(7,603)	(8,863)
Cash and cash equivalents	**16,886,900**	**24,698,967**

Data in HUF thousand

13. Equity

13.1. Share capital

The section presenting the share capital covers the share capital and share structure of the Legal Parent. The number of shares and the series of shares were as follows:

Series Category			Series "C" ordinary
01/01/2021	-	-	**324,313,680**
In-kind contribution of DALP on 06/04/2021			15,400,000
Capital increase on 15/11/2021			85,470,085
31/12/2021	-	-	**425,183,765**
Issue for the purpose of in-kind contribution (C182 - 02/09/2022)			17,105,237
31/12/2022	-	-	**442,289,002**

Changes in the nominal value of the shares (and, as a result, the balance sheet value of share capital):

Series Category			Series "C" ordinary
01/01/2021	-	-	**4,053,921**
In-kind contribution of DALP			192,500
Capital increase on 15/11/2021			1,068,376
31/12/2021	-	-	**5,314,797**
In-kind contribution of C182 on 02/09/2022			213,816
31/12/2022	-	-	**5,528,613**

All issued shares were series "C" shares at the balance sheet date.

The Group's public offering of shares was launched on 25 October 2021, as part of which the retail sale of shares began on 25 October 2021 in accordance with the prospectus dated 14 October 2021. On 11 November 2021, the Group determined a selling price of HUF 117 per unit for the new shares. As a result:

(i) a total of 64,102,564 units of shares were distributed among institutional investors as part of the Institutional Sale for a total issue value of HUF 7,499,999,988 at a price of HUF 117 each; and

(ii) a total of 21,367,521 units of shares were distributed among retail investors as part of the Retail Sale for a total issue value of HUF 2,499,999,957 at a price of HUF 117 each.

The crediting of new shares to the investors' securities accounts took place with a value date of 24 November 2021, and this is also the date when the shares were admitted to trading on the Budapest Stock Exchange. As a result of the share issue, the Group's share capital increased by thHUF 1,068,376.

Data in HUF thousand

On 21 July 2022, C182 Razvoj Nepremičnin Ljubljana d.o.o (the entity owning the property where the dealership and repair shop of Wallis Motor Ljubljana d.o.o are located) was contributed by Milton-Property Kft., a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis Nyrt., by way of in-kind contribution. Through the transaction, the Group issued 17,105,237 shares on 2 September 2022 and, as a result, its share capital increased by thHUF 213,816.

13.2. Share premium

Share premium contains only share premium created after the Group was established.
The following transactions resulted in changes to share premium in the current year:

- The treasury share repurchase option relating to the acquisition of Iniciál Group was exercised in the current year and, due to the obligation to repurchase treasury shares being fulfilled, share premium increased by thHUF 436,113.
- Difference between the nominal value and issue value of shares issued in connection with the in-kind contribution of C182 D.o.o., which amounted to thHUF 1,516,925.
- Other changes amounting to thHUF 393,193, representing an increase arising from the transaction involving C182 D.o.o.:
    - difference between the fair value of the assets acquired and the value of the ownership interest: thHUF 287,660
    - effect of derecognised leases on capital: thHUF 105,533

13.3. Share-based payments reserve

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

The ESOP 1 program, in which the shares of the Parent (which were transferred to the ESOP Organisation by Wallis Asset Management Zrt.) were distributed, was completed in August 2022. The benefit scheme did not have any impact on the aggregate value of the Group’s net assets and did not generate any outflow of cash. Upon completion of the program, the share-based payments reserve was reduced by thHUF 328,696.

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	thHUF 465,926
Grant date	7 August 2019

Data in HUF thousand

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

The Group had the following share-based payment agreements in place as at 31 December 2022:

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	thHUF 70,450
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	thHUF 165,504
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 scheme which is related to the Group's employees is presented in these consolidated financial statements as follows. The fair value of the transferred shares for the grant date was expensed over the vesting period on a straight-line basis. The expense of thHUF 149,400 incurred in doing so (previous year: thHUF 173,074) is recognised in profit or loss as an item of personnel expenses against a separate component of equity (Share-based payments reserve).

Data in HUF thousand

13.4. Treasury shares

This is where the Group recognises the historical cost of repurchased treasury shares. This line item contains the full purchase price, including the nominal value of repurchased shares (which is not deducted from share capital).
On 30 June 2021, the Group sold 7,889,503 treasury shares on the Budapest Stock Exchange in a fixed exchange transaction, with the involvement of Concorde Értékpapír Zrt. as an investment service provider. The average price of the transaction was HUF 93, which means that the shares were sold at an average price of HUF 93, for a total amount of HUF 734 million.
At the end of the ESOP I program in 2022, vested shares were paid out to participating employees, the historical cost of which amounted to thHUF 502,978.
On 3 November 2022, the Group exercised its call option to repurchase treasury shares. As a result of the exercise, 5,024,784 treasury shares were repurchased from Taródy Operatív Kft. at an average price of HUF 91.33 for a total amount of thHUF 458,914.

The Group records the ESOP organisation as if it directly owned the shares held by the ESOP organisation. Therefore, the 700,000 shares relating to the ESOP at the end of the period (previous year: 3,980,244) are recognised by the Company as treasury shares in equity for a total amount of thHUF 64,976 (previous year: thHUF 567,954).

13.5. Cumulative translation difference

Cumulative translation difference is the accumulated amount of differences arising on translating the balances of foreign entities to HUF. The cumulative difference is reclassified to net profit or loss when the relevant subsidiary is derecognised.

13.6. Retained earnings

Retained earnings contain accumulated profits from previous periods and are reduced by dividends paid. The General Meeting of the Legal Parent did not approve the payment of dividend in FY 2022.

14. Non-controlling interest

Non-controlling interest represents the part of the net assets of Iniciál Autóház Kft. and ICL Kft. that is attributable to non-controlling interests and is measured by the Group at the carrying amount.

Profits attributable to non-controlling interests	31/12/2022	31/12/2021
Net assets of Iniciál Autóház Kft.	**1,975,000**	**2,034,856**
The Group's ownership interest %	**60%**	**60%**
The Group's share of net assets	1,086,038	1,111,994

Data in HUF thousand

Net assets attributable to non-controlling interests	888,962	922,862
Net assets of ICL Autó Kft.	**737,738**	**293,231**
The Group's ownership interest %	**60%**	**60%**
The Group's share of net assets	442,643	175,938
Net assets attributable to non-controlling interests	295,095	117,293
Of which: attributable to owners of the parent	**1,528,680**	**1,287,932**
Of which: attributable to non-controlling interests	**1,184,057**	**1,040,155**

15. Loans, borrowings and lease liabilities

The Group's operation relies heavily on loans and borrowings. Members of the Group have the following types of outstanding loans:

- debentures: bonds with a nominal interest rate of 3%, typically used for financing operations as well as ESG ("green") initiatives and programs;
- investment loans: loans serving investment purposes;
- overdraft facilities: loans providing general day-to-day liquidity;
- inventory financing loans: used to finance inventories until sales are realised;
- working capital loans: used to finance the purchase of current assets other than inventories and to provide and short-term liquidity;
- leases: used to secure financing for non-current assets.

15.1. Composition of loans and borrowings

The balances of loans and borrowings are as follows, distinguishing between long-term and short-term loans:

	31/12/2022	31/12/2021
Long-term		
Bonds	9,534,861	9,546,913
Loans and borrowings	5,841,553	2,359,665
Investment loans	4,524,013	2,359,665
Total long-term	**15,376,414**	**11,906,578**

Short-term		
Bonds	288,000	288,000
Loans and borrowings	35,923,288	11,090,997
Investment loans	493,929	252,822
Inventory financing loans	4,301,178	1,990,875
Loans from reverse factoring	30,236,636	8,847,300
Other	891,545	-
Total short-term	**36,211,288**	**11,378,997**

Data in HUF thousand

Borrowings are classified by the Group primarily based on

- whether or not the item in question relates to leases (in accordance with the requirements of IFRS 16); or
- the item in question is recognised in loans or borrowings, while
- bonds are presented in a separate category.

In addition, borrowings are also classified based on whether they are interest-bearing or non-interest-bearing. Liabilities are recorded at amortised cost.

15.2. Bonds

The Group has the following bonds, issued as part of the Bond Funding for Growth Scheme:

Bond 1

Name of bond issued	AutoWallis NKP Bond 2030/I
Date of issue	30 September 2020
ISIN code	HU0000359476
Number of bonds issued	60
Nominal value of bonds issued	50,000,000
Total nominal value (HUF)	3,000,000,000
Amount raised (HUF)	3,044,657,300
Interest payment	fixed
Frequency of interest payment	annual
Repayment of the principal amount	in a lump sum on maturity
Bond maturity	10 years
EIR	2.8374%
Amount raised (HUF)	3,044,657,300
Amount raised less direct costs (HUF)	3,041,551,573

The calculated effective interest rate of the bonds (where the net present value of the cash flows relating to the bonds is exactly zero) is 2.8374% p.a. The effective interest includes an amount of thHUF 44,657 received on top of the nominal value, as well as direct costs associated with the bonds.

Estimated fair value of the bonds at 31/12/2022:

Carrying amount (HUF)	3,095,125,213
Fair value gains or losses (HUF)	-638,741,859
Fair value of amount raised (HUF)	2,456,383,354

An interest rate of 6.58% was used for the purpose of calculating the fair value of the bonds, which was estimated based on market information.

Data in HUF thousand

The Group uses the amount raised less direct costs for its calculations, which is equal to amortised cost. Balance of the bond:

	2022	2021
Opening balance	3,097,450	3,103,297
Amount received at issue	-	-
Adjustment for interest recognised	1,555	(3,900)
Calculated interest	86,120	88,053
Repayment	(90,000)	(90,000)
Closing balance	**3,095,125**	**3,097,450**
of which: short-term part	**90,000**	**0**

Bond 2 (green bond)

The Group issued bonds as part of the Bond Funding for Growth Scheme during the financial year. The bond issued has the following key characteristics:

Name of bond issued	AutoWallis NKP Bond 2031/I
Date of issue	22 October 2021
ISIN code	HU0000360664
Number of bonds issued	132
Nominal value of bonds issued	50,000,000
Total nominal value (HUF)	6,600,000,000
Amount raised (HUF)	6,655,543,800
Interest payment	fixed
Frequency of interest payment	annual
Repayment of the principal amount	HUF 5,000,000 per year starting from the 5th year, and HUF 25,000,000 on maturity in a lump sum
Bond maturity	10 years
Nominal interest rate	3.00%
EIR	2.854%

Amount raised (HUF)	6,655,543,800
Amount raised less direct costs (HUF)	6,654,849,500

The Company publishes the conditions for using the funds raised through the bond issue (so-called Green Financing Framework) on its website.

Estimated fair value of the bonds at 31/12/2022:

Carrying amount (HUF)	6,727,736,142
Fair value gains or losses (HUF)	-1,345,534,012
Fair value of amount raised (HUF)	**5,382,202,130**

Data in HUF thousand

An interest rate of 6.58% was used for the purpose of calculating the fair value of the bonds, which was estimated based on market information.

The Group uses the *amount raised less direct costs* for its calculations, which is equal to amortised cost.

Balance of the bond:

	2022	2021
Opening balance	6,737,464	-
Amount received at issue	-	6,655,544
Transaction costs	(1,556)	(694)
Calculated interest	189,828	82,614
Repayment	(198,000)	-
Closing balance	**6,727,736**	**6,737,464**
of which: short-term part	**198,000**	**0**

Payments of principal and interest on debentures which are due within one year are presented by the Group in other interest-bearing current liabilities.

	2022	2021
Interest payable on AutoWallis NKP Bond 2030/I	198,000	198,000
Interest payable on AutoWallis NKP Bond 2031/I	90,000	90,000
Liability arising from the Iniciál option	-	451,475
Other interest-bearing liability	-	4,785
Other interest-bearing current liabilities	**288,000**	**744,260**

Data in HUF thousand

15.3. Lease liabilities

	31/12/2022	31/12/2021
Opening balance	6,581,909	8,744,576
Reclassification	-	(568,831)
Recognition	1,619,217	2,327,811
Repayment	(1,508,630)	(1,996,995)
Reclassification	(668,358)	1,224,330
Derecognition due to business combinations	(3,198,764)	(2,850,753)
Other change	340,728	(298,229)
Closing balance	**3,166,102**	**6,581,909**

	31/12/2022	31/12/2021
Lease liabilities	**3,166,102**	**6,581,909**
Of which: long-term	*1,904,072*	*4,714,662*
Of which: short-term	*1,262,030*	*1,867,247*
	3,166,102	**6,581,909**

The Group recognises lease liabilities as a lessee, which include rental fees for car dealerships, repair shops, parking lots, logistics centres, and motor vehicles. Costs related to leased assets are borne by the Group throughout the term of each lease, and the Group is required to return the leased assets to the lessor at the end of the lease term.

There are no material future risks to which the Group is exposed that were not considered in measuring liabilities.

The incremental borrowing rate used in the calculation of lease liabilities ranges from 3.73% to 15%, depending on the term of the lease, the currency, and the leased asset. Lease payments for property are inflation-linked, while lease payments for motor vehicles are generally based on BUBOR.

There are no material special conditions attached to leases. The Group did not receive any COVID-19-related rent concessions in the current year.

16. Provisions

Provisions mainly include assurance-type warranty obligations within the scope of IAS 37, all of which are related to servicing activities. The Group did not identify any individual items of significant value.

Data in HUF thousand

	Warranty obligation	Other provisions	Decommissioning obligation	Total
At 1 January 2021	**86,023**	**43,439**	**-**	**129,462**
Provisions made	29,929	123,176	-	153,105
Provisions reversed	(48,720)	(34,676)	-	(83,394)
Other change		(102)	-	(102)
At 31 December 2021	**67,233**	**131,837**	**-**	**199,070**
Provisions made	46,400	429,341	33,879	509,620
Provisions reversed	(77,134)	(9,368)	-	(86,502)
Other change	-	(362)	(878)	(1,240)
At 31 December 2022	**36,499**	**551,448**	**33,001**	**620,948**
of which: long-term part	*4,422*	*56,046*	*33,001*	*93,469*
of which: short-term part	*32,077*	*495,402*	-	*527,479*

The Group recognises provisions for warranty obligations based on past experience. These costs are expected to be incurred in 1 to 5 years. The assumptions used for calculating provisions for warranty obligations are based on current sales levels and currently available information for the warranty periods of all goods sold. Other provisions include provisions made by the Group for expected manufacturer's refunds, penalties resulting from ongoing tax audits and expected losses on cars sold with a price guarantee.

17. Liabilities from reverse factoring

The Group presents interest-bearing and non-interest-bearing liabilities from reverse factoring separately, the balances of which were as follows:

	31/12/2022	31/12/2021
Liabilities from reverse factoring		
Of which: interest-bearing	27,091,112	5,766,791
Of which: non-interest-bearing	3,145,524	3,080,509
Total	**30,236,636**	**8,847,300**

Data in HUF thousand

18. Trade payables and advance payments received from customers

Trade payables are related to day-to-day operations and are due within a maximum of 90 days. Their breakdown by currency is as follows:

	31/12/2022	31/12/2021
Trade payables		
HUF	19,846,642	14,132,968
EUR	1,371,055	1,120,340
Total	**21,217,697**	**15,253,308**

The fair value of trade payables is roughly identical to their carrying amount.

The following table presents changes in advance payments received from customers/contract liabilities:

Contract liabilities	31/12/2022	31/12/2021
At 1 January	6,651,132	2,536,615
Change	1,713,433	4,114,516
At 31 December	**8,364,565**	**6,651,132**

19. Income tax assets and liabilities

From the Group's perspective, income taxes include corporate income tax, local business tax and innovation contribution. Other tax liabilities are presented in other current liabilities.

Income tax liabilities	31/12/2022	31/12/2021
Corporate income tax	661,711	248,440
Local business tax	134,386	243,024
Innovation contribution	75,381	50,209
Other income taxes	-	13,149
Total income tax liabilities	**871,478**	**554,822**

In the current period, the Group recognised income tax assets for an amount of thHUF 65,950 (previous period: thHUF 48,512).

20. Other non-interest-bearing non-current and current liabilities

In the current year, a significant item in other non-interest-bearing non-current liabilities was long-term deferred income for thHUF 269,496, which is the portion of government grants not yet released in proportion to depreciation.

