

27 May 2022

Flash report

Q1 2022

We are building the leading car dealership and mobility service provider in the Central and Eastern European region

AutoWallis
GROUP



Disclaimers

This flash report has not been prepared on the basis of the international financial reporting standard IAS 34 Interim Financial Reporting. The information contained therein has not been audited and has not been reviewed by an independent auditor.

This flash 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.

The Company's financial figures relating to this flash report are also published in detail on the Company's website in a format that facilitates their use. The detailed financial data are available at:

<https://www.autowallis.hu/hu/befektetoknek/kozzetetelek>

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1. Executive summary



AutoWallis
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Key events in Q1 2022

We are making progress implementing our previously announced dynamic growth strategy

Events in Q1 2022

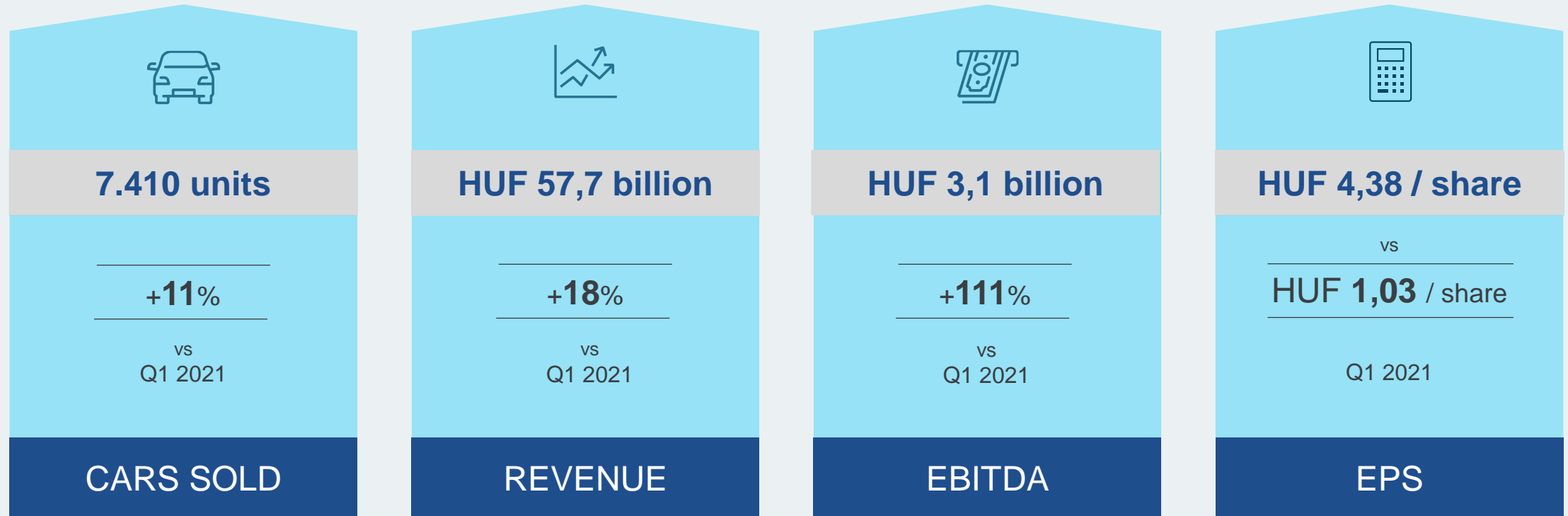
- In January 2022, the Group opened the newest Jaguar and Land Rover **dealership and service centre** in the region at Budapest, Váci út 76-80., one that also meets the requirements of sustainable operation.
- A **new brand was added to the Group's retail portfolio** in March 2022 as we entered the retail market for SsangYong vehicles to complement our presence in the distribution market.
- The **Slovenian competition authority approved** our acquisition of the activities and real estate of the Slovenian dealerships of Avto Aktiv.
- **The Group continued its strong performance in the stock market** in Q1 2022 as AutoWallis won the award for "Capital increase of the year" awarded by the jury of the Budapest Stock Exchange in Q1 2022 as well. In addition, our shares were included in the quoting scheme of the Budapest Stock Exchange, allowing their liquidity to increase further, and their weight in the BUX index nearly doubled.

