WABERER'S
OPTIMUM SOLUTION

ANNUAL REPORT 2018

Contents

Message from the CEO

Without doubt, 2018 was a challenging year for Waberer's. On one side, the Company faced pressures on key cost elements that deepened throughout the year, and on the other, overcapacity in the second half of the year. The Company was thus faced with lower margins and a rapidly changing competitive landscape in the European full truck load market.

When I arrived at Waberer's in February 2019, I was glad to see that several short-term measures had already been initiated to overcome some of these challenges. However, I also realised that Waberer's is in need of more profound changes that I will be happy to drive. In my first weeks of engagement with the Company, I oversaw the further improvement of the short-term measures with the aim to restore the profitability of the Group as soon as possible and I started setting our plans for the future.

The most important element of the short-term measures is the reduction of loss-making capacities, which should lead to the increased utilisation of our fleet. Orders of more than 300 trucks have been stopped and should profitability of the fleet not improve sufficiently, we are prepared to reduce the fleet further. We carefully analysed the details of our order and execution portfolio to ensure that we reduce the loss-making parts of the business and not those that create value for the Company. Second, we have also accomplished a thorough review of our direct cost to realise that there is still room for improvement in further optimising our routing to reduce transit and fuel costs in some of the key areas that our international fleet is active in. Third, the Group started a wide-ranging reduction in indirect costs that includes cost savings from external contracts but also a significant reduction in our own headcount. Although these measures had negative one-time impact on results at the end of 2018, they will contribute to results progressively throughout 2019.

However, these short-term measures are by themselves insufficient to guarantee a sustainable and profitable growth path for Waberer's. We have identified a number of structural concerns that prevent us from being a truly competitive player in these changing markets. For one, we need to be more agile in responding to our clients' needs and to changes in the European and regional transportation and logistics market. Our business mix also relies too heavily on our own fleet and needs to better balance owned and contracted capacity. Last but not least, we want to become easier to do business with and establish ourselves as a reliable partner delivering high quality service. The fundamentals to achieve these changes are good. We are currently working together with the Board of Directors, colleagues, clients, and market experts to address these challenges and will provide a strategy update in the year.

The year 2019 will be a year of transformation for Waberer's. Along this journey of transformation, we will never lose sight of our ultimate goal of creating long-term value to our shareholders.

Robert Ziegler
Chief Executive Officer

Management Report

Strategy

Waberer's International Nyrt.,[1] one of Europe's leading international road haulage companies and one of the largest players in logistics in Hungary has a group-wide strategy that is based on providing a unique set of services to its customers with an important focus on cost efficiency. In its two core operative segments, the International Transportation Segment and the Regional Contract Logistics, the Group's activities, market positions, and clients are different, so this general strategy has slightly different implications.

Waberer's objective in the International Transportation Segment has been to maintain and extend its leading position as an owned vehicle operator within the European international FTL segment of the market. With the unfavourable margin development seen in 2018, however, this objective is set to change. The large and modern own capacity, matched with state-of-the-art IT systems and central decision-making, is still seen as important value drivers for the company that provides an important distinction over its competitors. Monetising this advantage better by providing superior service to its client base, however, is set to become more important than to grow the capacities. In this respect, the strategy for the International Transportation Segment shall be based more on the needs of the customers and on the efficiency of the operation, than on capacity growth.

In the Regional Contract Logistics Segment, the long-term objective is to maintain the Group's position as the largest logistics service provider in Hungary and to extend the Group's reach in the CEE region. To achieve these objectives, Waberer's strives to continuously increase its market share and expand its blue-chip customer base by offering high quality services at competitive prices. Waberer's is set to achieve this by both organic and inorganic growth.

Whichever segment or activities are concerned, Waberer's recognises that its most important asset is not physical, but human. The professional driver workforce and the colleagues involved in each and every process of value creation is essential for the operation of the Company and for the transformation underway.

