AutoWallis Nyrt.

Annual Report

For the financial year ended 31 December 2023

YEARS ON THE
BUDAPEST STOCK EXCHANGE

AutoWallis GROUP

AUTOW BÉT PRIME MARKET

Budapest – 26 April 2024 – AutoWallis Nyrt. (Reuters: AUTW.HU and Bloomberg: AUTOWALL HB, website: **www.autowallis.com,** hereinafter: "Company", "AutoWallis Group" or "the Group") published its report for 2023 (for the period ended 31 December 2023) today. The report contains the audited consolidated financial statements for the period ended 31 December 2023 prepared by the Company's management in accordance with the International Financial Reporting Standards adopted by the European Union (EU IFRS), the audited standalone financial statements, the notes to the financial statements and the Company's management (business) report.

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This is an English translation of Annual Report of AutoWallis Nyrt. for the year end and period ended on 31 December 2023. In case of any difference from the Hungarian version, the Hungarian version prevails.

AutoWallis Group is celebrating the five-year anniversary of its listing on the stock exchange this February, and we are proud to report that 2023 was the fifth year of record figures.

Zsolt Müllner

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 983 employees are the factors that create value.

Gábor Ormosy

A MESSAGE BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CEO TO SHAREHOLDERS

Dear shareholders and investors,

Operating in 16 countries in the Central and Eastern European region and representing 23 brands, we earned more than HUF 366 billion in revenue, supported by a 45.3% growth rate in the number of vehicles sold, well above the European market average.

Amongst others, last year's success has 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. 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 exceeded the expansion rate of the industry.

Our revenue was up by nearly 36% to HUF 366 billion, with the Distribution Business Unit and the Retail & Services Business Unit boasting growth rates of 37% and almost 34%, respectively.

However, from the shareholders' perspective, it must be noted that this growth was accompanied by a considerable improvement in operating profit. Our EBITDA climbed by 36% to HUF 19.7 billion, sustaining our exceptionally high gross margin of 16.6% from last year. Our earnings per share grew by 11% to HUF 21.3.

Our growth strategy is a crucial component of our success, but not the only one.

2023 was a landmark year not only because of these excellent figures, but also because of several completed and announced transactions and acquisitions.

As a result of the acquisition of Nelson Flottalízing at the start of last year and Wallis Autómegosztó (the entity operating wigo, formerly Share Now, in Hungary) in August, the fleet size of vehicles used for mobility services grew four-and-a-half-fold. Recognising the rise of Asian brands, we were among the first to partner with Chinese brands such as BYD and MG. An indication of the increasingly strong position of AutoWallis in the region is the fact that nearly 60 percent of its revenue comes from international markets, and Opel extended the Group's distribution contract covering four countries in the Central and Eastern European region by five years.

AutoWallis is committed to sustainable development, which is why we are continuing our preparations for compliance with the EU Taxonomy and obtaining an ESG certification. In 2024, the acquisitions already announced will improve our results, 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 responsible and conservative manner.

Zsolt Müllner
Chairman of the Board of Directors

Gábor Ormosy
Chief Executive Officer

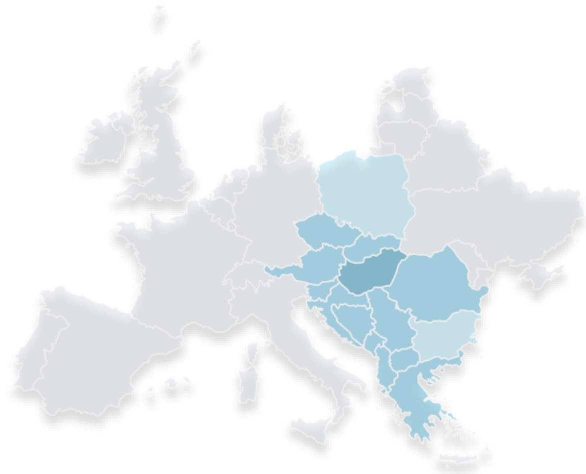
Management (Business) Report of AutoWallis and AutoWallis Group

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 16 countries in the Central and Eastern European region (Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Greece, 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 Distribution Business Unit of the Group include Alpine, BYD, Dacia, Isuzu, Jaguar, Land Rover, Renault, SsangYong and Opel, as well as the regional supply of MG and Saab parts, while the Retail & Services Business Unit deals with BMW passenger cars and motorcycles, BYD, Dacia, Isuzu, Jaguar, KIA, Land Rover, Maserati, MINI, Nissan, Opel, Peugeot, Renault, SsangYong, Suzuki, Toyota, wigo, Sixt rent-a-car, JóAutók.hu and AUTO-LICIT.HU.

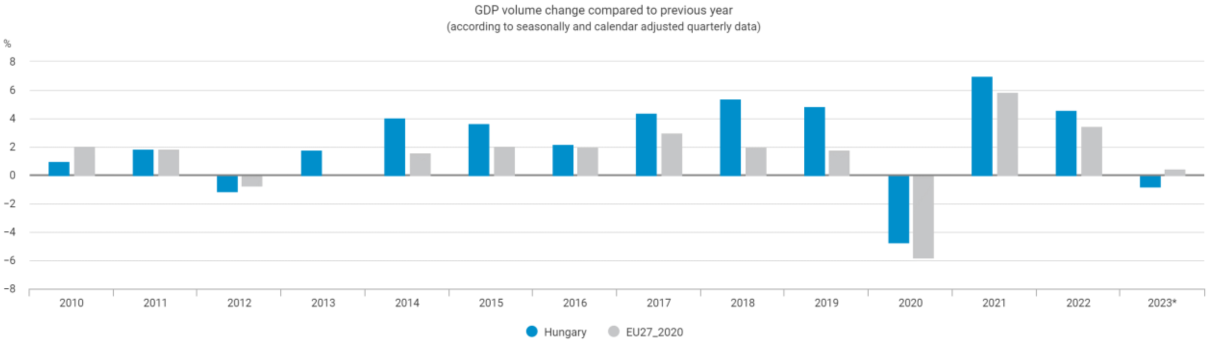
Stock exchange presence

AutoWallis Nyrt. 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 was modified to 0.44% as of 18 September 2023.Wallis Group, the Company's major shareholder, views its investment in AutoWallis Nyrt. as a strategic investment and supports the Company's regional growth plans. In 2021, the Company completed the largest share issue involving retail subscription (SPO) of the past 10 years for HUF 10 billion, which means that currently almost 4,000 retail shareholders and over 40 institutional investors, some of them foreign, are supporting the Group's growth strategy.

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

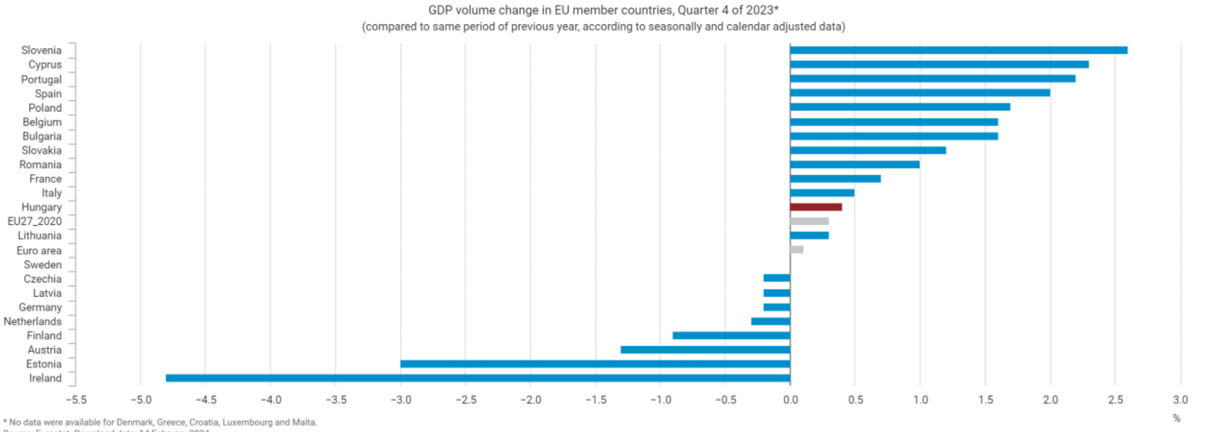
THE ECONOMIC AND MARKET ENVIRONMENT OF THE COMPANY[2]

GDP development



* The source of the 2023 datum for the European Union is the Eurostat first release published on 14 February 2024.

In 2023, the economic performance of the European Union grew by 0.5%, while the Hungarian economy declined by 0.8% compared to the previous year. Although the performance of almost every Member State deteriorated or improved slightly on an annual basis, a rise in GDP levels became apparent in Q4 as economic output gained momentum in comparison with the previous quarter in several Member States (the key markets of AutoWallis Group) and stagnated in the EU as a whole.



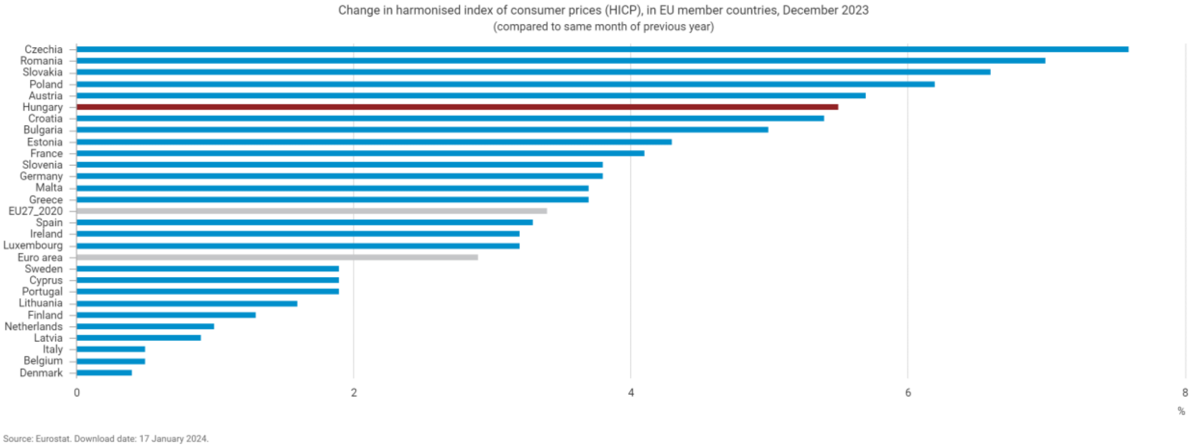
* No data were available for Denmark, Greece, Croatia, Luxembourg and Malta.
Source: Eurostat. Download date: 14 February 2024.

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

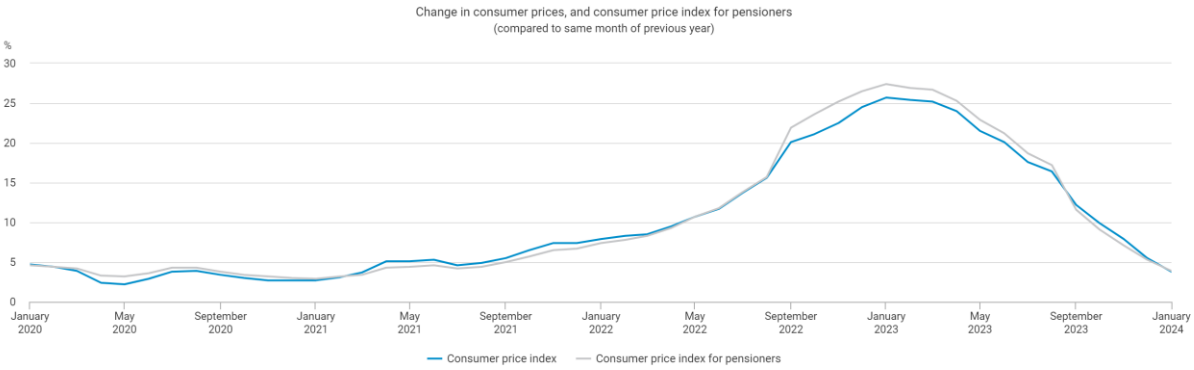
Changes in inflation

In 2023, inflation rates and benchmark interest rates were high across Europe, including the relevant markets of the Group. Coupled with existing supply chain issues in certain places, this caused the price of new and used cars to rise.

High prices and the interest rate environment had an effect on disposable income (and, in particular, demand for motor vehicles) in 2023 to varying degrees in each country, typically less so in the Company's export markets, which manifested itself in a slowdown of the growth rate of orders. The positive impact of declining inflation and interest rates that began at the end of 2023 is expected to be seen in 2024.



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 2023	January - December 2022	Change %
Austria	239,150	215,047	11.2
Belgium	476,675	366,303	30.1
Bulgaria	37,724	28,680	31.5
Croatia	57,694	43,928	31.3
Cyprus	14,740	11,628	26.8
Czechia	221,419	192,084	15.3
Denmark	172,798	148,282	16.5
Estonia	22,820	20,426	11.7
Finland	87,502	81,695	7.1
France	1,774,723	1,529,035	16.1
Germany	2,844,609	2,651,357	7.3
Greece	134,484	105,283	27.7
Hungary	107,720	111,524	-3.4
Ireland	122,310	105,398	16
Italy	1,565,331	1,316,926	18.9
Latvia	19,083	16,824	13.4
Lithuania	27,528	25,496	8
Luxembourg	49,151	42,094	16.8
Malta	7,200	6,409	12.3
Netherlands	369,791	312,075	18.5
Poland	475,032	419,749	13.2
Portugal	199,623	157,295	26.9
Romania	144,611	129,328	11.8
Slovakia	88,003	78,841	11.6
Slovenia	48,809	46,339	5.3
Spain	949,359	813,376	16.7
Sweden	289,827	288,087	0.6
EUROPEAN UNION	**10,547,716**	**9,263,509**	**13.9**
Iceland	17,541	16,675	5.2
Norway	126,955	174,321	-27.2
Switzerland	252,215	225,934	11.6
EFTA	**396,711**	**416,930**	**-10.4**
United Kingdom	1,903,054	1,614,063	17.9
EU + EFTA + UK	**12,847,481**	**11,294,502**	**13.7**

Source: ACEA

The number of first registrations of passenger cars in the European Union was up by nearly 14% to 10.5 million units in 2023. All EU markets recorded growth, except for Hungary (with a decline of 3.4%).

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.

	January - December 2023	January - December 2022	Change %	Change
Bosnia and Herzegovina	10,360	4,318	139.9%	6,042
Croatia	57,505	44,170	30.2%	13,335
Czech Republic	221,657	192,259	15.3%	29,398
Hungary	107,720	111,524	-3.4%	-3,804
Romania	142,794	129,484	10.3%	13,310
Serbia	25,439	22,792	11.6%	2,647
Slovakia	87,955	78,738	11.7%	9,217
Slovenia	49,082	46,486	5.6%	2,596
	702,512	**629,771**	**11.55%**	**72,741**

In line with the growth observed in EU markets, the number of first registrations of new passenger cars **in the relevant markets of AutoWallis Group** (see the table above) **improved by 11.55% in 2023**[4] compared to 2022.

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 these factors 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 2023

Analysis of the Group's financial performance

Data in thousand HUF (thHUF)	2023	2022	% change	Change
Revenue	366,266,781	270,165,925	36%	96,100,856
Distribution Business Unit	217,310,298	158,935,920	37%	58,374,378
Retail & Services Business Unit	148,956,483	111,230,005	34%	37,726,478
Interest income from lease receivables	1,703,348	56,910	2893%	1,646,438
Material expenses + Own performance capitalised	-7,621,154	-5,843,877	30%	-1,777,277
Services	-17,901,973	-12,692,680	41%	-5,209,293
Cost of goods sold	-305,318,590	-224,919,330	36%	-80,399,260
Personnel expenses	-14,910,691	-10,931,262	36%	-3,979,429
Depreciation and amortisation	-4,452,160	-3,440,160	29%	-1,012,000
Profit of sales	***17,765,561***	***12,395,526***	***43%***	***5,370,035***
Other income and expenses	-34,432	-1,023,883	-97%	989,451
Impairment losses on non-financial instruments	-2,295,155	-386,459	494%	-1,908,696
Expected impairment losses on financial instruments	-186,677	23,034	-910%	-209,711
Other income and expenses	**-2,516,264**	**-1,387,308**	**81%**	**-1,128,956**
OPERATING PROFIT - EBIT	**15,249,297**	**11,008,218**	**39%**	**4,241,079**
Interest income	1,617,031	896,964	80%	720,067
Interest expense	-5,087,106	-1,597,483	218%	-3,489,623
Financial expenses from leases	-1,175,948	-195,064	503%	-980,884
Foreign exchange gains or losses, net	-89,450	292,675	-131%	-382,125
Valuation difference of financial instruments	337,759	-433,921	-178%	771,680
Other financial gains or losses, net	7,210	27,200	-73%	-19,990
Financial gains or losses	**-4,390,504**	**-1,009,629**	**335%**	**-3,380,875**
Share of profit of associates and joint ventures	1,069,947	317,718	237%	752,229
PROFIT BEFORE TAX	**11,928,740**	**10,316,307**	**16%**	**1,612,433**
Tax expense	-2,085,969	-1,692,875	23%	-393,094
NET PROFIT OR LOSS	**9,842,771**	**8,623,432**	**14%**	**1,219,339**
Retranslation of subsidiaries	-282,213	499,164	-157%	-781,377
TOTAL COMPREHENSIVE INCOME	**9,560,558**	**9,122,596**	**5%**	**437,962**
EPS (HUF/share)	**21.32**	**19.27**	**11%**	**2.09**
EBITDA impact of items which never generate any net outflow of assets	3,454	63,913	-95%	-60,459
EBITDA	**19,704,911**	**14,512,291**[5]	**36%**	**5,192,620**

- AutoWallis Group's **revenue** exceeded HUF 366.2 billion in 2023, which is more than HUF 96.1 billion (or 36%) 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.
- Starting from FY2023, the Group has presented **interest income from its lease receivables** separately, the significant increase of which compared to 2022 is

[5] Starting from 2023Q4, the Group has presented interest income from its lease receivables separately, which is treated as a part of EBITDA. As a result of the separate treatment, the value of EBITDA has been restated, increasing by thHUF 56,910 in comparison with the previous year.

explained by the income from the finance lease receivables of Nelson Flottalízing Kft., an entity acquired in January 2023. As this interest income is included in the core revenues of the fleet management activity, it is treated by the Group as a part of EBITDA.

- **Material expenses** were up by 30% from the comparative period, the main reasons being inflationary effects (the considerable rise in public utility costs, fuel and the price of materials used in the course of servicing activities) and the effect of acquisitions (2023 was the first full year when the profit of Avto Aktiv was recognised, and not just a partial period).
- The value of **services** was up by 41% from the comparative period to nearly HUF 17.9 billion. The main driver of this increase in costs was the growing volume of logistics, marketing and insurance costs associated with rising sales volumes. An additional significant item is maintenance costs relating to the fleets of entities acquired by the Group in 2023 (Nelson, Wallis Autómegosztó Zrt.) (an increase of HUF 1.2 billion).
- The increase in **COGS** (HUF 80.4 billion or 36%) is primarily attributable to the rise in prices charged by car manufacturers (the purchase prices paid by AutoWallis). This rise corresponds to the rate of revenue growth, meaning that AutoWallis Group was able to maintain its **gross margin at the same level in 2023** (16%), in spite of the unfavourable economic circumstances. The main reason behind this 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 36% rise in **personnel expenses** was caused primarily by the acquisitions completed in 2022 (Avto Aktiv) and 2023 (Nelson, Net Mobilitás Zrt., Wallis Autómegosztó Zrt.) and the resulting increase in average headcount (the Group's average headcount increased by nearly 123 from 860 to 983 in 2023) and the pay rise given in response to changes in the labour market. The comparison is also influenced by the fact that 2022 was only affected by these impacts on a prorated basis, while 2023 was typically affected in its entirety.
- The 29% increase in **depreciation and amortisation** is mostly explained by the depreciation recognised on the assets of the companies acquired by the Group (Nelson, Wallis Autómegosztó Zrt.) during the current year (HUF 650 million).
- The considerable rise in **impairment losses on non-financial instruments** was caused by the significant impairment loss recognised on imported SsangYong inventories that had been damaged during transportation (HUF 1.4 billion). Another factor contributing to this increase was the additional impairment loss of HUF 400 million compared to the previous year recognised on imported Opel inventories based on a year-end valuation.
- As a result of the above, **operating profit** (EBIT) **increased by 39% to HUF 15.2 billion** during the period, which reflects the sales performance of the period as well as the results of the continuation of disciplined pricing and cost management.
- The value of financial gains or losses was a **loss of HUF 4.39 billion** in 2023, which represents a significant decline in comparison with 2022. The main drivers included the significant increase in financing expenses incurred in the normal course of business (inventories and fleet) caused by a considerable rise in interest rates.
- The **EBITDA**, the indicator which best describes the Group's performance, **improved by 36% to HUF 19.7 billion** compared to the HUF 14.5 billion figure recorded in 2022. Despite the significant one-off negative effects described above, the Group's **EBITDA margin remained at 5.4%, the same level as in 2022.**
- The Group's **profit before tax for 2023 was HUF 11.9 billion**, which is **16% higher than in the previous year**. Profit before tax for the current year already includes the part of the 2023 profit of RN Hungary Kft. (a joint venture acquired in 2022) that is attributable to

AutoWallis Group, which amounts to HUF 1,070 million.

