INDEPENDENT AUDITOR'S REPORT
(free translation)

To the shareholders of AutoWallis Nyrt.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AutoWallis Nyrt. (the "Company") and its subsidiaries (together the "Group") included in the digital file 529900QO6EHRM3EZL070-2021-12-31-hu.xhtml[1] which comprise the consolidated statement of financial position for the financial year ended on 31 December 2021 (in which the Assets total is THUF 88,976,539), the consolidated statement of comprehensive income (in which the total comprehensive income for the year is THUF 3,223,893 profit), the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year then ended and the notes to the consolidated financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, and they have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Accounting Act") relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee dated 4 April 2022.

Basis for opinion

We conducted our audit in accordance with the Hungarian National Standards on Auditing as well as the applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process, and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we also comply with further ethical requirements set out in these.

The non-audit services that we provided to the Group, in the financial year from 1 January 2021 to 31 December 2021, are disclosed in Section X/7 of the notes to the consolidated financial statements.

[1] The SHA 256 HASH algorithm value of the above 529900QO6EHRM3EZL070-2021-12-31-hu.xhtml file:
CD875084CFE15E87A1099545CDF9988633D6E5BE88A0A666FF0DA30898731838

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To the best of our knowledge and belief, we declare that the non-audit services that we have provided are in accordance with the applicable laws and regulations in Hungary, and that we have not provided non-audit services that are prohibited under Article 5 of Regulation of the European Parliament and Committee No 537/2014 and Section 67/A (1) and (2) of Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall group materiality	Overall group materiality applied was MHUF 975.
Group scoping	In addition to the parent company, AutoWallis Nyrt., our audit included nine subsidiaries operating in Hungary, and these ten companies together generate 96% of the consolidated revenue and 91% of the consolidated profit before taxes.
Key Audit Matters	● Auditing the restatements of previous year's data ● Auditing the "factoring" of receivables and liabilities ● Auditing the Employee Share Ownership Plan ● Auditing leases

As part of designing our audit, we determined materiality and assessed the risks of a material misstatement in the consolidated financial statements. In particular, we considered where the management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, the consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Materiality	MHUF 975
Determination	Materiality is determined on the basis of the consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and it is a generally accepted benchmark. We chose 0.5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Group audit scope

We tailored the scope of our audit of the Group in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, its accounting processes and controls, and the industry in which the Group operates.

We have identified nine subsidiaries, which were included in the audit either because of their significant size within the Group, or because their riskiness was deemed to warrant their inclusion. These companies included in the consolidation are ICL AUTÓ Kft., INICIÁL AUTÓHÁZ Kft., WAE Autóforgalmazási és Szolgáltató Kft., WAE CEE Kft., WALLIS AUTÓKÖLCSÖNZŐ Kft., Wallis British Motors Kft., Wallis Kerepesi Kft., WALLIS MOTOR DUNA Kft. and WALLIS MOTOR PEST Kft., all of them operating in Hungary.

For the remaining companies in the consolidation, we performed analytical review at the Group level. This, together with additional procedures performed at the Group level, including consolidation adjustments within the Group, gave us the evidence we needed for our opinion on the Group's consolidated financial statements as a whole.

Key Audit Matters

The Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*How our audit addressed the Key Audit Matters*
Auditing the restatements of previous year's data The Group has made restatements in several areas of the consolidated financial statements of 31 December 2021, in particular: • Restatement regarding a share-based payment plan, because the financial effect of the Employee Share Ownership Plan (ESOP) 1 scheme launched in 2019 was not	Our audit procedures included the following: • We gained an understanding of the Group's business and financial transactions and processes, and as a result we assessed whether the Group's practices and the accounting policies applied were consistent with the effective International Financial Reporting Standards, and accordingly, we identified the accounting records that required a restatement for the previous year.

recognised by the Group in the 2019 and 2020 consolidated financial statements.

- Restatement related to the acquisition of INICIÁL AUTÓHÁZ Kft. and ICL AUTÓ Kft. The parties made option arrangements as part of the transaction, however, the Group did not recognise any related liability in its consolidated financial statements for the financial year 2020, as part of its consolidated statement of financial position.
- In the comparative period for the 2021 statement of financial position, the interest related to bonds, amounting to MHUF 62, was reclassified by the Company from *Accrued expenses and deferred income* to *Long term debentures*. Also, in the comparative period, the Company reclassified the short-term part from *Long term debentures* of approximately MHUF 90, to *Short term debentures*.
- Changes in the classification and presentation method of liabilities: An amount of MHUF 563 was reclassified from *Short term loans* to *Account payables*. Furthermore, MHUF 924 was reclassified from *Other short term liabilities (interest bearing)* to *Short term lease liabilities*. Finally, the contingent purchase price related to the acquisition of the Opel operation was restated by an amount of MHUF 3,223.
- Restatement related to "reverse factoring", which is presented under the Key Audit Matter *Auditing the "factoring" of receivables and liabilities*.
- Restatement related to the consolidation of the ESOP structure, which was presented under the Key Audit Matter *Auditing the Employee Share Ownership Plan*.
- Restatements related to the consolidated statement of cash flows, whereby the impact of interest and certain exchange differences on profit and cash was separated.