Data in HUF thousand

Current liabilities	31/12/2022	31/12/2021
Other tax and contribution liabilities	1,941,151	1,962,639
Accruals	5,559,906	*2,158,163*
Prepaid income	*2,449,834*	1,212,758
Accrued expenses	*3,110,072*	945,405
Other non-interest-bearing liabilities	4,154,651	*6,922,680*
Short-term employee benefits	*448,549*	279,608
Other employee benefits	*3,348*	6,036
Other miscellaneous current liabilities	*3,702,754*	6,637,036
- of which: vehicle repurchase obligations	*1,225,959*	*817,355*
- factoring liabilities	*1,681,843*	*3,315,735*
- other current liabilities	*794,952*	*2,503,946*
Total current liabilities	**11,655,708**	**11,043,482**

Other tax and contribution liabilities recognised by the Group include liabilities arising from VAT, retail tax, company car tax and contributions on wages and salaries.

The most significant items in prepaid income and accrued expenses include bonuses received from/given to manufacturers and/or importers. Other current liabilities included the following significant items:

- Vehicle repurchase obligations. The Group agreed to a repurchase obligation for these vehicles in its vehicle sales contracts, and repurchase is likely to take place in the future.
- Liabilities related to recourse factoring amount to thHUF 1,681,843 (previous year: thHUF 3,315,735).
- A significant item in other current liabilities in 2021 was the contingent purchase price payable by WAE CEE Kft. based on future sales in connection with the acquisition of OPEL import rights (thHUF 2,010,202), which was settled in 2022.

21. Assets held for sale and liabilities associated with assets held for sale

The Group decided to sell the property located at Biatorbágy Budai út 16., which had served as the site of one of its subsidiaries, as it was no longer required for its operations. The reclassification was carried out on 30 December 2021. The property was no longer depreciated by the Group and was reclassified at its carrying amount. A loan to finance the property was also transferred along with the property itself. This item was presented by the Group separately from the liability. The disposal of the property took place in 2022, and the Group had no remaining assets held for sale at 31 December 2022.

Data in HUF thousand

IX. Disclosures on risk management

The Group manages the assets entrusted to it in a way that maximises value for its owners. In doing so, it adheres to the following principles:

- ensuring the continuous operation of the Group under all circumstances;
- achieving an optimal debt-to-equity ratio in order to keep the cost of capital at an acceptable level.

The Group's capital structure is in line with the industry standard, and the Group has not set a quantified target for its debt-to-equity ratio. The statutory minimum share capital requirement for the Group is thHUF 20,000. There are no special regulations that would apply to the management of its capital. Changes in the Group's net debt were as follows:

Item	2022	2021
Long-term debentures	9,534,861	9,546,913
Long-term loans and borrowings	5,841,553	2,359,665
Non-current lease liabilities	1,904,072	4,714,662
Other non-interest-bearing non-current liabilities	391,412	451,012
Short-term loans and borrowings	1,385,474	252,822
Inventory financing loans	4,301,178	1,990,875
Current lease liabilities	1,262,030	1,867,247
Liabilities from reverse factoring - interest-bearing	27,091,112	5,766,791
Other interest-bearing current liabilities	288,000	744,260
Liabilities from reverse factoring - non-interest-bearing	3,145,524	3,080,509
Total liabilities	**55,145,216**	**30,774,756**
- Accruals	(391,412)	(451,012)
- Liabilities arising from options	-	(456,260)
- Cash and cash equivalents	**(16,886,900)**	**(24,698,967)**
Net debt	**37,866,904**	**5,168,517**

The Group is exposed to the following financial risks in its operations:

a) market risk, which consists of the following elements:
   - exchange rate risk,
   - interest rate risk,

b) credit risk;

c) liquidity risk.

Data in HUF thousand

1. Market risk

Risk management is performed autonomously by the central treasury department. There are no independent risk management teams at the level of the Group's individual members, and typically no transactions are entered into in this regard.

Exchange rate risk is the risk that cash flows from future commercial transactions and the assets and liabilities presented in the balance sheet will fluctuate due to changes in foreign exchange rates.

The Group is engaged in operations involving foreign currencies, which entails the risk of changes in foreign exchange rates, particularly the euro exchange rate. The Group's exposure to changes in foreign exchange rates is insignificant for all other currencies. The risks presented below impact trade receivables, trade payables, liabilities from reverse factoring, inventory financing loans and lease liabilities.

The following tables present sensitivity to potential changes in EUR exchange rates, all other factors being equal. The effect on the Group's net assets is the result of changes in the fair value of financial assets and liabilities. The effect on net assets is attributable to the change in profit or loss.

	Change in the EUR exchange rate	Effect on net assets	Effect on net assets (%)
12/31/2021	+1%	20,093	0.083%
	+5%	100,466	0.415%
	+10%	200,932	0.830%
	-1%	(20,093)	-0.083%
	-5%	(100,466)	-0.415%
	-10%	(200,932)	-0.830%
31/12/2022	+1%	(212,670)	-0.600%
	+5%	(1,063,352)	-2.998%
	+10%	(2,126,703)	-5.997%
	-1%	212,670	0.600%
	-5%	1,063,352	2.998%
	-10%	2,126,703	5.997%

The Group's interest rate risk arises from loans and leases. The Group is exposed to cash flow interest rate risk because of floating-rate loans.

The following table presents sensitivity to potential changes in the interest rates of the relevant loans and borrowings. Changes in loan interest rates have the following impact on the Group's profit before tax, all other factors being equal:

Data in HUF thousand

	Increase or decrease	Effect on profit before tax	Effect on profit before tax (%)
12/31/2021	1%	(7,443)	-0.230%
	5%	(37,215)	-1.148%
	0.1	(74,429)	-2.296%
	-1%	7,443	0.230%
	-5%	37,215	1.148%
	-10%	74,429	2.296%
31/12/2022	1%	(1,615)	-0.016%
	5%	(8,073)	-0.078%
	0.1	(16,145)	-0.157%
	-1%	1,615	0.016%
	-5%	8,073	0.078%
	-10%	16,145	0.157%

2. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, and credit exposures to wholesale and retail customers, including receivables and transactions for which the Group entered into commitments. If an independent credit rating agency is not involved, the customer's creditworthiness is determined by the Group based on financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings, in accordance with the limits defined by the Board of Directors. The Group monitors the use of credit facilities on an ongoing basis. The following table presents changes in impairment losses on financial instruments:

2022	Cash and cash equivalents	Trade receivables	Other receivables
Opening balance at 1 January	**8,863**	**309,780**	**18,789**
Impairment losses recognised (reversals)	(1,260)	(59,247)	(12,307)
Derecognition	-	(38,955)	-
Exchange rate difference	-	7,210	-
Closing balance at 31 December	**7,603**	**218,788**	**6,482**

2021	Cash and cash equivalents	Trade receivables	Other receivables
Opening balance at 1 January	**1,964**	**282,341**	**2,837**
Impairment losses recognised (reversals)	6,899	27,439	15,952
Derecognition	-	-	-
Exchange rate difference	-	-	-
Closing balance at 31 December	**8,863**	**309,780**	**18,789**

Credit risk is managed at the level of individual entities. Local entities are responsible for managing and analysing credit risk associated with new customers before offering them their standard payment and delivery terms. For receivables, exposure equals the total balance of the receivable, which may be reduced by bank guarantees in certain situations (see Note X.2).

3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets.

Cash flow forecasting is performed by the Group by monitoring rolling forecasts for fulfilling the Group's liquidity requirements to ensure that adequate cash resources for operations are available, while maintaining sufficient flexibility at all times in respect of undrawn credit facilities (see Note VIII.14) to ensure that the Group does not exceed its credit limits and (where appropriate) is able to meet its obligations. In this context, the Group disclosed a maturity analysis of liabilities (see Note 6).

The impact of reverse factoring arrangements on liquidity risk and financing cash flow can be material if these liabilities are significant and are concentrated at a single financial institution rather than a group of suppliers. For instance, the Group may become dependent on changes to the payment terms of such arrangements.

Concentration risk may arise in connection with liquidity risk when several counterparties conduct similar business activities in the same geographical region or have economic characteristics which cause their ability to meet their contractual obligations to be similarly affected by changes in economic, political or other circumstances. This demonstrates the relative sensitivity of the Group's performance to developments in the relevant industry.

In order to avoid an excessive concentration of risk, the Group's policies and procedures include specific guidelines aimed at maintaining a diversified portfolio. Identified concentrations of credit risk are monitored and managed accordingly.

Data in HUF thousand

3.1 Maturity analysis

The following tables present a breakdown of the Group's financial liabilities by maturity based on undiscounted contractual payments:

At 31 December 2022	Due between 1 and 12 months	Due between 1 and 5 years	Due in more than 5 years	Total
Loans, borrowings and debentures	6,421,520	6,436,996	11,043,332	23,901,848
Lease liabilities	1,370,668	1,770,309	278,475	3,419,452
Trade payables	21,217,697	-	-	21,217,697
Other miscellaneous liabilities	33,939,391	-	-	33,939,391
Total	**62,949,276**	**8,207,305**	**11,321,807**	**82,478,388**

At 31 December 2021	Due between 1 and 12 months	Due between 1 and 5 years	Due in more than 5 years	Total
Loans, borrowings and debentures	2,243,697	1,574,879	10,331,699	14,150,275
Lease liabilities	1,867,246	3,646,679	1,067,983	6,581,909
Trade payables	15,253,308	-	-	15,253,308
Other miscellaneous liabilities	27,458,039	706,516	-	28,164,555
Total	**46,822,290**	**5,928,074**	**11,399,682**	**64,150,047**

X. Other disclosures

1. Segment reporting

The Group's segment reporting is based on the logic of the management's performance evaluation. The segments are based on business areas, can be distinguished from each other, and make sales to one another (the most significant being the sale of motor vehicles by the distribution segment to the retail & services segment). However, such sales are eliminated on consolidation. The Group distinguishes between the following segments:
distribution segment;
retail & services segment.

Segment results are monitored separately by the Group's management down to the level of operating profit.

The Group presents segment information as regularly reviewed by the chief operating decision-makers (hereinafter: "CODM") of AutoWallis Nyrt. The Group identified the Chief Executive Officer and the Board of Directors as CODMs as they were responsible for allocating resources between operating segments according to various factors (e.g. thresholds) and for assessing operating and financial performance. The income and expenses of the segments presented in the financial statements contain the figures of the consolidated subsidiaries for the given business unit, which means that they include both income and expenses from external clients and intersegment income and expenses. The latter ones are presented separately by the Group in the section on eliminations in the consolidated financial statements.

Based on the above, in 2022 the Group identified the following operating segments to be presented: i) distribution, ii) retail & services. The information presented in these notes to the consolidated financial statements includes information regularly available to the CODM. Accordingly, the Group does not present a detailed breakdown of assets and liabilities by segment as those are not regularly monitored by the CODM at segment level.

Data in HUF thousand

The Group's segment performance for the financial year ended 31 December 2022:

	Distribution segment	Retail & services segment	Segments total	Adjustments and eliminations	Consolidated
Revenue					
External customers	158,935,920	111,230,005	270,165,925	0	270,165,925
Intersegment and intrasegment sales	14,180,916	7,552,633	21,733,549	(21,733,549)	0
Total revenue	**173,116,836**	**118,782,638**	**291,899,474**	**(21,733,549)**	**270,165,925**
Income/(expenses)					
Material expenses	(222,526)	(6,085,540)	(6,308,066)	438,000	(5,870,066)
Services	(10,929,859)	(5,626,527)	(16,556,386)	3,863,706	(12,692,680)
Cost of goods sold	(147,510,315)	(94,550,232)	(242,060,547)	17,141,217	(224,919,330)
Personnel expenses	(3,434,796)	(7,424,297)	(10,859,093)	(72,169)	(10,931,262)
Depreciation and amortisation	(1,323,486)	(2,020,135)	(3,343,621)	(96,539)	(3,440,160)
Impairment losses on goodwill	0	0	0	0	0
Share of profit of associates	0	0	0	0	0
Interest income	1,052,855	865,765	1,918,620	(964,746)	953,874
Interest expense	(972,929)	(1,785,263)	(2,758,192)	965,645	(1,792,547)
Segment profit before tax	**8,925,838**	**3,339,130**	**12,264,967**	**(1,948,660)**	**10,316,307**
Segment EBITDA	**9,448,930**	**5,406,195**	**14,855,126**	**(399,744)**	**14,455,382**
Total assets	**95,850,087**	**83,366,398**	**179,216,485**	**(45,532,349)**	**133,684,136**
Total liabilities	**63,735,821**	**58,210,797**	**121,946,618**	**(23,727,583)**	**98,219,035**
Other disclosures					
Investments in associates					
Investments in joint ventures	2,167,718	0	2,167,718	0	**2,167,718**

Data in HUF thousand

For the financial year ended 31 December 2021:

	Distribution segment	Retail & services segment	Segments total	Adjustments and eliminations	Consolidated
Revenue					
External customers	110,864,087	84,092,348	194,956,435	-	194,956,435
Intersegment and intrasegment sales	13,147,256	6,896,816	20,044,072	20,044,072	-
Total revenue	**124,011,343**	**90,989,164**	**215,000,507**	**20,044,072**	**194,956,435**
Income/(expenses)					
Material expenses	(103,729)	(4,074,004)	(4,177,734)	418,627	(3,759,106)
Services	(7,937,752)	(3,983,982)	(11,921,734)	2,424,098	(9,497,636)
Cost of goods sold	(108,879,007)	(75,857,843)	(184,736,850)	17,250,219	(167,486,631)
Personnel expenses	(2,319,108)	(4,623,992)	(6,943,100)	(42,330)	(6,985,429)
Depreciation and amortisation	(1,222,745)	(1,438,220)	(2,660,965)	(51,726)	(2,712,690)
Impairment losses on goodwill	-	-	-	-	-
Share of profit of associates	-	-	-	-	-
Interest income	224,180	198,021	422,201	(265,700)	156,501
Interest expense	(391,320)	(564,813)	(956,133)	264,499	(691,634)
Segment profit before tax	**3,212,369**	**1,641,309**	**4,853,678**	**(688,388)**	**4,165,290**
Segment EBITDA	**4,534,718**	**3,594,059**	**8,128,777**	**(307,935)**	**7,820,842**
Total assets	**64,645,281**	**61,303,352**	**125,948,634**	**(36,972,095)**	**88,976,539**
Total liabilities	**41,701,252**	**40,365,083**	**82,066,336**	**(17,361,467)**	**64,704,869**
Other disclosures					
Investments in associates	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-

Data in HUF thousand

A breakdown of the Group's non-current assets by country is provided in the following table:

	2022	2021
Hungary	25,524,841	21,602,368
Slovenia	6,360,992	3,398,246
Croatia	78,964	103,362
Total non-current assets	**31,964,796**	**25,103,975**

Information on significant customers

The Group does not have any external customers in relation to which it earns revenue in excess of 10% of consolidated revenue.

