

Extraordinary Announcement

AutoWallis Nyrt. (registered seat: 1055 Budapest, Honvéd utca 20.; hereinafter: Company) based on its publishing obligation according to 55-56 §§ of Act CXX of 2001 on the Capital Market and the PM Decree No. 28/2008. (VIII. 15.) hereby informs market actors of the below details.

In line with the expansion plans of the Group and to support this, the annual general meeting elected PricewaterhouseCoopers Ltd as the new statutory auditor.

The AutoWallis Group executed the following restatements, representations, and reclassifications in the consolidated financial statements for the period ending on 30 June 2021. These restatements, representations, and reclassifications were discussed with the new auditor.

I. Restatement due to share-based payments

The AutoWallis ESOP program (hereinafter: ESOP) – was launched in 2019. In this program, the majority shareholder of the Group, WALLIS ASSET MANAGEMENT Zrt., transferred ordinary shares to the program (hereinafter: MRP1). The Group decided to change the accounting treatment of a part of the shares transferred since the effect of the program was not recognized as an expense for the years 2019, 2020, and 2021 first half-year since this share-based payment will never result in cash outflow nor decrease in the net assets. The expense currently retrospectively restated will not change the EBITDA, and the net profit will only be altered for technical reasons; the owners' equity will remain unchanged due to this restatement (see table below). The restatement was prepared retrospectively to the date of the original transfer. This restatement will assure comparability with the new ESOP program (MRP2), where the shares to be transferred to the employees will be provided by the Group. In the Financial Statements the following adjustments were made for MRP1 for the shares that will be distributed to employees (all amounts in kHUF):

<i>Income statement</i>	Year ending on 31st December 2020	Half-year ending on 30 June 2021	
<i>Personal type expense</i>	(178 181)	(89 090)	
	1st January 2020	31st December 2020	30th June 2020
<i>Share-based payment reserve</i>	74 242	252 423	341 513
<i>Retained earnings</i>	(74 242)	(252 423)	(341 513)

II. Restatement due to the acquisition of INICIÁL AUTÓHÁZ Kft. and ICL Kft.

When acquiring the majority shareholding in INICIÁL AUTOHÁZ Kft. and ICL Kft., the Entity transferred AutoWallis shares to the seller as part of the consideration transferred. The parties agreed upon providing options to each other in connection with the shares transferred. Due to this option, it may be required that the Entity has to buy back its' own

shares or will have the option to do so. The option will be effective from 31 May 2022 and will expire on 31 May 2026.

This obligation was disclosed in the financial statements for the year ending on 31 December 2020, but no liability was recognized. In the financial statements for the year ending on 30 June 2021, the options were recognized as a synthetic forward and were measured at the maximum value of the theoretical cash outflow without considering the probability of this outflow. Therefore a portion of the consideration paid to the seller (the part that these options relate to) was not recognized as a capital contribution but as a liability. This adjustment was made retrospectively. The adjustment has the following effect on the consolidated financial statements (all amounts in kHUF):

	31. December 2020 (as published)	Correction	31. December 2020 (as restated)
Share premium	3 810 598	(446 838)	3 363 760
Liabilities from share repurchase*	-	446 838	446 838

**Presented as other non-interest bearing liabilities*

The Entity still believes that the probability that these options will be exercised is remote. When the options expire and not be executed, the liability will be derecognized and reclassified to equity.

III. Representation of reverse factoring deals, reclassifications

The AutoWallis Group has a financing solution where the payable from the inventory acquisition will be settled not by the AutoWallis Group but by a financing institution, usually right after this acquisition. Based on the agreements, the legal obligation to pay for the acquisition ceases, and this payment will be the responsibility of the financing institution. The AutoWallis Group pays its' obligation toward the financing institution later, usually when the acquired inventory is sold.

The accounting treatment of these reverse factoring transactions was changed. Since the AutoWallis Group regularly enters this type of transaction and the amount of these transactions is material, the liabilities from these transactions will be disclosed separately as Liabilities from reverse factoring. Earlier, these balances were included in accounts payable and short-term loans. The separate presentation will also be prepared for the comparative period's year-end and year-beginning (all amounts in kHUF).

	2020.12.31	2020.01.01
Reclassified from accounts payable	4 598 313	6 980 021
Reclassified from short term loan	9 487 855	6 926 952
Reclassified from other short term liabilities	502 881	-
Liabilities from reverse factoring	14 589 049	13 906 973
<i>of which interest bearing</i>	<i>13 413 044</i>	<i>11 691 462</i>
<i>of which non interest bearing</i>	<i>1 176 005</i>	<i>2 215 512</i>
	14 589 048	13 906 974

Out of the above balance, 1 176 006 kHUF did not yet bear contractual interest since the financing remained within the interest-free period (comparative period: 2 215 551 kHUF).