Since several restatements were identified and they represent a substantial amount, they were considered Key Audit Matters.

- In the case of the restatements, we examined the related contracts, sub-ledgers, reconciliations, calculations and accounting records and we examined whether the restated data of the previous year were consistent with the relevant standards.
- We checked whether all the necessary information on restatements was disclosed in the notes to the consolidated financial statements, in accordance with *IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors*.

The restatements are included in Section IV/7.5 in the notes to the consolidated financial statements.

Auditing the "factoring" of receivables and liabilities *a) Recognition of "factoring" receivables* The Group factors a substantial amount of receivables in the form of recourse factoring. On 31 December 2021, the Group recognised MHUF 5,179 in account receivables, of which MHUF 3,316 was factored with recourse factoring. Due to the number and magnitude of the transactions as well as their role in financing, this was considered a Key Audit Matter. The management presents the related accounting policies and balances in Sections IV/6.10.3 and VIII/9 of the notes to the consolidated financial statements.	Our audit procedures included the following: *a) Recognition of "factoring" receivables* • All the customer factoring contracts were examined to check whether the receivables were recognised in accordance with *IFRS 9 – Financial Instruments*. • In the case of the items sampled from the year-end open customer balances, the outstanding balance was requested to be confirmed by the customers. • We checked whether all the necessary information was disclosed in the notes to the consolidated financial statements, in accordance with *IFRS 9 – Financial Instruments*.
b) Recognition of "factoring" liabilities The transactions during which the consideration payable on the liability arising from the stock of cars acquired is realised by the supplier through "reverse factoring" are key to the operation of the Group. The essence of such transactions is that the consideration for the goods purchased is not directly paid by the Group to the supplier but instead by a contributing financial institution, which then collects the purchase price from the Group at a later date. As at 31 December 2021, the liabilities arising from "reverse factoring" amounted to MHUF 8,847. Due to the large number and magnitude of such transactions, factoring liabilities were considered a Key Audit Matter. For the related accounting policies and further details, see Sections IV/6.10.3 and VIII/16 of the notes to the consolidated financial statements.	*b) "Factoring" liabilities:* • We gained an understanding about the process, cash flows and accounting of the transactions related to "reverse factoring" and inventory financing. • We used sampling testing method to assess the accounting treatment of supplier factoring contracts in accordance with *IFRS 9 – Financial Instruments*, as well as their classification as "reverse factoring" or inventory financing. • We examined the presentation of the cash flows related to "reverse factoring" and inventory financing in the consolidated statement cash flows, and the appropriateness of the previous year's restatement, in accordance with *IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors*, was established. • As regards the "factoring" of liabilities, we requested third party confirmations to evidence the completeness and accuracy of the liabilities arising from the transactions. • We checked whether all the necessary information was disclosed in the notes to the consolidated financial statements, in accordance with *IFRS 9 – Financial Instruments*.

Auditing the Employee Share Ownership Plan

Certain employees of the Group become eligible for share-based payments in equity instruments under the Employee Share Ownership Plan (ESOP).

As the Group has launched various different schemes, the accounting treatment of which is complex, and a restatement was made in connection with the ESOP, this was treated as a Key Audit Matter.

The management presents the related assessments, accounting policies and further details in Sections IV/6.15, IV/7.5/c and VIII/12.3 of the notes to the consolidated financial statements.

Our audit procedures included the following:

- We reviewed the agreements related to the Employee Share Ownership Plan and the conditions therein.
- We checked the expenses recognised in the current year in connection with the Plan, and examined whether the accounting was done in accordance with the *IFRS 2 – Share-based Payment*.
- We established whether the reclassification within equity related to the terminated payment scheme was performed as stipulated in *IFRS 2 – Share-based Payment*.
- We checked whether all the necessary information was disclosed in the notes to the consolidated financial statements, in accordance with *IFRS 2 – Share-based Payment*.
- We assessed whether all the necessary information on restatements were disclosed in the notes to the consolidated financial statements, in accordance with *IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors*.