Another important part of Waberer's strategy is the continuous improvement of the technologies it uses and to be able to utilise these technologies to better serve its customers or provide room for efficiency gains. Keeping the fleet and other capacities modern is an essential element of this strategy, but the Group goes well beyond this basic goal. Waberer's constantly strives to develop its IT systems, and there were important steps taken in 2018 in renewing its ERP and transportation management systems that enable further improvements in improving its services and enhancing efficiency that provides a unique advantage in the competitive markets Waberer's operates in. Other digitalisation initiatives, including the finetuning of the proprietary optimisation systems at the Company's disposal, also contribute to this goal.

[1] „Waberer's", „the Group", or „the Company" are hereinafter used interchangeably and all denote Waberer's International Nyrt., including all its subsidiaries.

Business Environment and Results

|Income Statement (EUR mn)

	FY 2017	FY 2018	Increase (decrease)
Revenue	674.4	731.9	8.5%
Direct costs	(533.8)	(610.2)	(14.3%)
Gross profit	140.6	121.7	(13.4%)
OPEX[2]	(57.8)	(64.5)	(11.6%)
Non-recurring items[3]	3.0	7.0	
EBITDA (recurring)	85.8	64.2	(25.2%)
Depreciation and amortisation	(56.0)	(66.2)	(18.1%)
EBIT (recurring)	29.7	(2.0)	-
Financial result	(3.6)	(6.9)	(92.8%)
Taxes	(4.8)	(5.0)	(5.3%)
Net income (recurring)	21.4	(13.9)	-
Gross margin	20.8%	16.6%	(4.2 pp)
EBITDA margin (recurring)	12.7%	8.8%	(4.0 pp)
EBIT margin (recurring)	4.4%	(0.3%)	(4.7 pp)
Net income margin (recurring)	3.2%	(1.9%)	(5.1 pp)

Economic environment[4]

In Europe, the economic environment was characterised by a slowdown in 2018 as GDP grew by 1.8% in the Eurozone and 1.9% in the EU compared to the 2017 growth rates of 2.4% for both areas. Growth dynamics was uneven during the year as a slowdown in demand strengthened in the second half of the year and fourth quarter GDP showed small or even negative growth in some of the key markets of Waberer's International Nyrt. in the Eurozone.

Other key determinants of the demand for the Group's services, industrial production and retail trade also showed a gradual slowdown throughout the year in 2018 in both the Eurozone and the EU. Production outages in factories in the automotive sector during the fall contributed to decreasing demand for transportation services and total industrial production decreased by 2-4% in the last quarter of the year. Retail trade also showed a weakening trend registering less than 2% growth in total EU and a decrease in some of the key European markets of the Group in the high season in the final months of 2018.

European transport market indicators show that capacities remained loose compared to demand in 2018; the Group estimates that there was ca. 12% higher overcapacity on the market in 2018 than in 2017. Transportation prices rose by 2.5% on average for the year, according to the Waberer's estimates. This is despite an estimated double-digit inflation in several important elements of the sector's unit costs, the most important of which are fuel, wages, and transit and toll fees.

The economic environment in Hungary, however, remained favourable with 5% increase in GDP in 2018 and a similar rate of growth in industrial production and retail trade.

Revenue

Group revenue increased by 9% year-on-year to EUR 732 million in 2018. This increase was achieved through a repricing strategy that led to an increase in the average prices in both the international and regional segments. The Group's truck capacities rose by 12% year-on-year, but the decrease in the utilisation of these capacities offset most of the effects of the higher prices. Although to a lesser degree, but freight forwarding and logistics revenues were also impacted by the slowdown in demand.

[2] OPEX denotes net operating expenditures that incorporates Indirect wages and benefits, Other services, Other operating income, and Other operating expense.
[3] Non-recurring items include one-off costs related to IPO-related and other consultancy services, severance payments, provisions for the employee share ownership programme, and goodwill impairment.
[4] Source: Eurostat, Transporeon

Gross profit, EBITDA and EBIT

Due to the adverse effects of market effects on utilisation, gross profit fell by 13% year-on-year to EUR 122 million in 2018, with the gross profit margin decreasing by 4.2 percentage points to 16.6%. Recurring EBITDA showed a 25% year-on-year decrease to EUR 64 million. Recurring EBIT marked a loss of EUR 2 million as a result of lower EBITDA and higher depreciation on an increased fleet. Recurring EBITDA and recurring EBIT margins in 2018 stood at 8.8% and -0.3%, respectively.