Analysis of the Group's operating results

Vehicle sales

Item	January - December 2023	2022	% change
Total new vehicle sales	42,850	29,488	*+45.3*
Total vehicle sales	44,909	31,303	*+43.5*

Contrary to the results of the region's automotive market, **the Group achieved an outstanding growth rate of 45.3%** in new vehicle sales, **which significantly surpasses both the 11.6% growth in the relevant markets and the nearly 13.9% expansion in the broader European market.** Of this growth rate, the effect of acquisitions and organic growth were 26.3% and 19.1%, respectively.

Stabilising automotive production levels and the expected improvement in the Central and Eastern European automotive market (including, in particular, the Hungarian automotive market) 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 macroeconomic challenges in the region and the logistics challenges facing the industry, could negatively impact the expected sales figures of the upcoming period.

Automotive services

Automotive services

	January - December 2023	2022	% change
Number of service hours (hours)	179,809	163,862	*+9.7%*
Average fleet size for car rental (units)	3,979	877	*+353.7%*
Number of rental transactions (units)	23,733	22,525	*+5.4%*
Number of rental days (units)	187,864	211,511	*-11.2%*

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. The increase in average fleet size is explained by the acquisition of Nelson's fleet management business and the Group's acquisition of Wallis Autómegosztó Zrt. (Wigo, formerly Sharenow). The number of rental transactions and the number of rental days include only the figures of Sixt, the entity providing the Group's short-term car rental services, where a 5.4% increase in the number of rental transactions was coupled with an 11.2% and a 11.1% decline in the number of rental days and fleet size, respectively.

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 involving various brands (Opel, Jaguar, Land Rover, SsangYong and Isuzu) and parts (Saab and MG) in Central and Eastern European countries (Albania, Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Greece, Hungary, Kosovo, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia), as well as distribution services for BYD. 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.

ALPINE DACIA ISUZU JAGUAR LAND ROVER OPEL SAAB SSANGYONG RENAULT

Sales performance of the Distribution Business Unit

Distribution Business Unit	January - December 2023	2022	% change
Number of new vehicles sold (units)	34,943	22,174	+57.6%

** The number of units include 9,616 and 1,873 motor vehicles sold by the joint venture in 2023 and 2022, respectively.*

Compared to the previous year, the Distribution Business Unit of AutoWallis Group **improved its sales by 57.6%** in 2023, selling a total of 34,943 new cars.

This growth was **partly organic** (+22.7%), the main driver being the sale of SsangYong and Opel motor vehicles. Additionally, **as a result of acquisitions**, the sales of Renault, Dacia and Alpine brands (2023: 9,616 units, 2022Q4: 1,873 units) also contributed to the results for 2023.

Financial performance of the Distribution Business Unit

Profit or loss of the Distribution Business Unit

Distribution Business Unit (thHUF)	January - December 2023	2022	% change
Revenue	217,310,298	158,935,920	*+36.7%*
COGS	-186,078,540	-136,110,533	*+36.7%*
Profit before tax (excluding the JV)	9,267,814	7,368,604	*+25.8%*
Profit before tax (including the JV)	10,337,761	7,686,321	
Gross margin %	*14.4%*	*14.4%*	
Profit before tax / Revenue % (excluding the JV)	*4.3%*	*4.6%*	

The **revenue** of the Distribution Business Unit increased by 36.7% to HUF 217.3 billion in 2023 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.

Cost of goods sold increased at the same rate as revenue, and so the business unit **was able to maintain its gross margin in 2023 (14.4%)** at the same level as in the comparative period despite the unfavourable economic circumstances and one-off negative items (impairment losses). The **profitability** of the Distribution Business Unit **declined from 4.6% in 2022 to 4.3% in 2023** due to a rise in financing costs.

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, BMW passenger cars and motorcycles, and various brands of used motor vehicles in Hungary and Slovenia. In 2023, the Group was among the first to open a **dealership** in Budapest for **BYD**, one of the world's leading manufacturers of electric vehicles.

In addition to vehicle sales, this business unit is engaged in short-term and long-term rent-a-car services, car sharing 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 2023	2022	% change
Number of new vehicles sold (units)	7,907	7,314	*+8.1%*
Number of used vehicles sold (units)	2,059	1,815	*+13.4%*
Total vehicle sales	***9,966***	***9,129***	*+9.2%*

On the whole, the Retail & Services Business Unit **achieved growth in 2023 in terms of new vehicle sales (+8.1%),** with the market trends presented in the section on the Group's environment (Hungary: -3,4%; Slovenia: +5,6%) taken into account. It should be noted that, **while there was a 3.4% decline in the Hungarian market in terms of first registrations of new vehicles, the Group recorded a growth of 2.3% in Hungary,** which demonstrates the strength and benefits of the Group's diversified brand portfolio. Another factor contributing to growth was the expansion in the Slovenian automotive market.

Used vehicle sales were up by 13.4% to 2,059 units in total compared to the same period of 2022, the growth mainly being attributable to the increase in sales in the Slovenian automotive market.

Automotive services

Automotive services

	January - December		% change
	2023	2022	
Number of service hours (hours)	179,809	163,862	*+9.7%*
Average fleet size for car rental (units)	3,979	877	*+353.7%*
Number of rental transactions (units)	23,733	22,525	*+5.4%*
Number of rental days (units)	187,864	211,511	*-11.2%*

The Group achieved growth in terms of each service it provides (car rental, servicing activities, etc.) compared to the same period of the previous year. The increase in average fleet size is explained by the acquisition of Nelson's fleet management business and the Group's acquisition of Wallis Autómegosztó Zrt. (Wigo, formerly Sharenow). The number of rental transactions and rental days include only the figures of Sixt, the entity providing the Group's short-term car rental services, where a 5.4% increase in the number of rental transactions was coupled with an 11.2% and 11.1% decline in the number of rental days and fleet size, respectively.

In January 2023, the Group acquired the fleet management business of Nelson Group, as a result of which its average fleet size **had grown by 2,670** by the end of 2023.

Wallis Autómegosztó Zrt., a key player in the car sharing market of Budapest, has been a part of the Group since September 2023. In October 2023, the Company **launched its own mobility service under the name wigo, which has an average fleet size of 500**.

During 2023, 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 2023, **the number of service hours increased** by 9.7% to 179,862 in comparison with the figures for the same period of 2022 (163,862 hours).

In order to avoid service interruptions, the Group pays special attention to retaining existing workforce and is constantly looking to recruit new employees, and implements 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 %
	2023	2022	
Revenue	148,956,483	111,230,005	*+33.9%*
COGS	-119,240,050	-88,808,797	*+34.3%*
Profit before tax	1,590,980	2,629,986	*-39.5%*
Gross margin %	*19.9%*	*20.2%*	
Profit before tax / Revenue %	*1.1%*	*2.4%*	

The **revenue** of the Retail & Services Business Unit **for 2023 was up by 33.9%** compared to the previous year (previous year's growth: **32.3%**). This is partly attributable to the price increase accompanying the slight uptick in sales volume in 2023 (organic growth). In addition, the growth in rent-a-car services resulting from acquisitions also contributed to the improved sales performance of the business unit.

For the most part, the **gross margin of the Retail & Services Business Unit remained unchanged in comparison with 2022 (19.9%),** and the modest decline was due to the reduction in margin caused by falling demand.

The profit before tax / revenue ratio **decreased to 1.1% from the 2.4% figure in 2022**. The decline is explained mostly by the extraordinarily challenging market environment of the entities providing mobility services (rent-a-car and car sharing). Due to rising interest rates, the financing costs of these entities increased significantly, while surging fuel prices also had a negative impact on this segment. These circumstances, along with exceptionally high interest rates (particularly Hungary), led to a substantial downturn in demand. Disregarding the profitability of these entities, **the profitability of the business unit was around 2%.**

Events during the current period and after the balance sheet date

Significant events between 1 January 2023 and 5 April 2023 were presented in the annual report of AutoWallis Group[6] issued on 28 April 2023. 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.[7]

Therefore, to ensure the transparency of this report, only the most significant events that occurred in 2023 and those which have not yet been presented in previous reports or other disclosures are included in this annual report.

[6] https://www.bet.hu/site/newkib/hu/2023.04./AutoWallis_Myrt._eves_jelentes_a_2022.12.31-en_vegzodo_evre_128882700
[7] https://autowallis.com/

Significant events during the current period

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 at that time) 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 opened up its business to online sales and strengthened 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 amounted to HUF 2.9 billion and was settled in cash in its entirety.

c) During the current period, a fire broke out on a ship transporting motor vehicles for the Group from the Far East while at sea (with 668 SsangYong vehicles on board).

The damaged vehicles were transported to a location in Hungary. The assessment of claims and the claims handling process involving the insurer is still underway at the time of issue of this annual report. The vehicles and the cargo ship are covered by an insurance policy which, in the management's opinion based on currently available information, provides safe coverage for any direct damage. The Group recognised impairment losses in the financial statements based on the provisional estimate of damages and costs by experts. Since the damage to the vehicles occurred during sea transport, the Group is also involved in the settlement of a general average claim. At the time of issue of this report, the financial impact remains uncertain due to insufficient information for a reliable estimation.

d) In August 2023, AutoWallis Group acquired a 100% share in Wallis Autómegosztó Zrt. by way of in-kind contribution. Through this transaction, the Group added car sharing services to its portfolio in the mobility sector, and has been providing these services under its own brand name Wigo since October 2023.

e) On 29 September 2023, BYD announced that it would enter into a dealership contract with Wallis Motor Duna Kft., as a result of which AutoWallis Group was the first to begin selling the vehicles of the world's leading manufacturer of plug-in cars.

f) On 2 October 2023, AutoWallis Distribution announced that it had established a strategic partnership with BYD on supporting their import activities in Hungary. The agreement supports BYD in implementing its expansion strategy in Hungary and further strengthens the position of AutoWallis Group as a trusted partner of leading automotive brands.

Events after the balance sheet date

Significant events after the balance sheet date that had occurred before the approval of the 2023 Annual Report by the Board of Directors were as follows:

a) On 26 January 2024, Wallis Tőkeholding Zrt., the majority owner of AutoWallis Nyrt., carried out a capital increase in AutoWallis Nyrt. for an amount of HUF 5.7 billion. As part of the capital increase, Wallis Tőkeholding Zrt. will acquire 46,416,938 shares at a price of HUF

122.8, subject to a 12-month lock-up period. As a result of the capital increase, the share capital of AutoWallis Nyrt. increased by HUF 580,211,725 to HUF 6,743,210,575, while the number of ordinary shares increased from 493,039,908 units to 539,456,846 units.

b) In February 2024, AutoWallis Group extended its Opel distribution contract covering Hungary, Bosnia and Herzegovina, Croatia and Slovenia by five years. Today, AutoWallis Group is Opel's largest independent importer in Europe.

c) On 4 March 2024, AutoWallis entered into a sale and purchase agreement on the acquisition of the BMW business unit of Stratos Auto of the Czech Republic. Through this transaction, the Group is entering the retail market of a new country. Under the agreement, AutoWallis will be present in three Czech cities: Prague, Hradec Králové and Pardubice. In the first stage of the transaction, AutoWallis will acquire 80% of NC Auto s.r.o., the entity representing the business unit, and this share will be increased to 100% within two years.

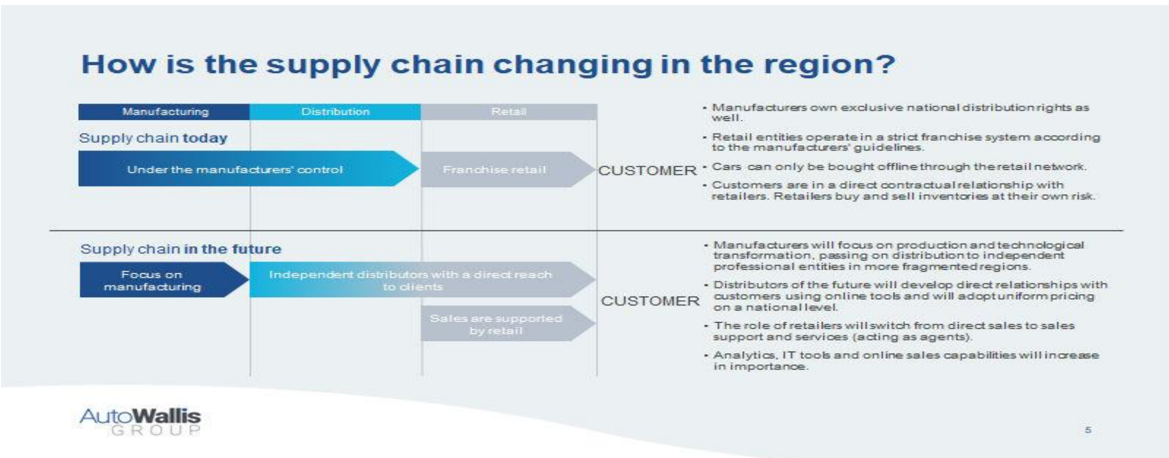
d) On 6 March, AutoWallis announced that it had acquired SsangYong import rights in four additional countries: Bosnia and Herzegovina, Kosovo, Montenegro and Serbia. This means that the South Korean brand will now be represented by AutoWallis as an exclusive importer in nine markets of the region, Hungary included.

e) In March 2024, AutoWallis Group entered into an agreement for the exclusive distribution of Farizon commercial vehicles manufactured by Geely Auto Group in eight Central and Eastern European countries (Austria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia).

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.com/**).

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 mobility services by 2030. In order to work towards this objective, AutoWallis Group continued implementing its strategy by completing several transactions in 2023: The Group completed two additional transactions in 2023 and in January: 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.



AutoWallis Group acquired Wallis Autómegosztó Zrt., previously operating under the brand name ShareNow, which has been operating as a new own-brand mobility service under the brand name wigo since Q3. Partly as a result of these transactions and improvements, AutoWallis Group once again took a major step towards expanding its service portfolio and establishing the online sales channels of the future.

AutoWallis Group is monitoring and examining the trends involving the expansion of Chinese car manufacturers in Europe. In line with these trends, the Group added Chinese car brands to its automotive portfolio: AW Distribution Kft. entered into a strategic agreement on supporting the Hungarian import of BYD (Build Your Dreams), while Wallis Motor Duna Kft. became one of BYD's Hungarian dealerships. In addition,

AW Distribution Kft. signed a cooperation agreement covering 13 countries in the region to become a parts distributor for the MG brand.

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 several acquisitions each year and by developing and diversifying its existing business portfolio. 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. We made significant strides towards achieving this goal in 2023.

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.com**) at all times as part of the annual financial statements.

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

https://autowallis.com/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 five 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	24/07/2023

Supervisory Board and Audit Committee

The Company has a Supervisory Board consisting of four members elected by the General Meeting. The Company has an Audit Committee consisting of four 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	Bence Buday	Member of the SB	30/11/2020	
SB	Petra Birkás	Member of the SB	01/07/2022	08/05/2023

	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	Bence Buday	Member of the AC	30/11/2020	
AC	Petra Birkás	Member of the AC	01/07/2022	08/05/2023

Green Financing Committee

In order to ensure that the green 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 Financing 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 2022 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 2024 and the subsequent 4-year period. The annual business plan for the year 2024 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 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 published its second Sustainability Report on 9 October 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 (EU Taxonomy), is looking to obtain a new certification in 2024 to strengthen this framework.

The amount of HUF 6.6 billion 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. Each year, the Company's Green Financing Committee publishes its 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 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 companies is assisted by contracted environmental advisors and safety advisors for the transportation of dangerous goods. Neither the Company nor the subsidiaries incurred any environmental liabilities in 2023.

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. In 2023, AutoWallis Group conducted a comprehensive environmental audit with the involvement of an external expert to prepare for the challenges posed by the implementation of the revised system of environmental product charge and extended producer responsibility in Hungary. Additionally, AutoWallis Group ran a tender to select a service provider for ensuring compliance with the Group's environmental obligations in order to strengthen its comprehensive and reliable ESG reporting system.

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 2023 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 increased significantly 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 was completed, and in 2023 the Group HR function was established within the organisation and the consolidation of the employment practices of member firms began and continued.

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 practices 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, and the development of uniform and structured salary levels has begun. Wherever possible, we use atypical forms of employment and best practices are taken into account when preparing HR decisions.

Last year 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. We began carrying out these actions in 2023.

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 2023 as well, with a duration of 24/36 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; however, the ratio of female leaders had reached 30% at the senior executive level by the end of 2023.

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 the Company published its second Sustainability (ESG) Report in October 2023.

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 or through the whistleblowing system launched in July 2023.

Although not legally required to do so, AutoWallis Group has created a group-level whistleblowing system (https://autowallis.com/visszaelesbejelentes/) that allows for anonymous reporting, and has undertaken to investigate all legitimate but anonymous reports through its independent third-party investigating partner, even though this is not mandatory under the relevant laws. A key aspect in designing the whistleblowing system was to prevent retaliation. There were no reports or incidents concerning human rights, corruption or bribery during the financial year.

In 2023, we established the Compliance function within AutoWallis Group, which is key to ensuring legal and ethical compliance in our business activities, further strengthening the Company's risk management system.

2023 was the second time a materiality analysis was conducted, in which the management and employees had the opportunity to collectively define topics of significance, as well as their order of importance. Based on the results of this analysis, the following critical areas for AutoWallis Group were identified:

- Anti-corruption
- Education and training
- Fair and ethical business approach and avoiding anti-competitive conduct
- Energy
- Core economic performance
- Protection of customer data
- 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.

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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 (such as the war between Russia and the Ukraine) and the resulting macroeconomic challenges.
- AutoWallis Group works with stable partners such as BMW AG, Isuzu Motors, Jaguar Land Rover Automotive, Stellantis, KG Mobility, Renault Group and BYD Auto and, in terms of services, the Sixt AG brand.
- Supported by the 30-year history and capabilities of Wallis Group, the ultimate owner of AutoWallis,[8] 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.

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

AutoWallis GROUP

Key risks

The key risks faced by AutoWallis Group and the related changes and uncertainties are as follows:[9]

- The success of the Company's operation depends greatly on the production levels of the manufacturers of the car brands distributed by the Company. As a result, adverse effects on the production levels of manufacturers (e.g. shortage of raw materials) also have an indirect effect on the Company's operations.
- 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.

[9] 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.

- 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.
- The global freight forwarding industry has been facing disruptions since December 2023 due to the Red Sea crisis. Due to disruptions in parts supply, some car manufacturers (Stellantis and Suzuki) have partially reduced

their production capacities, and rising transportation costs and delays in delivery times of up to several weeks for shipments from the Far East due to the use of safe alternative routes may negatively impact the Group's business.

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.
- AW Distribution Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- AW OPL Distribution Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- WAE Hun Kft.: registered office: 2040 Budaörs, Szabadság utca 117.
- AW SLO Distribution d.o.o.: registered office: Leskoškova cesta 9E, 1000 Ljubljana
- AW CRO Distribution d.o.o.: registered office: 10020 Zagreb, Ulica Damira Tomljanovića – Gavrana 15.
- AW RO Distribution S.r.l.: registered office: Bucuresti, Sector 1, Str. Fagaras, Nr.9-13, Et.4, Ap.10
- 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.
- Wallis Autómegosztó Zrt.: registered office: 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 AKTIV, 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
- Net Mobilitás Zrt.: registered office: 1055 Budapest, Honvéd utca 20.
- Logic Car Kft.: registered office: 1055 Budapest, Honvéd utca 20.
- Nelson Flottalízing Kft.: registered office: 1061 Budapest, Király utca 38. 1/8
   - Sites: 8143 Sárszentmihály, Árpád utca 1/A; 8000 Székesfehérvár, Vörösmarty tér 1., 1095 Budapest, Soroksári út 26.
- Nelson Sales Kft.: registered office: 1144 Budapest, Gvadányi utca 61-65.
   - Sites: 8000 Székesfehérvár, Mártírok útja 78.
- Nelson Assistance Kft.: 1144 Budapest, Gvadányi utca 61-65.
   - Sites: 8143 Sárszentmihály, Árpád utca 1/A., 8000 Székesfehérvár, Mártírok útja 78.
- AW Marketing és IT szolgáltató Kft.: 1055 Budapest, Honvéd utca 20.

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 2023 is as follows:

Series of shares	Nominal value (HUF/unit)	Number of units	Total nominal value (HUF)

Series "C" (ordinary shares)	HUF 12.50	493,039,908 units	HUF 6,162,998,850
Total share capital:			**HUF 6,162,998,850**

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)	493,039,908
Total nominal value	HUF 6,162,998,850
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 2023 for the listed series:

Name	Name of security (ISIN code)	Custodian (yes/no)	Number (units)	% held
Wallis Tőkeholding Zrt.	HU0000164504	no	264,956,311 units	53.74%
Wallis Asset Management Zrt.	HU0000164504	no	40,056,797 units	8.12%
Széchenyi Alapok kockázati tőkealap	HU0000164504	no	40,817,659 units	8.28%
Total:			**345,830,767 units**	**70.14%**

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), and the keeper of the share register must comply with such request within five days. Third parties may access the share register.

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. 13/2023. (IV. 28.) 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. 14/2023. (IV. 25.), 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 28 April 2023. 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 did not carry out any 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.

