



Translation of the Hungarian original

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

For the Board of Directors and the General Meeting of AutoWallis Nyrt.

Information on the subject matter of the audit

- a. AutoWallis Nyrt. (hereinafter: "Company") engaged us to carry out the preliminary valuation of the business shares to be provided as in-kind contribution within the framework of the Company's planned, private share capital increase.
- b. Based on the information received from the Company, the in-kind contributions are embodied in the following:

Subject of the in-kind contributions	The value previously determined by the founders
the in-kind contribution represents a 20% share in INICIÁL AUTÓHÁZ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság (seat: 9028 Győr, Külső Veszprémi utca 6.; registration number: 08-09-010382) which share is currently held by DC-INI Vagyonkezelő Korlátolt Felelősségű Társaság (seat: 9022 Győr, Bajcsy-Zs. út 52. b. ép. I. em., registration number: 08-09-031244).	HUF 287,282,717
The receivables from Taródy Operatív Korlátolt Felelősségű Társaság regarding unpaid purchase price of transaction, which amount is HUF 581,000,000.	HUF 581,000,000
Total	HUF 868,282,717

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



The shareholders' responsibility for the in-kind contribution

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

The auditor's responsibility

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

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

Summary of the completed procedures

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

Description	Provider	The value previously determined by the founders	Estimated market value
The business share of INICIÁL AUTÓHÁZ Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság, which nominal value is HUF 20.000.000 (20%).	DZL Korlátolt Felelősségű Társaság or Taródy Operatív Korlátolt Felelősségű Társaság as business share expectant	HUF 287,282,717	HUF 580,000,000
The receivables from Taródy Operatív Korlátolt Felelősségű Társaság regarding unpaid purchase price of transaction, which amount is HUF 581,000,000	Taródy Operatív Korlátolt Felelősségű Társaság	HUF 581,000,000	HUF 581,000,000
Total		HUF 868,282,717	HUF 1,161,000,000

[Presentation of the procedures related to the valuation of the 20% business share of INICIÁL AUTÓ Kft:](#)

[Method applied upon the valuation](#)



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

The business value was determined based on the international valuation principles and practice, with regard to the valuation date, based on the discounted cash flow method (DCF), which relies on the audit of the future income-generating ability. When examining the future income-generating potential, we considered all operating revenues, expenditures, payable taxes related to the Company's business activities estimated at the valuation date, the trend in the working capital, and the investments and loans required for implementing the business plan were also deducted from the cash flow generated.

In addition to forecasting the Company's cash flow, a discount rate was determined for calculating the present value of cash flow, which has to reflect the returns expected by the Company's investors (the Company's owners and creditors) in proportion with the contribution to all resources. This is best expressed by the weighted average cost of capital (WACC) so we chose this indicator for the purposes of our valuation.

The valuation was made between 15 June 2020 and 25 June 2020 with reference to 31 May 2020 ("valuation date"). The value determined by us covers the facts accessed by us until the completion of the valuation as well as the presumptions as of that date.

The business valuation is based on the business plan prepared by the management of INICIÁL AUTÓHÁZ Kft. and the assumptions supporting it. The management of INICIÁL AUTÓHÁZ Kft prepared and delivered to us the business plan and the assumptions supporting it in June 2020. The business plan includes data for the business years 2020 and 2024.

Information used during the valuation

The information necessary for the valuation was gathered from the materials and documents made available about INICIÁL AUTÓHÁZ Kft. Accordingly, the following documents were used during the valuation:

- Annual reports for the years 2018 and 2019 and the supporting trial balance sheets,
- the interim trial balance sheet of 31 May 2020,
- the profit and loss account, balance sheet, cash flow statement, investment and financing plan for 2020-2024 and the assumptions supporting them,
- the market operations forecast and its supporting documentation.