Data in HUF thousand

2. Disclosures on financial instruments

2.1 Classification of financial instruments

At 31 December 2022	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets and financial liabilities measured at amortised cost	Carrying amount	Fair value
Financial assets					
Investments in debt instruments	-	-	-	-	-
Investments in equity instruments	-	2,200	-	2,200	2,200
Net investment in leases	-	-	901,808	901,808	901,808
Loan receivables	-	-	-	(0)	(0)
Trade receivables and factoring receivables	-	-	10,372,630	10,372,630	10,372,630
Other receivables*	-	-	1,058,064	1,058,064	1,058,064
Other financial assets	-	-	91,657	91,657	91,657
Cash and cash equivalents	-	-	16,886,900	16,886,900	16,886,900
Total	-	**2,200**	**29,311,059**	**29,313,259**	**29,313,259**

Financial liabilities					
Debentures	-	-	9,822,861	9,822,861	7,838,585
Loans and borrowings	-	-	11,528,205	11,528,205	11,528,205
Lease liabilities	-	-	3,166,102	3,166,102	3,166,102
Trade payables	-	-	21,217,697	21,217,697	21,217,697
Liabilities from reverse factoring	-	-	30,236,636	30,236,636	30,236,636
Other current liabilities*	309,704	-	3,393,050	3,702,754	3,702,754
Total	**309,704**	-	**79,364,551**	**79,674,255**	**77,689,979**

** Only balances that qualify as financial instruments*

Data in HUF thousand

At 31 December 2021	Fair value through profit or loss	Fair value through other comprehensive income	Financial assets and financial liabilities measured at amortised cost	Carrying amount	Fair value
Financial assets					
Investments in debt instruments	-	-	-	-	-
Investments in equity instruments	-	2,200	-	2,200	2,200
Loan receivables	-	-	-	-	-
Trade receivables and factoring receivables	-	-	8,494,933	8,494,933	8,494,933
Other receivables*	-	-	453,423	453,423	453,423
Other financial assets	-	-	70,264	70,264	70,264
Cash and cash equivalents	-	-	24,698,967	24,698,967	24,698,967
Total	**-**	**2,200**	**33,717,587**	**33,719,787**	**33,719,787**

Financial liabilities					
Debentures	-	-	9,546,913	9,546,913	9,546,913
Loans and borrowings	-	-	4,603,363	4,603,363	4,603,363
Lease liabilities	-	-	6,581,910	6,581,910	6,581,910
Trade payables	-	-	15,253,308	15,253,308	15,253,308
Liabilities from reverse factoring	-	-	8,847,301	8,847,301	8,847,301
Other current liabilities*	-	-	7,381,296	7,381,296	7,381,296
Total	**-**	**-**	**52,214,091**	**52,214,091**	**52,214,091**

** Only balances that qualify as financial instruments*

Data in HUF thousand

2.2 Fair value hierarchy

Financial assets and liabilities were classified in the fair value hierarchy for the periods presented herein as follows:

At 31 December 2022	Level 1	Level 2	Level 3
Financial assets			
Investments in debt instruments	-	-	-
Investments in equity instruments	-	-	2,200
Net investment in leases	-	-	901,808
Loan receivables	-	-	(0)
Trade receivables and factoring receivables	-	-	10,372,630
Other receivables*	-	-	1,058,064
Other financial assets	-	-	91,657
Cash and cash equivalents	98,374	16,788,526	-
Total	**98,374**	**16,788,526**	**12,426,359**

Financial liabilities			
Debentures	-	-	9,822,861
Loans and borrowings	-	-	11,528,205
Lease liabilities	-	-	3,166,102
Trade payables	-	-	21,217,697
Liabilities from reverse factoring	-	-	30,236,636
Other current and non-current liabilities*	-	309,704	3,393,050
Total	**-**	**309,704**	**79,364,551**

** Only balances that qualify as financial instruments*

At 31 December 2021	Level 1	Level 2	Level 3
Financial assets			
Investments in debt instruments	-	-	-
Investments in equity instruments	-	-	2,200
Loan receivables	-	-	-
Trade receivables and factoring receivables	-	-	8,494,933
Other receivables*	-	-	453,423
Other financial assets	-	-	70,264
Cash and cash equivalents	24,698,967	-	-
Total	**24,698,967**	**-**	**9,020,820**

Financial liabilities			
Debentures	-	-	9,546,913
Loans and borrowings	-	-	2,612,486
Lease liabilities	-	-	6,581,909
Trade payables	-	-	15,253,308
Liabilities from reverse factoring	-	-	8,847,300
Other current and non-current liabilities*	-	-	7,381,296
Total	**-**	**-**	**50,223,212**

** Only balances that qualify as financial instruments*

For derivatives, the Group determined fair value based on the forward exchange rates quoted by the financial institution, and used the equity of the investee as the basis for calculation in the case of equity instruments. For items that qualify as receivables and liabilities, the Group used the carrying amount as fair value, since there were no contractual terms in place which would cause fair value to deviate from the carrying amount. The Group did not encounter any serious technical difficulties in determining fair values.

Data in HUF thousand

2.3 Loans and borrowings

Contractual facilities and balances as well as their key terms and conditions at 31 December 2022 were as follows:

Loan type	Amount of the loan (facility) (thHUF)	Interest rate	Maturity	Balance at 31/12/2022 (thHUF)
Investment loan	6,292,668	0% to 18.37%	between 31/03/2023 and 30/09/2037	5,017,943
Overdraft facility (HUF)	2,430,000	from 1-month BUBOR + 1.00% to 1-month BUBOR + 2.00%	between 26/03/2023 and 10/11/2023	-
Overdraft facility (EUR)	1,853,418	from 6-month EURIBOR + 1% to 1-month EURIBOR + 2.15%	between 08/05/2023 and 18/12/2023	-
Reverse factoring (HUF)	17,089,500	1-month or 3-month BUBOR + 0% to 5%, depending on retail revenue	between 28/11/2022 and 30/11/2023	8,307,690
Reverse factoring (EUR)	28,831,882	1-month EURIBOR + 2.0% to 3.2%	between 27/03/2023 and 28/04/2024	21,928,947
Inventory financing loan (HUF)	6,224,562	1-month or 3-month BUBOR + 0% to 5%, depending on retail revenue	between 30/09/2022 and 20/07/2026	1,891,718
Inventory financing loan (EUR)	5,170,000	from 1-month EURIBOR + 1.5% to 1-month EURIBOR + 2.5%	between 31/01/2023 and 28/06/2024	2,409,460
Other loans	3,914,500	from 1-month BUBOR + 2.0% to 3-month BUBOR + 1.65%	between 22/07/2023 and 31/12/2099	2,209,084

For 31 December 2021:

Loan type	Amount of the loan (facility) (thHUF)	Interest rate	Maturity	Balance at 31/12/2021 (thHUF)
Investment loan	3,485,775	0% to 4.95	between 31/03/2021 and 31/12/2026	2,444,790
Overdraft facility	2,430,000	1-month BUBOR + 1.00% to 5.5%	between 28/02/2022 and 31/12/2022	-
Overdraft facility (EUR)	579,330	from 6-month EURIBOR + 1% to 1-month EURIBOR + 2.15%	between 30/06/2022 and 31/12/2022	-
Reverse factoring	18,634,500	1-month or 3-month BUBOR + 0% to 5%, depending on retail revenue	between 30/11/2021 and 31/12/2022	5,305,708
Reverse factoring (EUR)	32,213,700	1-month EURIBOR + 2.0% to 3.2%	between 30/06/2022 and 28/02/2023	3,541,592
Inventory financing loan	6,472,000	1-month or 3-month BUBOR + 0% to 5%, depending on retail revenue	between 31/03/2021 and 31/03/2022	1,166,498
Inventory financing loan (EUR)	6,531,300	6-month EURIBOR + 1%	22/12/2022	824,380

Data in HUF thousand

2.4 Secured liabilities (bank guarantees)

Loans also include secured liabilities (bank loans and mortgages). Bank loans are secured by the properties and vehicles owned by the Group which are involved in the given financing arrangement.

For certain working capital loans, the contracts include minimum equity ratios and inventory turnover ratios as loan covenants for the subsidiaries involved.

The bank guarantees provided to the Group, which are not presented in the balance sheet directly, are as follows:

Loan type	Guarantee amount	Currency	Bank guarantee fee
Bank guarantee	1,248,586,432	HUF	0.8% to 1.5%
Bank guarantee (EUR)	85,261,361	EUR	fixed

For 31 December 2021:

Loan type	Guarantee amount	Currency	Bank guarantee fee
Bank guarantee	1,231,000,000	HUF	0.8% to 1.5%
Bank guarantee (EUR)	142,250,000	EUR	fixed

Data in HUF thousand

3. Disclosures on business combinations

On 4 April 2022, AutoWallis Group acquired the properties and the car distribution business of Avto Aktiv Intermercatus D.o.o. This transaction allowed AutoWallis Group to further increase its share of the Slovenian automotive market. 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, property, plant and equipment, and other contracts required for carrying out these activities.

The purchase price in the transaction was settled in full. AAI Property d.o.o paid EUR 4.8 million for the properties, while Avto Aktiv Slo d.o.o. paid EUR 5.8 million for the acquisition of the car distribution business (both are subsidiaries of AutoWallis Group). The assets and liabilities identified and goodwill recognised in connection with the acquisition of the business are presented in the following table:

	thHUF*	EUR
Property, plant and equipment	350,490	950,428
Inventories	1,773,335	4,808,782
Cash and cash equivalents	395	1,078
Provisions	(33,414)	(91,104)
Fair value of assets acquired	2,090,806	5,669,184
Consideration paid	2,112,701	5,760,288
Goodwill	21,895	91,104

** using the HUF/EUR exchange rate for the date of completion of the acquisition (HUF 368.77/EUR)*

Between the date of acquisition and year-end, Avto Aktiv Slo earned a total of thHUF 9,956,118 in revenue, and its profit after tax was a loss of thHUF 33,339. Management estimates that if the acquisition had been completed on 1 January 2022, consolidated revenue and consolidated net profit would have amounted to thHUF 274,500,000 and thHUF 8,700,000, respectively. Management arrived at these estimates by prorating the entity's financial data.

4. Disclosures on related parties

In 2021 and 2022, the Group's related parties included the Group's senior executives and the person controlling the ultimate parent:

Name	Position/office	Note
Andrew J. Prest	Member of the BoD	
Péter Antal	Member of the BoD	
Bence Buday	Member of the SB and the AC	
Gábor Dévai	Member of the BoD	
György Ecseri	Member of the SB and the AC	
Attila Chikán Jr.	Member of the SB and the AC	
Ferenc Karvalits	Member of the SB and the AC	Until 01/07/2022
Petra Birkás	Member of the SB and the AC	From 01/07/2022
Zsolt Müllner	Chairman of the BoD	

Gábor Ormosy	Member of the BoD, Chief Executive Officer	
Gábor Székely	Chief Investment Officer	
Tibor Veres	Controlling shareholder	
Gábor Vitán	Member of the SB and the AC	

Amounts and remuneration paid to senior executives:

	2022	2021
Emoluments	23,762	8,040
Wages and salaries	273,966	112,113
Short-term employee benefits:	297,728	**120,153**
Share-based payments	263,414	119,505
Total	**561,142**	**239,658**

The amounts presented in the table represent amounts recognised as expenses in connection with senior executives in the reporting period.

The structure of the Group, including the details of subsidiaries, is presented in Note II.

Related-party transactions are presented in the following table:

	Value of transactions		Balance	
	2022	**2021**	**31/12/2022**	**31/12/2021**
Services provided				
To the parent	126,438	12,598	-	-
To subsidiaries	-	-	-	
To joint ventures	667,521	-	822,246	-
To other related parties	1,062,530	991,923	*31,217*	12,992
Services purchased	-	-	-	
From the parent	46,801	16,589	-	8,110
From subsidiaries	-	-	-	-
From joint ventures	-	-	-	-
From other related parties	129,377	415,742	11,248	4,073
Other				
To subsidiaries				
- loans granted and related interest income	-	-	-	-
From subsidiaries				
- loans and interest expenses	-	-	-	-
- dividends	-	-	-	-

* Receivables from and liabilities to related parties are presented in the line items "Trade receivables" and "Trade payables", respectively.

The most significant related-party transaction is the sale of vehicles to Wallis Autómegosztó Kft. No loans or credits were granted to or received from related parties as at the end of 2021 and 2022. The Group rents office space from and uses the management and advisory services of Wallis Asset

Management Zrt., the majority shareholder. The Group provides rent-a-car services to and performs servicing activities for the majority shareholder. The Group provided advisory services to its joint venture (AutoWallis Caetano Zrt. and its subsidiary RN Hungary Kft.).

5. Contingent liabilities, off-balance sheet items and financial guarantees

The Group does not have any contingent liabilities or off-balance sheet items.

The Group has the following significant financial guarantees in place:

Beneficiary	Subject matter
AutoWallis Caetano Holding Zrt.	Joint and several guarantee for the deferred purchase price of the Renault transaction

AutoWallis Caetano Holding Zrt. (the Group's joint venture) acquired a 100% share in RN Hungária Kft., the entity owning the import rights for the Renault, Dacia and Alpine brands. A unique feature of this transaction is that the final purchase price payable by the joint venture is contingent on future events. The Group's Parent, along with the other investor, provided a joint and several guarantee for this part of the purchase price. At the reporting date the Group assessed the risk of potentially incurring liabilities as a result of this financial guarantee. Based on the market environment, profitability and business plan of the entity involved, the probability of the Group incurring a liability as a result of the financial guarantee is low; therefore, no liability has been recorded in the Group's financial statements in this regard.

6. Events after the balance sheet date

Significant events after the balance sheet date were as follows:

- On 10 November 2022, AutoWallis Group announced that it would acquire the fleet management business of Nelson Group. The transaction was completed on 26 January 2023 following approval by the competition authority.

  As a result of the transaction, AutoWallis Group acquired a 100% share in Nelson Flottakezelő Kft., Nelson Sales Kft. and Nelson Asssitance Kft. Through this transaction, AutoWallis Group further expanded its portfolio of mobility services.

  The effect of the transaction is not yet reflected in the consolidated financial statements for 2022 as the entities have only been consolidated by the Group since 1 February 2023.

  The details of the purchase price are presented in the following table:

data in thousand HUF	Nelson Flottalízing Kft.	Nelson Sales Kft.	Nelson Assistance Kft.
Purchase price paid in cash	2,531,250	18,000	30,000
First deferred part of the purchase price	135,000	-	-
Second deferred part of the purchase price	200,000	-	-
Total purchase price	**2,866,250**	**18,000**	**30,000**

The fair value of the assets and liabilities acquired is still being determined as of the date of publication of the financial statements.
The Group recognised HUF 16 million in services in connection with the acquisition.

- On 21 September 2022, AutoWallis Group announced that it would acquire Net Mobilitiás Zrt., the operator of the websites jóautók.hu and autó-licit.hu, from a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis, by way of a share swap deal. The transaction was completed on 13 January 2023.
  As a result of the transaction, AutoWallis Group acquired a 100% share in Net Mobilitás Zrt. and Logic Car Kft. Through this transaction, AutoWallis Group further expanded its portfolio of mobility services. The transaction took place between entities under common control, and the purchase price was determined on an arm's length basis in the same manner as between independent parties.

The details of the purchase price are presented in the following table:

data in thousand HUF	
Part of the purchase price paid in stocks	320,000
First contingent part of the purchase price	240,000
Second contingent part of the purchase price	240,000
Total purchase price	**800,000**

Payment of the contingent part of the purchase price is contingent on the EBITDA and non-financial business metrics of the entities for the next two financial years. The fair value of the assets and liabilities acquired is still being determined as of the date of publication of the financial statements.
The Group recognised HUF 7.9 million in services in connection with the acquisition.

7. Other information

- 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 foreign exchange rates, changes in the interest rate environment) could have a detrimental effect on the Group's financing.

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

- The COVID-19 pandemic, which emerged from Wuhan in the Chinese province of Hupei in December 2019, has had a significant impact on the automotive industry in China as a number of large enterprises were forced to suspend their manufacturing operations. The rapid spread of the virus across the globe (and, in particular, Europe) and its more recent waves have had a temporary adverse impact on demand and have affected the supply chain as well. Just like the entire industry, AutoWallis is also exposed to the impact of any similar pandemic in the future. The Company did not identify any apparent material threats in this regard as of the date of this report.

8. Person responsible for the preparation of the consolidated IFRS financial statements

Pursuant to the Hungarian Accounting Act, consolidated IFRS financial statements may only be prepared by a certified person.

The following natural person possesses the required IFRS certification:

Name of the person responsible for the preparation of the financial statements:	Balázs Gausz
Registration number:	209120 registered chartered accountant IFRS certified

9. The Group's auditor

The details of the certified audit firm carrying out the audit of the Parent and the Group (of which the entity is the Legal Parent) are as follows:

Audit firm	PricewaterhouseCoopers Auditing Ltd. (001464)
Name of the natural person acting on behalf of the audit firm	Péter Biczó
Registration number:	004957 Auditor IFRS certified

The fees charged by the Group's auditor are presented in the following table:

	2022	2021

Data in HUF thousand

1) Audit of financial statements	60,000	41,225
2) Other audit fees	22,000	33,475
3) Other non-audit fees	40,800	4,648

1) The fee for the audit of financial statements includes the thHUF 20,000 fee for the audit of the separate and consolidated financial statements of AutoWallis Nyrt. and the thHUF 40,000 fee for the audit of the annual financial statements of Hungarian subsidiaries.
2) Other audit fees recognised by the Group include additional fees related to audits.

10. Proposed dividend

The Board of Directors of the Group’s Parent does not propose the payment of dividends. The General Meeting has adopted a decision on the amount and payment of dividends.

11. Authorisation of the financial statements for issue

The consolidated financial statements were authorised for issue by the Group’s Board of Directors on 5 April 2023.