5 YEARS ON THE BUDAPEST STOCK EXCHANGE

AutoWallis GROUP

AUTOW
BÉT
PRIME MARKET
Listed on the Prime Market of the Budapest Stock Exchange

JAGUAR LAND ROVER
MINI
RENAULT
PEUGEOT
DACIA
SUZUKI
KIA
Maserati
ALPINE
NISSAN
OPEL
ISUZU
MG Since 1924
JóAutók.hu
WIGO CARSHARING
BYD
SSANGYONG
SIXT

Consolidated Financial Statements

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 HUF
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
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.
The information in these financial statements is displayed in thousand forints, except where otherwise indicated.

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I. Consolidated Financial Statements

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

Item	Note	2023 thousand HUF	2022 thousand HUF
Revenue	VII. 1)	366,266,781	270,165,925
Interest income from lease receivables	VII. 1)	1,703,348	56,910
Own performance capitalised	VII. 2)	252,696	26,189
Material expenses	VII. 3)	(7,873,850)	(5,870,066)
Services	VII. 4)	(17,901,973)	(12,692,680)
Cost of goods sold	VII. 5)	(305,318,590)	(224,919,330)
Personnel expenses	VII. 6)	(14,910,691)	(10,931,262)
Depreciation and amortisation	VII. 7)	(4,452,160)	(3,440,160)
Profit of sales		**17,765,561**	**12,395,526**
Other income	VII. 8)	2,767,417	1,334,849
Other expenses	VII. 8)	(2,801,849)	(2,358,732)
Impairment losses on non-financial assets	VII. 9)	(2,295,155)	(386,459)
Expected credit losses on financial instruments	VII. 10)	(186,677)	23,034
Operating profit		**15,249,297**	**11,008,218**
Interest income – using the effective interest rate method	VII. 11)	1,617,031	896,964
Interest expense – *less interest expense of lease liabilities*	VII. 11)	(5,087,106)	(1,597,483)
Interest expense of lease liabilities	VII. 11)	(1,175,948)	(195,064)
Foreign exchange gains or losses, net	VII. 12)	(89,450)	292,675
Other financial gains or losses, net	VII. 13)	7,210	27,200
Fair value gains or losses on derivatives	VII. 14)	337,759	(433,921)
Financial gains or losses		**(4,390,504)**	**(1,009,629)**
Share of profit of associates and joint ventures	VIII.6)	1,069,947	317,718
Profit before tax		**11,928,740**	**10,316,307**
Income tax expense	VII. 15)	(2,085,969)	(1,692,875)
Net profit or loss		**9,842,771**	**8,623,432**
Net profit attributable to owners of the parent		9,730,689	8,299,530
Net profit attributable to non-controlling interests		112,082	323,902
Other comprehensive income which may be recognised in profit or loss in subsequent periods:			
Retranslation of subsidiaries	VII. 16)	(282,213)	499,164
Other comprehensive income, net of tax		**(282,213)**	**499,164**
Total comprehensive income		**9,560,558**	**9,122,596**
Total comprehensive income attributable to owners of the parent		9,448,476	8,798,694
Total comprehensive income attributable to non-controlling interests		112,082	323,902
Basic EPS (HUF/share)	VII. 17)	**21.32**	**19.27**
Diluted EPS (HUF/share)	VII. 17)	**21.32**	**19.27**
EBITDA	VII. 18)	**19,704,911**	**14,455,381**

2. Consolidated Statement of Financial Position (Balance Sheet)

Item	Note	31/12/2023 thousand HUF	31/12/2022 thousand HUF
Assets			
Non-current assets			
Property, plant and equipment	VIII. 1)	21,885,362	21,000,710
Leased vehicles	VIII. 2)	2,695,721	2,695,018
Right-of-use assets	VIII. 3)	6,106,448	2,170,017
Goodwill	VIII. 4)	5,460,339	935,202
Intangible assets	VIII. 5)	3,036,629	2,400,725
Investments in associates and joint ventures	VIII. 6)	2,887,665	2,167,718
Deferred tax assets	VIII. 7)	110,801	214,661
Net investment in leases (long-term part)	VIII. 11)	8,306,725	378,544
Loan receivables (long-term)	VIII. 8)	4,567	-
Investments in equity instruments	VIII. 8)	2,200	2,200
Total non-current assets		**50,496,457**	**31,964,795**
Current assets			
Goods	VIII. 9)	58,384,866	54,998,395
Other inventories	VIII. 9)	139,375	166,102
Trade receivables	VIII. 10)	15,850,510	8,690,787
Factoring receivables	VIII. 10)	86,513	1,681,843
Income tax assets	VIII.19)	97,705	65,950
Net investment in leases (short-term part)	VIII. 11)	3,835,513	523,264
Loan receivables (short-term part)	VIII. 8)	2,409	-
Prepayments	VIII. 11)	7,288,992	3,486,632
Other receivables	VIII. 11)	2,533,571	15,127,811
Other financial assets	VIII. 11)	135,844	91,657
Cash and cash equivalents	VIII. 12)	13,097,400	16,886,900
Total current assets		**101,452,698**	**101,719,341**
Total assets		**151,949,155**	**133,684,136**

Item	Note	31/12/2023 thousand HUF	31/12/2022 thousand HUF
Equity and liabilities			
Share capital (of the Legal Parent)	VIII. 13)	6,162,999	5,528,613
Share premium	VIII. 13)	20,292,634	16,027,021
Share-based payments reserve	VIII. 13)	284,952	108,970
Treasury shares	VIII. 13)	(243,312)	(523,890)
Cumulative translation difference	VIII. 13)	239,027	521,240
Retained earnings	VIII. 13)	22,376,739	12,619,089
Equity attributable to owners of the parent		**49,113,039**	**34,281,043**
Non-controlling interest	VIII. 14)	995,339	1,184,057
Total equity		**50,108,378**	**35,465,100**
Interest-bearing non-current liabilities			
Long-term debentures	VIII. 15)	9,522,466	9,534,861
Long-term loans and borrowings	VIII. 15)	5,659,810	5,841,553
Non-current lease liabilities	VIII. 15)	9,035,814	1,904,072
Deferred purchase price-related non-current liabilities	VIII. 15)	187,495	-
Non-interest-bearing non-current liabilities			
Deferred tax liabilities	VIII. 7)	351,857	343,424
Provisions	VIII. 16)	111,495	93,469
Other non-interest-bearing non-current liabilities	VIII. 20)	345,119	391,412
Total non-current liabilities		**25,214,056**	**18,108,791**
Interest-bearing current liabilities			
Short-term loans and borrowings	VIII. 15)	3,284,356	1,385,474
Inventory financing loans	VIII. 15)	8,207,131	4,301,178
Current lease liabilities	VIII. 15)	4,539,962	1,262,030
Liabilities from reverse factoring - interest-bearing	VIII. 17)	11,674,365	27,091,112
Other interest-bearing current liabilities	VIII. 15)	475,768	288,000
Non-interest-bearing current liabilities			
Advance payments received from customers	VIII. 18)	3,393,874	8,364,565
Trade payables	VIII. 18)	25,032,638	21,217,697
Liabilities from reverse factoring - non-interest-bearing	VIII. 17)	6,134,239	3,145,524
Income tax expense	VIII. 19)	779,518	871,478
Other tax and contribution liabilities	VIII. 20)	2,037,409	1,941,151
Provisions	VIII. 16)	374,700	527,479
Accruals	VIII. 20)	8,447,382	5,559,906
Other non-interest-bearing current liabilities	VIII. 20)	2,245,379	4,154,651
Total current liabilities		**76,626,721**	**80,110,245**
Total liabilities		**101,840,777**	**98,219,036**
Total equity and liabilities		**151,949,155**	**133,684,136**

3. Consolidated Statement of Changes in Equity

data in thousand HUF		Equity attributable to owners of the parent							Non-controlling interest	Total equity
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		
At 1 January 2022		**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**
Profit or loss for the current year		-	-	-	-	-	9,730,689	9,730,689	112,082	9,842,771
Other comprehensive income		-	-	-	-	(282,213)	-	(282,213)	-	(282,213)
Distribution to non-controlling interests	VIII. 14)	-	-	-	-	-	-	-	(300,800)	(300,800)
Capital increase	VIII. 13)	634,386	4,265,613	-	-	-	-	4,899,999	-	4,899,999
Acquisition of subsidiaries	VIII. 14)	-	-	-	298,434	-	21,566	320,000	-	320,000
Repurchase of treasury shares	VIII. 13)	-	-	-	(81,112)	-	-	(81,112)	-	(81,112)
Share-based payments in the current year	VIII. 13)	-	-	246,432	-	-	-	246,432	-	246,432
Cancellation of share-based payments	VIII. 13)	-	-	(70,450)	63,256	-	5,395	(1,799)	-	(1,799)
At 31 December 2023		**6,162,999**	**20,292,634**	**284,952**	**(243,312)**	**239,027**	**22,376,739**	**49,113,039**	**995,339**	**50,108,378**

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

4. Consolidated Statement of Cash Flows

Item	Note	2023 thousand HUF	2022 thousand HUF
Profit before tax		**11,928,740**	**10,316,307**
Interest income	VII. 11)	(3,320,379)	(953,874)
Interest expense	VII. 11)	6,263,054	1,597,483
Foreign exchange difference of cash and cash equivalents	VII. 12)	23,790	(10,727)
Depreciation and amortisation	VII. 7)	4,452,160	3,437,651
Impact of impairment losses and expected credit losses	VII. 9), VII. 10)	2,481,832	363,425
Provisions made, reversed and cancelled	VIII. 16)	(146,753)	388,464
Share of profit of associates and joint ventures	VIII. 6)	(1,069,947)	(317,718)
Other non-cash items	VII. 17)	(556,315)	363,310
Gain or loss on disposal of non-current assets	VII. 8)	314,231	(78,320)
Effect of share-based payments	VIII. 13)	246,432	149,400
Operating cash flows before movements in working capital		**20,616,845**	**15,255,401**
Changes in inventories	VIII. 9)	(5,545,830)	(29,353,646)
Adjustment due to reverse factoring	VIII. 17)	192,031,474	166,493,406
Changes in trade receivables	VIII. 10)	(7,203,524)	(3,360,465)
Changes in other receivables	VIII. 11)	12,923,118	(11,810,995)
Changes in other financial assets	VIII. 11)	180,309	379,968
Changes in advance payments received from customers	VIII. 18)	(5,015,106)	1,713,433
Changes in trade payables	VIII. 18)	3,465,187	5,964,381
Changes in other current liabilities	VIII. 20)	323,776	177,831
Changes in net working capital		**191,159,404**	**130,203,913**
Cash inflows from interest received		3,320,379	953,874
Cash outflows from interest paid		(5,945,523)	(1,609,535)
Income taxes paid		(2,317,102)	(1,363,020)
Net cash from operating activities		**206,834,003**	**143,440,633**
Purchases of property, plant and equipment and intangible assets	VIII. 1)	(8,891,036)	(7,504,319)
Cash inflows from disposal of property, plant and equipment and intangible assets	VIII. 1)	6,928,024	3,358,355
Acquisition of subsidiaries, net of cash acquired	X.3)	(2,154,247)	(2,112,306)
Foundation of joint ventures	VIII.6)	350,000	(1,850,000)
Net cash used in investing activities		**(3,767,259)**	**(8,108,270)**
Proceeds from capital increase	VIII. 13)	-	-
Repurchase of treasury shares	VIII. 13)	(81,112)	(458,914)
Distribution to non-controlling interests	VIII. 14)	(300,800)	(180,000)
Changes in short-term loans and borrowings and inventory financing loans	VIII. 15)	3,430,752	2,425,228
Settlement of liabilities from reverse factoring	VIII. 17)	(204,459,506)	(145,104,070)
Proceeds from loans and borrowings	VIII. 15)	4,342,209	3,305,419
Repayment of loans and borrowings	VIII. 15)	(5,202,349)	(1,635,451)
Repayment of lease liabilities	VIII. 15)	(4,562,866)	(1,508,630)
Net cash from/(used in) financing activities		**(206,833,672)**	**(143,156,418)**
Expected impairment losses on cash and cash equivalents		1,218	1,261
Foreign exchange difference of cash and cash equivalents		(23,790)	10,727
(Decrease)/increase in cash and cash equivalents		**(3,789,500)**	**(7,812,067)**
Opening balance of cash and cash equivalents	VIII.12)	16,886,900	24,698,967
Closing balance of cash and cash equivalents		**13,097,400**	**16,886,900**

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.

AutoWallis Group operates in 16 countries in the Central and Eastern European region (Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Greece, 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, BYD, as well as Saab and MG parts, and Sixt and Nelson, each a dominant player in the car rental and fleet management markets, respectively. The Group owns Net Mobilitás Zrt., the entity operating the websites jóautók.hu and autolicit.hu.

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.com** as well.

Persons authorised to sign the consolidated financial statements:

Gábor Ormosy (place of residence: Budapest)

Zsolt Müllner (place of residence: Budapest)

Similarly to the end of the comparative period, the Group's ultimate parent as at 31 December 2023 is WALLIS PORTFOLIÓ Korlátolt Felelősségű Társaság (1055 Budapest, Honvéd utca 20.). This entity has no ultimate parent and all of its shareholders are individuals.

Ownership structure of the Parent as at 31 December:

Shareholders of the entity	**Ownership share 31/12/2023**	**Ownership share 31/12/2022**
Wallis Asset Management Zrt.	8.12%	59.20%
Wallis Tőkeholding Zrt.	53.74%	0%
Széchenyi Alapok Kockázati Tőkealap (previously: Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap)	8.28%	6.77%
Free float	29.86%	34.03%
	100.00%	100.00%

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 2023	Ownership share 2022	Main activity	Country of registration	Currency
AutoWallis Nyrt.	-	-	-	Asset management	HU	HUF
AW Distribution Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
AW OPL Distribution 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	EUR
WAE Hun Kft.	Acquisition	100%	100%	Sale of cars	HU	HUF
AW CRO Distribution d.o.o	Acquisition	100%	100%	Sale of cars	HR	EUR
AW SLO Distribution d.o.o.	Acquisition	100%	100%	Sale of cars	SLO	EUR
AW RO Distribution S.r.l.	Foundation	100%	0%	Sale of cars	RO	RON
C182 Razvoj Nepremičnin Ljubljana d.o.o.	In-kind contribution	100%	100%	Real estate management	SLO	EUR
Wallis Autómegosztó Zrt.	In-kind contribution	100%	0%	Renting and leasing of cars	HU	HUF
Nelson Flottalízing Kft.	Acquisition	100%	0%	Fleet management	HU	HUF
Nelson Sales Kft.	Acquisition	100%	0%	Supply of services	HU	HUF
Nelson Assistance Kft.	Acquisition	100%	0%	Supply of services	HU	HUF
Net Mobilitás Zrt.	Acquisition	100%	0%	Supply of services	HU	HUF
Logic Car Kft.	Acquisition	100%	0%	Sale of cars	HU	HUF
AW Marketing és IT szolgálató Kft.	Foundation	100%	0%	Supply of services	HU	HUF

List of joint ventures that are members of the Group:

Entity	Method of acquiring ownership	Ownership share 2023	Ownership share 2022	Main activity	Country of registration	Currency
AutoWallis Caetano Holding Zrt.	Foundation	50%	50%	Asset management	HU	HUF
RN Hungary Kft.	Acquisition	50%	50%	Sale of cars	HU	HUF

III. Changes in the Group's structure

In 2023, 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 13 January 2023, the Group acquired Net Mobilitás Zrt., the entity operating the portals JóAutók.hu and Autó-Licit.hu, from WAM Immobilia Ingatlanhasznosító és Üzemeltető Zrt. (a subsidiary of WAM Zrt., the majority shareholder of AutoWallis) and from Car Alliance Kft. (see Note X.3.1).
- The acquisition of Nelson's fleet management business was completed on 27 January 2023. AutoWallis Group acquired a 100% share in Nelson Flottalízing Kft., Nelson Sales Kft. and Nelson Assistance Kft. (see Note X.3.2).
- On 19 July 2023, AutoWallis Nyrt. founded its Romanian subsidiary AW RO Distribution S.r.l.
- On 14 August 2023, the acquisition of 100% of Wallis Autómegosztó Zrt. was completed. The entity was contributed to AutoWallis Nyrt. by Wallis Asset Management Zrt. (the majority shareholder of AutoWallis Nyrt.) and Széchenyi Tőke Alap by way of in-kind contribution (see Note X.3.3).
- On 14 September 2023, AutoWallis Nyrt. founded AW Marketing és IT Szolgáltató Kft. The subsidiary was established for the purpose of facilitating the unified management of data processing tasks, central marketing and IT developments and licences.

IV. Material 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 standalone 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'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.

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. The Group consolidates its joint ventures using the equity method. The profit of entities consolidated using the equity method is presented by the Group in the line item "Share of profit of associates and joint ventures".

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.

2. Effects of changes in foreign exchange rates

2.1. Presentation currency

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), in accordance with rounding rules.

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.
All entities within the Group use the forint (HUF) as their functional currency, with the following exceptions:
EUR: Wallis Motor Ljubljana d.o.o, AW SLO Distribution d.o.o., Avto Aktiv SLO d.o.o., AAI Properties d.o.o, C182 d.o.o, Wallis Adria d.o.o., AW CRO Distribution d.o.o,
RON: AW RO Distribution Srl

Foreign currency translation

The exchange rate selected and used by the Group is the official mid-market rate published by the National Bank of Hungary.
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 and the Czech koruna. The exchange rates of these currencies in the reporting period were as follows (one currency unit per HUF):

	31/12/2023	31/12/2022	2023 average	2022 average
EUR/HUF	382.78	400.25	381.95	391.33
CZK/HUF	15.48	16.58	15.91	15.93

3. 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.

4. Material accounting policies relating to the statement of profit or loss and other comprehensive income

4.1. 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 and services.

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.

4.1.1. Revenue from contracts with customers

The Group recognises revenue in accordance with the provisions of IFRS 15.

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.

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. 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 reviewed its sales contracts and did not identify any contracts 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 reviewed its sales contracts and did not identify any contracts 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 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.

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 transaction price is allocated to each performance obligation 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.

4.1.2. 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.5.2.2.

a) Income from the lease of owned assets

Income from operating leases

Rental income is recognised on a straight-line basis over the lease term and is disclosed in revenue.

Income from finance leases

Income from the net investment in finance leases is recognised by the Group separately within interest income from lease receivables over the lease term. The difference recognised upon the derecognition of leased assets is presented in revenue.

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 leases; instead, these are recognised as expenses in profit or loss when incurred.

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. The difference arising upon the initial recognition of the right-of-use-asset and the lease receivable is presented in revenue.

- 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.

4.2. 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.

4.3. 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.

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	20%
Over 360 days	100% 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.

4.4. 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 Group 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 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.

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.

4.5. 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.

4.6. Retranslation 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 examines the ability of borrowers to repay the loans based on the business plans. 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".

4.7. 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 profit impact of ESO programs presented in the financial statements in which there is no outflow of cash for the Group in connection with the acquisition of shares.

4.8. Earnings per share (EPS)

The Group presents its basic and diluted earnings per share (EPS) in its consolidated financial statements. The Group recognises earnings per share in accordance with the provisions of IAS 33.

5. Accounting policies relating to the statement of financial position

5.1. Property, plant and equipment

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.

At each reporting date, the Group examines whether there is an indication of impairment in the case of property, plant and equipment. If the recognition of impairment is justified, the impairment recognised is presented in the line item "Impairment losses on non-financial instruments".

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.

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 5.2.2 of this chapter.

5.2. Leases

5.2.1. 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 original 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.

Measurement

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

If 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.

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.

After the commencement date, right-of-use assets are measured by the Group at cost less accumulated depreciation and impairment loss. The Group determines the depreciation rates based on the lease term of each underlying lease contract, and if the lease contract has an indefinite term or includes an option for extension, useful life is determined by way of estimation.

5.2.2. The Group as lessor

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.

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.

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 and cases where a rental transaction does not meet the criteria for a finance lease). 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 these assets in its statement of financial position in the line item "Leased vehicles".

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.

5.3. Business combinations

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.

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.

5.4. Intangible assets

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

Intangible assets recognised by the Group contain rights of pecuniary value, which mostly include acquired import rights, as well as other intangible assets identified upon acquisition (e.g. customer relationships). When determining the depreciation period, the Group considers whether there are any contractual periods which restrict the use of such assets. 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.

5.5. 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.

5.6. Inventories

Inventories are presented by the Group in the financial statements at the lower of cost and net realisable value.

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.

5.7. Financial assets and financial liabilities

Initial recognition and measurement of financial instruments

At initial recognition, financial instruments are measured at fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

5.7.1. 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).

The methodology for determining expected credit losses on financial instruments is presented in Note III. 5.9 Expected credit losses on financial instruments.

5.7.2. 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)

Interest expense is recognised in profit or loss as a financial expense.

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.

5.7.3. Other special items

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 and 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 transactions

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 III.5.2.2.

5.7.4. 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).

5.7.5. 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.

5.8. 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).

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.

5.9. 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.

5.10. 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 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. Deferred tax is calculated using the balance sheet method, with the effects of subsequent changes in tax rates taken into account.

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.

5.11. 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.
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.