Subsequent events

- Successfully closed the Slovenian **Avto Aktiv transaction**.
- In cooperation with a key European car dealership partner, **AutoWallis acquired the exclusive import rights for Renault, Dacia and Alpine brands for the territory of Hungary**. After the transaction will be approved by the competition authority, the importer rights of the brands may be transferred to AutoWallis and its partner.

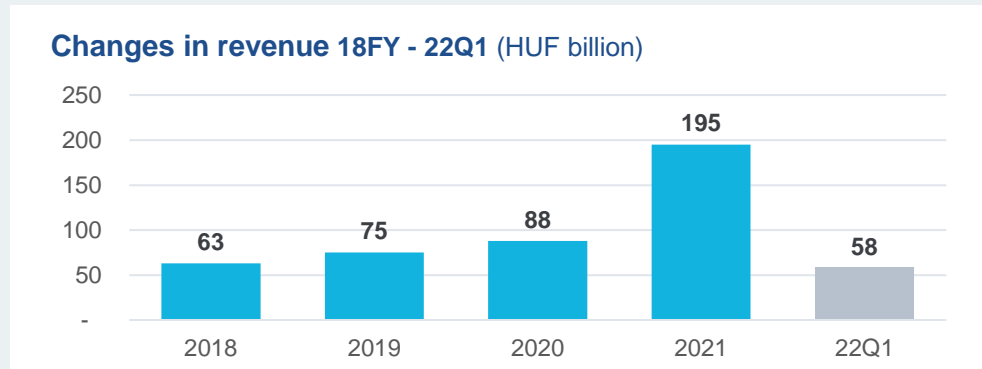
Key results of Q1 2022

Outstanding results, which provide a solid basis for achieving our strategic goals

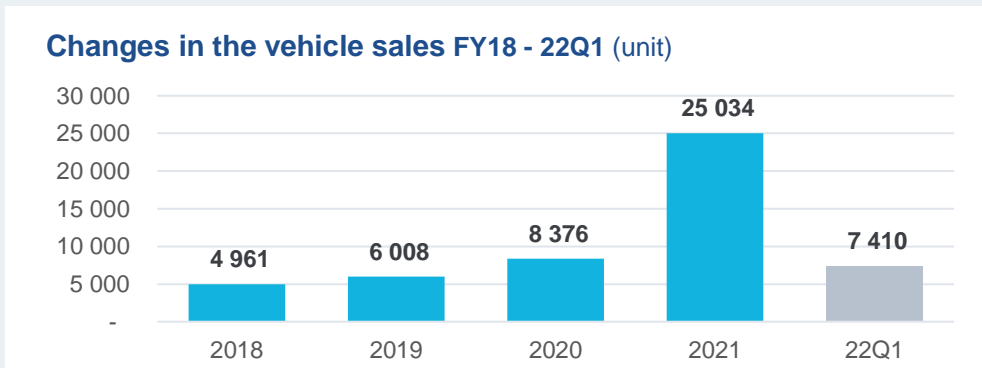


Portfolio

Further organic growth: new retail brand (SsangYong) and 4 new sites



Source: The Company's own information



Source: The Company's own information

Distribution business unit		
Description	Brands	Countries
Exclusive new car and parts distribution activities in Central and Eastern Europe	 	Hungary, Albania, Croatia, Bosnia and Herzegovina, Serbia, Slovenia, Macedonia, Montenegro, Romania, Slovakia, the Czech Republic, Kosovo, Poland, Bulgaria
Retail & services business unit		
Description	Brands	Countries
Sale of new and used motor vehicles and motorcycles, as well as sale of new parts	 	Hungary (9 sites), Slovenia (6 sites)
Comprehensive servicing activities and auxiliary services relating to the brands distributed by the Group	 	
Short-term and long-term car rental		Hungary

Economic, market environment

Varying rates of decline were observed in the Group's relevant markets in terms of first registrations of motor vehicles compared to the previous year

Economic environment

- There was an economic slowdown in Q1 caused by the prolonged effects of the COVID-19 pandemic, the war between Russia and Ukraine and the resulting delays in supply chains.
- The GDP is still expected to grow by 4-5% in Hungary in 2022.
- Inflation and reference interest rates began rising in 2021 worldwide, including the Group's relevant markets. However, these have had only limited impact so far.
- Rising inflation and interest rates did not yet have an effect on disposable income in Q1; however, due to the increase in order volumes caused by supply problems, there may be a longer delay than usual in observing these effects (6 to 18 months from now).