At the same time, the Entity represents the expenses related to these liabilities and will present those as interest expenses. This adjustment to interest expense will also adjust (increases) the EBITDA (in kHUF):

	Other income and expenses	Interest expense	Total effect
30th June 2020 as presented	(79 484)	(82 775)	
Reclassification	68 280	(68 280)	-
30th June 2020 as restated	(11 204)	(151 055)	

The Entity will represent these items in the statement of cash flows in line with its accounting policy. Therefore, only those cash flows will be presented from this financing as operating cash flows where the conditions attached to the liabilities are substantially the same as the conditions of regular accounts payable (tenor, security, fees, etc.). If this condition is not met, then the acquisition of inventory is treated as a non-cash item in the cash flow, and the cash outflow will be presented as financing cash flow. This representation will also be done for the comparative period (amounts in kHUF):

	Operating cash flow	Financing cash flow	Total effect
30th June 2020 as presented	2 654 364	1 176 300	
Reclassification	29 737 977	(29 737 977)	-
30th June 2020 as restated	32 392 341	(28 561 677)	

VI. Changes in the grouping and the presentation of the liabilities

Due to the material changes in the size and the financing structure of the Group from 2021, the Entity changes the presentation of its' liabilities since it believes that this will substantially improve the quality and the understandability of the financial statements. The new grouping will clearly distinguish between liabilities bearing interest and those not bearing interest, which enables the users of the financial statements to see if there are further expenses related to the liability. At the same time, accruals and prepayments will be separately disclosed in the balance sheet both on the asset and liability side. Furthermore, the Entity includes additional subtotals to identify the total amount of liabilities bearing interest and not bearing interest since the Entity thinks this is essential information.

The new presentation is done retrospectively (for the last and first day of the comparative period) to enable comparability.

At the same time, some of the classifications used in the financial statements for the year 2020 will be changed since those classifications did not match the true nature of those liabilities. However, these modifications will not change the total amounts of short and long-term liabilities.

The following modifications are done:

1. In the case of Wallis British Motors Kft. certain related-party payables were disclosed as short-term debt on 31 December 2020. During consolidation, the balance was eliminated as accounts payable. This correction will increase the balance of the accounts payable by 563 million forints, and at the same time, short-term debt will

decrease by this amount. The correction will not change the total of short-term liabilities.

- In the balance sheet of Wallis Autókölcsozónző Kft. a liability of 924 million HUF was recognized as lease liability towards AW Csoportszolgáltató Kft. This liability was eliminated on the consolidation from the other short-term liabilities. This elimination was adjusted together with the representation of the liabilities. Due to this, the interest-bearing lease liability decreased by 924 million HUF, and at the same time, the other short-term liabilities increased by the same amount. The reclassification did not change the total of short-term liabilities.
- At the end of the previous year, the contingent liability due to the acquisition of the Opel operation was not disclosed on the correct liability position (3 223 146 tHUF in total) since the nature of this balance is not a loan. Therefore the Entity decided to reclassify this amount as other not an interest-bearing liability.

The representation and the correction will have the following effects (in kHUF):

Category	31st December 2020. (as published)	Correction	Reclassification	31st December 2020. (as restated)
Other receivables	3 906 080		(2 063 095)	1 842 984
Accruals and prepayments			2 063 095	2 063 095
Effect of the reclassification (current assets)	3 906 080	-	-	3 906 080

Category	31st December 2020. (as published)	Correction	Reclassification	31st December 2020. (as restated)
Long term loans	4 575 906	(3 216 217)		1 359 689
Long term debentures		3 041 552		3 041 552
Effect of the reclassification (long-term liabilities)	4 575 906	(174 665)	-	4 401 240

Category	31st December 2020. (as published)	Correction*	Reclassification	31st December 2020. (as restated)
Short term loans	10 000 568	(354 397)	(9 487 855)	158 318
Lease liabilities	2 131 859	(923 947)		1 207 913
Accounts payable	15 625 306	529 062	(4 598 313)	11 556 052
Other short term liabilities	2 649 624		(2 649 624)	-
Liabilities from reverse factoring (interest bearing)			13 413 043	13 413 044
Liabilities from reverse factoring (not interest bearing)			1 176 005	1 176 005
Other tax and social security contribution liability			613 870	613 871
Accruals and prepayments			1 180 422	1 180 423
Other non interest bearing liabilities			1 723 235	1 723 235
Effect of the reclassification (short-term liabilities)	30 407 357	(749 282)	1 370 784	31 028 861

The overall net effect of the modifications on the last day of 2020 is 446 837 kHUF increase in the liabilities, which all comes from the recognized put and call options.

These reclassifications had only effect on the short term liabilities for the first day of the comparative period (1 January 2020):

Category	31st January 2020. (as published)	Correction	Reclassification	31st January 2020. (as restated)
Other receivables	3 674 346		(1 460 401)	2 213 942
Accruals and prepayments			1 460 401	1 460 401
Effect of the reclassification (current assets)	3 674 346	-	-	3 674 346

Category	31st January 2020. (as published)	Correction	Reclassification	31st January 2020. (as restated)
Short term loans	6 998 855		(6 926 952)	71 903
Liabilities from reverse factoring (interest bearing)			11 691 462	11 691 462
Liabilities from reverse factoring (not interest bearing)			2 215 511	2 215 512
Account payables	11 230 619		(6 980 021)	4 250 595
Other short term liabilities	1 176 254		(1 176 254)	-
Other tax and social security contribution liability			268 764	268 764
Accruals and prepayments			682 607	682 607
Other non interest bearing liabilities			224 884	224 885
Effect of the reclassification (short-term liabilities)	19 405 727	-	-	19 405 727

The overall net effect of the modifications on the first day of 2020 is 0.

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AutoWallis Nyrt.