5.12. 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.

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.

5.13. 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".

5.14. 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.

6. Other accounting policies

6.1. 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.

6.2. 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.

6.3. Changes in accounting policies

The Group did not amend its accounting policies from 2022 to 2023. Exceptions include the application of accounting policies related to the adoption of new standards and to activities that had not existed previously.

6.3.1 Effects of the adoption of new and revised IFRSs effective from 1 January 2023 on the financial statements

- **IFRS 17 Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The Group does not issue contracts in scope of IFRS 17; therefore, its application does not impact the Group's financial performance, financial position and cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting policies (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, 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.
  The Group assessed the disclosure of its accounting policies and changed the presentation of its accounting policies in the financial statements in accordance with the amended provisions of the standard.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**
  The amendments become effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. 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. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
The amendments did not have any significant impact on the Group's financial statements.

- **IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**
The amendments are effective for annual periods beginning on or after 1 January 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, 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 exception 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.
The amendment did not have any significant impact on the Group's financial statements.

- **IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (Amendments)**
The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules* – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.
The Group evaluates the impact of the above amendments on an ongoing basis and complies with the requirements of IAS 12.

6.3.2 Standards issued but not yet effective and not early adopted

6.3.2.1 The standards/amendments that are not yet effective, but they have been endorsed by the European Union

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement,

the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
Management did not opt for earlier application and assessed the expected impact of the amendment, which is not expected to have a significant impact on the Group's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the 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 amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.
  Management has assessed the expected impact of the amendment, which is not expected to have a significant impact on the Group's financial statements.

6.3.2.2 The standards/amendments that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure – Supplier Finance Arrangements (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.
  Management is currently assessing the amendments to the standard.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a

currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU.
Management is currently assessing the amendments to the standard.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  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 recognized 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 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.
  Management has assessed the amendment to the standard, which will not have any impact on the Group's financial statements.

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.

V. Significant accounting estimates and judgments

The Group evaluated the estimates made in preparing its consolidated financial statements. The estimates used are presented in the relevant notes. The critical accounting estimates and judgments for the current year are presented in the section below.

Significant accounting estimates and judgments relating to vehicles damaged during transportation

In 2023, a fire broke out on a ship transporting motor vehicles for the Group from the Far East, as a result of which a significant portion of the 668 motor vehicles being transported (with a total cost of HUF 4.86 billion) suffered damage. The vehicles are covered by an insurance policy, and the assessment of claims and the claims handling process involving the insurer is still underway at the date of this report. In preparing the consolidated financial statements, the Group made the following significant estimates and judgments in connection with the event:

Impairment losses recognised on vehicles

Management determined the value of the impairment loss based on key assumptions using information available at the reporting date. In calculating impairment, the vehicles were classified into one of two categories: those that were economically viable to repair, and those that were not.

For vehicles which were not economically viable to repair (where the damage was significant compared to the value of the vehicle), management calculated a scrap value based on a conservative assumption, which is, on average, 5% of the cost of the vehicle.

For vehicles which were economically viable to repair, management carried out individual assessments based on provisional estimates of the damage by independent experts (which includes the value of the parts to be replaced and the expected labour cost of repair) and an average discount on the marketability of the vehicles after repair, which qualifies as a significant estimate. A 10% change in the discount on marketability would result in a HUF 195 million change in the recoverable amount of the vehicles.

Based on the factors presented above, the Group recognised impairment losses of HUF 3.8 billion on the vehicles, presented in the line item "Impairment losses on non-financial instruments" in the statement of profit or loss and other comprehensive income.

Insurance claim

Based on the insurance policy, the maximum coverage of the insurance event is 110% of the value of the vehicles. Considering the terms and conditions of the insurance policy and the fact that the insurance company has not indicated that circumstances exist which would cast doubt on the enforceability of the Group's claim against the insurer, the Group recorded prepayments in the amount of HUF 2.4 billion (which is not the total amount of the damage, taking into account the uncertainty factors and the ongoing claims handling process with the insurer) within assets in the financial statements against impairment losses on non-financial instruments. In determining this amount, the Group considered the results of the assessments made by insurance experts (both the Group's own experts and those of the insurance company) which were available at the reporting date.

The HUF 1.4 billion difference between the above-mentioned impairment loss and the insurance claim is presented in the line item "Impairment losses on non-financial instruments".

Significant estimates relating to a general average claim

Since the damage occurred during sea transport, the Group is also involved in the settlement of a so-called "general average" claim, which is covered by the insurance policy. The amount of the damage depends on the extent of the damage to the vessel carrying the motor vehicles, as well as the value of other motor vehicles on board the vessel which are not owned by the Group and the damage to such vehicles. If the damage to the vessel is such that the coverage provided by the insurance policy is no longer sufficient to cover the Group's share of the damage, the Group may incur a financial liability.

At the date of the financial statements, management did not possess any information that can be used to reliably estimate the potential liability arising from the general average claim and, therefore, the Group did not recognise a provision in accordance with IAS 37.26.

Significant estimates relating to the recovery of goodwill

In 2023, the Group recognised significant goodwill in its books through acquisitions. The key assumptions used in the course of impairment testing are presented in Note VIII.4.

VI. Acquisitions

1. Net Mobilitás Zrt.

On 13 January 2023, the Group entered into an agreement on the acquisition of Net Mobilitás Zrt., the entity operating the portals JóAutók.hu and Autó-Licit.hu, from WAM Immobilia Ingatlanhasznosító és Üzemeltető Zrt. (a subsidiary of WAM Zrt., the majority shareholder of AutoWallis) and from Car Alliance Kft. Through this acquisition, the Group entered the online sales market.

2. Nelson

On 8 November 2022, the Group entered into a sale and purchase agreement to acquire Nelson's fleet management business. The acquisition was completed on 27 January 2023, through which the Group further expanded its service activities in the fleet management market.

3. Wallis Autómegosztó Zrt.:

On 3 August 2023, Wallis Asset Management Zrt., the majority shareholder of AutoWallis Nyrt., and Széchenyi Tőkealapok, its minority shareholder, contributed a 100% share in Wallis Autómegosztó Zrt. to AutoWallis Nyrt. by way of in-kind contribution. Through this acquisition, the Group further expanded its service activities in the mobility market, acquiring one of the leading car sharing service providers in Hungary.

The acquisitions qualify as business combinations, and the details of their method of recognition are presented in **Note X.3**.

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.

The breakdown of revenues from customers was as follows:

Segments	For the year ended 31 December 2023		
	Distribution	Retail & Services	Total
Type of goods or services			
Supply of cars and separate parts	216,790,613	125,486,294	342,276,907
Supply of services	519,685	23,470,189	23,989,874
Total	**217,310,298**	**148,956,483**	**366,266,781**
Breakdown by country			
Hungary	58,863,068	92,454,976	151,318,044
Slovenia	23,059,344	33,852,279	56,911,623
Croatia	41,475,923	390,870	41,866,793
Czech Republic	35,566,654	1,018,066	36,584,720
Romania	25,602,562	2,286,558	27,889,120
Slovakia	13,827,627	3,141,730	16,969,357
Serbia	7,431,169	25,034	7,456,203
Germany	7,644	7,372,107	7,379,751
Bosnia and Herzegovina	5,432,400	-	5,432,400
Albania	4,486,784	-	4,486,784
Other countries	1,557,123	8,414,863	9,971,986
Total	**217,310,298**	**148,956,483**	**366,266,781**

Comparative data:

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**

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.

	31/12/2023	31/12/2022
Trade receivables	15,850,510	8,690,787
Contract liabilities	3,393,874	8,364,565

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. For each individual contract, the Group assesses whether the given contract qualifies as a finance lease or an operating lease.

Operating leases – The Group as lessor

The Group derives rental income from leasing owned assets and leased assets to both individuals and legal entities, which is recognised in revenue. In the case of operating leases, the Group does not transfer substantially all the risks and rewards to the lessee.

data in thousand HUF	2023	2022
Operating lease payments	4,912,860	3,806,498

The maturity analysis of the Group's operating lease contracts maturing in more than one year which are in force at the reporting date is presented in the following table:

data in thousand HUF	31/12/2023
Due within 1 year	731,700
Due between 1 year and 2 years	330,253
Due between 2 and 3 years	275,451

Due between 3 and 4 years	151,949
Due between 4 and 5 years	133,677
Due in more than 5 years	-
Undiscounted contractual cash flows	**1,623,032**

The lease term for the Group's operating leases is typically not longer than 12 months (typically car sharing and rent-a-car services). In 2022, the Group did not have any operating lease contracts maturing in more than one year.

Finance leases – The Group as lessor

The Group also leases cars under finance leases, where the lease term is typically over one year and the Group transfers all the risks and rewards of using the asset to the lessee. Profit or loss on leases (the difference between derecognition of the asset and the initial recognition of the lease receivable) and the results of contract amendments are recognised by the Group in revenue.
The following table contains a maturity analysis of lease receivables, presenting undiscounted lease payments due after the reporting date.

data in thousand HUF	31/12/2023	31/12/2022
Due within 1 year	5,419,142	575,699
Due between 1 year and 2 years	4,045,397	219,183
Due between 2 and 3 years	3,633,143	136,719
Due between 3 and 4 years	1,974,239	59,658
Due between 4 and 5 years	502,640	2,804
Due in more than 5 years	-	-
Undiscounted contractual cash flows	15,574,561	994,063
Unearned financial income	3,432,323	92,255
Net investment in leases	12,142,238	901,808

Starting from 2023, the Group has presented its interest income from its net investment in leases (receivables) separately. Such interest income is determined using the effective interest rate method over the contractual term of the contracts with lessees.

The following table presents income recognised on finance leases:

data in thousand HUF	2023	2022
Interest income on lease receivables	1,703,348	56,910
Profit or loss on finance leases	1,359,466	481,307

2. Own performance capitalised

The value of own performance capitalised was thHUF 252,696 in the current year and thHUF 26,189 in the comparative period. The growth is explained by expenses capitalised on projects within the Group.

3. Material expenses

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

Item	2023	2022
Material expenses of servicing activities	6,668,699	4,965,765
Fuel costs	484,819	357,517
Public utility charges (energy, water, gas)	499,467	349,226
Other	220,865	197,558
Total	**7,873,850**	**5,870,066**

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

The following table presents the value of services used in the current year and the previous year:

	2023	2022
Sales, marketing, communication and PR services	5,797,431	4,118,419
- of which: marketing costs	5,132,829	3,175,139
Other miscellaneous services	6,750,576	4,424,047
- of which: other services relating to cars	1,479,972	1,670,960
- of which: advisory	765,134	359,465
- of which: real estate management costs	483,184	341,551
- of which: warehousing costs	450,690	332,906
- of which: training and education	316,745	323,836
- of which: maintenance	1,517,416	421,085
- of which: other	1,737,435	974,245
Shipping costs	2,288,378	1,560,364
Accounting, legal and capital market services	740,115	749,457
Bank charges and insurance	1,329,597	1,063,521
Rental fees	519,487	415,983
Administrative services	272,403	206,202
Telecommunications services	116,486	94,949
Authority fees	87,500	59,738
Total	**17,901,973**	**12,692,680**

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.

	2023	2022
Distribution	186,078,540	136,110,533
Retail & Services	119,240,050	88,808,797
Total	**305,318,590**	**224,919,330**

6. Personnel expenses

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

	2023	2022
Wages and salaries	11,204,998	8,329,331
Social security contributions	1,967,407	1,430,052
Company car, emoluments	263,626	34,223
Other staff costs	1,228,228	987,956
ESOP expenses	246,432	149,700
Total	**14,910,691**	**10,931,262**

Average statistical headcount at the level of consolidated entities increased to 983 from the previous year's average of 860. The increase in wages and salaries is largely attributable to the rise in the Group's employee headcount caused by the employees of the entities acquired (Nelson, Net Mobilitás Zrt., Wallis Autómegosztó Zrt.) being transferred to the Group (for an additional 81 employees), as well as the pay rise during the current year and other organic growth in headcount.

For ESOP expenses, the fair value of the transferred shares at 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 246,432 was recognised as share-based payments against profit or loss for this period (previous year: thHUF 149,700).

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). 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:

	2023	2022
Depreciation of property, plant and equipment and leased vehicles	2,332,993	1,907,572
Depreciation of right-of-use assets	1,104,596	728,204
Amortisation of intangible assets	1,014,571	804,384
Total	**4,452,160**	**3,440,160**

The main reason behind the increase in depreciation is the surplus depreciation caused by the growing fleet size (Nelson and Wallis Autómegosztó). The most significant part of the amortisation of intangible assets is the amortisation 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.

	2023	2022
Compensation received	1,014,749	551,665
Effect of forgiven items	417	-
Badwill on acquisition (VI.2)	273,893	
Subsidies received	94,061	128,767
Gain on disposal of property, plant and equipment	365,892	100,060
Other miscellaneous income	1,018,405	554,357
Other income	**2,767,417**	**1,334,849**

8.2. Other expenses

	2023	2022
Fines and damage claims	311,133	343,710
Provisions made	234,700	484,567
Tax expenses (other than income tax)	1,318,247	607,048
Non-business expenses	11,614	2,573
Loss on disposal of property, plant and equipment	51,661	21,740
Other miscellaneous expenses	874,494	899,094
Other expenses	**2,801,849**	2,358,732

Other miscellaneous expenses mainly include items relating to warranties.
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 or the previous year. Grants received in previous years were recognised as deferred income, which is recognised in profit or loss over the useful lives of the relevant assets.

Deferred income:	2023	2022
At 1 January	**351,075**	**423,178**
Opening adjustment	-	(43,601)
Grants received in the current year	-	-
Other increase due to acquisitions	13,352	-
Recognised in net profit or loss	(35,443)	(28,502)
At 31 December	**328,984**	**351,075**
Amount recognised in deferred income:		
of which: long-term part	292,720	312,518
of which: short-term part	36,264	38,557

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 property, plant and equipment:

	2023	2022
Impairment losses on inventories	2,211,058	202,188
Impairment losses on property, plant and equipment	84,097	184,271
Total	**2,295,155**	**386,459**

Significant items in current-year impairment losses on inventories include the impairment loss recognised on vehicles damaged during transportation (HUF 1,400 million) (for details, see Note V Significant accounting estimates and judgments) and an additional impairment loss recognised on imported and retail inventories of vehicles (HUF 811 million).

10. Expected credit losses on financial instruments

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

	2023	2022
Impairment losses recognised		
On trade receivables	59,893	50,217
On lease receivables	117,079	-
On other receivables and bank deposits	1,147	980
Total	**178,119**	**51,197**
Reversals of impairment losses		
On trade receivables	4,378	109,464
On lease receivables	3,138	-
On other receivables and bank deposits	6,452	14,612
Total	**13,968**	**124,076**
Write-down of impaired instruments		
On trade receivables	22,526	49,845
On lease receivables	-	-
On other receivables and bank deposits		-
Total	**22,526**	**49,845**
Expected credit losses on financial instruments	**186,677**	**(23,034)**

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 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:

	2023	2022
Interest income calculated using the effective interest rate method	**1,617,031**	**896,964**
Interest income from loans and credits granted	1,535,304	865,600
Other interest income	81,442	31,364
Interest received on securities	285	-
Total	**1,617,031**	**896,964**

	2023	2022
Interest expense calculated using the effective interest rate method	**5,087,106**	**1,597,483**
Interest expense of loans and borrowings received	3,599,503	1,193,044
Interest expense of debentures	275,605	275,948
Interest expense	1,211,998	128,491
Other interest expense	**1,175,948**	**195,064**
Interest expense of lease liabilities	1,175,948	195,064
Total	**6,263,054**	**1,792,547**

Net effect on profit	**(4,646,023)**	**(895,583)**

12. Foreign exchange gains and losses (net)

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

	2023	2022
Foreign exchange gain	7,767,023	5,676,916
Foreign exchange loss	(7,856,473)	(5,384,241)
Total	**(89,450)**	**292,675**

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 7,210 in the current year and thHUF 27,200 in the previous year.

14. 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 closed derivative transactions for the current year, measured at the reporting date, was a gain of thHUF 337,759 (previous year: a loss of thHUF 433,921).

15. Income tax expense

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

	2023	2022
Current income tax		
Corporate income tax for the year	1,125,285	902,797
Local business tax	997,121	734,932
Innovation contribution	56,761	36,618
Total	**2,179,167**	**1,674,347**
Deferred tax		
Increase/decrease in temporary differences	(93,198)	18,528
Total	**(93,198)**	**18,528**
Total income tax expense	**2,085,969**	**1,692,875**

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

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

			2023		2022
	Profit before tax in the consolidated statement of profit or loss and other comprehensive income		**11,928,741**		**10,316,307**
Note	**Tax expense calculated based on the current tax rate (9%)**	**9.00%**	**1,073,587**	**9.00%**	**928,468**
1.	Other income tax expense (local business tax, innovation contribution)	8.83%	1,053,882	7.48%	771,550
2.	Other income tax expense deductible from the tax base	-0.80%	(94,849)	-0.67%	(69,440)
3.	Effect of different tax rates	0.24%	28,761	0.15%	15,671
4.	Tax effect of the profit of entities accounted for using the equity method	-0.81%	(96,295)	-0.28%	(28,595)
5.	Effect of non-deductible expenses	0.19%	22,488	0.00%	0
6.	Effect of deferred tax assets not utilised	0.19%	23,176	0.00%	0
7.	Other items individually not material	0.63%	75,220	0.73%	75,221
	Total income tax expense	**17.49%**	**2,085,969**	**16.41%**	**1,692,876**

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, 19% in Slovenia and 16% in Romania. 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).

Current year:

	Opening balance (net)	Recognised in profit or loss	Closing balance (net)	Deferred tax asset	Deferred tax liability
	01/01/2023		31/12/2023		
Property, plant and equipment and leased vehicles	(147,744)	17,276	(130,468)	55,785	(186,253)
Leases	48,912	(64,957)	(16,045)	11,330	(27,375)
Intangible assets	6,038	(102,370)	(96,332)	2,428	(98,760)
Trade receivables and other receivables	(68,203)	(74,256)	(142,459)	19,013	(161,472)
Inventories	22,106	16,330	38,436	42,318	(3,882)
Cash and cash equivalents	471	98	569	569	-
Loans and borrowings	(3,501)	(1,116)	(4,617)	-	(4,617)
Other liabilities	5,797	(114,441)	(108,644)	14,155	(122,799)
Provisions	47,871	(14,148)	33,723	34,965	(1,242)
Tax losses carried forward	4,575	184,794	189,369	189,369	-
Other items	(45,086)	40,498	(4,588)	-	(4,588)
Total	**(128,764)**	**(112,292)**	**(241,056)**	**369,932**	**(610,988)**
Netting	-	-	-	(259,131)	259,131
Total net	**(128,764)**	**(112,292)**	**(241,056)**	**110,801**	**(351,857)**

Previous year:

	Opening balance (net)	Recognised in profit or loss	Closing balance (net)	Deferred tax asset	Deferred tax liability
	01/01/2022		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	31/12/2023	expiry	31/12/2022	expiry
Corporate income tax losses carried forward	8,255,376	2024-2028	2,054,178	2023-2027

The growth is mostly explained by the tax losses carried forward by the entities acquired during the current year.

c) Global minimum tax

The Group operates in countries of the Central and Eastern European region in which the rate of income tax is typically above 15%. The expected impact of a global minimum tax needs to be assessed at the level of the ultimate parent company (Wallis Portfolió Kft.). Having regard to the fact that the new tax regulations entered into force on 1 January 2024, this has no impact on the current-year tax expense.
The Company and the Group apply the transitional provisions of IAS 12 on deferred tax accounting and recognise any tax liability arising from the global minimum tax when it arises.
If the Group had applied the global minimum tax regulations for the year 2023, it is likely that the Group would not have incurred any additional tax liability, given that the average effective tax rate for members of the Group is higher than 15%.

16. Retranslation 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 loss of thHUF 282,213 in the current year and a gain of thHUF 499,164 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".

17. 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	FY2023	Event	FY2022
Number of shares at 1 January	442,289,002	Number of shares at 1 January	425,183,765
Effect of issue for the purpose of in-kind contribution	16,963,317	Effect of issue	5,623,640
Effect of repurchased treasury shares	-2,930,659		
Average number of shares (for basic EPS)	**456,321,660**	-	**430,807,405**
Average number of shares (for diluted EPS)	**456,321,660**	-	**430,807,405**

Basic EPS and diluted EPS are identical.

	2023	2022
Profit attributable to owners of the parent (for basic EPS)	9,730,689	8,299,530
Number of shares (for basic EPS)	456,321,660	430,807,405
EPS (basic, HUF/share)	**21.32**	**19.27**
Profit attributable to owners of the parent (for diluted EPS)	9,730,689	8,299,530
Number of shares (for diluted EPS)	456,321,660	430,807,405
EPS (diluted, HUF/share)	**21.32**	**19.27**

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.

18. 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.4.7.