Sales and services environment

- The number of passenger cars registered in EU markets dropped (as a result of the consistent decline in the number of new registrations of passenger cars, this figure was 12.4% lower than in the previous year). Chip shortage and other parts supply issues continue to be the reasons behind the decline in first registrations.
- The number of first registrations of passenger cars in the relevant markets of the Group dropped by 4.5% in Q1 2022. (Source: ACEA, Datahouse)
- The rise in the number of passengers which began last June continued in Q1 2022. The figure of 956,764 passengers is now over 60% of the number for the year 2019, which is considered to be the pre-COVID base (compared to more than 1.5 million passengers in 2019).

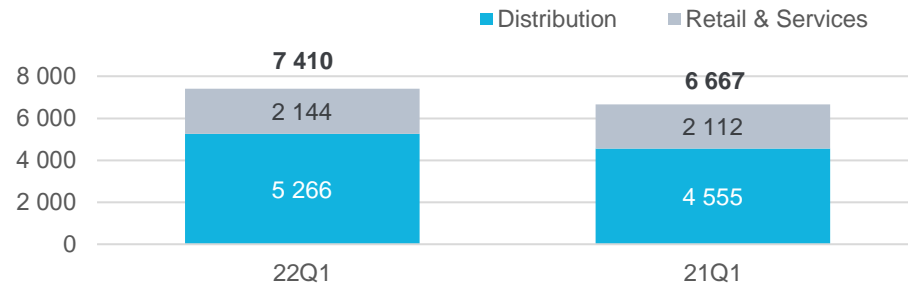


2. Financial and operational summary

Summary of operational performance

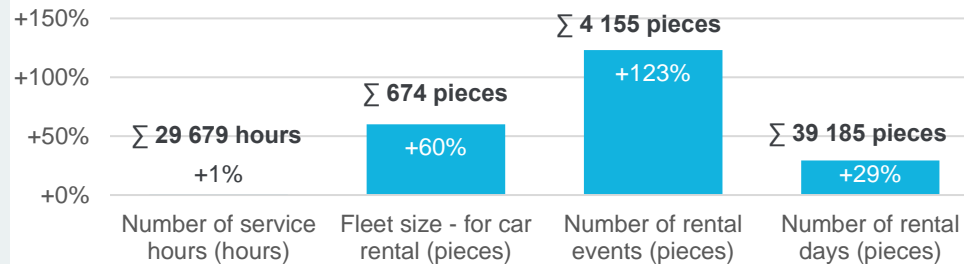
Q1 performance exceeding the market average

Change in sold vehicles by business unit (21Q1 – 22Q1)



Source: The Company's own information

Growth rates by services (22Q1)



Source: The Company's own information

- The Group's performance in terms of vehicle sales in the first quarter was far beyond the market average as the Group sold **7,410 vehicles in the first quarter, which represents an increase of 11%**. This growth was purely organic, given that all previous transactions had been completed by the base quarter.
- **Sales in the Distribution Business Unit were up by 15.6% to 5,266 units**, primarily thanks to the SsangYong and Isuzu brands.
- **1,659 new and 485 used vehicles were sold in the Retail & Services Business Unit, which represent growth rates of 1.1% and 11.8% in comparison with the same period of the previous year, respectively.** The aggregate power of the brands represented and sold by the Group and the diversification of the brand range is demonstrated by the fact that the Hungarian passenger car market declined by 10.9% over the same period.
- There was further growth in the **services of the Retail & Services Business Unit** as the number of service hours increased to 29,679 (+0.8%), while Sixt, an entity represented by the Group, more than doubled its number of rental transactions (+123.1%). The number of rental days increased at a slower rate by 29