Auditing leases

The Group has a significant amount of lease agreements, both in terms of their number and value, both as a lessee and a lessor. As a lessee, the contracts are primarily related to renting offices and vehicles, while as a lessor to vehicles. Furthermore, the Group also has leaseback arrangements in place, under which it sells an asset and leases it back (seller-lessee position).

As at 31 December 2021, the value of the Group's Right-of-use assets is MHUF 4,594, and its lease liabilities are MHUF 6,582. The Group's lease revenues amounted to MHUF 2,864 in the 2021 financial year.

Leases are considered a Key Audit Matter, as the auditing of this area took considerable time.

For the treatment of leases and further information, see the notes to the consolidated financial statements, in particular Sections IV/5.1.2 (Rental income), IV/6.4 (Leases), VIII/2 (Leased vehicles), VIII/3 (Right-of-use assets (ROU)) and VIII/14.2 (Lease liabilities).

Our audit procedures included the following:

- We gained an understanding about the processes established by the Group for the identification, accounting and presentation of lease agreements.
- We performed sampling in the rental fee expenses to determine whether the Group has identified all lease agreements.
- We examined whether the accounting treatment of the individually significant lease agreements and the additional lease agreements selected through sampling was consistent with *IFRS 16 - Leases*.
- We examined the discount rates used by the Group to determine the value of lease liabilities.
- We checked whether all the necessary information was disclosed in the notes to the consolidated financial statements, in accordance with *IFRS 16 – Leases*, and it was checked whether the adjustments related to leasing and concerning the previous years were in line with *IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors*.

Other matters – ESEF

The management of the Company is responsible for presenting the consolidated financial statements in accordance with the requirements set out in Articles 3 and 4 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (“ESEF regulation”). Our audit covered the human readable content of the digital file – electronically identified in our report – containing the consolidated financial statements. Our audit did not cover and therefore we do not express an opinion on whether the digitalised information complies, in all material respects, with the requirements of the ESEF regulation.

Other information: The business report

Other information comprises the Group’s consolidated management (business) report for 2021 (hereinafter: “business report”). The management is responsible for the preparation of the business report in accordance with the provisions of Act C of 2000 on Accounting (“Accounting Act”) in effect in Hungary and other relevant regulations. Our opinion on the consolidated financial statements expressed in the “Opinion” section of our independent auditor’s report does not cover the business report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the business report is materially misstated, we are required to report this fact and the nature of the misstatement.

Based on the Accounting Act, it is also our responsibility when reading the business report to consider whether the business report has been prepared in accordance with the provisions of the Accounting Act and other relevant regulations, if any, and to express an opinion on this and on whether the business report is consistent with the consolidated financial statements.

Because the Company’s transferable securities are admitted to trading on a regulated market of a Member State of the European Economic Area, our opinion on the business report shall cover the information under Section 95/B (2) e) and f) of the Accounting Act, and state whether the information referred to in Section 95/B (2) a)–d), g) and h) of the Accounting Act has been provided.

As the Company is a public interest entity preparing consolidated financial statements and the conditions in Section 134 (5) a) and b) of the Accounting Act are met at the balance sheet date, the Company shall publish a non-financial statement required by Section 95/C in its business report relating to the companies included in the consolidation. In this respect, we shall state whether the business report includes the non-financial statement required by Section 95/C and Section 134 (5) of the Accounting Act.

In our opinion, the 2021 business report of the Group, also including the information under Section 95/B (2) e) and f) of the Accounting Act, is consistent with the 2021 consolidated financial statements of the Group in all material respects, and the business report has been prepared in accordance with the relevant provisions of the Accounting Act. As there is no other regulation prescribing further requirements for the Group as regards the business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the business report, and therefore we have nothing to report in this respect.
We further state that the information referred to in Section 95/B (2) a)–d), g) and h) of the Accounting Act has been provided. The business report includes the non-financial statement required by Section 95/C (1) and Section 134 (5) of the Accounting Act.

Responsibilities of the management and those charged with governance for the consolidated financial statements

The management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and with the supplementary requirements of the Accounting Act relevant for the consolidated annual financial statements prepared in accordance with IFRS as adopted by the EU, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the consolidated financial statements, unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting in the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to qualify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures in the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the Group's internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine the matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless a law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Group first appointed us as their auditor at the Board Meeting of 7 April 2021, acting in the capacity of the general meeting.

The engagement partner on the audit resulting in this independent auditor's report is Péter Biczó.

Budapest, 4 April 2022

Péter Biczó
Partner
Statutory auditor
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Translation note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.