EBITDA is calculated as follows:

	2023	2022
Profit before tax	11,928,740	10,316,307
(-) Elimination of the share of profit of associates and joint ventures	(1,069,947)	(317,718)
Elimination of financial gains or losses	4,390,504	952,719
Elimination of depreciation and amortisation	4,452,160	3,440,160
Current-year expense under IFRS 2 Share-based Payment*	3,454	63,913
EBITDA	**19,704,911**	**14,455,381**

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 2023 were as follows:

	Property	Technical equipment and vehicles	Total
Gross opening value at 1 January	19,544,784	5,986,697	25,531,481
Increase	646,730	2,203,909	2,850,639
Assets obtained by acquisition	5,268	416,924	422,192
Decrease (disposal)	-	(1,220,808)	(1,220,808)
Decrease (scrapping)	(3,133)	(61,034)	(64,167)
Reclassification	-	405,404	405,404
Fair value gains or losses, other	(253,542)	(22,257)	(275,799)
Gross closing value at 31 December	**19,940,107**	**7,708,835**	**27,648,942**

Accumulated depreciation	Property	Technical equipment and vehicles	Total
Opening value at 1 January	1,869,121	2,661,650	4,530,771
Depreciation (VII.7)	538,732	1,114,285	1,653,017
Assets obtained by acquisition	4,091	105,559	109,650
Impairment losses (VII.9)			-
Reversal of impairment losses (VII.9)	-	(2,969)	(2,969)
Decrease (disposal)	-	(303,756)	(303,756)
Decrease (scrapping)	(3,133)	(50,469)	(53,602)
Reclassification, other	(9,718)	(159,813)	(169,531)
Closing value at 31 December	**2,399,093**	**3,364,487**	**5,763,580**

	Property	Technical equipment and vehicles	Total
Net closing value at 31 December	**17,541,014**	**4,344,348**	**21,885,362**

For the financial year ended 31 December 2022:

	Property	Technical equipment and vehicles	Total
Gross opening value at 1 January	12,137,150	4,734,610	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	(2,171,792)	(20,112)	(2,191,904)
Fair value gains or losses, other	96,050	15,050	111,100
Gross closing value at 31 December	**19,544,784**	**5,986,697**	**25,531,481**

Accumulated depreciation	Property	Technical equipment and vehicles	Total
Opening value at 1 January	1,283,070	2,211,164	3,494,234
Depreciation (VII.7)	440,123	748,564	1,188,687
Assets obtained by acquisition	-	-	-
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**	**2,661,650**	**4,530,771**

	Property	Technical equipment and vehicles	Total
Net closing value at 31 December	**17,675,663**	**3,325,047**	**21,000,710**

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. There was no significant growth in individual items of either property or technical equipment and vehicles in 2023. 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. The Group did not identify any indications of impairment for properties.

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

***Change in borrowing costs*:**

	31/12/2023	31/12/2022
Interest expense of special purpose loans calculated using the EIR	-	-
Interest expense of general purpose loans calculated using the capitalisation rate	161,344	32,395
Total capitalised interest for the period	**161,344**	**32,395**

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:

2023	Book value at 31/12/2023 (thHUF)		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Property, plant and equipment	6,501,643	(893,651)	5,607,992

2022	Book value at 31/12/2022 (thHUF)		
	Gross carrying amount	Accumulated depreciation	Net carrying amount
Property, plant and equipment	6,762,250	(928,500)	5,833,750

2. Leased vehicles

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

Gross value	31/12/2023	31/12/2022
Opening value at 1 January	**3,203,199**	**3,294,135**
Increase	6,483,303	2,963,410
Assets obtained by acquisition	1,558,005	-
Decrease (disposal)	(6,037,040)	(3,319,014)
Decrease (scrapping)	(27,405)	(52,027)
Reclassification	(1,803,234)	441,641
Other	(204,582)	(124,946)
Closing value at 31 December	**3,172,246**	**3,203,199**
Accumulated depreciation		
Opening value at 1 January	**508,181**	**466,557**
Depreciation (VII.7)	679,975	718,885
Impairment losses (VII.9)	-	-
Reversal of impairment losses (VII.9)	-	-
Decrease (disposal)	(2,537,451)	(643,313)
Decrease (scrapping)	(19,378)	(51,594)
Reclassification	1,705,597	-
Other	139,601	17,646
Closing value at 31 December	**476,525**	**508,181**
Total		
Net closing value at 31 December	**2,695,721**	**2,695,018**

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. The reasons for reclassifications included changes in financing arrangements or the use of vehicles. The Group did not identify any indications of impairment for leased vehicles.

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 2023 was as follows:

	Vehicles	Property	Total
Gross opening value at 1 January	**424,974**	**3,008,954**	**3,433,928**
Increase due to acquisition	2,941,300	98,169	3,039,469
Lease	1,605,973	578,249	2,184,222
Sublease	(1,322,145)	-	(1,322,145)
Derecognition of right-of-use assets	(53,167)	-	(53,167)
Effects of contract amendments and other reclassifications	985,403	96,847	1,082,250
Gross closing value at 31 December	**4,582,338**	**3,782,219**	**8,364,557**

Accumulated depreciation	Vehicles	Property	Total
Opening value at 1 January	**70,235**	**1,193,676**	**1,263,911**
Depreciation	297,673	806,923	1,104,596
Derecognition of right-of-use assets	(53,167)	-	(53,167)
Effects of contract amendments and other movements	124,649	(181,880)	(57,231)
Closing value at 31 December	**439,390**	**1,818,719**	**2,258,109**

	Vehicles	Property	Total
Net closing value at 31 December	**4,142,948**	**1,963,500**	**6,106,448**

For the financial year ended 31 December 2022:

	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**

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**

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 2023 was generated by the acquisition of Nelson's fleet management business and Wallis Autómegosztó. As these subsidiaries typically finance their fleet by leasing vehicles, current-year movements also relate to these two entities.

The most significant movement in 2022 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 the line item "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	2023	2022
Interest on lease liabilities	1,175,948	195,064
Income from the sublease of right-of-use assets	(1,364,729)	(540,339)
Expenses on short-term leases	62,835	66,033
Expenses on leases of assets of small value	330,452	233,743

4. Goodwill

The goodwill presented in the balance sheet was allocated to the following cash-generating units:

Cash-generating unit	31/12/2023	31/12/2022
Wallis Autómegosztó Zrt. transaction	4,526,728	-
Goodwill allocated to units not material on their own	933,611	935,202
Total (before impairment losses)	**5,460,339**	**935,202**

The Group tests goodwill for impairment at the end of each reporting period. The recoverable amount of cash-generating units is determined on the basis of estimated future cash flows supported by an approved business plan over their expected useful lives, by using a net present value calculation. The key assumptions relate to cash flows, discount rates and changes in growth rates.

No impairment was recognised by the Group on goodwill at the end of FY2022 and FY2023.

Impairment testing

The key assumptions generally used in impairment testing are presented in the following table.

	31/12/2023
Discount rate	12.84%
Terminal value growth rate	3%

The discount rate is the weighted average cost of capital of AutoWallis, which includes the risks specific to the industry and the Group. The terminal value growth rate is set by management at 3%, which is in line with long-term inflation expectations.

The recoverable amount of goodwill arising on reverse acquisitions is determined by the Group based on the cash-generating capacity of entities that were involved in a reverse acquisition (Wallis Autókölcsönző Kft., Wallis Motor Duna Kft., Wallis Motor Pest Kft., AW Distribution Kft.). Based on management's estimate, the average EBITDA of the entities does not deviate significantly from the figures for 2023, and the average growth rate is, on average, identical to the long-term growth rate. The recoverable amount of a cash-generating unit is many times the value of goodwill.

A 100% share in Wallis Autómegosztó Zrt., an entity providing car sharing services, was acquired by AutoWallis Group in 2023 by way of in-kind contribution (see Note VI.3), which is treated by the Group as a cash-generating unit that serves as the basis for the future development of innovative mobility services. After being acquired by the Group, the entity underwent significant reorganisation, which will result in significant cost savings for the entity in the long term. Management anticipates a reduction in financing costs (interest rates) in its business plans. With the expected improvement in the macroeconomic environment, the increased popularity of and government support for car sharing services, and management's plans for business development initiatives, a significant improvement in per-car utilisation is expected by management, with fleet size remaining almost the same. Using a more conservative approach, the long-term growth rate (beyond 5 years) was set by management at 2.1%. All of this taken into account, the recoverable amount of the CGU is HUF 7,447 million. The Group performed a sensitivity analysis of the key assumptions used in the calculation of impairment, which yielded the following results in the case of Wallis Autómegosztó Zrt.:

- a 1 percentage point increase in weighted average cost of capital would reduce net present value by HUF 1,051 million, while a 1 percentage point decrease would result in an increase of HUF 1,275 million in net present value
- a 10% improvement in EBITDA would increase net present value by HUF 1,267 million, while a 10% decline would result in an increase of HUF 1,267 million in net present value.

5. Intangible assets

The following movements involving intangible assets took place in the current year:

Gross value	Total
Gross opening value at 1 January	**4,267,485**
Increase	240,459
Assets obtained by acquisition (V.1)	1,338,083
Decrease (disposal)	(1,050)
Decrease (scrapping)	(70,988)
Other increase	48,933
Gross closing value at 31 December	**5,822,922**

Accumulated depreciation	Total
Opening value at 1 January	**1,866,760**
Depreciation (VI.7)	1,014,572
Impairment losses (VI.9)	(8,451)
Decrease (disposal)	(1,050)
Decrease (scrapping)	(70,988)
Other increase	(14,550)
Closing value at 31 December	**2,786,293**
Net closing value at 31 December	**3,036,629**

The most significant items among current-year increases were the intangible assets recorded in connection with Net Mobilitás Zrt. (HUF 648 million) and Wallis Autómegosztó Zrt. (HUF 642 million) that were identified in the course of their acquisition.

Comparative data for the previous period:

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**

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).

6. Investments in associates and joint ventures

	31/12/2023	31/12/2022
Investments in joint ventures	2,887,665	2,167,718
Investments in associates	-	-
Closing value	**2,887,665**	**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.
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.

	2023	2022
Ownership percentage of AutoWallis Group	**50%**	**50%**
Non-current assets	4,260,762	4,592,547
Current assets	19,884,792	17,694,589
- of which: cash and cash equivalents	5,375,068	3,603,633
Non-current liabilities	342,206	1,634,156
- of which: non-current financial liabilities (less trade receivables and provisions)	13,589	-
Current liabilities	17,700,178	16,218,416
- of which: current financial liabilities (less trade receivables and provisions)	15,769,361	12,826,571
Net assets (100%)	5,952,248	4,434,564
Net assets attributable to the Group (50%)	2,976,124	2,217,282
Elimination of unrealised profit or loss (accumulated)	(88,459)	(49,564)
Carrying amount of interests in joint ventures	1,850,000	1,850,000
Revenue	75,053,517	14,252,957
Depreciation and amortisation	(765,514)	(175,249)
Interest income	312,372	18,893
Interest expense	(52,418)	(22,618)
Income tax expense	(652,284)	(52,636)
Total comprehensive income (100%)	2,217,684	734,564
Total comprehensive income (50%)	1,108,842	367,282
Elimination of unrealised profit or loss	(38,895)	(49,564)
Total comprehensive income attributable to the Group	1,069,947	317,718
Dividends received	350,000	-

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	2023	2022
Opening value of net assets	4,434,564	-
Foundation in the current year	-	3,700,000
Net profit or loss for the current year*	2,217,684	734,564
Other comprehensive income	-	-
Dividends paid	(700,000)	-
Closing value of net assets	**5,952,248**	**4,434,564**
Net assets attributable to the Group (%)	50%	50%
Net assets attributable to the Group (thHUF)	2,976,124	2,217,282
Elimination of interim profit or loss (accumulated)	(88,459)	(49,564)
Goodwill	-	-
Carrying amount	**2,887,665**	**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. 15 b)**.

8. Loan receivables and investments in equity 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 (2023: thHUF 2,200; 2022: thHUF 2,200).

Loan receivables include loans to employees, which are measured at amortised cost (long-term loans: thHUF 4,567, thHUF 2,409).

9. Goods and other inventories

	31/12/2023	31/12/2022
Motor vehicles	54,520,388	51,616,392
Parts	3,802,624	3,300,895
Other goods	9,275	53,582
Mediated services	52,579	27,526
Total	**58,384,866**	**54,998,395**

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. Impairment losses on inventories are presented in the line item "Impairment losses on non-financial instruments".

There were no significant reversals of impairment losses during the current year. Inventories recognised as expenses in the current year are presented in material expenses and cost of goods sold.

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:

	31/12/2023	31/12/2022
Receivables in foreign currencies	11,496,151	4,240,997
Receivables in HUF	4,535,872	4,668,578
Total trade receivables	**16,032,023**	**8,909,575**
Impairment losses on trade receivables	(181,513)	(218,788)
Trade receivables, net	**15,850,510**	**8,690,787**

Trade receivables are non-interest-bearing receivables with average payment terms between 8 and 90 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:

	31/12/2023	31/12/2022
Factoring receivables	86,513	1,681,843

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:

	31/12/2023	31/12/2022
Prepayments	7,288,992	3,486,632
Accrued income	*3,729,098*	*1,091,165*
Prepaid expenses	*3,559,894*	*2,395,466*
Other receivables	2,533,571	15,127,811
Other tax assets	*1,379,032*	*2,183,931*
Advance payments made	*219,779*	*11,885,814*
Receivables from employees	*11,613*	*14,044*
Other miscellaneous receivables	*923,147*	*1,044,022*
Other financial assets	135,844	91,657
Total	**9,958,407**	**18,706,100**

The most significant items in accrued income and prepaid expenses include bonuses received from/given to manufacturers and/or importers. An additional item is the deferred insurance payout of HUF 1.4 billion covering the damage event that occurred in 2023 (see Note V).

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.

The most significant item in the line item "Other financial assets" was deposits related to loans in both the current year and the previous financial year.

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

data in thousand HUF	2023	2022
Opening balance	901,808	714,361
Acquisition	9,454,068	-
Recognition	6,321,276	719,252
Calculated interest	1,703,348	56,910
Repayment	(5,024,878)	(721,916)
Other change	(1,213,384)	133,201
Closing balance	12,142,238	**901,808**
Of which: long-term	8,306,725	*378,544*
Of which: short-term	3,835,513	*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	31/12/2023	31/12/2022
Net investment in leases (short-term part)	3,835,513	523,264
Net investment in leases (long-term part) due between 1 and 5 years	8,306,725	378,544
Net investment in leases (long-term part) due in more than 5 years	-	-
Total	**12,142,238**	**901,808**

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.

	31/12/2023	31/12/2022
Bank deposits in HUF	7,912,239	9,891,324
Bank deposits in foreign currencies	5,109,029	6,904,806
Cash in HUF	47,618	54,930
Cash in foreign currencies	34,380	43,443
ECL on cash and cash equivalents	(5,866)	(7,603)
Cash and cash equivalents	**13,097,400**	**16,886,900**

13. Equity

13.1. Share capital

The section presenting changes in 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
01/01/2022	**425,183,765**
Issue for the purpose of in-kind contribution (C182 - 02/09/2022)	17,105,237
31/12/2022	**442,289,002**
Issue for the purpose of in-kind contribution Wallis Autómegosztó Zrt. (31/08/2023)	50,750,906
31/12/2023	**493,039,908**

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

				Nominal value (thHUF)
	01/01/2022	-	-	**5,314,797**
In-kind contribution of C182 on 02/09/2022				213,816
	31/12/2022	-	-	**5,528,613**
In-kind contribution of Wallis Autómegosztó Zrt. on 30/08/2023				634,386
	31/12/2023			**6,162,999**

All issued shares were series "C" shares at the balance sheet date. The shares have a nominal value of HUF 12.5.

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. at that time, by way of in-kind contribution. Through the transaction, AutoWallis Nyrt. issued 17,105,237 shares on 2 September 2022 and, as a result, its share capital increased by thHUF 213,816.

On 31 August 2023, Wallis Asset Management Zrt. (one of the shareholders of AutoWallis Nyrt.) and Széchenyi Tőkealapok contributed a 100% share in Wallis Autómegosztó Zrt. to AutoWallis Nyrt. by way of in-kind contribution. Through the transaction, AutoWallis Nyrt. issued 50,750,906 shares on 30 August 2023 and, as a result, its share capital increased by thHUF 634,386.

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:

- Difference between the nominal value and issue value of shares issued in connection with the in-kind contribution of Wallis Autómegosztó Zrt., which amounted to thHUF 4,265,613.

The following transactions resulted in changes to share premium in the previous 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 2 program was completed in 2023.

The Group had the following share-based payment agreements in place as at 31 December 2023:

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

Name of the program	ESOP 4 program
Total number of shares provided as part of the program	4,868,747 units
Of which: shares provided to employees of AutoWallis Group	4,868,747 units
Value of one share at the grant date	HUF 94/unit
Total value of the benefit at the grant date	thHUF 457,662
Grant date	26 April 2023

Vesting period	variable, 2 or 3 years
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

Name of the program	ESOP 5 program
Total number of shares provided as part of the program	2,608,696 units
Of which: shares provided to employees of AutoWallis Group	2,608,696 units
Value of one share at the grant date	HUF 114/unit
Total value of the benefit at the grant date	thHUF 297,391
Grant date	21 December 2023
Vesting period	at least 24 months
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

The ESOP 5 program launched in 2023 will not generate any outflow of cash for AutoWallis Group, since the shares are provided to the ESOP Organisation by Wallis Asset Management Zrt.

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	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 246,432 incurred in doing so (previous year: thHUF 149,400) is recognised in profit or loss as an item of personnel expenses against a separate component of equity (Share-based payments reserve).

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).
Neither AutoWallis Nyrt. nor the Group's subsidiaries had any repurchased treasury shares at the reporting date (previous year: 5,024,784 units for thHUF 458,913).
The Group records the ESOP organisation as if it directly owned the shares held by the ESOP organisation. Therefore, the 2,607,833 shares relating to the ESOP at the end of the period (previous year: 719,000) are recognised by the Company as treasury shares in equity for a total amount of thHUF 243,312 (previous year: thHUF 64,976).

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 FY2023.

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	31/12/2023	31/12/2022
Net assets of Iniciál Autóház Kft.	**1,839,051**	**1,975,000**
The Group's ownership interest %	**60%**	**60%**
The Group's share of net assets	1,014,426	1,086,038
Net assets attributable to non-controlling interests	824,625	888,962
Net assets of ICL Autó Kft.	**426,785**	**737,738**
The Group's ownership interest %	**60%**	**60%**
The Group's share of net assets	256,071	442,643
Net assets attributable to non-controlling interests	170,714	295,095
Of which: attributable to owners of the parent	**1,270,497**	**1,528,680**
Of which: attributable to non-controlling interests	**995,339**	**1,184,057**

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;
- reverse factoring: used to finance suppliers (typically car manufacturers)
- working capital loans: used to finance the purchase of current assets other than inventories and to provide and short-term liquidity;
- car financing loans: loans used to finance car fleets

15.1. Composition of loans and borrowings

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

	31/12/2023	31/12/2022
Long-term		
Debentures	9,522,466	9,534,861
Loans and borrowings	5,659,810	5,841,553
Investment loans	3,990,276	4,524,013
Total long-term	**15,182,276**	**15,376,414**

Short-term		
Debentures	288,000	288,000
Loans and borrowings	29,300,091	35,923,288
Investment loans	453,949	493,929
Inventory financing loans	8,207,131	4,301,178
Liabilities from reverse factoring	17,808,604	30,236,636
Other	2,830,407	891,545
Total short-term	**29,588,091**	**36,211,288**

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
- relates to loans and borrowings or supplier factoring, and
- debentures are presented in a separate category.

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

15.2. Debentures

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
Nominal interest rate	3%
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 the reporting date:

	31/12/2023	31/12/2022
Carrying amount (thHUF)	3,091,135	3,095,125
Fair value gains or losses (thHUF)	-792,164	-638,742
Fair value of amount raised (thHUF)	2,298,971	2,456,383

An interest rate of 8.37% (previous year: 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:

	2023	**2022**
Opening balance	3,095,125	3,097,450
Adjustment for interest recognised	-	1,555
Calculated interest	86,010	86,120
Repayment	(90,000)	(90,000)
Closing balance	**3,091,135**	**3,095,125**
of which: short-term part	**90,000**	**90,000**

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 the reporting date:

	31/12/2023	31/12/2022
Carrying amount (thHUF)	6,719,331	6,727,736
Fair value gains or losses (thHUF)	-1,654,482	-1,345,534
Fair value of amount raised (thHUF)	**5,064,849**	**5,382,202**

An interest rate of 8.41% (previous year: 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:

	2023	**2022**
Opening balance	6,727,736	6,737,464
Transaction costs	-	(1,556)
Calculated interest	189,595	189,828
Repayment	(198,000)	(198,000)
Closing balance	**6,719,331**	**6,727,736**
of which: short-term part	**198,000**	**198,000**

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

	2023	**2022**
Interest payable on AutoWallis NKP Bond 2030/I	198,000	198,000
Interest payable on AutoWallis NKP Bond 2031/I	90,000	90,000
Deferred purchase price-related current liabilities (Nelson)	187,768	

Other interest-bearing current liabilities	475,768	**288,000**

15.3. Lease liabilities

	31/12/2023	31/12/2022
Opening balance	3,166,102	6,581,909
Acquisition	8,406,896	-
Reclassification	-	-
Recognition	6,176,961	1,619,217
Repayment	(4,562,865)	(1,508,630)
Reclassification	-	(668,358)
Derecognition due to business combinations	-	(3,198,764)
Other change	388,682	340,728
Closing balance	**13,575,776**	**3,166,102**

	31/12/2023	31/12/2022
Lease liabilities	**13,575,776**	**3,166,102**
Of which: non-current	*9,035,814*	*1,904,072*
Of which: current	*4,539,962*	*1,262,030*
Closing balance	**13,575,776**	**3,166,102**

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 depends on the term of the lease, the currency, the arrangement (fixed or floating interest rate) and the leased asset. Lease payments for property are inflation-linked, while lease payments for motor vehicles may be linked to BUBOR or EURIBOR, or may be fixed.