Consolidated profit & loss statement / 1

The Group managed to increase its revenue despite the issues in automotive supply chains

HUF ths	22Q1	21Q1	Changes %	Changes
Revenue	57 701 715	48 708 079	18%	8 993 636
Distribution business unit	37 061 099	28 097 614	32%	8 963 485
Retail & Services business unit	20 640 616	20 610 466	0%	30 150
Material	-928 247	-818 279	13%	-109 968
Services	-2 598 675	-2 150 241	21%	-448 434
Cost of goods sold	-49 047 055	-42 861 175	14%	-6 185 880
Personal expenses	-1 933 795	-1 481 856	30%	-451 939
Depreciation	-747 889	-720 235	4%	-27 654
Profit or loss from trading	2 446 054	676 294	262%	1 769 760
Other income and expenses	-96 134	43 136	-323%	-139 270
OPERATING PROFIT - EBIT	2 349 920	719 430	227%	1 630 490
Interest income and expenses, net	-94 552	-80 906	17%	-13 646
Financing expenses from leases	-53 935	-60 568	-11%	6 633
Foreign exchange gains or loss, net	135 856	78 604	73%	57 252
Expected credit loss and impairment of financial instruments	-15 971	-105 368	-85%	74 310
Financial gain or losses	-28 602	-168 238	-83%	124 549
PROFIT BEFOR TAX	2 321 318	551 192	321%	1 755 039
Tax expenses	-372 672	-184 797	102%	-184 482
NET PROFIT OR LOSS	1 948 646	366 395	432%	1 570 557
Retranslation of subsidiaries	109 979	-5 143	-2238%	115 122
TOTAL COMPREHENSIVE INCOME	2 058 625	361 252	470%	1 685 679
EPS (HUF/Share)	4,38	1,03	325%	3,32
EBITDA impact of items which never generate any net outflow of assets	-27 520	-44 545	-38%	17 025
EBITDA	3 125 329	1 484 210	111%	1 641 119
EBITDA%	5,40%	3,00%	80%	18,20%

- The **Group's revenue** exceeded HUF 57.7 billion in Q1 2022, which is nearly HUF 9 billion (or 18%) higher than the revenue for Q1 of the previous year. Growth was purely organic and was driven by the substantial improvement in SsangYong and Isuzu sales within the Distribution Business Unit.
- The **value of services** was up by 21% to nearly HUF 2.6 billion from the comparative period, the main reasons being the rise in marketing expenses aimed at supporting sales in connection with the import of Opel and SsangYong vehicles, as well as an increase in marketing and other turnover-based expenses relating to rent-a-car services as demand for the service recovered after the COVID-19 pandemic had passed.
- The increase in **COGS** (HUF 6.2 billion or 14%) was below the increase in revenue, as a result of which the gross margin of AutoWallis Group was up significantly from 12.0% to 14.8% during Q1 2022. This was mainly caused by the effective cost management and pricing measures implemented for the purpose of managing the impact of the supply issues of car manufacturers and other economic circumstances (e.g. rising exchange rates). In addition, the Company also managed to improve its margin as the demand for used cars increased.
- The 31% rise in **personnel expenses** was caused primarily by the increase in headcount resulting from the organisational development measures implemented in 2021 and the pay rise given in response to changes in the labour market. As a result of the above, not only did average wages rise, but the Group's average headcount was also up by 49 to 711 compared to the same period of the previous year.