The main reason for the decreasing profit figures and the underperformance in margins is the inflation of cost elements in both the International Transportation Segment (ITS) and Regional Contract Logistics segment (RCL). Driver wages per kilometre increased by 9% and 15% and fuel cost per kilometre increased by 9% and 9% year-on-year in 2018 for ITS and RCL, respectively. Although this rise in costs could partly be passed on to clients, this led to a decrease in truck capacity utilisation, which also impacted profit margins adversely.

Net income

In 2018, financial result deteriorated by EUR 3.3 million to negative EUR 6.9 million compared to 2017. Interest expenses increased by EUR 0.2 million to EUR 4.9 million on an increasing amount of debt as average interest rate decreased to 1.4% in 2018 from 1.7% in 2017. The major reason for the lower financial result was the revaluation of non-euro assets and liabilities of subsidiaries to the functional currency of the Group, which impacted financial expenses positively in 2017 by EUR 1.3 million but negatively in 2018 by EUR 2.3 million.

Income tax was higher in 2018 by EUR 0.2 million despite lower profit before tax. Current tax expense, which includes local tax elements as well as corporate taxes, altogether amounted to EUR 5.3 million in 2018, 1.8 million lower than in 2017. Deferred taxes, however, had a positive impact on 2017 tax expense by EUR 2.3 million, whereas had a smaller, EUR 0.3 million positive impact in 2018.

| Group EBIT, financial result, tax, and net income in 2017 and 2018 (EUR mn)

	2017 FY	2018 FY
Recurring EBIT	29.7	(2.0)
Financial result	(3.6)	(6.9)
Income taxes	(4.8)	(5.0)
Recurring net income	21.4	(13.9)
(Non-recurring items)	3.0	7.0
Net income	18.4	(20.9)
Attributable to:		
Shareholders of the company	18.2	(21.0)
Minorities	0.1	0.1
Number of shares (millions)	16.0	17.6
EPS[1] (EUR/share)	1.14	(1.00)

[1] Basic and diluted earnings per share (net income attributable to shareholders per share)

As a result of the above, recurring net income showed a loss of EUR 14 million in 2018.

Cash flow

| Cash Flow Statement (EUR mn)

	2017 FY	2018 FY
Net cash flows from (used in) operating activities	84.5	81.5
of which: change in working capital	(5.0)	12.3
Net cash flows from (used in) investing and financing activities	(57.1)	(82.8)
Change in cash and cash equivalents	27.3	(1.3)
Free Cash Flow	11.2	13.8
CAPEX	(11.9)	(14.2)

Cash from operating activities in 2018 was slightly lower than last year at EUR 81 million, mainly due to a lower pre-tax profit more than offsetting the effect of significantly lower demand for working capital.

Cash used in investing and financing activities increased to EUR 83 million in 2018 as a result of higher capital expenditures for IT-related projects and larger fleet financing. One-off cash effects include the buyout of minority holdings required an extraordinary investment of EUR 5.4 million in the second quarter and share buyback from the ESOP organisation amounting to EUR 1.0 million. Total cash and cash equivalents decreased by EUR 4.3 million in the first nine months of the year.

Free cash flow, which incorporates cash flow from operations, capital expenditures, and all elements of the lease-based financing of the fleet, increased to EUR 14 million 2018.

Debt

|Indebtedness figures (EUR mn)

	31 Dec. 2017	31 Dec. 2018
Net financial indebtedness	234.4	278.9
Net leverage ratio (recurring EBITDA multiple)	2.7x	4.3x

Net financial indebtedness increased to EUR 279 million year-on-year mainly as a result of the 12% growth in fleet size. Net leverage ratio, a multiple of rolling recurring EBITDA, increased to 4.3x as a result of the growth in net debt and a decrease in recurring EBITDA.