Budapest, 5 April 2023

Gábor Ormosy
Member of the Board of Directors

Gábor Székely
Member of the Board of Directors

DECLARATIONS

These consolidated financial statements, notes to the financial statements and management (business) report (collectively referred to as: Financial Statements) were discussed by the Company's Board of Directors on 5 April 2023 and were approved for submission to the General Meeting. The General Meeting approved the Financial Statements and authorised them for issue on 28 April 2023.

The Company hereby declares that its consolidated Financial Statements for the year 2022 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the consolidated entities.

Furthermore, the Company hereby declares that its Management (Business) Report for the year 2022 gives a true and fair view of the circumstances, development and performance of the Company and the consolidated entities and presents the key foreseeable risks and uncertainties.

The Company hereby declares and notes that these consolidated Financial Statements have been audited by an independent auditor.

Budapest, 28 April 2023

Gábor Ormosy
Chief Executive Officer,
Member of the Board of Directors

Gábor Székely
Member of the Board of Directors

AutoWallis Nyrt.

This consolidated annual report contains forward-looking statements and prospective statements on the Company'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 Company will not be held liable for updating or modifying any such statement on the basis of new information or future events and for publishing such modifications.

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.

Separate financial statements

of

AutoWallis

Nyilvánosan Működő Részvénytársaság

for the financial year ended 31 December 2022
in accordance with the International Financial Reporting Standards (IFRSs)
adopted by the European Union

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

IFRS/IAS	International Financial Reporting Standards
IFRIC/SIC	Interpretations of the International Financial Reporting Standards
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
AC	Instruments measured at amortised cost
EPS	Earnings per share
CGU	Cash-generating unit
BoD	Board of Directors
SB	Supervisory Board
AC	Audit Committee
BSE	Budapest Stock Exchange
PO	Performance obligation
ROU	Right-of-use asset
HUF	Hungarian forint
EUR	euro
HRK	Croatian kuna
WAM Zrt.	Wallis Asset Management Zrt.

Figures in parentheses in the financial statements denote negative numbers.
In certain cases, the notes to the financial statements may contain insignificant rounding errors.

Table of Contents

I. Separate financial statements

1. Separate statement of profit or loss and other comprehensive income

Item	Note	2022	2021
Revenue	VI. 1)	175,523	141,111
Material expenses	VI. 2)	(7,924)	(2,723)
Services	VI. 3)	(486,179)	(366,747)
Cost of goods sold	VI. 1)	(39,493)	(1,802)
Personnel expenses	VI. 4)	(694,088)	(388,193)
Depreciation and amortisation	VI. 5)	(45,125)	(2,524)
Other income	VI. 6)	556	22,642
Other expenses	VI. 6)	(81,943)	(49,301)
Expected impairment losses on financial instruments	VI. 7)	(6,781)	(1,576)
Operating profit		**(1,185,454)**	**(649,113)**
Interest income – calculated using the effective interest rate	VI. 8)	1,030,154	180,336
Interest expense	VI. 8)	(420,815)	(183,593)
Foreign exchange gains or losses, net	VI. 8)	666,876	16,224
Dividend income	VI. 8)	1,402,000	352,000
Financial gains or losses		**2,678,215**	**364,967**
Profit before tax		**1,492,761**	**(284,146)**
Tax expense	VI. 9)	(7,626)	(3,458)
Net profit or loss		**1,485,135**	**(287,604)**
Other comprehensive income		-	-
Total comprehensive income		**1,485,135**	**(287,604)**

Data in thHUF

2. Separate statement of financial position (balance sheet)

Item	Note	31/12/2022	31/12/2021
Assets			
Non-current assets			
Property, plant and equipment	VI. 10)	14,861	7,355
Right-of-use assets	VI. 11)	68,462	-
Intangible assets	VI. 10)	11,052	-
Long-term loans to subsidiaries	VI. 12)	12,785,085	7,426,658
Investments in subsidiaries	VI. 13)	24,960,945	21,985,081
Investments in associates and joint ventures	VI. 13)	1,850,000	-
Total non-current assets		**39,690,405**	**29,419,094**
Current assets			
Trade receivables	VI. 14)	92,059	94,679
Income tax assets	VI. 14)	-	1,854
Other receivables and financial assets	VI. 14)	89,803	1,351
Prepayments	VI. 14)	21,250	30,513
Short-term loan receivables	VI. 15)	75,603	1,536,666
Cash and cash equivalents	VI. 16)	7,138,701	12,115,331
Total current assets		**7,417,416**	**13,780,394**
Total assets		**47,107,822**	**43,199,488**
Equity and liabilities			
Share capital	VI. 22)	5,528,613	5,314,797
Share premium	VI. 23)	28,650,833	26,697,796
Share-based payments reserve	VI. 24)	34,061	207,539
Treasury shares	VI. 25)	(523,890)	(64,976)
Retained earnings	VI. 23)	2,201,395	468,257
Total equity		**35,891,012**	**32,623,413**
Non-current liabilities			
Bonds	VI. 16)	9,534,861	9,546,913
Non-current lease liabilities	VI. 18)	37,167	-
Total non-current liabilities		**9,572,028**	**9,546,913**
Current liabilities			
Short-term portion of debentures	VI. 17)	288,000	288,000
Short-term loans and borrowings	VI. 23)	1,011,304	33,210
Current lease liabilities	VI. 18)	35,887	-
Trade payables	VI. 19)	39,859	150,418
Income tax liability	VI. 19)	5,935	1,951
Liabilities arising from options	VI. 20)	-	451,571
Accruals	VI. 19)	189,336	55,683
Other current liabilities	VI. 19)	74,461	48,329
Total current liabilities		**1,644,782**	**1,029,162**
Total liabilities		**11,216,810**	**10,576,075**
Total equity and liabilities		**47,107,822**	**43,199,488**

3. Separate statement of changes in equity

Transaction		Share capital	Share premium	Share-based payments reserve	Treasury shares	Retained earnings	Total
Note		VI. 23)	VI. 24)	VI. 25)	VI. 26)	VI. 24)	
At 1 January 2021 (restated)		**4,053,921**	**16,521,644**	**214,176**	**(798,700)**	**618,630**	**20,609,671**
Net profit or loss for 2021		-	-	-	-	(287,604)	(287,604)
Other comprehensive income for 2021		-	-	-	-	-	-
Effect of share-based payments		-	-	130,594	-	-	130,594
Vesting of share-based payments		-	-	(137,231)	-	137,231	-
Sale of treasury shares		-	-	-	733,724	-	733,724
Capital increase through the in-kind contribution of shares		192,500	1,409,100	-	-	-	1,601,600
Capital increase in cash		1,068,376	8,756,327	-	-	-	9,824,703
Changes in the value of treasury share repurchase options		-	10,725	-	-	-	10,725
31 December 2021		**5,314,797**	**26,697,796**	**207,539**	**(64,976)**	**468,257**	**32,623,413**
Net profit or loss for 2022		-	-	-	-	1,485,135	1,485,135
Other comprehensive income for 2022		-	-	-	-	-	-
Effect of share-based payments		-	-	(248,002)	-	248,002	-
Vesting of share-based payments		-	-	74,524	-	-	74,524
Purchase of treasury shares		-	-	-	(458,914)	-	(458,914)
Issue of shares		213,815	1,516,925	-	-	-	1,730,740
Change in the value of treasury share repurchase options		-	436,113	-	-	-	436,113
Rounding difference		1	(1)	-	-	1	1
31 December 2022		**5,528,613**	**28,650,833**	**34,061**	**(523,890)**	**2,201,395**	**35,891,012**

4. Separate statement of cash flows

Item	Note	2022	2021
Profit before tax		**1,492,762**	**(284,146)**
Interest income	VI. 8)	(1,030,154)	(180,336)
Interest expense	VI. 8)	420,815	183,593
Non-cash items:			
Foreign exchange difference of cash and cash equivalents		1,401	-
Depreciation and amortisation	VI. 5)	45,125	2,524
Provisions made (-reversed)		-	(18,000)
Expected credit loss recognised (other than net working capital)	VI. 7)	6,781	6,714
Effect of share-based payments	VI. 4)	74,524	130,594
Other non-cash items	VI. 7)	(299,750)	(9,852)
Adjustments to profit or loss:			
Dividends recognised as yield	VI. 8)	(1,402,000)	(352,000)
Decrease in receivables	VI. 14)	(7,173)	(28,850)
Increase/(decrease) in trade payables	VI. 20)	(110,560)	131,962
Increase in other liabilities	VI. 20)	159,692	81,693
		(648,537)	**(336,105)**
Interest received	VI. 8)	704,574	151,074
Interest paid	VI. 8)	(421,563)	(102,926)
Tax paid	VI. 9)	(1,788)	(2,156)
Net cash from operating activities		**(367,314)**	**(290,113)**
Capital increase in subsidiaries	VI. 13)	(1,245,125)	(541,528)
Capital increase in joint ventures	VI. 13)	(1,850,000)	-
Amounts paid to acquire subsidiaries	VI. 13)	-	(155,248)
Purchases of property, plant and equipment and intangible assets	VI. 10)	(39,294)	(8,324)
Loans to subsidiaries	VI. 15)	(4,108,286)	(5,729,438)
Loans repaid by subsidiaries	VI. 15)	824,000	42,615
Financially settled dividends	VI. 8)	1,327,999	352,000
Settlement of liabilities assumed (subsidiaries)		-	(42,615)
Net cash used in investing activities		**(5,090,706)**	**(6,082,538)**
Sale of treasury shares for cash	VI. 26)	-	733,724
Repurchase of treasury shares	VI. 26)	(458,914)	-
Capital increase in cash	VI. 23); VI. 24)	-	9,824,703
Issue of bonds	VI. 17)	-	6,654,850
Loans from subsidiaries	VI. 21)	1,000,000	33,143
Repayment of loans from subsidiaries	VI. 21)	(33,210)	-
Repayment of lease liabilities	VI. 18)	(27,325)	-
Net cash from/(used in) financing activities		**480,551**	**17,246,420**
Expected impairment losses on cash and cash equivalents	VI. 16)	2,240	(4,893)
Foreign exchange difference of cash and cash equivalents		(1,401)	-
(Decrease)/increase in cash and cash equivalents	VI. 16)	**(4,976,630)**	**10,868,876**
Opening balance of cash and cash equivalents		12,115,331	1,246,455
Closing balance of cash and cash equivalents	VI. 16)	**7,138,701**	**12,115,331**

- Items affecting profit or loss and cash flows are presented in the financial statements with the correct sign indicated.
- Other non-cash items include the translation of loan receivables denominated in foreign currencies.
- Due to the addition of new items to the statement, the data for 2021 include reclassifications that are immaterial.

Notes to the financial statements

II. The Company and the basis for the preparation of the financial statements

1. Basis for the preparation of the financial statements and the going concern principle

Statement of IFRS compliance

The management declares that the separate financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. The notes to the financial statements also contain the disclosures required under the Hungarian Accounting Act. The financial statements were prepared based on the going concern principle.

AutoWallis Nyrt., as the parent company, prepares consolidated financial statements and a consolidated business report. In line with Section 10 (2) of Act C of 2000 on Accounting, the Company complies with its obligation to prepare consolidated financial statements by preparing financial statements and a management report in accordance with the International Financial Reporting Standards (IFRS).

Contents of the financial statements

These financial statements present the assets, performance and financial position of AutoWallis Nyilvánosan Működő Részvénytársaság. The Company's financial statements are prepared by the management and approved by the General Meeting. These financial statements are separate financial statements, which means that the assets and results of only AutoWallis Nyrt. are presented herein.

The Company's financial statements and other disclosures are available on the website **www.autowallis.hu** and at its registered office (1055 Budapest, Honvéd utca 20.) as well.

Persons authorised to sign the Company's separate financial statements:
Gábor Ormosy (Budapest)
Gábor Székely (Nagykőrös)

Basis for the preparation of the financial statements, set of rules applied and underlying assumptions and valuation policies

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) developed by the International Accounting Standards Board (IASB).

The Company generally measures its assets on a historical cost basis, except for cases where a given item should be measured at fair value under IFRS. In these financial statements, financial assets not measured at amortised cost are measured at fair value. The Company does not apply fair value measurement in connection with its assets.

The Company first issued separate IFRS financial statements in 2017. No accounting policies were amended in connection with the financial statements, and the data are comparable in this regard.

2. Brief presentation of the Company’s activity

The name of the Company is AutoWallis Nyilvánosan Működő Részvénytársaság (ALTERA Nyrt. until 17 December 2018; hereinafter: "the Company") and is a public company limited by shares registered in Hungary by the Registry Court of the Budapest-Capital Regional Court.

There was a significant change in the ownership structure of the Company in 2018. The previous shareholders left and, at the same time, the Company was taken over by a new majority shareholder which carried out a capital increase and thus established a new group of companies by way of a reverse acquisition as defined under IFRS, with the Company as the legal parent.

The Company operates as a typical holding company, which means that it is not engaged in any business activities other than holding shares, arranging for financing, carrying out management activities and providing business management and advisory services to the group companies.

3. General information about the Company and its shareholders

The Company is incorporated under the laws of Hungary (governing law). The registered office and centre of operation of the Company is at 1055 Budapest, Honvéd utca 20.

The majority shareholder of the Company is Wallis Asset Management Zártkörűen Működő Részvénytársaság (1055 Budapest, Honvéd utca 20). The Company’s ultimate parent as at 31 December 2022 is WALLIS PORTFOLIÓ Korlátolt Felelősségű Társaság (1055 Budapest, Honvéd utca 20.), the shareholders of which are all individuals.

Ownership structure of the Company as at 31 December:

Shareholders of the Company	Ownership share 31/12/2022	Ownership share 31/12/2021
Wallis Asset Management Zrt.	59.20%	57.55%
Széchenyi Alapok Kockázati Tőkealap (previously: Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap)	6.77%	7.05%
Free float	34.03%	35.40%
	100.00%	**100.00%**

4. The Company's shareholdings

The Company (as the legal parent) has shareholdings in the following entities. The following table shows the percentage of shares held in each entity and the method of acquiring ownership.

Entity	Method of acquiring ownership	Ownership share 2022	Ownership share 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
C182 Razvoj Nepremičnin Ljubljana d.o.o	In-kind contribution	100%	0%	Real estate management	SLO	EUR

5. Presentation currency and accuracy of the presentation of the financial statements

The Company's functional currency is the Hungarian forint. The financial statements were drawn up in HUF (presentation currency) and the figures displayed are in thousand forints (thHUF) unless otherwise indicated.

A significant foreign currency for the Company is the euro due to the operations of its subsidiaries. The exchange rate of this currency in the reporting period was as follows (currency unit per HUF according to the exchange rates of the National Bank of Hungary):

	31/12/2022	31/12/2021	2022 average	2021 average
EUR/HUF	400.25	369.00	391.33	358.52

The financial statements cover a period of one calendar year. The reporting date of the financial statements for each year is the last day of the calendar year, i.e. 31 December.

The financial statements contain one set of comparative data, except where the figures for a period needed to be restated or accounting policies needed to be amended. In such cases, the opening figures for the comparative period are also presented.

In the event that an item needs to be reclassified for presentation purposes (e.g. due to a new line item in the financial statements), the figures for the previous year are adjusted by the Company so as to ensure comparability.

In accordance with IFRS 8.4, the Company does not disclose segment information in its separate financial statements. In fact, the Company, being a holding company, has no identifiable operating segments. Segment information pertaining to the Group is presented in the consolidated financial statements. The EPS (earnings per share) indicator is calculated by the Company based solely on the information provided in the consolidated financial statements and is disclosed only therein (in accordance with IAS 33.4).

The Company's management is responsible for issuing the financial statements in accordance with the applicable laws.

III. Significant accounting policies and the basis for the preparation of the financial statements

1. Elements of the financial statements

The Company's financial statements comprise the following parts:

- statement of profit or loss and other comprehensive income;
- statement of financial position (balance sheet);
- statement of changes in equity;
- statement of cash flows;
- notes to the financial statements.

The Company has decided to present the statement of profit or loss and other comprehensive income in a single statement in such a way that items relating to other comprehensive income are presented by function in the same statement following the presentation of net profit or loss for the period.

Other comprehensive income includes items which increase or decrease net assets (i.e. the difference between assets and liabilities) and such decrease may not be recognised against any asset, any liability or profit or loss, but instead these items modify an element of equity directly in respect of the broadly defined performance of the Company. Other comprehensive income does not include, amongst others, equity transactions which result in a change in available equity and transactions conducted by the Company with the owner in its capacity as owner.