Consolidated profit & loss statement / 2

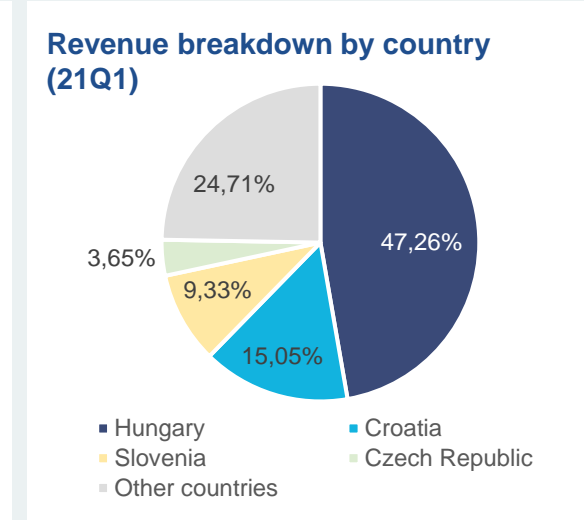
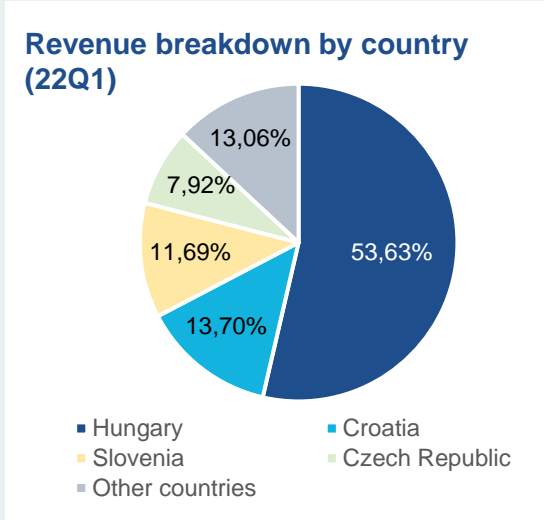
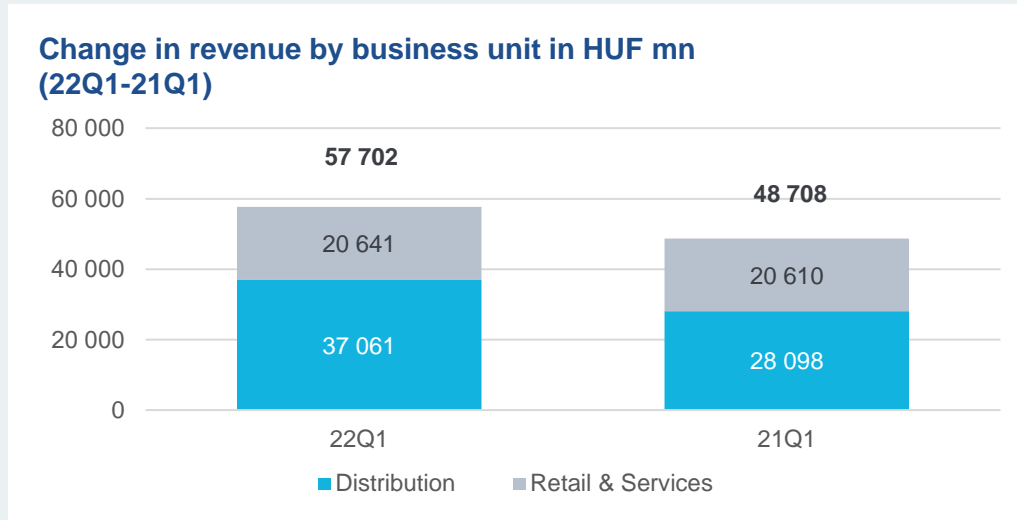
Extremely dynamic growth in profits, a twofold increase in EBITDA and profit before tax quadrupling

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EBITDA%	5,40%	3,00%	80,00%	18,20%

- As a result of an increase in revenue and an improvement in the gross margin, **operating profit (EBIT)** increased more than threefold (by 227%) to HUF 2.3 billion during the period.
- The **value of financial gains or losses** was a loss of HUF 29 million in Q1 2022, which translates into an improvement of over HUF 124 million in comparison with the base period of 2021, mainly thanks to the exchange gains achieved over the period.
- The **EBITDA**, the indicator which best describes the Group's performance, increased more than twofold (by 111%) to HUF 3.1 billion compared to the nearly HUF 1.5 billion figure recorded in Q1 2021. Accordingly, the Group's EBITDA and normalised EBITDA margin improved further to 5.4% from 3.0% in the previous period.
- **Profit before tax** for Q1 2022 was HUF 2.3 billion, which represents a significant increase in comparison with the HUF 551.2 million amount for the previous period.
- The Group's **total comprehensive income** was HUF 2.1 billion compared to the HUF 361.2 million figure for the same period of 2021.
- As a result of the above, the Group's **earnings per share (EPS)** figure for the current period was HUF 4.38/share.