Segment Information

|Segment income statement (EUR mn)

	ITS			RCL			Other		
	2017	2018	Increase (decrease)	2017	2018	Increase (decrease)	2017	2018	Increase (decrease)
Revenue	511.6	551.0	7.7%	124.5	137.3	10.2%	50.6	57.2	13.0%
Direct Costs	(410.1)	(464.2)	(13.2%)	(90.6)	(107.6)	(18.8%)	(43.3)	(49.5)	(14.2%)
Gross profit	101.5	86.9	(14.4%)	34.0	29.7	(12.6%)	7.3	7.7	5.8%
OPEX	(18.0)	(22.0)	(22.7%)	(8.7)	(7.8)	(10.1%)	0.8	(0.0)	(102.6%)
Non-rec. items	3.0	7.0	-						
EBITDA (recurring)	61.6	43.1	(30.0%)	17.3	14.8	(14.3%)	6.9	6.2	(9.7%)
Gross margin	19.8%	15.8%	(4.1 pp)	27.3%	21.6%	(5.6 pp)	14.4%	13.5%	(0.9 pp)
EBITDA margin (rec.)	12.0%	7.8%	(4.2 pp)	13.9%	10.8%	(3.1 pp)	13.6%	10.9%	(2.7 pp)

Regarding the business segments, revenue increased in all segments but EBITDA showed decreases, in line with Group figures.

In the International Transportation Segment, while revenue increased by 8% to EUR 551 million, recurring EBITDA decreased by 30% to EUR 43 million. Correspondingly, EBITDA margin decreased by 4.2 percentage points to 7.8%. The reason for the drop in EBITDA margin was twofold. First, higher unit costs in especially fuel, wages, and transit fees could not be fully offset by fee increases. Second, the increase in the size of the fleet continued amidst the slowdown in the European economy, which led to a lower utilisation of the truck capacities of the international segment

The Regional Contract Logistics segment faced substantial increases in the prices of its most important cost elements in 2018, which it could not fully pass on to customers. Although the regional business achieved a 10% expansion in revenue to EUR 137 million, EBITDA decreased by 14% to EUR 15 million, with EBITDA margin contracting by 3.1 percentage points to 10.8%.

The results of the Other Segment were influenced by an expanding Hungarian insurance market characterised by an increase in competition. Revenue increased by 13% to EUR 57 million, while EBITDA decreased by 10% to EUR 6.2 million, resulting in an EBITDA margin contraction of 2.7 percentage points to 10.9%.

Innovation

Waberer’s continued to test and implement new solutions in truck technologies and IT systems that all aim to raise its level of efficiency and the quality of its services.

Gas-based truck technologies

Waberer’s continued to remain committed to improving its cost efficiency and reducing its ecological footprint. In this framework, Waberer’s conducted pilot tests of gas-based vehicles throughout 2018 and analysed the results in detail.

Compressed natural gas (CNG) and liquefied natural gas (LNG) powertrains are currently the most likely candidates for a shift towards cleaner and more cost-efficient powertrain technologies to replace traditional diesel-based technologies. Waberer’s tested a number of different vehicles and came to a mixed conclusion regarding the adoptability of these technologies. On the positive side, fuel savings proved to be material, greenhouse gas emissions were notably lower, and various aspects of the operation of these technologies also reached up to the initial expectations. However, the lower range of gas-based vehicles, coupled with the still scarce European network of gas-based fuelling stations, can cause bottleneck issues in daily operation.

IT systems

Waberer’s continued to advance in developing its IT infrastructure. After implementing an SAP-based ERP system in 2017, Waberer’s integrated its Polish subsidiary Link into the same system so the controlling, reporting, and other financial functions can now be executed seamlessly and based on the same standards.