There are no material special conditions attached to leases.

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.

	Warranty obligation	Other provisions	Decommissioning obligation	Total
At 1 January 2022	**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**
Provisions made	-	569,048	-	569,048
Provisions reversed	(29,999)	(669,962)	-	(699,961)
Other change	(6,500)	4,100	(1,440)	(3,840)
At 31 December 2023	**0**	**454,634**	**31,561**	**486,195**
of which: long-term part	-	79,934	31,561	111,495
of which: short-term part	-	374,700	-	374,700

The Group recognises provisions for warranty obligations based on past experience and ongoing payment obligations that are expected to be incurred. These costs are expected to be incurred in 1 to 5 years. At 31 December 2023, other provisions included provisions made by the Group for expected reorganisation costs, as well as expected future payments arising from (legal) cases which were underway during the current year.

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	31/12/2022
Liabilities from reverse factoring		
Of which: interest-bearing	11,674,365	27,091,112
Of which: non-interest-bearing	6,134,239	3,145,524
Total	**17,808,604**	**30,236,636**

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:

	31/12/2023	31/12/2022
Trade payables		
HUF	8,457,801	19,846,642
EUR	16,574,837	1,371,055
Total	**25,032,638**	**21,217,697**

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	31/12/2022
At 1 January	8,364,565	6,651,132
Change	(4,970,691)	1,713,433
At 31 December	**3,393,874**	**8,364,565**

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	31/12/2022
Corporate income tax	478,554	661,711
Local business tax	188,804	134,386
Innovation contribution	112,160	75,381
Total income tax liabilities	**779,518**	**871,478**

In the current period, the Group recognised income tax assets for an amount of thHUF 97,705 (previous period: thHUF 65,950).

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 295,306 (previous year: thHUF 341,294), which is the portion of government grants not yet released in proportion to depreciation.

Current liabilities	31/12/2023	31/12/2022
Other tax and contribution liabilities	2,037,409	1,941,151
Accruals	8,447,382	5,559,906
Prepaid income	4,065,192	*2,449,834*
Accrued expenses	4,382,190	*3,110,072*
Other non-interest-bearing liabilities	2,245,379	4,154,651
Short-term employee benefits	647,925	448,549
Other employee benefits	3,005	3,348
Other miscellaneous current liabilities	1,594,449	3,702,754
- of which: vehicle repurchase obligations	*385,651*	*1,225,959*
- factoring liabilities	*86,513*	*1,681,843*
- other current liabilities	*1,122,285*	*794,952*
Total current liabilities	**12,730,170**	**11,655,708**

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.

Significant items in prepaid income include support and bonuses given in connection with current-year sales involving import activities. The line item "Accrued expenses" contains uninvoiced expenses recognised in current-year profit or loss (services used).

Other miscellaneous 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 86,513 (previous year: thHUF 1,681,843).

- There were no significant items within other current liabilities in either 2023 or 2022, and the growth is explained by the acquisitions.

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	2023	2022
Long-term debentures	9,522,466	9,534,861
Long-term loans and borrowings	5,659,810	5,841,553
Non-current lease liabilities	9,035,814	1,904,072
Deferred purchase price-related non-current liabilities	187,495	
Other non-interest-bearing non-current liabilities	345,119	391,412
Short-term loans and borrowings	3,284,356	1,385,474
Inventory financing loans	8,207,131	4,301,178
Current lease liabilities	4,539,962	1,262,030
Liabilities from reverse factoring - interest-bearing	11,674,365	27,091,112
Other interest-bearing current liabilities	475,768	288,000
Liabilities from reverse factoring - non-interest-bearing	6,134,239	3,145,524
Total liabilities	**59,066,525**	**55,145,216**
- Accruals	(345,119)	(391,412)
- Liabilities arising from options	-	-
- Cash and cash equivalents	**(13,097,400)**	**(16,886,900)**
Net debt	**45,624,006**	**37,866,904**

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.

1. Market risk

Risk management is performed 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 (%)
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%
31/12/2023	+1%	(333,647)	-0.666%
	+5%	(1,668,236)	-3.329%
	+10%	(3,336,473)	-6.659%
	-1%	333,647	0.666%
	-5%	1,668,236	3.329%
	-10%	3,336,473	6.659%

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 and leases.

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:

	Increase or decrease	Effect on profit before tax	Effect on profit before tax (%)
31/12/2022	+1%	(1,615)	-0.016%
	+5%	(8,073)	-0.078%
	+10%	(16,145)	-0.157%
	-1%	1,615	0.016%
	-5%	8,073	0.078%
	-10%	16,145	0.157%
31/12/2023	+1%	(29,037)	-0.243%
	+5%	(145,187)	-1.217%
	+10%	(290,374)	-2.434%
	-1%	29,037	0.243%
	-5%	145,187	1.217%
	-10%	290,374	2.434%

2. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, and credit exposures to retail customers, including outstanding 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 management of subsidiaries and the parent company. The Group monitors the use of credit facilities on an ongoing basis. The following table presents changes in impairment losses recognised on financial instruments in profit or loss:

Impairment losses recognised (reversals)	2023	2022
Cash and cash equivalents	(1,740)	(1,260)
Trade receivables	53,323	(52,037)
Other receivables	(3,565)	(12,307)
Net investment in leases (lease receivables)	112,294	0
	160,312	**(65,604)**

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).

The following table presents changes in impairment losses on financial instruments:

2023	Cash and cash equivalents	Trade receivables	Other receivables	Net investment in leases
Opening balance at 1 January	**7,603**	**218,788**	**6,482**	**-**
Impairment losses recognised (reversals)	(1,740)	55,516	(3,565)	113,941
Derecognition	-	(98,211)	-	(1,647)
Exchange rate difference	-	(2,193)	-	-
Closing balance at 31 December	**5,863**	**173,899**	**2,917**	**112,294**

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**

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 at the level of both the Group and subsidiaries 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 X.2.3) 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 the next Note).

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.

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 2023	Due between 1 and 12 months	Due between 1 and 5 years	Due in more than 5 years	Total
Loans, borrowings and debentures	12,708,468	7,097,227	11,253,159	31,058,854
Lease liabilities	5,074,911	8,849,513	17,770	13,942,194
Trade payables	25,032,638	-	-	25,032,638
Other miscellaneous liabilities	20,295,803	240,000	-	20,535,803
Total	**63,111,820**	**16,186,740**	**11,270,929**	**90,569,489**

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**

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 2023 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.

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For the financial year ended 31 December 2023:

	Distribution segment	Retail & services segment	Segments total	Adjustments and eliminations	Consolidated
Revenue					
External customers	217,310,298	148,956,483	366,266,781	0	366,266,781
Intersegment and intrasegment sales	23,618,736	8,622,797	32,241,533	(32,241,533)	0
Total revenue	**240,929,034**	**157,579,280**	**398,508,314**	**(32,241,533)**	**366,266,781**
Income/(expenses)					
Material expenses	(275,426)	(8,018,372)	(8,293,798)	419,948	(7,873,850)
Services	(15,108,072)	(8,764,796)	(23,872,868)	5,970,895	(17,901,973)
Cost of goods sold	(205,697,614)	(124,788,247)	(330,485,861)	25,167,271	(305,318,590)
Personnel expenses	(4,767,878)	(10,108,680)	(14,876,558)	(34,133)	(14,910,691)
Depreciation and amortisation	(1,586,868)	(2,802,166)	(4,389,034)	(63,126)	(4,452,160)
Impairment losses on goodwill	0	0	0	0	0
Share of profit of associates	1,069,947	0	1,069,947	0	1,069,947
Interest income	1,987,950	2,973,151	4,961,101	(1,640,722)	3,320,379
Interest expense	(3,012,582)	(4,734,307)	(7,746,889)	1,483,835	(6,263,054)
Segment profit before tax	**10,201,735**	**824,635**	**11,026,370**	**902,373**	**11,928,743**
Segment EBITDA	**12,467,048**	**7,325,601**	**19,792,649**	**(87,737)**	**19,704,912**
Total assets	**62,354,378**	**80,305,949**	**142,660,327**	**9,288,827**	**151,949,154**
Total liabilities	**58,770,603**	**73,664,244**	**132,434,847**	**(30,594,072)**	**101,840,775**
Other disclosures					
Investments in associates					
Investments in joint ventures	**2,887,665**	**0**	**2,887,665**	**0**	**2,887,665**

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**

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

	2023	2022
Hungary	44,339,918	25,524,839
Slovenia	6,001,182	6,360,992
Croatia	155,357	78,964
Total non-current assets	**50,496,457**	**31,964,795**

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.

2. Disclosures on financial instruments

2.1. Classification of financial instruments

At 31 December 2023	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	-	-	12,142,238	12,142,238	12,142,238
Loan receivables	-	-	6,976	6,976	6,976
Trade receivables and factoring receivables	-	-	15,937,023	15,937,023	15,937,023
Other receivables*	-	-	934,759	934,759	934,759
Other financial assets	27,660	-	108,184	135,844	135,844
Cash and cash equivalents	-	-	13,097,400	13,097,400	13,097,400
Total	**27,660**	**2,200**	**42,226,580**	**42,256,440**	**42,256,440**

Financial liabilities					
Debentures	-	-	9,810,466	9,810,466	7,363,820
Loans and borrowings	-	-	17,151,297	17,151,297	17,151,297
Lease liabilities	-	-	13,575,776	13,575,776	13,575,776
Trade payables	-	-	25,032,638	25,032,638	25,032,638
Liabilities from reverse factoring	-	-	17,808,604	17,808,604	17,808,604
Other current liabilities*	398,173	-	1,571,538	1,969,711	1,969,711
Total	**398,173**	**-**	**84,950,319**	**85,348,492**	**82,901,846**

** Only balances that qualify as financial instruments*

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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*

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 2023	Level 1	Level 2	Level 3
Financial assets			
Investments in equity instruments	-	-	2,200
Other financial assets	-	27,660	-
Total	**-**	**27,660**	**2,200**
Financial liabilities			
Other current and non-current liabilities*	-	22,911	375,262
Total	**-**	**22,911**	**375,262**

** Only balances that qualify as financial instruments*

At 31 December 2022	Level 1	Level 2	Level 3
Financial assets			
Investments in equity instruments	-	-	2,200
Total	**-**	**-**	**2,200**
Financial liabilities			
Other current and non-current liabilities*	-	309,704	-
Total	**-**	**309,704**	**-**

** 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. 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.

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 31/12/2023 (thHUF)
Investment loan	5,575,748	0% to 12.85%	between 31/12/2024 and 30/09/2037	4,444,225
Overdraft facility (HUF)	2,380,000	1-month BUBOR + 1% to 1.3%	between 31/01/2024 and 09/11/2024	93,140
Overdraft facility (EUR)	1,787,583	from 6-month EURIBOR + 1% to 1-month EURIBOR + 2.15%	between 15/05/2024 and 22/12/2024	-
Reverse factoring (HUF)	18,233,000	1-month or 3-month BUBOR + 1% to 2.5%, depending on retail revenue	between 30/11/2024 and 09/01/2024	7,518,491
Reverse factoring (EUR)	31,005,180	1-month or 3-month EURIBOR + 1.5% to 2.95%, depending on retail revenue	between 28/06/2024 and 28/04/2025	10,290,113
Inventory financing loan (HUF)	10,655,000	3-month BUBOR + 1% to 5%, depending on retail revenue	between 28/02/2024 and 30/06/2027	3,302,201
Inventory financing loan (EUR)	25,956,233	1-month EURIBOR + 0% to 4.45%, depending on retail revenue	between 30/06/2024 and 31/05/2025	4,904,930
Other loans	4,626,636	0% to 1-month BUBOR + 2.25%	between 31/03/2024 and 30/09/2037	4,406,800

For 31 December 2022:

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

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 (thHUF)	1,208,586	HUF	0.21% to 1.71%
Bank guarantee (thEUR)	146,150	EUR	0.75% to 1.35%

For 31 December 2022:

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

3. Disclosures on business combinations

3.1. Net Mobilitás Zrt.

On 13 January 2023, the Group entered into an agreement on the acquisition of Net Mobilitás Zrt., the entity operating the portals JóAutók.hu and Autó-Licit.hu, from WAM Immobilia Ingatlanhasznosító és Üzemeltető Zrt. (a subsidiary of WAM Zrt., the majority shareholder of AutoWallis at that time) and from Car Alliance Kft. The fixed purchase price of the 100% share in Net Mobilitás Zrt. was HUF 320 million, while the variable (earnout) part was HUF 480 million. The full purchase price will be paid by AutoWallis using treasury shares, with the fixed part of the purchase price being paid upon completion of the transaction, and the variable part being paid over the next two years if the specified business targets are met. (For the purposes of the sale and purchase transaction, the share price of HUF 97.93 per share was calculated based on the average share price for the period of 30 calendar days preceding the transaction). The transaction was completed on 16 January 2023. The transaction was conducted between parties under common control and is accounted for using the acquisition method.
The fair value of the assets and liabilities acquired is as follows:

data in thousand HUF	Fair value
Property, plant and equipment	1,038
Other intangible assets	659,208
Deferred tax assets	49,634
Goods	11,319
Trade receivables	14,077
Prepayments	8,459
Other receivables	531
Cash and cash equivalents	(2,225)
Long-term loans and borrowings	(6,688)
Deferred tax liabilities	(49,802)
Short-term loans and borrowings	(162,788)
Trade payables	(20,133)
Income tax liability	(1,075)
Other tax and contribution liabilities	(6,330)
Accruals	(10,057)
Other non-interest-bearing liabilities	(10,408)
Net assets acquired	**474,760**
Purchase price (at fair value)	**474,760**
Goodwill	-

Between the date of acquisition and the end of 2023, Net Mobilitás Zrt. and its subsidiary earned a total of thHUF 845,638 in revenue, and its profit after tax was a loss of thHUF 215,762.

3.2. Nelson

On 8 November 2022, the Group entered into a sale and purchase agreement to acquire Nelson's fleet management business. Through this acquisition, the Group further expanded its service activities in the fleet management market. The purchase price will be settled in cash in its entirety according to the following schedule:

data in thousand HUF	Fair value (thHUF)
Purchase price paid in cash	2,579,250
Deferred purchase price I (due on 31/05/2023)	128,328
Deferred purchase price II (due on 31/05/2024)	163,295
Total	**2,870,873**

The transaction was completed on 27 January 2023, and the assets and liabilities acquired had the following fair values at the date of the transaction:

data in thousand HUF	Fair value
Property, plant and equipment	273,151
Leased vehicles	1,558,005
ROU assets	264,064
Intangible assets	47,173
Lease receivables	9,391,968
Deferred tax assets	31,994
Other assets	363,698
Trade receivables	24,319
Other receivables	-
Cash and cash equivalents	527,425
Loans and borrowings	(2,892,296)
Deferred tax liabilities	(248,965)
Lease liabilities	(5,562,215)
Other liabilities	(386,187)
Trade payables	(247,370)
Net asset value identified	3,144,764
Purchase price	2,870,873
Goodwill (Badwill)	(273,891)

Between the date of acquisition and the end of 2023, Nelson earned a total of thHUF 1,268,329 in revenue, thHUF 1,656,798 in interest income on lease receivables, and thHUF 114,921 in profit after tax (in excess of the badwill realised).

3.3. Wallis Autómegosztó Zrt.:

On 3 August 2023, Wallis Asset Management Zrt., one of the shareholders of AutoWallis Nyrt., and Széchenyi Tőkealapok, its minority shareholder, contributed a 100% share in Wallis Autómegosztó Zrt. to AutoWallis Nyrt. by way of in-kind contribution. The closing criteria for the in-kind contribution were fulfilled on 14 August 2023. The value of the in-kind contribution was set at HUF 4.9 billion, as part of which 50,750,906 AutoWallis shares with a nominal value of HUF 12.5 and an issue price of HUF 96.55 each were issued. The transaction was conducted between parties under common control and is accounted for using the acquisition method.

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

data in thousand HUF	Fair value
Property, plant and equipment	38,353
ROU assets	2,764,682
Intangible assets	642,426
Lease receivables	62,100
Deferred tax assets	77,725
Other assets	125,159
Trade receivables	584
Other receivables	80,000
Cash and cash equivalents	7,309
Loans and borrowings	-
Deferred tax liabilities	(66,031)
Lease liabilities	(2,833,957)
Other liabilities	(442,826)
Trade payables	(82,252)
Net asset value identified	373,272
Purchase price	4,900,000
Goodwill	4,526,728

Between the date of acquisition and the end of 2023, the entity earned a total of thHUF 572,191 in revenue, and its profit after tax was a loss of thHUF 967,001. The loss was primarily due to significant one-off expenses, the majority of which is explained by the rebranding after the acquisition.

4. Disclosures on related parties

In 2022 and 2023, the Group's related parties included the Group's senior executives and the person controlling the ultimate parent:

Name	Position	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	Until 24/07/2023
György Ecseri	Member of the SB and the AC	
Ferenc Karvalits	Member of the SB and the AC	Until 01/07/2022
Attila Chikán Jr.	Member of the SB and the AC	
Petra Birkás	Member of the SB and the AC	From 01/07/2022 until 08/05/2023
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:

	2023	2022
Emoluments	26,796	23,762
Wages and salaries	261,345	273,966
Short-term employee benefits:	**288,141**	**297,728**
Share-based payments (completed)	20,924	263,414
Total	**309,065**	**561,142**

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 of receivables (liabilities)	
	2023	2022	31/12/2023	31/12/2022
Services provided				
To the parent	260,981	126,438	92,037	-
To subsidiaries	-	-	-	-
To joint ventures	584,182	667,521	1,566,432	822,246
To other related parties	578,581	1,062,530	47,122	31,217
Services and goods purchased	-	-	-	0
From the parent	150,757	46,801	(84,285)	-
From subsidiaries	-	-	-	-
From joint ventures	5,915,668	-	(2,156)	-
From other related parties	187,796	129,377	(7,504)	(11,248)
Other				
- dividends from joint ventures	350,000	-	-	-

* Receivables from and liabilities to related parties are presented in the line items "Trade receivables" and "Trade payables", respectively.

A significant related-party transaction is that the parent company of the Group rents office space from and uses the management and advisory services of Wallis Asset Management Zrt. 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.) and acquired vehicles from its joint venture.

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 provided the following significant financial guarantees:

Beneficiary	Subject matter
AutoWallis Caetano Holding Zrt.	Joint and several guarantee for the deferred purchase price of the Renault transaction
C182 d.o.o.	Guarantee for a real estate loan of C182
Wallis Autómegosztó Zrt.:	Guarantee given to banks
Wallis Motor Ljubljana	Guarantee given to SKB Bank and SKB Leasing

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 entities 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 that had occurred before the approval of the 2023 Annual Report by the Board of Directors were as follows:

f) On 26 January 2024, Wallis Tőkeholding Zrt., the majority owner of AutoWallis Nyrt., carried out a capital increase in AutoWallis Nyrt. for an amount of HUF 5.7 billion. As part of the capital increase, Wallis Tőkeholding Zrt. will acquire 46,416,938 shares at a price of HUF 122.8, subject to a 12-month lock-up period. As a result of the capital increase, the share capital of AutoWallis Nyrt. increased by HUF 580,211,725 to HUF 6,743,210,575, while the number of ordinary shares increased from 493,039,908 units to 539,456,846 units.

g) In February 2024, AutoWallis Group extended its Opel distribution contract covering Hungary, Bosnia and Herzegovina, Croatia and Slovenia by five years. Today, AutoWallis Group is Opel's largest independent importer in Europe.

h) On 4 March 2024, AutoWallis entered into a sale and purchase agreement on the acquisition of the BMW business unit of Stratos Auto of the Czech Republic. Through this transaction, the Group is entering the retail market of a new country. Under the agreement, AutoWallis will be present in three Czech cities: Prague, Hradec Králové and Pardubice. In the first stage of the transaction, AutoWallis will acquire 80% of NC Auto s.r.o., the entity representing the business unit, and this share will be increased to 100% within two years.

i) On 6 March, AutoWallis announced that it had acquired SsangYong import rights in four additional countries: Bosnia and Herzegovina, Kosovo, Montenegro and Serbia. This means that the South Korean brand will now be represented by AutoWallis as an exclusive importer in nine markets of the region, Hungary included.

j) In March 2024, AutoWallis Group entered into an agreement for the exclusive distribution of Farizon commercial vehicles manufactured by Geely Auto Group in eight Central and Eastern European countries (Austria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia).

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 the 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. Management is continuously monitoring any risks that may arise in this regard.

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:

		2023	2022
1)	Audit of financial statements	108,400	60,000
2)	Other audit fees	26,310	22,000
3)	Other non-audit fees	-	40,800

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 approved by the Board of Directors of AutoWallis Nyrt. on 4 April 2024 and were approved for submission to the General Meeting.