Revenue analysis by business unit

Organic growth in both business units



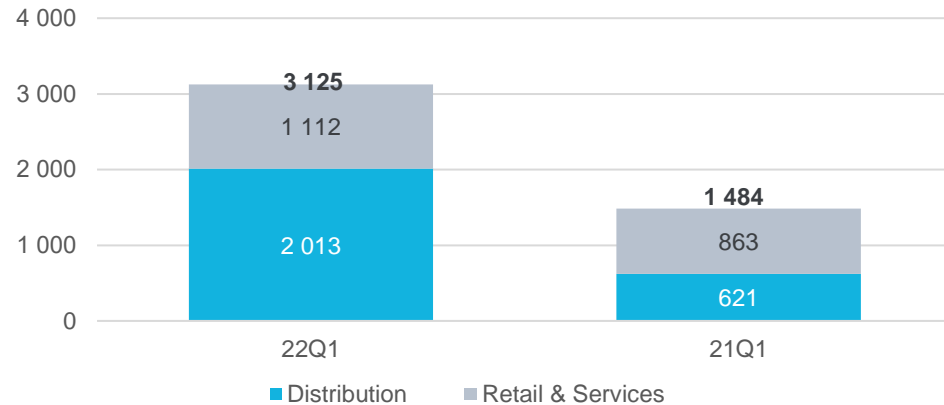
Source: the Company's consolidated IFRS financial statements and its own data

- The **Group's revenue** was up by 18.5%, primarily thanks to the increase in the turnover of the Distribution Business Unit.
- The revenue of the **Distribution Business Unit** improved by 31.9% from the same period of the previous year through an increase in SsangYong and Isuzu sales.
- The revenue of the **Retail & Services Business Unit** only slightly exceeded the HUF 21 billion figure for the same period of the previous year due to delays in vehicle deliveries caused by the chip shortage.
- The regional leadership position of AutoWallis and its diversification in terms of revenue is demonstrated by the fact that **nearly half of the Group's revenue is generated abroad**, and the percentage of foreign revenue will increase further as a result of the Slovenian Avto Aktiv transaction to be completed in spring 2022.

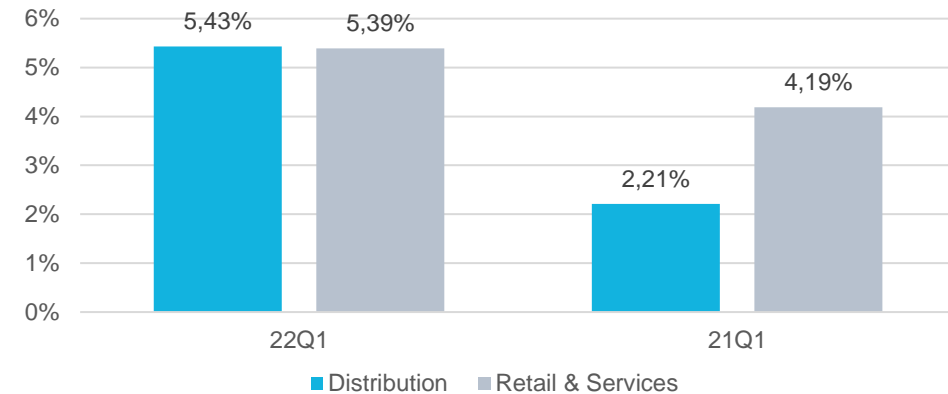
Profitability analysis by business unit

Both business units were able to improve their profitability considerably during the period

Change in EBITDA by business unit in HUF mn (22Q1-21Q1)



Changes in EBITDA margin by business unit (22Q1-21Q1)



Source: the Company's consolidated IFRS financial statements and its own data

- Both business units contributed significantly to the increase in the Group's EBITDA.
- EBITDA growth in the Distribution Business Unit (HUF 1.4 billion or 224%) was caused mainly by an increase in the sales volume of new vehicles, particularly SsangYong sales, which led to a **more than threefold improvement in the EBITDA of the Distribution Business Unit** from the same period of the previous year.
- **The Retail & Services Business Unit achieved an EBITDA growth of HUF 249 million or 28.9%** in the current period, primarily as a result of improving margins and effective cost management measures.
- In addition to profit volumes, margins also improved considerably as the **EBITDA margins** of both business units reached 5.4%.