The Company’s cooperation with SAP continued in another important area in 2018 as all the preparatory phases of introducing an SAP-based transportation management system were completed, with the live system fully operational in the spring of 2019. The new transportation management module is much more robust and expandable than the previous solution and enables the Company to report, analyse, and control its transportation activities much more efficiently and effectively than before.

Other efficiency-enhancing solutions include an extension of the functionalities of our software robots. The initiative that was launched in 2017 proved successful in replacing some of the most repetitive processes previously done by our colleagues with automatized solutions, thus freeing up valuable workforce to concentrate on more important matters of the operation.

The Company also continued data warehouse and data market development in the cloud, so by the end of the year, IoT data warehouse (Internet of Things, telematics sensor data) was developed in Microsoft Azure.

Sustainability

As part of its sustainability policy, Waberer's pays special attention to the issues of social responsibility and environmental protection. Waberer's efforts for improving environmental sustainability goes beyond complying with regulations, and, in the interest of economic sustainability, applies the latest developments in transportation, freight forwarding and logistics. The Group has a dedicated internal operative body, the CSR Team that continuously monitors the environmental, business ethics, sustainable procurement and social support tasks of the Group.

Environmental sustainability

One of the most fundamental means of improving the Group's environmental sustainability is the rationalization of its energy consumption. With the continuous renewal of our fleet, the purchase of state-of-the-art vehicles equipped with EURO 6 engines, and the training of drivers, Waberer's strives for the most energy efficient operation possible. Waberer's drivers' regular driving training helps to ensure safe and fuel-efficient work while helping to reduce the environmental footprint of operation.

At the company, environmental and energy management systems are set up and operated according to the relevant ISO standards and ensure that the Company's impact on the environment is as low as possible and the Group's experts continuously monitor and analyse the environmental effects and energy consumption of our operation.

Social engagement

Based on Waberer's corporate values, the Company provides support to communities and initiatives that serve the education, health and environmental protection of disadvantaged, socially deprived children and young people, so that educational institutions and foundations receive regular funding from the Group. A few examples of how Waberer's contributes to society:

- With the Group's support, a special cancer screening truck provides regular screening for people with difficulty accessing health services. Waberer's is responsible for the maintenance and upkeep of the truck converted to perform gynecological screening
- Waberer's scholarship program launched in 2007 supports well-educated, disadvantaged students with a monthly scholarship. The program was created with the aim of supporting children and young people with excellent results, but with disadvantaged social conditions, even before they complete their university studies. With the help of the International Child Safety Service, 30 students are now receiving financial support in the 12 months of the year, which is a great help for the families involved in the program.
- The Group provides assistance to children in need: it supports the Dévai Szent Ferenc Foundation in several initiatives, including donations and hospitality and transportation of children
- Waberer's also supports the "Kézenfogva" Foundation, which is an independent NGO set up to improve the living conditions of children and adults with disabilities and to promote their social inclusion. In 2018, Waberer's provided vehicles, drivers and fuel as well as other technical equipment and personnel for events organized by the Foundation.
- Traditionally, Waberer's is a donor of Hungarian higher education in logistics, transport engineering and transportation: dozens of students at the universities of Budapest and Győr are awarded Waberer's scholarships each year for two semesters.
- In the framework of a long-term cooperation, the Company helps the Hungarian Red Cross's blood donor activities. We provide the organization with a suitably adapted truck for donation, at the same time taking over the maintenance and maintenance costs of the vehicle, thus helping the smooth operation of Red Cross's activities.

Human Resources

In terms of human resources management, the first priority for Waberer's Group, as for most other companies, was to adapt to the labour market processes. The Company was affected by the same impacts as all other major employers and almost all businesses were: the increasingly limited availability of skilled labour, the rise in wage costs and the importance of retaining employees.