2. Accounting policies relating to the statement of profit or loss and other comprehensive income

2.1 Revenue

Revenue recognised by the Company (a holding company) includes items relating to asset management and holding activities involving management advisory services which are billed at hourly rates and recognised periodically.
Given the fact that the Company is not engaged in any other activity apart from asset management, financing and holding activities, IFRS 15 does not raise any issues that involve complex considerations.

2.2 Material expenses

The historical cost of materials purchased during the financial year is recognised in material expenses.

2.3 Services

Services recognised by the Company include the cost of material and non-material services used during the financial year for the amount invoiced, paid and set out in the relevant contracts.

2.4 Cost of goods sold

Cost of goods sold includes the cost of materials and goods sold typically in unchanged form during the financial year. In addition, this is where the Company recognises the value of services acquired and then resold in unchanged form.

2.5 Personnel expenses

Payroll costs: Includes wages and salaries for the period and, in addition to payroll items, fees directly related to employment. It also contains contributions payable on the items listed, as well as estimated bonuses, taxes on such bonuses and expenses relating to share-based benefits. This is where the Company recognises current-year expenses relating to ESO programs.

Other staff costs: Contains staff costs which are not included in payroll costs, such as business entertainment, early retirement, benefits in kind, severance pay, business gifts, etc.

2.6 Depreciation and amortisation

The depreciation of property, plant and equipment and right-of-use assets and the amortisation of intangible assets are presented by the Company in the line item "Depreciation and amortisation".

2.7 Other income and expenses

Other income recognised by the Company includes consideration for sales that cannot be recognised as revenue, any income that cannot be considered financial income or an item increasing other comprehensive income, and income that is not classified in any other designated category. Other expenses include those which are indirectly related to operations and are not classified as financial expenses or do not reduce other comprehensive income. Other income and other expenses are recognised by the Company in its statement of profit or loss and other comprehensive income as net figures.

2.8 Expected credit losses on financial instruments

Expected credit losses on financial instruments are recognised by the Company in accordance with IFRS 9 for the following financial assets:

- trade receivables and contract assets;
- lease receivables under IFRS 16;
- other receivables measured at amortised cost or at fair value through other comprehensive income (FVTOCI), such as other financial assets;
- loan commitments and financial guarantees not measured at fair value;
- cash and cash equivalents

IFRS 9 introduced the expected credit loss model, which is based on the calculation of expected impairment.

The Company applies the simplified approach, which allows the Company to account for lifetime credit losses in respect of financial instruments (such as trade receivables, cash and cash equivalents, and loan receivables). In this case, monitoring changes in credit risk is not required.

In applying the simplified approach, the Company uses a provision matrix to determine lifetime ECL.

Days past due	ECL %
Less than 90 days	0.1-0.6%
Between 91 and 180 days	5%
Between 180 and 360 days	10%
Over 360 days	75% or specific

2.9 Financial gains or losses

Interest income and interest expenses

Interest income is presented in financial income and is recognised on a straight-line basis. This is where the Company recognises interest income from loans and credits granted.

Interest expenses are calculated using the effective interest rate (EIR) method (*except for interest on lease liabilities*) and are presented in financial expenses. This is where the Company recognises interest expenses on loans and borrowings received and bonds issued for the current period, calculated using the effective interest rate method.

Interest expenses under IFRS 16 recognised on lease liabilities as a lessee are presented by the Company in interest expenses. When discounting lease payments, the Company uses the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

Foreign exchange gains or losses

Exchange differences on foreign currency items (if not a part of other comprehensive income under IAS 21 The Effects of Changes in Foreign Exchange Rates) are recognised by the Company in financial gains or losses. This is where the Company recognises the following items:

- gain/loss on the settlement of receivables and liabilities;
- foreign exchange gain/loss on translation at the balance sheet date:
    - translation of foreign currency loans granted;
    - translation of trade receivables and trade payables;
    - translation of foreign currency and foreign exchange reserves;

Financial gains or losses are presented by the Company on a net basis in the statement of profit or loss and other comprehensive income.

The Company does not apply hedge accounting.

Dividend income

The Company recognises dividend income as financial income when the dividend has been approved by the entity paying the dividend and the shareholder becomes entitled to receive the dividend.

2.10 Income taxes

Items that represent a tax on a certain level of profit are classified as income taxes. The following items are presented as income taxes:

- corporate income tax,
- local business tax, and
- innovation contribution

3. Accounting policies relating to the statement of financial position

3.1 Property, plant and equipment

Only assets which are used in production or for administrative purposes and are used for at least one year after commissioning are classified by the Company as property, plant and equipment.

The Company applies component accounting, which means that items of property, plant and equipment consisting of multiple significant components are depreciated separately if their useful lives are different.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss.

The depreciable amount is the value on initial recognition reduced by the residual value. The Company determines residual value if its amount is significant (at least 10% of the value of the asset, but no less than thHUF 2,000). Residual value is equal to the amount recoverable after the asset is decommissioned, less costs to sell.

Depreciation is calculated on the basis of the depreciable value for each component. The Company recognises depreciation using the straight-line method. The following depreciation rates are used for assets:

Asset group	Depreciation rate
Land	not depreciated
Buildings	1-5%
Office equipment	14-33%

The Company reviews the useful lives of assets for each component at the reporting date and assesses whether a given asset can be used over its remaining useful life and whether its residual value is reasonable. If not, then the depreciable amount and the residual value are adjusted by the Company going forward.

The historical cost of property, plant and equipment is increased by significant repair projects which involve substantial cost and occur regularly but not every year. These projects are treated by the Company as a component of the given asset and their useful lives are aligned with the next (expected) occurrence of such projects.

Proceeds on disposal of property, plant and equipment are presented by the Company in other income, reduced by the remaining carrying amount of the assets. Expenses arising on the scrapping of items of property, plant and equipment are recognised in other expenses.

3.2 Right-of-use assets (leases)

Right-of-use assets are recognised by the Company in connection with assets identified based on lease contracts. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to the lessee for a period of time in exchange for consideration. Throughout the period of use, the lessee has the right to obtain the economic benefits from the use, and direct the use, of the identified asset. Furthermore, cases where a lease contract is signed but the underlying asset is not controlled for the benefit of the Company (e.g. a company car provided for personal use, which is recognised in personnel expenses as other employee benefits) are not classified by the Company as leases.

The Company identifies leases in each of its contracts based on the following criteria and, if these criteria are met, the contract contains a lease:

- The contract contains an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use;
- The customer determines the method and purpose of the use of the asset throughout the period of use;
- The customer has the right to operate the asset throughout the period of use.

The Company defines the lease term as the non-cancellable period of the lease and any additional periods for which the Company as lessee has an option (e.g. extension) and it is reasonably certain at the commencement of the lease that the option will be exercised. The lease term begins on the day when the lessor makes the underlying asset available for use. Depreciation on right-of-use assets is recognised over the contractual term.

Asset group	Depreciation rate
Property	39%

The Company does not separate non-lease components for leases of property.

3.3 Intangible assets

The value of intangible assets at initial recognition is determined using the method described in the case of property, plant and equipment.

The Company does not own any intangible assets with indefinite useful lives.

The Company accounts for amortisation on software and similar intangible assets using the straight-line method. The amortisation rates applied range from 20% to 33%. Subsequent to initial recognition, intangible assets are measured at cost. The residual value of intangible assets is deemed by the Company to be zero, unless there is evidence to the contrary.

3.4 Investments in subsidiaries

The Company measures its investments in subsidiaries using the cost model. Dividends received from subsidiaries are recognised as income (in the line item "Dividend income"). At the end of each reporting period, the Company assesses whether there is any indication that an investment in a subsidiary is impaired. For the purpose of this assessment, external and internal sources of information are considered, such as:

- the carrying amount of the net assets of the entity is higher than its market capitalisation
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset’s value in use and decrease the asset’s recoverable amount materially

- the carrying amount of the net assets of the entity is higher than its market capitalisation
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

If the Company finds that there is an indication of impairment for one of its investments in subsidiaries, the Company will perform an impairment test. Investments in subsidiaries are typically considered separate cash-generating units (CGUs). The recoverable amount of the CGU is estimated by the Company using the discounted cash flow method. If the recoverable amount is lower than its carrying amount, the Company recognises impairment on its investment in the subsidiary.

Impairment losses and reversals of impairment losses are recognised by the Company in a separate line item in the statement of profit or loss and other comprehensive income (Impairment losses on investments).

3.5 Investments in associates and joint ventures

Interests in entities accounted for using the equity method are presented by the Company in the line item "Investments in associates and joint ventures". An associate is an entity over which the Company has significant influence but no control or joint control. A joint venture is an entity which is jointly controlled by the Company and another entity on a parity basis. The Company measures such investments using the cost model. At the end of each reporting period, the Company assesses whether there is any indication that an investment in an associate or joint venture is impaired. If such an indication exists, the recoverable amount is determined either

- based on the cash-generating ability of the given entity, or
- the financial position of the given entity.

Impairment losses and reversals of impairment losses are recognised by the Company in a separate line item in the statement of profit or loss and other comprehensive income (Impairment losses on investments).

3.6 Recognition of impairment losses on assets other than financial instruments, identifying CGUs

The Company tests its assets for impairment each year. Testing consists of two stages. The first stage is to examine whether there are indications that the assets in question are impaired. The following may be indications that a given asset is impaired:

- damage;
- decline in income;
- unfavourable changes in market conditions and a decline in demand;
- increase in market interest rates.

If there is any indication of impairment, a calculation which allows the recoverable amount of the asset to be determined is performed. The recoverable amount is the higher of the asset’s fair value less costs to sell and the present value of the cash flows derived from continuous use. In the absence of more precise estimations, costs to sell are deemed to be 10%.

If the value in use of a group of assets cannot be determined as it does not generate any cash flows itself (it is not in use), the test is performed with respect to the cash-generating units (CGUs).

If the value in use can only be determined with respect to the CGUs and impairment losses need to be accounted for, impairment losses are split as follows:

- first, damaged assets are impaired;
- second, the remaining amount of impairment losses is split among property, plant and equipment (PPE) and intangible assets in proportion to their carrying amount prior to recognising impairment.

The value of assets may not drop below their fair value less individual costs to sell.

3.7 Cash and cash equivalents

Cash includes demand deposits and cash on hand. Cash and cash equivalents are presented in the balance sheet at amortised cost.

3.8 Financial assets and financial liabilities

Classification

Debt instruments which meet the SPPI test (i.e. they give rise to cash flows that are solely payments of principal and interest) and are held to collect contractual cash flows (business model test) are measured at amortised cost (AC). This category includes trade and other receivables, loans to subsidiaries and cash and bank balances.
Other liabilities include financial liabilities not classified as instruments measured at fair value through profit or loss.

Recognition

Financial assets and financial liabilities are recorded in the Company's books at the trade date. Financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of such financial asset or financial liability (for items not subsequently measured at fair value through profit or loss).

Derecognition

A financial asset is derecognised when the rights to the cash flows from the financial asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred by the Company to another entity (without retaining any significant rights).

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligations are discharged, cancelled or have expired.

Measurement

Debt instruments are measured at amortised cost less expected impairment loss. The amount of expected impairment loss for the current year is recognised in profit or loss.

For financial assets recognised as debt instruments and other financial liabilities, profit or loss is recognised in the statement of profit or loss and other comprehensive income (in profit after tax) through amortisation when the financial asset or liability is derecognised or an impairment loss is recognised.

Measurement of amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortisation calculated using the effective interest rate method of any difference between that initial amount and the maturity amount, less any loss allowance due to the impairment or uncollectibility of the financial asset.

The effective interest rate is the rate that exactly discounts estimated future cash payments and cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows by taking into account all contractual terms of the financial asset, excluding expected credit losses.

Impairment losses on financial assets (expected credit loss)

An ECL provision is recognised for debt instruments measured at AC (amortised cost) and FVTOCI (fair value through other comprehensive income). Expected credit loss is described as the amount of cash flows which cannot be collected over the life of the instrument. Expected credit loss is derived from the following factors:

- exposure at default (EAD);
- loss given default (LGD);
- probability of default (PD) for the relevant period.

12-month expected credit losses are recognised on initial recognition of financial assets, which are determined using the 12-month PD, i.e. the probability that the counterparty becomes insolvent within 12 months (stage 1). The ECL so determined is taken into account as a contra asset (provision) without reducing the value of the asset directly.

If the credit quality of the asset deteriorates, the asset is reclassified to stage 2 where lifetime expected credit losses are recognised, also against net profit or loss, without directly reducing the value of the asset.

If the asset becomes impaired, it is reclassified to stage 3 where lifetime ECL reduces the value of the asset directly.

If the credit quality of the asset improves, the asset is reclassified from stage 3 to stage 2, or from stage 2 to stage 1.

The Company considers an asset to be non-performing if contractual cash flows are more than 90 days past due; however, based on individual assessment using market information, an asset can be deemed to be non-performing even earlier than that.

The Company assumes a deterioration of credit quality in cases where contractual cash flows are more than 30 days past due.

The following could be signs of deterioration in credit quality or of impairment:

- market data,
- changes in the economic environment,
- external ratings data,
- comparative data,
- findings of risk assessors,
- forbearance,
- payment behaviour.

For certain receivables with a smaller balance, ECL is calculated on a collective basis. For trade receivables, the simplified approach is applied, which means that lifetime ECL is recognised immediately and credit quality is not monitored on an ongoing basis.

When applying the simplified approach, the Company uses the following ECL rates:

Days past due	ECL %
Less than 90 days	0.1-0.6%
Between 91 and 180 days	5%
Between 180 and 360 days	10%
Over 360 days	75% or arbitrary

If ECL decreases, the reduction is recognised in profit or loss by reducing the relevant expense.

The values determined using the simplified approach are reviewed by the Company on an ongoing basis, and the loss rates are updated based on the relevant macroeconomic data (GDP development and inflation, in particular) and market information. Reviews take place annually in the second half of the year, unless processes are identified which require immediate intervention. Adjustments to loss rates are accounted for as changes in accounting estimates.

3.9 Provisions

Provisions are only recognised when there is a present obligation as a result of a past event which has uncertain value and timing. No provisions may be recognised for liabilities which are not linked to a present legal or constructive obligation.

In cases where it is unclear whether there is an obligation, a provision may only be recognised if it is more likely than not that an obligation exists (probable obligation). If the probability is lower than this, a contingent liability is disclosed (possible obligation). Such items may not be presented in the balance sheet; instead, they are presented in the notes to the financial statements.

Provisions are presented in liabilities and are classified as non-current and current liabilities. If the time value of money in respect of a provision is considered material (as it will be due much later), the expected cash flows are discounted.

The following items are typically included in provisions:

- compensation payable in relation to lawsuits;
- penalties imposed by authorities;
- indemnification or compensation based on an agreement;
- severance pay and restructuring costs.

If a decision needs to be made in respect of a specific obligation, the value of the provision will be the most likely unique outcome, while the effect of all remaining outcomes must be reasonably taken into account.

A restructuring provision (e.g. for severance pay) may be recognised if there is a formal plan for the restructuring which has been approved and communicated to those affected. Provisions may only be recognised for costs associated with discontinued operations and not for continuing operations (e.g. cost of retraining or relocation).

No provisions may be recognised in the following cases:

- for future operating losses;
- for "safety purposes" to cover unforeseeable losses;
- for write-downs (e.g. for the write-down of receivables and inventories) which reduce the value of the relevant assets.

3.10 Employee benefits

The Company provides predominantly short-term employee benefits to its employees. These are recognised by the Company in profit or loss after they have vested.

Employee bonuses and other items of similar nature are presented in the balance sheet if they give rise to a liability, i.e.

- if they are subject to a contractual condition and that condition has been fulfilled (e.g. a given revenue level is reached); in such cases, the item is recognised not in the period when it is established that the contractual condition has been fulfilled, but when the condition is fulfilled (i.e. the employee provides the service).
- if such an item arises not from a management decision but from a contractual condition, then the item must be recognised when the decision becomes known to the Company (constructive obligation).

The Company operates in a legal environment where employees are entitled to paid leave. If there is an agreement between the employer and employees which provides that any unused leave may be carried forward to subsequent years, or if the Company is legally permitted to do so, then a liability is recognised against employee benefits with respect to such unused leave accrued by the end of the year.