Consolidated balance sheet

A healthy balance sheet that provides a solid foundation for further growth

HUF ths	22Q1	21FY	Changes %	Changes
Property, plant and equipment	13 560 504	13 377 526	1%	182 978
Assets held for sales	4 043 945	2 827 578	43%	1 216 367
Right-of-use assets	4 483 608	4 593 643	-2%	-110 035
Other non-current assets	4 290 378	4 305 228	0%	-14 850
Non-current assets	26 378 435	25 103 975	5%	1 274 460
Goods	25 924 487	24 239 704	7%	1 684 783
Other current assets	22 938 334	14 323 892	60%	8 614 442
Cash and cash equivalents	29 724 420	24 698 967	20%	5 025 453
Current assets	78 587 241	63 262 564	24%	15 324 677
Assets held for sale	0	610 000	-100%	-610 000
Assets total	104 965 676	88 976 539	18%	15 989 137

HUF ths	22Q1	21FY	Changes %	Changes
Equity total	26 366 622	24 271 670	9%	2 094 952
Long term debentures	9 615 267	9 546 913	1%	68 354
Long term loans	2 690 318	2 359 665	14%	330 653
Long term lease liabilities	4 538 971	4 714 662	-4%	-175 691
Other long term liabilities (non-interest bearing)	708 657	706 516	0%	2 141
Long term liabilities	17 553 213	17 327 757	1%	225 456
Short term loans	837 523	252 822	231%	584 701
Inventory financing loans	1 630 859	1 990 875	-18%	-360 016
Short term lease liabilities	1 991 970	1 867 247	7%	124 723
Liabilities from reverse factoring	14 433 075	8 847 301	63%	5 585 774
Other short term liabilities (interest bearing)	748 935	744 260	1%	4 675
Accounts payable and advance payment received from customers	27 463 061	21 904 440	25%	5 558 621
Other short term liabilities interest bearing)	13 940 418	11 720 166	19%	2 220 252
Short term liabilities	61 045 841	47 327 112	29%	13 718 729
Liabilities related to assets held for sale	0	50 000	-100%	-50 000
Liabilities	78 599 054	64 704 869	21%	13 894 185
Equity and liabilities	104 965 676	88 976 539	18%	15 989 137

- The value of **non-current assets** increased by 5% (or nearly HUF 1.3 billion) compared to the end of 2021, nearly reaching HUF 26.4 billion. The primary reason behind this growth was the change in the number of vehicles leased as a result of the expansion of rent-a-car services.
- **Current assets** were up by 24% compared to the end of the previous year, which is explained mainly by the increase in the elements of working capital associated with the growth in turnover, including, in particular, trade receivables relating to the Distribution Business Unit and the amount of cash and cash equivalents available to the Group.
- The Group sold **its held-for-sale real estate** in Biatorbágy worth HUF 610 million and, as a result, the asset itself and the related liability were derecognised.
- The increase in the Group's **equity** was caused mainly by the profit for the previous period.
- The primary reason behind the HUF 225 million increase in **long-term liabilities** was the rise in the value of long-term loans associated with the expansion of activities.
- The HUF 13.7 billion increase in **short-term liabilities** to HUF 61.0 billion is explained mainly by the HUF 5.5 billion amount of trade payables resulting from the growth in turnover, as well as the aggregate increase of HUF 5.2 billion in the related financing loans and reverse factoring liabilities.
- As a result of the above, the Group's **balance sheet** total increased by HUF 16.0 billion (18%) during the current period.

AutoWallis GROUP

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Annexes

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Annexes

The annexes to the flash report for Q1 2022 are available via our website.