Despite the difficult labour market conditions, Waberer’s was successful in all strategic areas of personnel management. Partly due to an expansion in labour force sourcing areas, fluctuation indices showing the proportion of departures in driver positions were similar to those of the previous year. The churn rate slightly decreased in the case of intellectual employees. In addition, efforts to replace outgoing colleagues were successful despite the general shortage of labour in the economies where the Group has interests. The number of open positions has been reduced to a minimum. The Company’s competitiveness in this area has been greatly supported by initiatives to build and develop the Waberer’s brand, which focus on the personal stories of our employees, and their experiences with the Group. The "Your Day" program will continue in 2019 and will appear in all external and internal employer communications.

For the sake of efficiency, the Company is set to operate with a more adaptable, cost-effective organisation, in line with the headcount management steps already launched at the end of the 2018 business year and continuing in 2019. The Group is developing business processes that support the realisation of its business goals with more focused, quick decision-making, and more efficient organisational structure.

The most important building block of Waberer’s recruitment strategy is the continuous development of its cooperation with vocational training institutions and universities, which were given new impetus in 2018 and will continue intensively this year. The Company develops its cooperation opportunities with training institutions for all the professions that are relevant to its activities. Waberer’s intends to give an opportunity to every committed young person who wants to learn, who is interested in the logistics profession, and who are happy to train themselves and then utilise their knowledge in the Waberer’s community.

Corporate Governance and Corporate Bodies

Board of Directors

The management body of the Company is the Board of Directors, who manages the issues of the Company and the Group, represents the Company vis-à-vis third parties and before courts and other authorities. The Board of Directors is entitled to acquire rights and undertake obligations on behalf of the Company and to determine the business activities of the Company. Members of the Board of Directors shall conduct their activity with due care and diligence as generally expected from persons in such positions, and give priority to the interests of the Company.

The Board of Directors shall consist of maximum 7 (seven) members. The members of Board of Directors shall be elected by the General Meeting for a three years term. The assignment of the members of the Board of Directors, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. The members of the Board of Directors shall elect a chairman and a deputy chairman from among themselves. The division of responsibilities and competences among the members of the Board of Directors is specified in detail in the By-laws of the Board of Directors: (www.waberers.com/en/investors/policies). The Board of Directors establishes its own rules of procedure itself.

The Board of Directors may make decisions on all issues and matters concerning the Company and the Group which do not fall within the exclusive competence of the General Meeting. In matters which fall within the exclusive competence of the General Meeting by virtue of law the Board of Directors shall make proposals for the resolutions of the General Meeting.

The responsibilities of the Board of Directors include primarily, but not exclusively, the following:

- supervision of the individual and the consolidated business and financial plans, significant capital investments, acquisitions and divestments of the Company or any Group member;
- submission to the General Meeting for approval the proposal of the Company's annual financial statement and the proposal of the utilization of after tax profits;
- submission to the Annual General Meeting for decision the Company's Corporate Governance Report, continuous observation of the efficiency and effectiveness of the practice of company management;
- report on the management, the financial situation, the business policy and financial and investment plans of the Company, at least once a year to the General Meeting and quarterly to the Supervisory Board;
- arrangements for keeping the books of the Company in accordance with the rules;
- participating in the determination of strategic guidelines and the formation of the corresponding strategy and participation in any kind of strategic cooperation agreements, associations, joint ventures on behalf of the Company or any member of the Group;
- exercise the shareholder rights with regard to the Material Subsidiaries;
- after discussion with the Supervisory Board, setting corporate objectives and continuous monitoring of company performance, informing the Supervisory Board about the achievement of these objectives;
- ensuring the integrity of financial and accounting reports;
- exercising employer's right over employees holding key positions, development of the principles applicable to the remuneration of the management, supervision of the activity of the management and if necessary, taking appropriate steps in line with the guidelines adopted by the General Meeting;
- deal with the conflicts of interests, accepting Code of Conduct
- establishment of risk management guidelines and policies, to ensure the continuous assessment of all risk factors, the obtainability of internal control mechanisms and the legal compliance;

- determination of a mechanism for the selection of the members of the Board of Directors;
- determination of the principles and basic procedure of the succession of the Company's leaders;
- defining guidelines and policies - and monitoring the compliance therewith - for transparency of corporate operations and for disclosure of information on the Company;
- the assurance of the communication with an appropriate level and appropriate frequency with the shareholders, approving the Insider Trading Policy and decide in matters under the Insider Trading Policy.