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

Assumptions and information on the Company's business plan

The business plan used for determining the Company's business value was made in consideration of the key conditions and assumptions listed below:

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



- The valuation was made under the going concern principle, the business plan did not reckon with any change in the activities and car brand sales prevailing at the valuation date.
- The business plan underlying the business valuation contains figures for the future prospects expectable at the date of the business valuation. We point out that the numeric impact of economic processes actually implemented in the future may deviate from the plan both in a positive and negative direction and, as a result, the business value estimated by us may be modified. The discount rate contains the risk of business plan implementation.
- Upon the business valuation we did not reckon with any change to the taxation laws known at the date of the valuation. When determining the rate of taxation we did not reckon with any other items modifying the tax base.
- The business plan does not fully conform to the figures set forth in the financial records but no material difference can be identified with regard to the profit.
- During the valuation, the Company's management modelled the Company's business activities until 2024 based on the operating environment in 2019-2020. We regarded the period after 2024 as a typical year, i.e. we assumed that after that period the Company's income, expense, profitability and working capital position will not change materially.
- During the business valuation we applied certain consolidations and simplifications, however, we believe that these do not materially influence the business value estimated by us.
- When making our macro-economic assumptions during the business valuation, we calculated with 3% inflation and with a wage growth rate significantly exceeding the inflation rate.

Assumptions used in the valuation for determining the discount rate:

Upon calculating the discount rate, the 15-year government bond market reference yields available at the valuation date were used to determine the "risk-free" return.

Besides the expected risk-free returns, we also took into account the market risk premium and the related industrial risk premium (beta) for discounting the operating cash-flow.

The data used for discount rate calculation are based on the benchmark data of public stock exchange companies. The public stock exchange companies in the industry represent less risk - in terms of both size, liquidity and transparency - than the companies operating in the industry and not quoted at the stock exchange. Therefore, when calculating the discount rate, we also considered the discount relevant to small-size companies based on the Ibbotson risk premium data.

The valuation was made for 31 May 2020 so the impact of the COVID epidemic on future trends is difficult to estimate and plan. This represents an additional risk to the viability of the business plan, therefore we have taken into account an additional risk premium of 5% when calculating the discount rate.

Presentation of the procedures related to the valuation of the unpaid purchase price

The receivable arose on the basis of the share purchase agreement concluded between Taródy Operatív Kft. and Auto Wallis Nyrt. on 3 February 2020. In the contract, the parties agreed that Taródy Operatív Kft. will sell the share of ICL Autó Kft. with a nominal value of HUF 30,000,000 to Auto Wallis Nyrt. (which represents 60% of the total subscribed capital). After the signing of the contract, HUF 30,000,000 of the purchase price was settled. The amount of the unpaid purchase price is the subject of the in-kind contribution.



In the context of the procedures for the evaluation of in-kind contributions, we examined that the market value of the receivable is in line with the value specified in the documents related to the share capital increase. We analyzed the risks related to the future realization of receivables subject to in-kind contribution. In connection with the future realization of receivables, we have taken into account that as a result of the planned capital increase, these receivables will be reflected in the books of the obligor, and after the capital increase, the booked receivables are consolidated in the same amount as the liabilities shown in the books of Auto Wallis Nyrt. They are consolidated in the same amount as the liabilities shown in its books. As a result, the realization of receivables subject to in-kind contribution is ensured within a short period of time, and thus the amount of receivables is equal to the value of in-kind contributions determined in the framework of the share capital increase.

Presentation of the procedures related to the valuation of the unpaid purchase price

The receivable for the unpaid purchase price is related to 60% business share of ICL Autó Kft, therefore we examine that the market value of 60% business share of ICL Autó Kft. achieve the market value of the receivable.

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

The business value was determined based on the international valuation principles and practice, with regard to the valuation date, based on the discounted cash flow method (DCF), which relies on the audit of the future income-generating ability. When examining the future income-generating potential, we considered all operating revenues, expenditures, payable taxes related to the Company's business activities estimated at the valuation date, the trend in the working capital, and the investments and loans required for implementing the business plan were also deducted from the cash flow generated.