3.11 Share-based payments

Specific employees of the Company receive remuneration as part of a share-based benefit scheme under an ESO program. As part of the program, employees become entitled to equity-settled share-based payments.

The program is initially recognised by the Company at the grant date. The Company considers the grant date to be the date on which the parties have agreed on the material terms and conditions and the notice is accepted by the employees. The Group measures the cost of equity-settled share-based payments at the fair value of the shares to be delivered to the Group's employees, based on the quoted share price. The fair value of the benefit is expensed by the Company over the vesting period on a straight-line basis or, if another indicator provides a more realistic measure of expenses, then using that indicator.

Expenses are recognised against a separate component of equity (Share-based payments reserve). This accumulated reserve is reclassified when
• the program ends and the shares are distributed;
• the program ends and it is determined that the conditions have not been satisfied.

In the first case, the accumulated balance is taken into account as a capital increase, while in the second case, the reserve is transferred to retained earnings.

The Company has two options in terms of accounting policies:

- Extension method: If this method is used, the parent (AutoWallis Nyrt.) is essentially in the same position as if it directly owned the shares; therefore, these shares are recognised as treasury shares in equity. In this case, there is no difference between the parent's consolidated financial statements and the separate financial statements in respect of the relevant share-based payment agreement.
- Separate entity method: this method involves consolidation at group level only. In this case, the ESOP organisation recognises investments in the employee benefit plan as assets in its separate financial statements.

Share-based benefits are provided by the Company through the ESOP organisation. The Company uses the so-called extension method to record the ESOP organisation, which means that it is presented as if the Company directly owned the shares held by the ESOP organisation in connection with the ESO programs. Therefore, these shares are recognised as treasury shares in equity.

3.12 Equity

The following items are presented by the Company as components of equity in the financial statements:

Equity component	Description of equity component
Share capital	The number of shares issued, multiplied by nominal value. The nominal value of repurchased treasury shares is deducted from this component.
Share premium	The sum of amounts paid for issued shares in excess of their nominal value.
Retained earnings	The amount of cumulative profit not paid out as dividends (i.e. accumulated profit).
Share-based payments reserve	The reserve for share-based payments made by the Company to its employees (ESOP).
Historical cost of treasury shares	The consideration paid for treasury shares, which reduces equity (nominal value is also included here and is not deducted from share capital).

The following information on shares is disclosed by the Company in the notes to the financial statements for all classes of share capital:

- number of shares authorised for issue;
- number of shares issued and fully paid, and shares issued but not fully paid;
- nominal value of shares;
- reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- rights, preferential rights and restrictions attached to each class of shares, including:
- restrictions on dividend payment and return of capital;
- shares held by the Company or its subsidiaries or associates;
- shares reserved for issue based on options and share subscription agreements, including the terms and amounts.

The Company prepares the equity reconciliation table required under Section 114/B of the Hungarian Accounting Act. The equity reconciliation table contains the opening and closing figures of each component of equity under IFRS, as well as the opening and closing balances of the equity components presented below, calculated on the basis of those figures.

4. Other accounting policies

4.1 EPS - earnings per share

The calculation of earnings per share is presented by the Company in the consolidated financial statements based on the Group’s net profit or loss. In accordance with IAS 33, no information on EPS is included in these separate financial statements. Information on EPS is provided in the consolidated statement of profit or loss and other comprehensive income and Note VII.18 in the consolidated financial statements based on consolidated data.

4.2 Segment reporting

Since the Company (as the legal parent) also issues consolidated financial statements at the same time, segment reporting is presented only in the consolidated financial statements [IFRS 8.4]. Regardless of this rule, the Company concluded that, having regard to the special nature of its operations, no operating segments could be identified at the level of the separate financial statements. Segment information pertaining to the Group is presented in Note X.1 of the consolidated financial statements.

4.3 General accounting policies relating to the statement of cash flows

The Company's statement of cash flows is based on the indirect method in the case of operating cash flows. Investing cash flows and financing cash flows are calculated using the direct method.

4.4 Transactions denominated in foreign currencies

The functional currency is the currency which reflects the operation of the entity in question the most accurately. The Company's functional currency is the Hungarian forint (HUF).

The points to consider are as follows:

- the currency in which the majority of the entity's income is derived;
- the currency in which the entity's costs are incurred;
- the main financing currency.

The above considerations are listed in order of importance.
An entity may incur foreign exchange differences on translation only with respect to a foreign currency. Transactions denominated in foreign currency are translated using the mid-market rate quoted by the National Bank of Hungary at the date of performance.

Interim foreign exchange gains or losses arise from differences between the exchange rates effective at the date of performance and at the date of payment and are recognised by the Company in other income and expenses of financial transactions.

The Company classifies its assets and liabilities as monetary and non-monetary items. Monetary items include items whose settlement or inflow involves the movement of cash, and also include cash itself. Items relating to receivables or liabilities which do not involve the movement of cash (such as advance payments for services or inventories) do not qualify as monetary items.

At the reporting date, monetary items denominated in foreign currency are translated to the spot rate effective at the reporting date. For the purpose of translation, the Company uses the exchange rate for the reporting date as quoted by the National Bank of Hungary.

4.5 Materiality, errors and effects of errors

Information is material if omitting or misstating it could reasonably be expected to influence the decisions made by users on the basis of the financial statements.

Errors may include omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

A prior period error is corrected by retrospective restatement, except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Applying a requirement is deemed impracticable when the Company cannot correct an error or retrospectively apply a new requirement even after making every reasonable effort to do so. Impracticability may also be due to measurement uncertainties arising from the absence of available data.

IV. Changes in accounting policies, potential impact of IFRSs and IFRICs not yet effective at the reporting date of the financial statements, and earlier application

The Company did not amend its accounting policies from 2021 to 2022. Exceptions include the application of accounting policies related to the adoption of new standards and to activities that had not existed previously.

Changes in accounting policies, IFRSs published but not yet effective

The accounting policies applied are consistent with the accounting policies for the previous financial year, except for the following amendments to IFRSs applied by the Company since 1 January 2022:

Effects of the adoption of new and revised IFRSs effective from 1 January 2022 on the financial statements

- **Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases)**

  The amendments might be adaptable for annual periods beginning on or after 1 April 2021, including financial statements not yet authorised for issue at the issue date of the amendment. Earlier application is permitted. In March 2021, IASB amended the conditions for the practical expedient under IFRS 16 which provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. Following the amendment, the practical expedient applies to rent concessions only if the reduction in lease payments affects only payments originally due on or before 30 June 2022, provided that all other conditions for applying the practical expedient are met.

  The Group had not adapted this option.

- **Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well as Annual Improvements 2018-2020**

  The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted. IASB issued narrow scope amendments to IFRSs as follows:

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify that the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments had no significant impact on the Company's financial statements.

Standards issued but not yet effective and not early adopted

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

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

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

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

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

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

- **IFRS 17 Insurance Contracts**

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

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

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

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

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

The Company did not opt for earlier application in respect of the above relevant amendments and new standards, and the new standards and amendments are not expected to have a significant impact on the Company's consolidated financial statements.

V. Restatements

The separate financial statements for FY 2022 do not contain any restatements.

VI. Notes to the statement of profit or loss and other comprehensive income and the balance sheet

1. Revenue

All of the Company's revenues earned in 2022 and 2021 are derived from management advisory services.

2. Material expenses

Material expenses include the following items:

	2022	2021
Fuel costs	6,985	2,674
Office supplies, other materials	939	49
Total	**7,924**	**2,723**

The Company's material expenses primarily include fuel costs, as well as purchases of office supplies and items consumed within one year.

3. Services

Services include the following items:

	2022	2021*
Accounting, legal and capital market services	151,949	96,282
Rental fees	5,706	3,680
PR, communication	35,223	70,891
Administrative services	34,826	13,261
Other miscellaneous services	238,487	175,211
Telecommunications services	1,262	752
Shipping costs	90	130
Marketing services	14,831	2,600
Bank charges and insurance premiums	3,805	3,940
Total	**486,179**	**366,747**

** restated*

The significant increase in services is explained by the group-level projects launched in 2022 (IT projects, in particular). In addition, there was an increase in legal, tax advisory and audit fees due to the expansion of the Group.

4. Personnel expenses

Personnel expenses include emoluments, wages and salaries, social security contributions and expenses of share-based payments.

Rental transactions involving company cars provided for personal use are not classified by the Company as leases. These are recognised in other staff costs as other employee benefits.

Share-based payments include the expenses of the ESOP 1, ESOP 2 and ESOP 3 programs.

	2022	2021
Wages and salaries	510,261	205,984
Social security contributions	66,002	33,861
Share-based payments	74,524	130,594
Other staff costs	43,301	17,754
Total	**694,088**	**388,193**

The Group's expansion resulted in an increase in the headcount of the Parent to an average of 14 in 2022 (previous year: 9).

5. Depreciation and amortisation

In both periods, depreciation typically included the depreciation of office furniture and other assets serving administrative purposes. In addition, the depreciation of right-of-use assets (office) is also presented in this line item for the reporting period. In the previous period, depreciation was only recognised on property, plant and equipment.

	2022	2021
Depreciation of property, plant and equipment	20,200	2,524
Depreciation of right-of-use assets	24,389	-
Amortisation of intangible assets	536	-
Total	**45,125**	**2,524**

6. Other income and expenses

	2022	2021
Income from damage claims	556	4,642
Provisions reversed	-	18,000
Other income	**556**	**22,642**

	2022	2021
Fines and damage claims	341	175
Non-deductible VAT	76,539	48,671
Other	5,062	455
Other expenses	**81,942**	**49,301**

Other income and expenses include earnings and expenses that cannot be classified elsewhere. A significant item among these is non-deductible VAT recognised as an expense.

7. Expected impairment losses on financial instruments

The Company recognises expected credit losses on loan receivables, trade receivables and other financial assets (other receivables and cash and cash equivalents).

	2022	2021
Impairment losses recognised		
On loan receivables	12,846	4,035
On trade receivables	167	142
On other receivables and bank deposits	3,401	5,455
Total	**16,414**	**9,632**
Reversals of impairment losses		
On loan receivables	(4,035)	(7,359)
On trade receivables	(142)	(135)
On other receivables and bank deposits	(5,455)	(563)
Total	**(9,632)**	**(8,057)**
Expected credit losses on financial instruments	**6,781**	**1,576**

The Company uses the ECL model to determine expected credit losses. Under the ECL model, expected credit losses must be calculated for receivables which are not due as well.

The Company applies the simplified approach when determining expected credit losses.

8. Financial gains or losses

	2022	2021
Interest income - calculated using the effective interest rate	**1,030,154**	**180,336**
Interest on bonds	(275,948)	(166,749)
Other interest expense	(9,441)	(15,363)
Interest paid on loans	(133,243)	(1,481)
Interest expense of lease liabilities	(2,183)	-
Interest expense	**(420,815)**	**(183,593)**
Foreign exchange gain	652,199	17,162
Foreign exchange loss	(10,127)	(938)
Other financial gains or losses	24,804	-
Foreign exchange gains or losses, net	**666,876**	**16,224**
Dividend income	**1,402,000**	**352,000**
Net effect on profit	**2,678,215**	**364,967**

Financial income recognised in the current year included, on the one hand, dividends received from subsidiaries for an amount of thHUF 1,402,000 and, on the other hand, an increased amount of interest income on loans to related parties due to the substantial rise in interest rates.

Significant items in foreign exchange gains include:

- retranslation of financial assets and liabilities denominated in foreign currency at the reporting date: thHUF 357,129 (previous year: thHUF 16,793)
- foreign exchange gains realised in the current year: thHUF 295,070 (previous year: thHUF 369)

A material item in financial expenses is interest payable on bonds. Interest paid on loans contains interest paid on loans from related parties and interest paid in the interest pool.

9. Tax expense

Tax expense only included corporate income tax, innovation contribution and local business tax in both periods. The Company did not recognise any deferred tax expenses.

The calculation of effective tax is presented in the table below:

			31/12/2022		31/12/2021
	Profit before tax based on the statement of profit or loss and other comprehensive income		**1,492,762**		**(284,146)**
Note	**Tax expense calculated based on the current tax rate (9%)**	**9.00%**	**134,349**	**0.00%**	**-**
1.	Other income tax expense (local business tax, innovation contribution)	0.23%	3,359	1.22%	3,458
2.	Other income tax expense deductible from the tax base	(0.02%)	(302)	(0.11%)	(311)
3.	Dividend income deductible from the tax base	(8.45%)	(126,180)	(11.15%)	(31,680)
4.	Tax losses carried forward from previous years which are deductible from the tax base	(0.29%)	(4,267)	0.00%	-
5.	Other items individually not material	0.04%	668	(11.26%)	31,991
	Total income tax expense	**0.51%**	**7,626**	**(1.22%)**	**3,458**

1. Other income taxes include local and state taxes payable in Hungary which are imposed on the profits of the Company calculated based on a certain income using a tax base that is significantly higher than the corporate income tax base and a significantly lower tax rate (2% at most). The first line of the calculation only shows the amount of hypothetical tax calculated using the corporate income tax rate and, as a result, local business tax and innovation contribution give rise to additional income tax expenses for the Company.
2. Local business tax and innovation contribution are deductible for corporate income tax purposes, the positive effect of which is presented in this line.
3. Dividend income received by the Company in the current year is deductible from the corporate income tax base (as such income is already taxed).
4. This line shows the reduction in corporate income tax which is attributable to the part of tax losses carried forward from previous years that was utilised in the current year.

10. Property, plant and equipment; intangible assets

Property, plant and equipment include land and buildings, as well as plant and machinery, while intangible assets include IT licences, none of which are of significant value individually. The Company does not have any significant commitment to acquire new assets.

Changes in property, plant and equipment and intangible assets are presented in the following table:

Gross value 31/12/2022	Property	Equipment	Intangible assets	Assets under construction	Total
Opening	5,147	6,178	1,129	-	12,454
Purchase	1,637	25,906	11,588	163	39,294
Disposal	-	-	-	-	-
Closing value	**6,784**	**32,084**	**12,717**	**163**	**51,748**

Accumulated depreciation 31/12/2022	Property	Equipment	Intangible assets	Assets under construction	Total
Opening	221	3,749	1,129	-	5,099
Depreciation	1,089	19,111	536	-	20,736
Disposal	-	-	-	-	-
Closing value	**1,310**	**22,860**	**1,665**	**-**	**25,835**

Opening	**4,926**	**2,429**	**-**	**-**	**7,355**
Closing	**5,474**	**9,224**	**11,052**	**163**	**25,913**

Data for the comparative period:

Gross value 31/12/2021	Property	Equipment	Total
Opening	-	3,499	3,499
Purchase	5,147	3,178	8,325
Disposal	-	(499)	(499)
Closing value	**5,147**	**6,178**	**11,325**

Accumulated depreciation 31/12/2021	Property	Equipment	Total
Opening	-	1,609	1,609
Depreciation	221	2,304	2,525
Disposal	-	(164)	(164)
Closing value	**221**	**3,749**	**3,970**

Opening	**-**	**1,890**	**1,890**
Closing	**4,926**	**2,428**	**7,355**

11. Right-of-use assets (ROU)

Right-of-use assets relating to leases are presented by the Company separately from property, plant and equipment, the balance of which for the financial year ended 31 December 2022 was as follows:

	Property
Gross opening value at 1 January	-
Purchase	-
Lease and acquisition	92,851
Sublease	-
Derecognition of right-of-use assets	-
Effects of contract amendments	-
Gross closing value at 31 December	

Accumulated depreciation	Property
Opening value at 1 January	-
Depreciation	24,389
Derecognition of right-of-use assets	-
Decrease (derecognition)	-
Effects of contract amendments	-
Closing value at 31 December	

	Property
Net closing value at 31 December	**68,462**

Right-of-use assets include the office rented by the Company. The rental commenced in FY 2022.