The Board of Directors shall have a quorum, if at least half of the Members of the Board are present at the meeting. The Board of Directors shall adopt its resolutions by open vote and a simple majority of the present Board members, except when the By-laws impose otherwise. Further rules of the conduct of meetings, powers and adoption of resolutions of the Board of Directors are set out in the By-laws of the Board of Directors.

The members of the Board of Directors may hold executive positions in business associations conducting the same activity as the Company only if they have been granted authorizations by the Board of Directors of the Company. Such authorization was granted to Gerard van Kesteren, the present chairman of the Board of Directors, who besides his membership in the Board is a member of the supervisory Board of Raben Group and Planzer Holding AG companies.

Considering that there is a two-tier governance system at the Company, the independence of the members of the Board of Directors does not required to be examined, yet the Company strives to comply with the guidelines listed in Sections 2.6. of the CGR. Pursuant to the Relationship agreement between the Company and CEE TRANSPORT HOLDCO S.á r.l., the largest shareholder, the shareholder delegates one or two member into the Board of Directors – depending on the number of the shares it owns in the Company -, while in 2018 the Board had two operational members.

The members of the Board of Directors, their independency status and the date of their appointment in year 2018 (the present members' professional CV is available on the website of the Company):

Name	Independency status	Dates of their appointment and length of their mandate
Gerard van Kesteren	independent, non-operative (external) member / chairman	2016.07.29. - 2021.05.31.
Péter Lakatos dr.	independent, non-operative (external) member	2016.07.29. – 2021.05.31.
Robert Knorr	non-independent (delegated by the Main shareholder), non-operative (external) member	2017.12.21. – 2021.05.31.
Csanád Dániel	non-independent (delegated by the Main shareholder), non-operative (external) member	2018.08.28. – 2021.05.31.
Barna Erdélyi	non-independent, operative member	2017.03.21. – 2021.05.31.
Ferenc Lajkó	non-independent, operative member	2017.03.21. – 2019.01.31.
Stefan Delacher	independent, non-operative (external) member	2011.05.31. – 2018. 06.07.

Chief Executive Officer

The work of the Company is organised, led, directed and supervised by the CEO subject to the relevant legislation and the Articles of Association as well as in accordance with the decisions of the General Meeting and the Board of Directors. His scope of authority includes making decisions on all cases that are not referred to the exclusive competence of the General Meeting, the Board of Directors or the Supervisory Board. The CEO establishes the work organisation of the Company, exercises the employer's rights over the employees of the Company (other than the CFO), but may delegate this power to the employees of the Company.

The CEO of the Company is elected by the Board of Directors to this position from July 29, 2016, which has been occupied by Mr Ferenc Lajkó from July 29, 2016 until January 31, 2019. The CEO of the Company is Robert Ziegler as of February 1, 2019.

Introduction of the management

The following persons belong to the Key Management of the Company and the Group in the business year of 2018:

- Ferenc Lajkó, CEO (as of February 1, 2019 the CEO of the Company is Mr. Robert Ziegler)
- Erdélyi Barna, CFO
- Zsolt Barna, Managing Director of Waberer's-Szemerey Kft. and head of the regional contract logistics business line;
- Nyilasy Bence, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp.z.o.o.

The Head of the International Business Segment and the Group Finance Director also belong to the Key Management Positions in the respective period, but these positions were not occupied in 2018. The curricula vitae of the members of the management employed by the Company are available on the Company website.

Relationship between the Board of Directors and the Management:

The Chief Executive Officer and Chief Financial Officer of the Company participated as executive board members in the ordinary and extraordinary meetings of the Board of Directors and as such management is actively involved in the work of the Board of Directors. The Board of Directors invited other business line managers to the meetings to discuss specific topics on ad hoc basis.