In addition to forecasting the Company's cash flow, a discount rate was determined for calculating the present value of cash flow, which has to reflect the returns expected by the Company's investors (the Company's owners and creditors) in proportion with the contribution to all resources. This is best expressed by the weighted average cost of capital (WACC) so we chose this indicator for the purposes of our valuation.

The valuation was made on 27 July 2020 with reference to 30 June 2020 ("valuation date"). The value determined by us covers the facts accessed by us until the completion of the valuation as well as the presumptions as of that date.

The business valuation is based on the business plan prepared by the management of ICL Autó Kft and the assumptions supporting it. The management of ICL Autó Kft prepared and delivered to us the business plan and the assumptions supporting it in July 2020. The business plan includes data for the business years 2020 and 2024.

Information used during the valuation

The information necessary for the valuation was gathered from the materials and documents made available about INICIÁL AUTÓHÁZ Kft. Accordingly, the following documents were used during the valuation:

- the interim trial balance sheet of 30 June 2020,



- the profit and loss account, balance sheet, cash flow statement, investment and financing plan for 2020-2024 and the assumptions supporting them,
- the market operations forecast and its supporting documentation.

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

Assumptions and information on the Company's business plan

The business plan used for determining the Company's business value was made in consideration of the key conditions and assumptions listed below:

- The figures of the business plan are estimates on the future operations of the Company, and their achievement is influenced by numerous circumstances.
- The valuation was made under the going concern principle, the business plan did not reckon with any change in the activities and car brand sales prevailing at the valuation date.
- The business plan underlying the business valuation contains figures for the future prospects expectable at the date of the business valuation. We point out that the numeric impact of economic processes actually implemented in the future may deviate from the plan both in a positive and negative direction and, as a result, the business value estimated by us may be modified. The discount rate contains the risk of business plan implementation.
- Upon the business valuation we did not reckon with any change to the taxation laws known at the date of the valuation. When determining the rate of taxation we did not reckon with any other items modifying the tax base.
- The business plan does not fully conform to the figures set forth in the financial records but no material difference can be identified with regard to the profit.
- During the valuation, the Company's management modelled the Company's business activities until 2024. We regarded the period after 2024 as a typical year, i.e. we assumed that after that period the Company's income, expense, profitability and working capital position will not change materially.
- During the business valuation we applied certain consolidations and simplifications, however, we believe that these do not materially influence the business value estimated by us.
- When making our macro-economic assumptions during the business valuation, we calculated with 3% inflation and with a wage growth rate significantly exceeding the inflation rate.

Assumptions used in the valuation for determining the discount rate:

Upon calculating the discount rate, the 15-year government bond market reference yields available at the valuation date were used to determine the "risk-free" return.

Besides the expected risk-free returns, we also took into account the market risk premium and the related industrial risk premium (beta) for discounting the operating cash-flow.



The data used for discount rate calculation are based on the benchmark data of public stock exchange companies. The public stock exchange companies in the industry represent less risk - in terms of both size, liquidity and transparency - than the companies operating in the industry and not quoted at the stock exchange. Therefore, when calculating the discount rate, we also considered the discount relevant to small-size companies based on the Ibbotson risk premium data.

The valuation was made for 31 June 2020 so the impact of the COVID epidemic on future trends is difficult to estimate and plan. This represents an additional risk to the viability of the business plan, therefore we have taken into account an additional risk premium of 5% when calculating the discount rate.

Opinion

In our opinion, the market value of the business shares constituting the subject matter of the in-kind contribution established by us is not below the value previously determined by the founders. Furthermore, the method used by the Company and introduced in paragraph c. of the report guarantees that the value previously determined by the founders is in balance with the number and the face value of the shares to be provided in exchange.

Other issues

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

Budapest, 5 August 2020

The original Hungarian Version has been signed.

In case of discrepancies the Hungarian report shall prevail

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