12. Long-term loans to subsidiaries

Long-term debt instruments recognised by the Company include the loans granted to AW Csoport Szolgáltató Kft., Wallis Motor Ljubljana and ICL Autó Kft., as well as the additional capital contribution paid to AW Csoportszolgáltató (2022: thHUF 27,703). Loan-related movements during the year were as follows:

	2022	2021
Opening balance	7,429,446	2,416,930
Disbursement	4,108,286	5,010,000
Repayment	(824,000)	-
Reclassification to long-term loans	1,537,914	-
Interest receivable	168,405	-
Foreign exchange translation	377,804	2,516
Closing balance	**12,797,855**	**7,429,446**
Expected credit losses	(12,770)	(2,787)
Closing balance	**12,785,085**	**7,426,658**

Significant terms and conditions of the contracts:

Feature	Condition
Debtor:	AW Csoport Szolgáltató Kft.
Loan amount:	HUF 3,000,000,000
Loan interest rate:	Fixed rate of 3.5% p.a.
Maturity:	5 April 2030
Repayment terms:	Bullet repayment; early repayment available at any time

Feature	Condition
Debtor:	AW Csoport Szolgáltató Kft.
Loan amount:	HUF 5,000,000,000
Loan interest rate:	Fixed rate of 3.5% p.a.
Maturity:	30 November 2026
Repayment terms:	Bullet repayment; early repayment available at any time

Feature	Condition
Debtor:	Wallis Motor Ljubljana Doo
Loan amount:	EUR 650,000
Loan interest rate:	1-month EURIBOR + 3.55%
Maturity:	31 October 2025
Repayment terms:	Bullet repayment; early repayment available at any time

Feature	Condition
Debtor:	AAI Properties doo
Loan amount:	EUR 4,000,000
Loan interest rate:	1-month EURIBOR + 3.25%
Maturity:	31 December 2023
Repayment terms:	Bullet repayment; early repayment available at any time

The contract is expected to be extended and, as a result, the receivable is recognised by the Company as long-term loans.

Feature	Condition
Debtor:	Avto Aktiv Slo
Loan amount:	EUR 4,300,000
Loan interest rate:	1-month EURIBOR + 3.25%
Maturity:	31 December 2023
Repayment terms:	Bullet repayment; early repayment available at any time

The contract is expected to be extended and, as a result, the receivable is recognised by the Company as long-term loans.

Feature	Condition
Debtor:	AW Property Kft.
Loan amount:	HUF 910,000,000
Loan interest rate:	3.55%

Data in thHUF

Maturity:	31 December 2023
Repayment terms:	Bullet repayment; early repayment available at any time

The contract is expected to be extended and, as a result, the receivable is recognised by the Company as long-term loans.

Feature	Condition
Debtor:	VCT 78 Kft.
Loan amount:	HUF 850,000,000
Loan interest rate:	3.55%
Maturity:	31 December 2023
Repayment terms:	Bullet repayment; early repayment available at any time

The contract is expected to be extended and, as a result, the receivable is recognised by the Company as long-term loans.

13. Investments in subsidiaries, investments in associates and joint ventures

	31/12/2022	31/12/2021
WAE Autóforgalmazási és Szolgáltató Kft.	10,900,000	10,900,000
WALLIS MOTOR DUNA Autókereskedelmi Kft.	1,060,000	1,060,000
WALLIS MOTOR PEST Autókereskedelmi Kft.	2,020,354	2,020,354
WALLIS AUTÓKÖLCSÖNZŐ Kereskedelmi és Szolgáltató Kft.	2,165,000	2,165,000
ICL Autó Kft.	30,000	30,000
Wallis British Motors Kft.	256,086	256,086
AW Csoport Szolgáltató Kft.	50,000	50,000
WALLISMOTOR Ljubljana	485,166	485,166
Wallis Kerepesi úti Autó Kft.	588,565	588,565
K 85 Ingatlanhasznosító Kft.	495,075	495,075
Iniciál Autóház Kft.	2,027,987	2,027,987
VCT78 Kft.	100,000	100,000
WAE CEE Kft.	50,000	50,000
AW Property Kft.	150,000	150,000
Avto Aktiv d.o.o	891,999	2,624
AAI PROPERTIES d.o.o	358,374	2,624
DALP Kft.	1,601,600	1,601,600
C182 Razvoj Nepremičnin Ljubljana d.o.o.	1,730,740	-
Total	**24,960,946**	**21,985,081**

The Company carried out the following equity transactions in the current year:

- capital increase in AAI Properties d.o.o (for HUF 355.7 million) and Avto Aktiv Slo (for HUF 889.4 million)
- in-kind contribution of the share in C182 Razvoj Nepremičnin Ljubljana d.o.o. for HUF 1,731 million

There were no indications at the end of FY 2022 that any subsidiary would be impaired, and the Company did not recognise any impairment losses.

The line item "Investments in associates and joint ventures" includes the Company's 50% share in AutoWallis Caetano Holding Zrt., the entity that holds a 100% share in RN Hungary Kft. The entity was established during the current year, in a joint arrangement with another investor. Control is exercised by the parties on a parity basis.

14. Trade receivables, tax assets, other receivables, prepayments

Trade receivables include unpaid consideration for the management advisory services provided by the Company to its subsidiaries.

The entire income tax balance represents a tax asset of the same amount, and the Company had no such receivables in the current year.

The most significant items in other receivables include unpaid dividend receivables (HUF 74 million) and receivables related to security deposit (HUF 6.5 million). Prepayments contain accrued income for HUF 9 million and prepaid expenses for thHUF 12.25 million (the amount of accrued income in the previous year was HUF 30.3 million). The fair value and carrying amount of the above items are identical.

15. Short-term loan receivables

The Company primarily grants short-term operating loans to its subsidiaries. The following loan balances were recorded in the Company's books at year-end, which include the amount of principal outstanding and related interest as receivables:

	31/12/2022	31/12/2021
VCT78 Kft.	14,602	799,914
WAE CEE Kft.	-	738,000
AAI PROPERTIES d.o.o	16,714	-
AVTO AKTIV SLO d.o.o.	19,686	-
AW Property Kft.	24,677	-
ECL on receivables from related parties	(76)	(1,248)
Total	**75,603**	**1,536,666**

16. Cash and cash equivalents

Cash and cash equivalents include the following balances:

	31/12/2022	31/12/2021
Cash in HUF	368	92
Bank balances in HUF	6,137,638	11,772,517
Bank balances in foreign currencies	1,003,908	348,176
Expected credit losses (stage 1)	(3,214)	(5,454)
Total	**7,138,701**	**12,115,331**

The fair value and carrying amount of the above items are identical.

17. Bonds

The Group has the following bonds, issued as part of the Bond Funding for Growth Scheme:

Bond 1

The bond issued has the following key characteristics:

Name of bond issued	AutoWallis NKP Bond 2030/I
Date of issue	30 September 2020
ISIN code	HU0000359476
Number of bonds issued	60
Nominal value of bonds issued	50,000,000
Total nominal value (HUF)	**3,000,000,000**
Amount raised (HUF)	**3,044,657,300**
Interest payment	fixed
Frequency of interest payment	annual
Repayment of the principal amount	in a lump sum on maturity
Bond maturity	10 years
Nominal interest rate	3.00%
EIR	2.8374%

Amount raised (HUF)	3,044,657,300
Amount raised less direct costs (HUF)	3,041,551,573

Change in the carrying amount of the bond:

	2022	2021
Opening balance	3,097,450	3,103,297
Transaction costs	-	-
Adjustment of interest recognised	1,555	(3,900)
Calculated interest	86,120	88,053
Repayment	(90,000)	(90,000)
Closing balance	**3,095,125**	**3,097,450**
Of which: short-term	**90,000**	**90,000**

Bond 2 (green bond)

Details of the bond issued:

Name of bond issued	AutoWallis NKP Bond 2031/I
Date of issue	22 October 2021
ISIN code	HU0000360664
Number of bonds issued	132
Nominal value of bonds issued	50,000,000
Total nominal value (HUF)	**6,600,000,000**
Amount raised (HUF)	**6,655,543,800**
Interest payment	fixed
Frequency of interest payment	annual
Repayment of the principal amount	HUF 5,000,000 per year starting from the 5th year, and HUF 25,000,000 on maturity in a lump sum
Bond maturity	10 years
Nominal interest rate	3.00%
EIR	2.854%

Amount raised (HUF)	6,655,543,800
Amount raised less direct costs (HUF)	6,654,849,500

The Company publishes the conditions for using the funds raised through the bond issue (so-called Green Financing Framework) on its website.

Change in the carrying amount of the bond:

	2022	2021
Opening balance	6,737,464	-
Amount received at issue	-	6,655,544
Transaction costs	(1,556)	(694)
Calculated interest	189,828	82,614
Repayment	(198,000)	-
Closing balance	**6,727,736**	**6,737,464**
Of which: short-term part	**198,000**	**198,000**

The short-term part of debentures is presented separately by the Company in its statement of financial position.

18. Lease liabilities

	31/12/2022
Opening balance	-
Reclassification	-
Recognition	92,851
Repayment	(27,325)
Reclassification	
Derecognition due to business combinations	-
Other change	7,528
Closing balance	**73,054**

	31/12/2022
Lease liabilities	**73,054**
Of which: long-term	37,167
Of which: short-term	35,887
	73,054

Long-term and short-term lease liabilities recognised by the Company include its office rental fees. Costs related to leased assets are borne by the Company throughout the term of each lease, and the Company is required to return the leased assets to the lessor at the end of the lease term.

19. Trade payables, income tax liabilities, accruals and other current liabilities

Trade payables include trade payables related to general operations. The fair value of trade payables is identical to their carrying amount. Income tax liabilities include corporate income tax, local business tax and innovation contribution liabilities. The majority of accruals represents deferred bonuses and related contributions for an amount of thHUF 158,139 (previous year: thHUF 16,700), the increase being caused by the Company's increased headcount.

Other current liabilities include outstanding wages and salaries and tax payable for the month of December. None of the items are of significant value individually.

20. Liabilities arising from options

In 2021, this balance sheet item included the year-end fair value of the Company's share repurchase obligation. The liability arising from options relates to the acquisition of Iniciál Autóház Kft. The option was exercised by the Company in 2022, which means that its value at the end of 2022 was zero.

21. Short-term loans and borrowings

At the end of FY 2022, the short-term loans recognised by the Company included the short-term loan from Wallis British Motors and the related interest. Maturity: 31 May 2023, interest rate: floating.

In 2021, the Company recorded the liquidity loan from AW Csoportszolgáltató for thEUR 90 in short-term loans and borrowings. Maturity: 31 December 2021, interest rate: 3.55% p.a.

22. Deferred tax

The Company has deferred tax assets arising from deductible temporary differences and unused tax losses carried forward from previous years (2022: thHUF 651,974; 2021: thHUF 669,264). Based on its future financial plans (due to its operation as a holding company), the Company does not expect to earn any future taxable profits against which it could offset its tax losses carried forward. Therefore, the difference identified is not recognised as a deferred tax asset in either period. The amount and expiry of tax losses carried forward are presented in the following table:

	31/12/2022	Expiry	31/12/2021	Expiry
Tax losses carried forward	1,044,926	2023-2027	1,090,537	2022-2026

23. Share capital

The changes in the Company's share capital during the period are presented in the table of changes in equity. The details of share capital were as follows:

Number of shares:

Series Category	Series "A" voting preference	Series "B" dividend preference	Series "C" ordinary
31/12/2020	-	-	**324,313,680**
In-kind contribution of DALP on 06/04/2021			15,400,000
Capital increase on 15/11/2021			85,470,085
31/12/2021	-	-	**425,183,765**
In-kind contribution of C182 on 02/09/2022			17,105,237
31/12/2022	-	-	**442,289,002**

Changes in the value of share capital:

Series Category	Series "A" voting preference	Series "B" dividend preference	Series "C" ordinary
31/12/2020	-	-	**4,053,921**
In-kind contribution of DALP on 06/04/2021			192,500
Capital increase on 15/11/2021			1,068,376
31/12/2021	-	-	**5,314,797**
In-kind contribution of C182 on 02/09/2022			**213,816**
31/12/2022	-	-	**5,528,613**

The Company's public offering of shares was launched on 25 October 2021, as part of which the retail sale of shares began on 25 October 2021 in accordance with the prospectus dated 14 October 2021. On 11 November 2021, the Company determined a selling price of HUF 117 per unit for the new shares. As a result:
(i) a total of 64,102,564 units of shares were distributed among institutional investors as part of the Institutional Sale for a total issue value of HUF 7,499,999,988 at a price of HUF 117 each; and
(ii) a total of 21,367,521 units of shares were distributed among retail investors as part of the Retail Sale for a total issue value of HUF 2,499,999,957 at a price of HUF 117 each.

The crediting of new shares to the investors' securities accounts took place with a value date of 24 November 2021, and this is also the date when the shares were admitted to trading on the Budapest Stock Exchange.
As a result of the share issue, the Company's share capital increased by thHUF 1,068,376.

In 2022, Milton Property Kft., a subsidiary of Wallis Asset Management Zrt., the Company's majority shareholder, contributed and transferred ownership of a 100% share in C2022 Razvoj Nepremičnin

Ljubljana d.o.o. to the Company by way of in-kind contribution. The transaction was completed on 21 July 2022. As a result of the issue of 17,105,237 shares as part of the in-kind contribution, share capital increased by thHUF 213,816. The value of the in-kind contribution was determined on the basis of an independent valuation.

24. Share premium and retained earnings

The reserves recorded by the Company include share premium and accumulated profits. Share premium is related exclusively to the issue of shares.

As a result of the share issue in the current year (see the previous section), the Company's share premium increased by thHUF 1,516,925.

Accumulated profits only contain accumulated net profits, and retained earnings are directly reduced by the approved dividend. The Company did not recognise any items which would affect other comprehensive income.

25. Share-based payments reserve

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

The ESOP 1 program, in which the shares of the Parent (which were transferred to the ESOP Organisation by Wallis Asset Management Zrt.) were distributed, was completed in August 2022. The benefit scheme never had any impact on the aggregate value of the Group's net assets and did not generate 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	3,784,615 units
Value of one share at the grant date	HUF 111.5/unit
Total value of the benefit attributable to the Company at the grant date	thHUF 384,933
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

The Company had the following share-based payment agreements in place as at 31 December 2022:

Key features of the ESOP 2 program:

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	238,500 units
Value of one share at the grant date	HUF 100.6/unit
Total value of the benefit attributable to the Company at the grant date	thHUF 24,003
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

Key features of the ESOP 3 program:

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	485,320 units
Value of one share at the grant date	HUF 101/unit
Total value of the benefit attributable to the Company at the grant date	thHUF 46,290
Grant date	23 May 2022
Vesting period	2 years
Vesting conditions	Achieving the EPS and EBITDA objectives for 2023
Type of program	equity-settled

The part of the ESOP benefit scheme which is related to the Company's employees is presented in these financial statements as follows. The fair value of the transferred shares for the grant date was expensed over the vesting period on a straight-line basis. The current-year expense of thHUF 74,524 incurred in doing so (previous year: thHUF 130,594) is recognised in profit or loss as an item of personnel expenses against a separate component of equity (Share-based payments reserve).

26. Historical cost of treasury shares and changes in the current period

The Company presents the consideration paid for repurchased treasury shares in this line item. The category contains the total historical cost (including the nominal value). In 2020, the Company repurchased treasury shares in connection with the acquisition of one of its subsidiaries: as the first step in the series of transactions, the Company entered into a contract for in-kind contribution with DC-INI Vagyonkezelő Kft. to acquire a share representing 40% of the share capital of INICIÁL Autóház Kft. Then, as the second step in the series of transactions, the parties entered into a sale and purchase agreement, on the basis of which the Company acquired the AutoWallis ordinary share (treasury share) issued by itself in the course of the in-kind contribution.

On 30 June 2021, the Company sold 7,889,503 treasury shares on the Budapest Stock Exchange in a fixed exchange transaction, with the involvement of Concorde Értékpapír Zrt. as an investment service provider. The average price of the transaction was HUF 93, which means that the shares were sold at an average price of HUF 93, for a total amount of HUF 733 million.

The Company records the ESOP organisation as if it directly owned the shares held by the ESOP organisation. Therefore, the 700,000 shares relating to the ESOP launched in the spring of 2021 are recognised by the Company as treasury shares in equity for a total amount of thHUF 64,976. These shares were owned by the ESOP organisation at 31 December 2021 and 31 December 2022.

In 2022, the Company exercised the option for the repurchase of shares that had been secured at the time of acquisition of Iniciál Group, repurchasing 5,024,784 shares for an amount of thHUF 458,914. At the end of 2022, the Company recorded 5,724,784 repurchased treasury shares in its books (700,000 of which had already been transferred to the ESOP organisation) for a total amount of thHUF 523,890.