Budapest, 4 April 2024

Gábor Ormosy
Member of the Board of Directors

Zsolt Müllner
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 4 April 2024 and were approved for submission to the General Meeting. The General Meeting approved the Financial Statements and authorised them for issue on 26 April 2024.

The Company hereby declares that its consolidated Financial Statements for the year 2023 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 2023 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, 4 April 2024

Gábor Ormosy Chief Executive Officer, Member of the Board of Directors	Zsolt Müllner Chairman 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.

Standalone Financial Statements

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

Figures in parentheses in the financial statements denote negative numbers.
In certain cases, the notes to the financial statements may contain insignificant rounding errors.
The information in these financial statements is displayed in thousand forints, except where otherwise indicated.

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I. Standalone financial statements

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

Item	Note	2023 thousand HUF	2022 thousand HUF
Revenue	V. 1)	1,166,473	175,523
Material expenses	V. 2)	(37,014)	(7,924)
Services	V. 3)	(919,734)	(486,179)
Cost of goods sold	V. 1)	(127,087)	(39,493)
Personnel expenses	V. 4)	(1,315,728)	(694,088)
Depreciation and amortisation	V. 5)	(92,718)	(45,125)
Other income	V. 6)	581	556
Other expenses	V. 6)	(180,208)	(81,943)
Expected impairment losses on financial instruments	V. 7)	(6,468)	(6,781)
Operating profit		**(1,511,903)**	**(1,185,454)**
Interest income – calculated using the effective interest rate	V. 8)	1,919,356	1,030,154
Interest expense	V. 8)	(619,740)	(420,815)
Foreign exchange gains or losses, net	V. 8)	(145,150)	666,876
Dividend income	V. 8)	7,348,200	1,402,000
Financial gains or losses		**8,502,666**	**2,678,215**
Profit before tax		**6,990,763**	**1,492,761**
Tax expense	V. 9)	(25,135)	(7,626)
Net profit or loss		**6,965,628**	**1,485,135**
Other comprehensive income		-	-
Total comprehensive income		**6,965,628**	**1,485,135**

2. Standalone statement of financial position (balance sheet)

Item	Note	31/12/2023 thousand HUF	31/12/2022 thousand HUF
Assets			
Non-current assets			
Property, plant and equipment	V. 10)	251,935	14,861
Right-of-use assets	V. 11)	89,234	68,462
Intangible assets	V. 10)	85,151	11,052
Long-term loans to subsidiaries	V. 12)	8,911,103	12,785,085
Investments in subsidiaries	V. 13)	34,764,511	24,960,945
Investments in associates and joint ventures	V. 13)	1,850,000	1,850,000
Deferred tax assets	V. 21)	1,685	-
Total non-current assets		**45,953,619**	**39,690,405**
Current assets			
Trade receivables	V. 14)	1,084,680	92,059
Income tax assets	V. 14)	3,313	-
Other receivables and financial assets	V. 14)	110,418	89,803
Prepayments	V. 14)	51,061	21,250
Short-term loan receivables	V. 15)	9,662,958	75,603
Cash and cash equivalents	V. 16)	5,979,721	7,138,701
Total current assets		16,892,151	**7,417,416**
Total assets		**62,845,770**	**47,107,822**
Equity and liabilities			
Share capital	V. 22)	6,162,999	5,528,613
Share premium	V. 23)	32,916,446	28,650,833
Share-based payments reserve	V. 24)	284,952	34,061
Treasury shares	V. 25)	(243,312)	(523,890)
Retained earnings	V. 23)	9,147,537	2,201,395
Total equity		**48,268,622**	**35,891,012**
Non-current liabilities			
Debentures	V. 17)	9,522,466	9,534,861
Non-current lease liabilities	V. 18)	16,410	37,167
Deferred tax liabilities	V. 21)	1,685	-
Other non-current liabilities		187,495	-
Total non-current liabilities		**9,728,056**	**9,572,028**
Current liabilities			
Short-term portion of debentures	V. 17)	288,000	288,000
Short-term loans and borrowings	V. 20)	3,497,297	1,011,304
Current lease liabilities	V. 18)	73,574	35,887
Trade payables	V. 19)	267,806	39,859
Income tax liability	V. 19)	19,607	5,935
Accruals	V. 19)	225,976	189,336
Other current liabilities	V. 19)	476,832	74,461
Total current liabilities		**4,849,092**	**1,644,782**
Total liabilities		**14,577,148**	**11,216,810**
Total equity and liabilities		**62,845,770**	**47,107,822**

3. Standalone statement of changes in equity

Transaction data in thousand HUF		Share capital	Share premium	Share-based payments reserve	Treasury shares	Retained earnings	Total
		V. 22)	V. 23)	V. 24)	V. 25)	V. 23)	
1 January 2022		**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
Changes 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**
Net profit or loss for 2023		-	-	-	-	6,965,628	6,965,628
Other comprehensive income for 2023		-	-	-	-	-	-
Acquisitions paid for using treasury shares		-	-	-	298,434	21,566	320,000
Effect of share-based payments		-	-	(24,003)	63,256	(41,052)	(1,799)
Vesting of share-based payments		-	-	274,894	-	-	274,894
Purchase of treasury shares			-	-	(81,112)	-	(81,112)
Issue of shares		634,386	4,265,613	-	-	-	4,899,999
31 December 2023		**6,162,999**	**32,916,446**	**284,952**	**(243,312)**	**9,147,537**	**48,268,622**

4. Standalone statement of cash flows

Item	Note	2023 thousand HUF	2022 thousand HUF
Profit before tax		**6,990,763**	**1,492,762**
Interest income	V. 8)	(1,919,356)	(1,030,154)
Interest expense	V. 8)	619,740	420,815
Non-cash items:			
Foreign exchange difference of cash and cash equivalents		(1,226)	1,401
Depreciation and amortisation	V. 5)	92,718	45,125
Provisions made (reversed)		-	-
Expected credit loss recognised (other than net working capital)	V. 7)	6,468	6,781
Effect of share-based payments	V. 4)	110,489	74,524
Other non-cash items	V. 7)	191,986	(299,750)
Adjustments to profit or loss:			
Dividends recognised as yield	V. 8)	(7,279,199)	(1,402,000)
Decrease in receivables	V. 14)	(1,046,598)	(7,173)
Increase/(decrease) in trade payables	V. 19)	228,209	(110,560)
Increase in other liabilities	V. 19)	251,283	159,692
		(1,754,723)	**(648,537)**
Interest received	V. 8)	1,648,890	704,574
Interest paid	V. 8)	(558,253)	(421,563)
Tax paid	V. 9)	(14,776)	(1,788)
Net cash from operating activities		**(678,862)**	**(367,314)**
Capital increase in subsidiaries	V. 13)	(1,393,297)	(1,245,125)
Capital increase in joint ventures	V. 13)	-	(1,850,000)
Amounts paid to acquire subsidiaries	V. 13)	(2,714,250)	-
Purchases of property, plant and equipment and intangible assets	V. 10)	(328,264)	(39,294)
Proceeds from disposal of property, plant and other equipment and intangible assets	V. 10)	(23,052)	-
Loans to subsidiaries	V. 15)	(11,797,940)	(4,108,286)
Loans repaid by subsidiaries	V. 15)	6,149,608	824,000
Financially settled dividends	V. 8)	7,139,199	1,327,999
Net cash used in investing activities		**(2,967,996)**	**(5,090,706)**
Repurchase of treasury shares	V. 25)	(81,112)	(458,914)
Loans from subsidiaries	V. 20)	3,021,895	1,000,000
Repayment of loans from subsidiaries	V. 20)	(400,000)	(33,210)
Repayment of lease liabilities	V. 18)	(54,651)	(27,325)
Net cash from/(used in) financing activities		**2,486,132**	**480,551**
Expected impairment losses on cash and cash equivalents	V. 16)	520	2,240
Foreign exchange difference of cash and cash equivalents		1,226	(1,401)
(Decrease)/increase in cash and cash equivalents	V. 16)	**(1,158,980)**	**(4,976,630)**
Opening balance of cash and cash equivalents		7,138,701	12,115,331
Closing balance of cash and cash equivalents	V. 16)	**5,979,721**	**7,138,701**

- 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.

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 standalone 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 standalone 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.com** and at its registered office (1055 Budapest, Honvéd utca 20.) as well.

Persons authorised to sign the Company's standalone financial statements:
Gábor Ormosy (Budapest)
Zsolt Müllner (Budapest)

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.

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.

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 Tőkeholding Zrt. (previous year: Wallis Asset Management Zrt.) (1055 Budapest, Honvéd utca 20). The Company's ultimate parent as at 31 December 2023 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 31/12/2023	Ownership share 31/12/2022
Wallis Asset Management Zrt.	8.12%	59.20%
Wallis Tőkeholding Zrt.	53.74%	0%
Széchenyi Alapok Kockázati Tőkealap (previously: Kárpát-medencei Vállalkozásfejlesztési Kockázati Tőkealap)	8.28%	6.77%
Free float	29.86%	34.03%
	100.00%	**100.00%**

4. The Company's shareholdings

The Company (as the legal parent) has direct or indirect 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 2023	Ownership share 2022	Main activity	Country of registration	Currency
AutoWallis Nyrt.	-	-	-	Asset management	HU	HUF
AW Distribution Kft.	In-kind contribution	100%	100%	Sale of cars	HU	HUF
AW OPL Distribution 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	EUR
WAE Hun Kft.	Acquisition	100%	100%	Sale of cars	HU	HUF
AW CRO Distribution d.o.o	Acquisition	100%	100%	Sale of cars	HR	EUR
AW SLO Distribution d.o.o.	Acquisition	100%	100%	Sale of cars	SLO	EUR
AW RO Distribution S.r.l.	Foundation	100%	0%	Sale of cars	RO	RON
C182 Razvoj Nepremičnin Ljubljana d.o.o.	In-kind contribution	100%	100%	Real estate management	SLO	EUR
Wallis Autómegosztó Zrt.	In-kind contribution	100%	0%	Renting and leasing of cars	HU	HUF
Nelson Flottalízing Kft.	Acquisition	100%	0%	Fleet management	HU	HUF
Nelson Sales Kft.	Acquisition	100%	0%	Supply of services	HU	HUF
Nelson Assistance Kft.	Acquisition	100%	0%	Supply of services	HU	HUF
Net Mobilitás Zrt.	Acquisition	100%	0%	Supply of services	HU	HUF
Logic Car Kft.	Acquisition	100%	0%	Sale of cars	HU	HUF
AW Marketing és IT szolgálató Kft.	Foundation	100%	0%	Supply of services	HU	HUF

List of joint ventures that are members of the Group:

Entity	Method of acquiring ownership	Ownership share 2023	Ownership share 2022	Main activity	Country of registration	Currency
AutoWallis Caetano Holding Zrt.	Foundation	50%	50%	Asset management	HU	HUF
RN Hungary Kft.	Acquisition	50%	50%	Sale of cars	HU	HUF

5. 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):

	31/12/2023	2023 average	31/12/2022	2022 average
EUR/HUF	382.78	381.95	400.25	391.33

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.

In accordance with IFRS 8.4, the Company does not disclose segment information in its standalone financial statements. Segment information pertaining to the Group is presented in Note X.1 of the consolidated financial statements.

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 standalone financial statements. Information on EPS is provided in the consolidated statement of profit or loss and other comprehensive income and Note VII.17 in the consolidated financial statements based on consolidated data.

The Company's management is responsible for issuing the financial statements in accordance with the applicable laws.

III. Material 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.

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.
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 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	100% or arbitrary

2.3 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.

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.

2.4 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 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 shown by the Company in a separate line item in the statement of profit or loss and other comprehensive income (Impairment losses on investments).

3.2 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". 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 shown by the Company in a separate line item in the statement of profit or loss and other comprehensive income (Impairment losses on investments).

3.3 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.

3.4 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 credit loss. The amount of expected credit losses 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.

3.5 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.

3.6 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.

Expenses are recognised against a separate component of equity (Share-based payments reserve). This accumulated reserve is derecognised when
• the program ends and the shares are distributed;
• the program ends and it is determined that the conditions have not been satisfied.

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.

3.7 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 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.

4.2 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).

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.

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.

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 2022 to 2023. Exceptions include the application of accounting policies related to the adoption of new standards and to activities that had not existed previously.

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 2023:

Effects of the adoption of new and revised IFRSs effective from 1 January 2023 on the financial statements

- **IFRS 17 Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The Company does not issue contracts in scope of IFRS 17; therefore, its application does not impact the Company's financial performance, financial position and cash flows.

- **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting policies (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, 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.
  The Company assessed the disclosure of its accounting policies and changed the presentation of its accounting policies in the financial statements in accordance with the amended provisions of the standard.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**
  The amendments become effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. 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. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
  The amendments did not have any significant impact on the Company's financial statements.

- **IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under

IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, 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 exception 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.
The amendment did not have any significant impact on the Company's financial statements.

- **IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (Amendments)**
  The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules* – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023.
  The Company and the Group evaluate the impact of the above amendments on an ongoing basis and comply with the requirements of IAS 12.

Standards issued but not yet effective and not early adopted

B.1) The standards/amendments that are not yet effective, but they have been endorsed by the European Union

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.
  Management did not opt for earlier application and assessed the expected impact of the amendment, which is not expected to have a significant impact on the Company's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the 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 amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.
  Management has assessed the expected impact of the amendment, which is not expected to have a significant impact on the Company's financial statements.

B.2) The standards/amendments that are not yet effective and they have not yet been endorsed by the European Union

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure – Supplier Finance Arrangements (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU.
  Management has assessed the expected impact of the amendment, which is not expected to have a significant impact on the Company's financial statements.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU.

Management is currently assessing the amendments to the standard.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  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 recognized 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 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.
  Management has assessed the amendment to the standard, which will not have any significant impact on the Company's financial statements.

V. 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 2023 and 2022 are derived from management advisory services. The significant increase in revenue is explained by the expansion of the Group HQ and the establishment of central functions.

2. Material expenses

Material expenses include the following items:

	2023	2022
Fuel costs	13,370	6,985
Office supplies, other materials	23,644	939
Total	**37,014**	**7,924**

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:

	2023	2022
Accounting, legal and capital market services	224,814	151,949
Rental fees	14,530	5,706
PR, communication	129,373	35,223
Administrative services	72,042	34,826
Other miscellaneous services	450,427	238,487
Telecommunications services	1,736	1,262
Shipping costs	58	90
Marketing services	16,307	14,831
Bank charges and insurance premiums	10,447	3,805
Total	**919,734**	**486,179**

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 impact of ESO programs on expenses.

	2023	2022
Wages and salaries	970,790	510,261
Social security contributions	129,542	66,002
Expenses of share-based payments	110,489	74,524
Other staff costs	104,907	43,301
Total	**1,315,728**	**694,088**

The Group's expansion and the creation of new group-level functions resulted in an increase in the headcount of the Company to an average of 36 in 2023 (previous year: 14).

5. Depreciation and amortisation

In both periods, depreciation typically included the depreciation of office furniture, right-of-use assets (office rent) and other assets serving administrative purposes.

	2023	2022
Depreciation of property, plant and equipment	37,746	20,200
Depreciation of right-of-use assets	52,575	24,389
Amortisation of intangible assets	2,397	536
Total	**92,718**	**45,125**

6. Other income and expenses

	2023	2022
Income from damage claims	353	556
Other income	228	-
Other income	**581**	**556**

	2023	2022
Fines and damage claims	3,903	341
Non-deductible VAT	172,684	76,539
Other	3,620	5,063
Other expenses	**180,208**	**81,943**

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).

	2023	2022
Impairment losses recognised		
On loan receivables	55,261	12,846
On trade receivables	5,774	167
On other receivables and bank deposits	33,224	3,401
Total	**94,259**	**16,414**
Reversals of impairment losses		
On loan receivables	(49,386)	(4,035)
On trade receivables	(4,726)	(142)
On other receivables and bank deposits	(33,679)	(5,455)
Total	**(87,791)**	**(9,632)**
Expected credit losses on financial instruments	**6,468**	**6,781**

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

	2023	2022
Interest income - calculated using the effective interest rate	**1,919,356**	**1,030,154**
Interest on bonds	(275,605)	(275,948)
Other interest expense	(68,786)	(9,441)
Interest paid on loans	(272,439)	(133,243)
Interest expense of lease liabilities	(2,910)	(2,183)
Interest expense	**(619,740)**	**(420,815)**
Foreign exchange gain	57,906	652,199
Foreign exchange loss	(203,056)	(10,127)
Other financial gains or losses	-	24,804
Foreign exchange gains or losses, net	**(145,150)**	**666,876**
Dividend income	**7,348,200**	**1,402,000**
Net effect on profit	**8,502,666**	**2,678,215**

Financial income recognised in the current year included, on the one hand, dividends received from subsidiaries for an amount of thHUF 7,348,200 (previous year: 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 or losses include:

- retranslation of financial assets and liabilities denominated in foreign currency at the reporting date: a loss of thHUF 195,018 (previous year: a gain of thHUF 357,129)
- foreign exchange gains realised in the current year: a gain of thHUF 137,112 (previous year: thHUF 295,070)

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 business tax, innovation contribution and local business tax in both periods (no deferred tax expenses were recognised).
The calculation of effective tax is presented in the table below:

			31/12/2023		31/12/2022
	Profit before tax based on the statement of profit or loss and other comprehensive income		**6,990,763**		**1,492,762**
Note	**Tax expense calculated based on the current tax rate (9%)**	**9.00%**	**629,169**	**9.00%**	**134,349**
1.	Other income tax expense (local business tax, innovation contribution)	0.33%	23,054	0.23%	3,359
2.	Other income tax expense deductible from the tax base	(0.03%)	(2,075)	(0.02%)	(302)
3.	Dividend income deductible from the tax base	(9.46%)	(661,338)	(8.45%)	(126,180)
4.	Tax losses carried forward from previous years which are deductible from the tax base	-	-	(0.29%)	(4,267)
5.	Other items individually not material	0.52%	36,325	0.04%	668
	Total income tax expense	**0.36%**	**25,135**	**0.51%**	**7,626**

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.
5. Items individually not material in the current year include the effect of ESO programs increasing the tax base (thHUF 9,944), income tax adjustment for the previous year (thHUF 2,081), the effect of deferred tax assets not utilised in the current year (thHUF 23,176) and other insignificant adjustments affecting the tax base (thHUF 1,124).

Global minimum tax

The Company operates in Hungary, a country which introduced the global minimum tax requirements in 2023, with effect from 1 January 2024. The expected impact of a global minimum tax needs to be assessed at the level of the ultimate parent company (Wallis Portfolió Kft.). Having regard to the fact that the new tax regulations entered into force on 1 January 2024, this has no effect on the current-year tax expense.
The Company and the Group apply the transitional provisions of IAS 12 on deferred tax accounting and recognise any tax liability arising from the global minimum tax when it arises.
If the Company had applied the global minimum tax regulations for the year 2023, it is likely that the Company would not have incurred any additional tax liability, given that the average effective tax rate for the Company and other subsidiaries of the Group is higher than 15%.

10. Property, plant and equipment, and 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. The increase in the value of equipment in 2023 is explained largely by vehicle purchases.

Changes in property, plant and equipment and intangible assets are presented in the following table:

Gross value 31/12/2023	Property	Equipment	Intangible assets	Total
Opening	6,784	32,247	12,717	51,748
Purchase	510	274,373	76,496	351,379
Disposal	-	(270)	-	(270)
Closing value	**7,294**	**306,350**	**89,213**	**402,857**

Accumulated depreciation 31/12/2023	Property	Equipment	Intangible assets	Total
Opening	1,310	22,860	1,665	25,835
Ordinary depreciation	1,478	36,267	2,397	40,142
Disposal	-	(206)	-	(206)
Closing value	**2,788**	**58,921**	**4,062**	**65,771**

Opening	**5,474**	**9,387**	**11,052**	**25,913**
Closing	**4,506**	**247,429**	**85,151**	**337,086**

Data for the comparative period:

Gross value 31/12/2022	Property	Equipment	Intangible assets	Total
Opening	5,147	6,178	1,129	12,454
Purchase	1,637	26,069	11,588	39,294
Disposal	-	-	-	-
Closing value	**6,784**	**32,247**	**12,717**	**51,748**

Accumulated depreciation 31/12/2022	Property	Equipment	Intangible assets	Total
Opening	221	3,749	1,129	5,099
Ordinary 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**	**9,387**	**11,052**	**25,913**

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 2023 was as follows:

	2023	2022
Gross opening value at 1 January	92,851	-
Lease and acquisition	66,644	92,851
Sublease	-	-
Derecognition of right-of-use assets	-	-
Effects of contract amendments	6,704	-
Gross closing value at 31 December	**166,199**	**92,851**

Accumulated depreciation	2023	2022
Opening value at 1 January	24,389	-
Depreciation	52,576	24,389
Derecognition of right-of-use assets	-	-
Decrease (derecognition)	-	-
Effects of contract amendments	-	-
Closing value at 31 December	**76,965**	**24,389**

	2023	2022
Net closing value at 31 December	**89,234**	**68,462**

Right-of-use assets include the office rented by the Company. The rental commenced in FY2022.