VII. Other disclosures

1. Fair value hierarchy

The Company recognised the following financial instruments at each balance sheet date, all of which are measured using the amortised cost model:

	31/12/2022	31/12/2021
Long-term loans to subsidiaries	12,785,085	7,426,658
Trade receivables	92,059	94,679
Other loans granted (short-term)	75,603	1,536,666
Cash and cash equivalents	7,138,701	12,115,331
Financial assets	***20,091,449***	***21,173,334***
Debentures	9,822,861	9,546,913
Short-term loans and borrowings	1,011,304	33,210
Lease liabilities	73,054	-
Trade payables	39,859	150,418
Financial liabilities	***10,947,078***	***9,730,541***

The estimated fair values of items of assets and liabilities are at the following levels of the fair value hierarchy:

31 December 2022	Level 1	Level 2	Level 3	Total
Loans to subsidiaries			9,995,453	9,995,453
Trade receivables			92,059	92,059
Cash and cash equivalents	368	7,138,333		7,138,701
	368	7,138,333	10,087,512	17,226,213
Debentures			7,838,585	7,838,585
Short-term loans and borrowings			1,011,304	1,011,304
Lease liabilities			73,054	73,054
Trade payables			39,859	39,859
	-	-	8,962,802	8,962,802

Comparative data:

31 December 2021	Level 1	Level 2	Level 3	Total
Loans granted (long-term)			7,426,658	7,426,658
Trade receivables			94,679	94,679
Other loans granted (short-term)			1,536,666	1,536,666
Cash and cash equivalents		12,115,331		12,115,331
Financial assets	-	**12,115,331**	**9,058,003**	**21,173,334**
Debentures (3%)			9,546,913	9,546,913
Short-term loans and borrowings			33,210	33,210
Trade payables			150,418	150,418
Financial liabilities	-	-	**9,730,541**	**9,730,541**

All of the Company’s financial instruments were measured using the amortised cost model in all of the periods presented.

2. Disclosures on risk

The Company has no external floating-rate debt and does not enter into transactions denominated in foreign currencies with external parties. As a result, no foreign exchange risks or interest rate risks have been identified. According to the Company's assessment, its credit risk is low as all of its receivables (including trade receivables and loan receivables) are from related parties, and there are no indications that these receivables will not be paid or recovered.

In terms of risk factors, the Company identified potential liquidity risk as an item to be disclosed. The liquidity classification of items of assets and liabilities (financial instruments) and changes in surplus liquidity were as follows:

At 31 December 2022	Items available/due within one year	Items available/due between one year and five years	Items available/due in over five years	Items available/due under specific circumstances	Total
Loans granted	75,603	2,131,851	10,653,234		12,860,688
Receivables	181,862				181,862
Cash and cash equivalents	7,138,701				7,138,701
Prepayments	21,250				21,250
Financial assets	**7,417,416**	**2,131,851**	**10,653,234**	**-**	**20,202,501**
Loans and borrowings	1,011,304				1,011,304
Debentures	288,000	2,452,200	9,045,000		11,785,200
Lease liabilities	35,887	37,167			73,054
Provisions					-
Trade payables	39,859				39,859
Other miscellaneous liabilities	80,235				80,235
Accruals	189,336				189,336
Financial liabilities	**1,644,621**	**2,489,367**	**9,045,000**	**-**	**13,179,148**
Liquidity surplus/(deficit)	**5,772,635**	**- (357,516)**	**1,608,234**	**-**	**7,023,353**

Data in thHUF

Data for the comparative period*

At 31 December 2021	Items available/due within one year	Items available/due between one year and five years	Items available/due in over five years	Items available/due under specific circumstances	Total
Loans granted	1,536,666		7,426,658		8,963,324
Receivables	96,030				96,030
Cash and cash equivalents	12,115,331				12,115,331
Prepayments		30,513			30,513
Financial assets	**13,748,027**	**30,513**	**7,426,658**	-	**21,205,198**

Loans and borrowings	33,210				33,210
Debentures	288,000	1,812,000	9,973,200		12,073,200
Provisions					-
Trade payables	150,418				150,418
Other miscellaneous liabilities	501,851				501,851
Accruals		55,683			55,683
Financial liabilities	**973,479**	**1,867,683**	**9,973,200**	-	**12,814,362**
Liquidity surplus/(deficit)	**12,774,548**	**-1,837,170**	**-2,546,542**	-	**8,390,836**

* Adjusted to ensure comparability.

The Company accounts for credit losses using the methodology required under IFRS 9, which means that expected credit losses are recognised on each asset.

For financial instruments and subsidiaries, exposure is essentially equal to the carrying amount of the relevant asset. Assets are never secured by special guarantees (those that reduce maximum loss).

3. Calculation of net debt

The Company's net debt is presented in the following table:

	2022	2021
Total liabilities	11,216,809	10,576,075
(-) Cash and cash equivalents	(7,138,701)	(12,115,331)
Net debt	4,078,108	(1,539,256)
Equity	35,891,012	32,623,413

4. Significant off-balance sheet liabilities

The Company did not have any off-balance sheet liabilities at the reporting date.

5. Financial guarantees

The Company had the following significant financial guarantee in place at the reporting date.

Beneficiary	Subject matter
AutoWallis Caetano Holding Zrt.	Joint and several guarantee for the deferred purchase price of the Renault transaction

- AutoWallis Caetano Holding Zrt. (the Company's joint venture) acquired a 100% share in RN Hungária Kft., the entity owning the import rights for the Renault, Dacia and Alpine brands. A unique feature of this transaction is that the final purchase price payable by the joint venture is contingent on future events. The Company, along with the other investor, provided a joint and several guarantee for this part of the purchase price. At the reporting date the Company assessed the risk of potentially incurring liabilities as a result of this financial guarantee. Based on the market environment, profitability and business plan of the entity involved, the probability of the Company incurring a liability as a result of the financial guarantee is low; therefore, no liability has been recorded in the Company's financial statements in this regard.

6. Disclosures on related parties

The Company conducted the following transactions with related parties:

data in thousand HUF		Value of transactions		Balance	
	Note	2022	2021	31/12/2022	31/12/2021
Services provided					
To the parent		-	-	-	-
To subsidiaries	**VI.1**	173,891	141,445	91,825	125,133
To joint ventures		746	-	746	-
To other related parties		-	-	-	-
Services purchased					
From the parent		66,237	3,616	-	-
From subsidiaries		31,884	15,238	2,621	2,589
From joint ventures		-	-	-	-
From other related parties		41,377	-	-	-
Other					
To subsidiaries					
- loans granted and related interest income	**VI.7, VI.11, VI.14**	430,634	171,485	12,846,832	8,967,360
From subsidiaries					
- loans and interest expenses		124,178	916	1,011,304	33,210
- dividends		1,402,000	352,000	74,001	-

Services from other related parties include office rental services for an amount of thHUF 39,518.

7. Senior executives and their remuneration

The Company had the following senior executives in 2021 and 2022:

Name	Position/office	Note
Andrew J. Prest	Member of the BoD	
Péter Antal	Member of the BoD	
Bence Buday	Member of the SB and the AC	
Gábor Dévai	Member of the BoD	
György Ecseri	Member of the SB and the AC	
Attila Chikán Jr.	Member of the SB and the AC	
Ferenc Karvalits	Member of the SB and the AC	Until 01/07/2022
Petra Birkás	Member of the SB and the AC	From 01/07/2022
Zsolt Müllner	Chairman of the BoD	
Gábor Ormosy	Member of the BoD, Chief Executive Officer	
Gábor Székely	Chief Investment Officer	
Tibor Veres	Controlling shareholder	
Gábor Vitán	Member of the SB and the AC	

Remuneration paid to senior executives includes the following:

	2022	2021
Emoluments	23,762	8,040
Wages and salaries	163,323	112,113
Short-term employee benefits:	187,085	**139,693**
Share-based payments	238,438	119,505
Total	**425,523**	**259,198**

8. ESO program launched by the entity controlling the Company

The entity controlling the Company launched an ESO program (ESOP I) in the previous period, as part of which specific employees and senior executives of the Company receive ordinary shares of the Company if certain pre-defined goals are achieved. Some of the burdens associated with the ESO program are borne and the related expenses are incurred by the Company (to the extent that these are relevant to the Company's employees), which cannot be passed on by the Company in any way; therefore, the financial statements cannot contain any expenses in this regard other than the expenses relating to the Company's employees. This program was completed in 2022.

VIII. Critical accounting judgements used in preparing the financial statements and key sources of estimation uncertainty

The Company uses critical accounting judgements when determining the recoverable amount of investments, primarily due to its magnitude. The recoverable amount is determined on the basis of a discounted cash flow model that is based on business plans, the inputs of which (cash flow plan, discount rate and growth rate) are, in many cases, based on assumptions and estimates. Sources of estimation uncertainty may have a significant effect on the carrying amount of investments.

The Company has critical loan receivables as well, and estimating their recoverable amount requires a number of accounting judgements. This estimate was used in estimating expected credit losses (ECL). The effect of an incorrect estimate is directly reflected in net profit or loss.

IX. Events after the balance sheet date

Significant events after the balance sheet date were as follows:

- On 10 November 2022, AutoWallis Group announced that it would acquire the fleet management business of Nelson Group. The transaction was completed on 26 January 2023 following approval by the competition authority.

As a result of the transaction, AutoWallis Group acquired a 100% share in Nelson Flottakezelő Kft., Nelson Sales Kft. and Nelson Asssitance Kft. Through this transaction, AutoWallis Group further expanded its portfolio of mobility services.

The effect of the transaction is not yet reflected in the separate financial statements for 2022.

The details of the purchase price are presented in the following table:

data in thousand HUF	Nelson Flottalízing Kft.	Nelson Sales Kft.	Nelson Assistance Kft.
Purchase price paid in cash	2,531,250	18,000	30,000
First deferred part of the purchase price	135,000	-	-
Second deferred part of the purchase price	200,000	-	-
Total purchase price	**2,866,250**	**18,000**	**30,000**

The Company recognised HUF 16 million in services in connection with the acquisition.

- On 21 September 2022, AutoWallis Group announced that it would acquire Net Mobilitiás Zrt., the operator of the websites jóautók.hu and autó-licit.hu, from a subsidiary of Wallis Asset Management Zrt., the majority shareholder of AutoWallis, by way of a share swap deal. The transaction was completed on 13 January 2023.

  As a result of the transaction, AutoWallis Group acquired a 100% share in Net Mobilitás Zrt. and Logic Car Kft. Through this transaction, AutoWallis Group further expanded its portfolio of mobility services. The transaction took place between entities under common control, and the purchase price was determined on an arm's length basis in the same manner as between independent parties.

The details of the purchase price are presented in the following table:

data in thousand HUF	
Part of the purchase price paid in stocks	320,000
First contingent part of the purchase price	240,000
Second contingent part of the purchase price	240,000
Total purchase price	**800,000**

Payment of the contingent part of the purchase price is contingent on the EBITDA and non-financial business metrics of the entities for the next two financial years.

The Company recognised HUF 7.9 million in services in connection with the acquisition.

X. Disclosures required under the Hungarian Accounting Act

1. Person responsible for the supervision of bookkeeping services and the preparation of the IFRS financial statements

Pursuant to the Hungarian Accounting Act, consolidated IFRS financial statements may only be prepared by a certified accounting service provider. The following natural person possesses the required certification:

Name of the person responsible for the preparation of the financial statements:	Balázs Gausz
Registration number:	209120 registered chartered accountant IFRS certified

2. The Company's auditor

The details of the certified audit firm carrying out the audit of the Company and the Group (of which the entity is the legal parent) are as follows:

Audit firm	PricewaterhouseCoopers Auditing Ltd. (001464)
Name of the natural person acting on behalf of the audit firm	Péter Biczó
Registration number:	004957 Auditor IFRS certified

The fees for the audit of the separate and consolidated financial statements for FY 2022 are presented in the following table:

Data in HUF thousand	2022	2021
Audit of financial statements	20,000	14,000
Other audit fees	22,000	33,475
Other non-audit fees	40,000	4,648
Total fees payable to PwC	**82,000**	**52,123**

3. Equity reconciliation

Basis for the preparation of the equity reconciliation table

In accordance with Section 114/B of the Hungarian Accounting Act, the financial statements present the difference between equity under the Hungarian Accounting Act and equity under the accounting principles described above.

	Equity reconciliation	31/12/2022	31/12/2021
	Equity under IFRS	35,891,012	32,623,413
+	amount of additional capital contributions received recognised as a liability under IFRS	-	-
-	amount of additional capital contributions paid recognised as an asset under IFRS	(27,703)	-
+	cash received to be allocated to share premium, if classified as deferred income (IFRS)	-	-
+	value of assets received, if classified as deferred income (IFRS)	-	-
-	share-based payments reserve	(34,061)	-
-	capital increase resulting in an equity instrument, if recognised as a receivable from owners (IFRS)	-	-
+	repurchased treasury shares (IFRS)	523,890	-
	Equity (reconciled)	**36,353,138**	**32,623,413**

Taking into account the dividends of subsidiaries, the actual dividend payment limit is the following:

Equity components are reconciled as follows:	31/12/2022	31/12/2021
Share capital under IFRS		
Share capital under the deed of foundation	5,528,613	5,314,797
Unpaid share capital	-	-
Tied-up reserve		
Additional capital contributions received		
Carrying amount of repurchased treasury shares	458,914	-
Development reserve (net of tax)	-	-
Tied-up reserve (reconciled)	458,914	-

Retained earnings		
After-tax undistributed retained earnings from previous years under IFRS	468,257	618,630
+/- Amounts transferred to retained earnings under IFRS	248,003	137,231
- Amount of additional capital contributions paid recognised as an asset	(27,703)	-

Data in thHUF

- Unused development reserve less related deferred tax	-	-
+ Closing balance of retained earnings before the year of first-time adoption, adjusted for transitional items	-	-
Retained earnings (reconciled)	**688,557**	**755,861**
Profit after tax		
Profit after tax under paragraph 9 of Section 114/A of the Accounting Act	**1,485,135**	**(287,604)**

Valuation reserve		
Cumulative amount of items recognised in other comprehensive income	-	-
Share premium		
Reconciled equity	36,353,138	32,623,413
- Share capital under IFRS	(5,528,613)	(5,314,797)
- Unpaid share capital	-	-
- Tied-up reserve	(458,914)	-
- Retained earnings	(688,557)	(755,861)
- Profit after tax	(1,485,135)	287,604
- Valuation reserve	-	-
Share premium (reconciled)	**28,191,919**	**26,840,358**

Equity after reconciliation:		
Reconciled equity (in accordance with Section 114/B of the Accounting Act)	-	
Share capital	5,528,613	5,314,797
Unpaid share capital	-	-
Share premium	28,191,919	26,840,358
Retained earnings	688,557	755,861
Tied-up reserve	458,914	-
Valuation reserve	-	-
Profit after tax	1,485,135	(287,604)
	36,353,138	**32,623,413**

Calculation of the dividend base:

Retained earnings (reconciled)	688,557	755,861
Profit after tax for the current year	1,485,135	(287,604)
Increase in the value of investment property (net of tax)	-	-
Retained earnings available for dividend payment	**2,173,692**	**468,257**

As a result, the amount available for dividend payment is as follows:

	31/12/2022	31/12/2021
Retained earnings available for dividend payment	2,173,692	468,257
Dividend received and due after the reporting date	6,998,200	-
Amount available for dividend payment	**9,171,892**	**468,257**

4. Dividends

The Company's Board of Directors does not propose the payment of dividends. Decisions on the payment of dividends are made by the General Meeting.

5. Other information

- 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 foreign exchange rates, changes in the interest rate environment) could have a detrimental effect on the Group's financing.

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

6. Authorisation of the financial statements for issue

The Company's Board of Directors authorised these financial statements for issue on 5 April 2023.

Budapest, 5 April 2023

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

DECLARATIONS

These separate financial statements, notes to the financial statements and management (business) report (collectively referred to as: Financial Statements) were discussed by the Company's Board of Directors on 5 April 2023 and were approved for submission to the General Meeting. The General Meeting approved the Financial Statements and authorised them for issue on 28 April 2023.

The Company hereby declares that its separate Financial Statements for the year 2022 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

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

The Company hereby declares and notes that these separate Financial Statements have been audited by an independent auditor.

Budapest, 28 April 2023

Gábor Ormosy
Chief Executive Officer,
Member of the Board of Directors

Gábor Székely
Member of the Board of Directors

AutoWallis Nyrt.