12. Long-term loans to subsidiaries

Changes in long-term loans to subsidiaries are presented in the following table:

	2023	2022
Opening balance	12,797,855	7,429,446
Disbursement	918,720	4,108,286
Repayment	(4,689,608)	(824,000)
Reclassification to long-term loans	-	1,537,914
Interest receivable	49,530	168,405
Foreign exchange translation	(156,502)	377,804
Closing balance	**8,919,995**	**12,797,855**
Expected credit losses	(8,892)	(12,770)
Closing balance	**8,911,103**	**12,785,085**

Significant terms and conditions of the contracts as at 31 December 2023:

	Condition	Condition	Condition
Debtor:	AW Csoport Szolgáltató Kft.	AW Csoport Szolgáltató Kft.	Wallis Motor LJ
Loan amount:	HUF 3,000,000,000	HUF 5,745,543,800	EUR 650,000
Loan interest rate:	Fixed rate of 3.5% p.a.	Fixed rate of 3.5% p.a.	1-month EURIBOR + 3.55%
Maturity:	5 April 2030	18 July 2031	31 October 2025
Repayment terms:	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time

	Condition	Condition	Condition
Debtor:	AAI PROPERTIES d.o.o.	AVTO AKTIV SLO d.o.o.	AW Property Kft.*
Loan amount:	EUR 4,000,000	EUR 4,300,000	HUF 910,000,000
Loan interest rate:	1-month EURIBOR + 2%	1-month EURIBOR + 2%	1-month BUBOR + 2.25%
Maturity:	31 December 2026	31 December 2026	31 December 2023
Repayment terms:	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time

	Condition	Condition	Condition	Condition
Debtor:	VCT 78 Kft.**	Nelson Flottalízing Kft.	AW Csoport Szolgáltató Kft.	Net Mobilitás Zrt.
Loan amount:	HUF 850,000,000	HUF 368,632,200	HUF 5,000,000,000	HUF 81,000,000
Loan interest rate:	1-month BUBOR + 2.00%	1-month BUBOR + 2.00%	Fixed rate of 3.5% p.a.	1-month BUBOR + 2.25%
Maturity:	30 June 2024	31 May 2027	30 November 2026	31 May 2025
Repayment terms:	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time	Bullet repayment; early repayment available at any time

*The loan is expected to be capitalised and, as a result, the receivable is recognised by the Company in long-term loans.
**The loan will be extended and, as a result, it is recognised in long-term loans.

13. Investments in subsidiaries, investments in associates and joint ventures

	31/12/2023	31/12/2022
Total investments in subsidiaries	**34,764,511**	**24,960,945**

The following changes occurred during the current year:

- Acquiring subsidiaries through acquisition or in-kind contribution: thHUF 8,248,862
- Foundation of subsidiaries: thHUF 53,797
- Capital increases in subsidiaries: thHUF 1,339,500
- Changes in shareholdings resulting from ESO programs: thHUF 164,406

There were no indications at the end of FY2023 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 in 2022 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 entirety of the income tax balance represents the corresponding tax asset.

Significant items in other receivables include outstanding dividend receivables of thHUF 69,000 (previous year: thHUF 74,000) and receivables relating to security deposits for thHUF 18,011 (previous year: thHUF 6,492). Prepayments contain deferred revenues for thHUF 17,037 (previous year: thHUF 12,250) and deferred expenses for thHUF 34,024. 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:

	31/12/2023	31/12/2022
VCT78 Kft.	-	14,602
AAI PROPERTIES d.o.o	18,134	16,714
AVTO AKTIV SLO d.o.o.	-	19,686
AW Property Kft.	-	24,677
Nelson Flottalízing Kft.	69,026	-
AW Csoport Szolgáltató Kft.	153,081	-
WALLISMOTOR Ljubljana	7,083	-
AW Distribution Kft.	6,324,762	-
Wallis Motor Pest Kft.	2,259,171	-
Wallis Motor Duna Kft.	753,057	-
Wallis Kerepesi Kft.	20,182	-
Net Mobilitás Zrt.	68,134	-
ECL on receivables from related parties	(9,673)	(76)
Total	**9,662,958**	**75,603**

16. Cash and cash equivalents

Cash and cash equivalents include the following balances:

	31/12/2023	31/12/2022
Cash in HUF	36	368
Bank balances in HUF	5,488,448	6,137,638
Bank balances in foreign currencies	493,929	1,003,908
Expected credit losses	(2,692)	(3,214)
Total	**5,979,721**	**7,138,701**

The fair value and carrying amount of the above items are identical.

17. Debentures

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:

	2023	2022
Opening balance	3,095,125	3,097,450
Adjustment of interest recognised	-	1,555
Calculated interest	86,010	86,120
Repayment	(90,000)	(90,000)
Closing balance	**3,091,135**	**3,095,125**
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:

	2023	2022
Opening balance	6,727,736	6,737,464
Amount received at issue	-	-
Transaction costs	-	(1,556)
Calculated interest	189,595	189,828
Repayment	(198,000)	(198,000)
Closing balance	**6,719,331**	**6,727,736**
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

	31/12/2023	31/12/2022
Opening balance	73,054	-
Reclassification	-	-
Recognition	66,644	92,851
Repayment	(54,651)	(27,325)
Reclassification	-	-
Derecognition due to business combinations	-	-
Other change	4,937	7,528
Closing balance	**89,984**	**73,054**

	31/12/2023	31/12/2022
Lease liabilities	**89,984**	**73,054**
Of which: non-current	16,410	37,167
Of which: current	73,574	35,887
	89,984	**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 150,145 (previous year: thHUF 158,139).
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. Short-term loans and borrowings

At the end of FY2023, the short-term loans recognised by the Company included the short-term loan from Wallis British Motors and the related interest (for a total of thHUF 1,007,207). The maturity date is 31 December 2024 and the loan bears interest at a floating rate. In addition, the Company recognised its loan from AW OPL Distribution Kft. (for a total of thHUF 2,490,089) at the reporting date. The maturity date is 31 March 2024 and the loan bears interest at a floating rate.

At the end of FY2022, the short-term loans recognised by the Company included the short-term loan from Wallis British Motors and the related interest. The maturity date is 31 May 2024 and the loan bears interest at a floating rate.

21. Deferred tax

The Company has deferred tax assets arising from deductible temporary differences and unused tax losses carried forward from previous years. 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 only recognised up to the amount of the deferred tax liability. The amount and expiry of tax losses carried forward are presented in the following table:

	31/12/2023	Expiry	31/12/2022	Expiry
Tax losses carried forward	1,291,809	2024-2028	1,044,926	2023-2027

22. 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 "C" ordinary
	01/01/2022	**425,183,765**
Issue for the purpose of in-kind contribution (C182 - 02/09/2022)		17,105,237
	31/12/2022	**442,289,002**
Issue for the purpose of in-kind contribution Wallis Autómegosztó Zrt. (31/08/2023)		50,750,906
	31/12/2023	**493,039,908**

Changes in the value of share capital:

		Nominal value (thHUF)
	01/01/2022	**5,314,797**
In-kind contribution of C182 on 02/09/2022		213,816
	31/12/2022	**5,528,613**
In-kind contribution of Wallis Autómegosztó Zrt. on 31/08/2023		634,386
	31/12/2023	**6,162,999**

All issued shares were series "C" shares at the balance sheet date. Each share has a nominal value of thHUF 12.5.

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. at that time, by way of in-kind contribution. Through the transaction, AutoWallis Nyrt. issued 17,105,237 shares on 2 September 2022 and, as a result, its share capital increased by thHUF 213,816.

On 31 August 2023, Wallis Asset Management Zrt. (one of the shareholders of AutoWallis Nyrt.) and Széchenyi Tőkealapok contributed a 100% share in Wallis Autómegosztó Zrt. to AutoWallis Nyrt. by way of in-kind contribution. Through the transaction, AutoWallis Nyrt. issued 50,750,906 shares on 31 August 2023 and, as a result, its share capital increased by thHUF 634,386.

23.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 2022 (see the previous section), the Company's share premium increased by thHUF 1,516,925. As a result of the share issue that had taken place as part of the in-kind contribution in 2023, share premium increased by thHUF 4,265,613.

Retained earnings contain the accumulated profits of the current year and previous years. In addition, fair value gains or losses arising in the course of transactions involving treasury shares (ESOP payments) were recognised directly in retained earnings.

24. 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 Group had the following share-based payment agreements in place as at 31 December 2023:

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

Name of the program	ESOP 4 program
Total number of shares provided as part of the program	4,868,747 units
Of which: shares provided to employees of AutoWallis Group	4,868,747 units
Value of one share at the grant date	HUF 94/unit
Total value of the benefit at the grant date	thHUF 457,662
Grant date	26 April 2023
Vesting period	variable, 2 or 3 years
Vesting conditions	achievement of specific performance goals
Type of program	equity-settled

Name of the program	ESOP 5 program
Total number of shares provided as part of the program	2,608,696 units
Of which: shares provided to employees of AutoWallis Group	2,608,696 units
Value of one share at the grant date	HUF 114/unit
Total value of the benefit at the grant date	thHUF 297,391
Grant date	21 December 2023
Vesting period	at least 24 months
Vesting conditions	achievement of specific performance goals
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 110,489 incurred in doing so (previous year: thHUF 74,524) is recognised in profit or loss as an item of personnel expenses against a separate component of equity (Share-based payments reserve).

25. 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). Changes in repurchased treasury shares are shown in the table below:
At the end of 2023, the Company recorded 2,607,833 repurchased treasury shares for an amount of thHUF 243,312, all of which are held by the ESOP Organisation.
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.

VI. Other disclosures

26. 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:

	31/12/2023	31/12/2022
Long-term loans to subsidiaries	8,911,103	12,785,085
Trade receivables	1,084,680	92,059
Other loans granted (short-term)	9,662,958	75,603
Cash and cash equivalents	5,979,721	7,138,701
Financial assets	**25,638,462**	***20,091,449***
Debentures	9,810,466	9,822,861
Short-term loans and borrowings	3,497,297	1,011,304
Lease liabilities	89,984	73,054
Trade payables	267,806	39,859
Deferred purchase price liability	375,222	-
Financial liabilities	**14,040,775**	***10,947,078***

The estimated values of items of assets and liabilities measured at fair value are at the following levels of the fair value hierarchy:

31 December 2023	Level 1	Level 2	Level 3	Total
Deferred purchase price liability	-	-	375,222	375,222
Financial liabilities	**-**	**-**	**375,222**	**375,222**

The Company had no financial instruments measured at fair value in 2022.

The Company's remaining financial instruments were measured using the amortised cost model in the periods presented.

27. 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. The carrying amount of financial assets represents the maximum credit exposure. Impairment losses on financial assets are detailed in Note V.7.
In terms of risk factors, the Company identified potential liquidity risk as an item to be disclosed.

The breakdown of financial liabilities by maturity is presented in the following table.

At 31 December 2023	Items available/due within one year	Items available/due between one year and five years	Items available/due in over five years	Total
Loans and borrowings, debentures	3,827,392	3,072,600	8,156,400	15,056,392
Lease liabilities	75,476	16,566	-	92,042
Trade payables	267,806	-	-	267,806
Deferred purchase price	188,106	240,000	-	428,106
Total	**4,358,780**	**3,329,166**	**8,156,400**	**15,844,346**

Data for the comparative period:

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	Total
Loans and borrowings, debentures	288,000	2,452,200	9,064,800	11,805,000
Lease liabilities	37,879	37,879	-	75,758
Trade payables	39,859	-	-	39,859
Total	**365,738**	**2,490,079**	**9,064,800**	**11,920,617**

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).

28. Calculation of net debt

The Company's net debt is presented in the following table:

	2023	2022
Total liabilities	14,577,147	11,216,809
(-) Cash and cash equivalents	(5,979,721)	(7,138,701)
Net debt	8,597,426	4,078,108
Equity	48,268,623	35,891,012

29. Significant off-balance sheet liabilities

The Company did not have any off-balance sheet liabilities at the reporting date.

30. Financial guarantees

The Company provided financial guarantees for the financial liabilities of its subsidiaries and for the payment of the deferred purchase price of the transaction involving its joint venture. A

Beneficiary	Description of the guarantee
AutoWallis Caetano Holding Zrt.	Joint and several guarantee for the deferred purchase price of the Renault transaction
C182 d.o.o.	Corporate guarantee (collateral value below 75%) to OTP Bank and SKB Banka
Wallis Autómegosztó Zrt.	Settlement obligation and guarantee to Merkantil Bank (AW Nyrt.) in connection with WAMO (HUF 600 million) and Danubius Apartments (HUF 200 million)
Wallis Motor Ljubljana d.o.o.	Comfort letter to SKB Bank and SKB Leasing (EUR 1.6 million)

- 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.
- The Company undertook a commitment to settle the liabilities of its subsidiary (C182 d.o.o.) to OTP Bank Nyrt. and SKB Banka D.D. Ljubljana in full within 3 days from their first written notice in an amount identical to the amount of the liability guaranteed.

- The Company undertook a commitment to take any necessary action to ensure that the governance/financial/economic situation of its subsidiary (Wallis Autómegosztó Zrt.) provides a solid foundation for the subsidiary to be able to fulfil the obligations undertaken by the subsidiary in contracts with Merkantil Bank Zrt. at all times until the debt is settled, as well as a commitment not to change the shareholder structure or ownership structure of the subsidiary, not to alienate or transfer the shares representing its ownership share in the subsidiary, not to transfer voting rights to third parties, and not to decide on any transformation, outsourcing of activities, in-kind contribution or investment of the subsidiary's assets or on the foundation of another entity owned by the subsidiary without the prior written consent of Merkantil Bank Zrt. until the debt is settled in full.
- The Company undertook a commitment to maintain its majority share in its subsidiary (Wallis Motor Ljubljana d.o.o.) until the liabilities of its subsidiary to SKB Banka and SKB Leasing are settled.

31. Disclosures on related parties

The Company conducted the following transactions with related parties:

data in thousand HUF		Value of transactions		Balance	
	Note	2023	2022	31/12/2023	31/12/2022
Services provided					
To the parent		-	-		-
To subsidiaries	VI.1	1,069,259	173,891	986,210	91,825
To joint ventures		100,463	746	121,955	746
To other related parties		-	-		-
Services purchased					
From the parent		59,643	66,237	36,103	-
From subsidiaries		102,132	31,884	17,667	2,621
From joint ventures		-	-		-
From other related parties		91,014	41,377	(9,489)	-
Purchase of assets					
From subsidiaries		203,098	-	23,380	-
Other					
To subsidiaries					
- loans granted and related interest income	VI.7, VI.11, VI.14	828,960	430,634	18,564,923	12,846,832
From subsidiaries					
- loans and interest expenses		270,589	124,178	3,497,297	1,011,304
- dividends		6,998,200	1,402,000	69,001	74,001
From joint ventures					
- dividends		350,000	-	-	-

Senior executives and their remuneration

The Company had the following senior executives in 2022 and 2023:

Name	Position/office	Note
Zsolt Müllner	Chairman of the BoD	
Gábor Ormosy	Member of the BoD, Chief Executive Officer	
Andrew J. Prest	Member of the BoD	
Péter Antal	Member of the BoD	
Gábor Székely	Member of the BoD	
Gábor Dévai	Member of the BoD	Until 24/07/2023
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 to 01/07/2022 until 08/05/2023
Bence Buday	Member of the SB and the AC	
Gábor Vitán	Member of the SB and the AC	
Tibor Veres	Controlling shareholder	

Remuneration paid to senior executives includes the following:

	2023	2022
Emoluments	26,796	23,762
Wages and salaries	261,345	163,323
Short-term employee benefits:	**288,141**	**187,085**
Share-based payments	20,924	238,438
Total	**309,065**	**425,523**

VII. 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 material 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.

VIII. Events after the balance sheet date

Significant events after the balance sheet date were as follows:

- Based on the authorisation granted by Resolution No. 14/2023. (IV.28.) of the Board of Directors, the Company's Board of Directors issued Resolution No. 1/2024. (I.26.) of the Board of Directors at its meeting held on 26 January 2024, in which it resolved to increase the share capital of the Company by issuing new shares at the date when the Company receives the final declaration of commitment. As part of the capital increase, the Company will issue a total of 46,416,938 new series "C" dematerialised ordinary name shares with a nominal value of HUF 12.5 and an issue price of HUF 122.8 each. The issue price is equal to the average price of the Company's shares traded on the Budapest Stock Exchange on the trading days between 27 December 2023 and 25 January 2024. The capital increase will take place in exchange for a cash contribution.
  The Board of Directors appointed Wallis Tőkeholding Zártkörűen Működő Részvénytársaság (company registration number; registered office: 1055 Budapest, Honvéd utca 20.; hereinafter: "WTH") to increase the share capital and to receive all of the new ordinary shares to be issued, and the entity has issued a preliminary declaration of commitment to do so.
  As a result of the above, the share capital of AutoWallis Nyrt. will increase by HUF 580,211,725 from HUF 6,162,998,850 to HUF 6,743,210,575, while the number of ordinary shares will increase from 493,039,908 units to 539,456,846 units.
- On 4 March 2024, the Company entered into a sale and purchase agreement on the acquisition of the BMW business unit of Stratos Auto of the Czech Republic. Through this transaction, the Group is entering the retail market of a new country. Under the agreement, AutoWallis will be present in three Czech cities: Prague, Hradec Králové and Pardubice. In the first stage of the transaction, AutoWallis will acquire 80% of NC Auto s.r.o., the entity representing the business unit, and this share will be increased to 100% within two years.

IX. 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 FY2023 are presented in the following table:

Data in thousand HUF	2023	2022
Audit of financial statements	50,900	20,000
Other audit fees	24,750	22,000
Other non-audit fees	-	40,000
Total fees payable to PwC	**75,650**	**82,000**

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	31/12/2023	31/12/2022
	Equity under IFRS	48,268,623	35,891,012
+	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)	(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	(284,952)	(34,061)
-	capital increase resulting in an equity instrument, if recognised as a receivable from owners (IFRS)	-	-
+	Repurchased treasury shares (IFRS)	243,312	523,890
	Equity (reconciled)	**48,199,280**	**36,353,138**

Taking into account the dividends of subsidiaries, the actual dividend payment limit is the following:

Equity components are reconciled as follows:	31/12/2023	31/12/2022
Share capital under IFRS		
Share capital under the deed of foundation	6,162,999	5,528,613
Unpaid share capital	-	-
Tied-up reserve		
Additional capital contributions received		
Carrying amount of repurchased treasury shares	243,312	458,914
Development reserve (net of tax)	-	-
Tied-up reserve (reconciled)	**243,312**	**458,914**

Retained earnings		
After-tax undistributed retained earnings from previous years under IFRS	2,201,395	468,257
+/- Amounts transferred to retained earnings under IFRS	(19,486)	248,003
- Amount of additional capital contributions paid recognised as an asset	(27,703)	(27,703)
- 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)	**2,154,206**	**755,861**
Profit after tax		
Profit after tax under paragraph 9 of Section 114/A of the Accounting Act	6,965,628	1,485,135

Valuation reserve		
Cumulative amount of items recognised in other comprehensive income	-	-
Share premium		
Reconciled equity	48,199,280	36,353,138
- Share capital under IFRS	(6,162,999)	(5,528,613)
- Unpaid share capital	-	-
- Tied-up reserve	(243,312)	(458,914)
- Retained earnings	(2,154,206)	(688,557)
- Profit after tax	(6,965,628)	(1,485,135)
- Valuation reserve	-	-
Share premium (reconciled)	**32,673,134**	**28,191,919**

Equity after reconciliation:		
Reconciled equity (in accordance with Section 114/B of the Accounting Act)	-	
Share capital	6,162,999	5,528,613
Unpaid share capital	-	-
Share premium	32,673,134	28,191,919
Retained earnings	2,154,206	688,557
Tied-up reserve	243,312	458,914
Valuation reserve	-	-
Profit after tax	6,965,628	1,485,135
	48,199,280	**36,353,138**

Calculation of the dividend base:

Retained earnings (reconciled)	2,154,206	688,557
Profit after tax for the current year	6,965,628	1,485,135
Increase in the value of investment property (net of tax)	-	-
Retained earnings available for dividend payment	**9,119,834**	**2,173,692**

As a result, the amount available for dividend payment is as follows:

	31/12/2023	31/12/2022
Retained earnings available for dividend payment	9,119,834	2,173,692
Dividend received and due after the reporting date	8,172,000	6,998,200
Amount available for dividend payment	**17,291,834**	**9,171,892**

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 operation of the Company and its subsidiaries 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 the 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. Management is continuously monitoring any risks that may arise in this regard.

6. Authorisation of the financial statements for issue

These financial statements were approved by the Company's Board of Directors on 4 April 2024 and were approved for submission to the General Meeting.

Budapest, 4 April 2024

Gábor Ormosy Chief Executive Officer	Zsolt Müllner Chairman of the Board of Directors

DECLARATIONS

These standalone 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 4 April 2024 and were approved for submission to the General Meeting. The General Meeting approved the Financial Statements and authorised them for issue on 26 April 2024.

The Company hereby declares that its standalone Financial Statements for the year 2023 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 2023 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 standalone Financial Statements have been audited by an independent auditor.

Budapest, 4 April 2024

Gábor Ormosy	Zsolt Müllner
Chief Executive Officer	Chairman of the Board of Directors

AutoWallis Nyrt.