The Management reports to the members of the Board of Directors on a monthly basis. The monthly management report provides information about the monthly and periodic cumulative development of the business operations of the Company and the Group in a uniform, standard structure, presenting primarily the deviation of the effectiveness and key performance indicators from the values for the baseline period and the Business Plan. Main business operations data presented in the monthly management report:

- development of the consolidated profit/loss of the Company and the Group;
- development of the EBITDA of the Company and the Group by main business functions and detailed variance analysis of deviations;
- development of the consolidated sales of the Company and the Group;
- development of the profit/loss, key performance indicators and quality indicators of the business functions (primarily the international and regional contract logistics segment and insurance segment);
- development of the asset and financial situation and indebtedness of the Company and the Group;
- development of gain on fleet sales activity and driving factors behind the differences.

In the event of significant changes affecting the business operations of the Company and the Group and in the case of projects deviating from the business plan, the Management prepares ad hoc analyses for the Board of Directors.

Supervisory Board

The Supervisory Board consisted of 6 members in 2018. Pursuant to the modification of the Articles of Association accepted on April 16, 2018, the members of the Supervisory Board are elected by the General Meeting for a 3 (three) years term instead of the previous indefinite mandate. The assignment of the members of the Supervisory Board, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the Annual General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. One third of the Supervisory Board shall be delegates of the employees. Employee delegates are nominated by the Works Council from among the employees, taking into account the opinion of the trade unions operating in the Company. Employees of the Company may not become members of the Supervisory Board, unless they are employee delegates. Once elected, the Supervisory Board elects a Chairman from among its members for the period of the Chairman's mandate as a member.

The majority of the members of the Supervisory Board must be independent. A member of the Supervisory Board is considered independent if he or she does not have any legal relationship with the Company other than his or her Supervisory Board membership and the relationship falling within the usual activities of the Company and operations meeting the needs of the member of the Supervisory Board. The majority of the members of the Supervisory Board have no relationship with the Company, its management and its significant shareholders. The Supervisory Board requests that its members confirm their independence annually, prior to the Corporate Governance Report.

The members of the Supervisory Board are obliged to participate in the work of the Supervisory Board in person. The members of the Supervisory Board are independent of the management of the Company and may not be instructed during their activities. The Supervisory Board establishes its rules of procedure itself, which is approved by the General Meeting. Members of the Supervisory Board may not acquire any shares and may not be an executive officer in such business associations which pursue as its main activity the same economic activity as the Company. In case of accepting an executive officer position, the Member shall inform the Supervisory Board within 15 (fifteen) days from the acceptance.

The Supervisory Board supervises the management of the Company in order to protect the interests of the Company. In order to perform this activity, it may have access to the documents, accounting records and books of the Company, may request information from the Board of Directors and the employees of the Company, may inspect the payment account, cash in hand, portfolio of securities, goods in stock and contracts and agreements of the Company, or may have them inspected by an expert. The Supervisory Board is obliged to examine the proposals to the General Meeting and to present its position on such proposals at the General Meeting. The General Meeting may adopt resolutions on the Financial Statements and on the appropriation of profits after tax only in possession of the written report of the Supervisory Board.

If, according to the Supervisory Board, the activities of the management violate the relevant legislation or the Articles of Association, or are contrary to the resolutions of the General Meeting or otherwise infringe the interests of the Company, the Supervisory Board is entitled to convene the General Meeting in order to discuss this issue and to adopt the required resolutions.

The Supervisory Board adopts its resolutions by a simple majority of votes. The detailed rules for the operation of the Supervisory Board are set out in the rules of procedure of the Supervisory Board.

Members of the Supervisory Board, their independency status and dates of appointment in 2018 (the professional curricula vitae of the current members of the Supervisory Board are available on the Company website:

Name	Independency status	Dates of their appointment and length of their mandate
Gábor Béla Nagy	independent / chairman	2017.05.31. - 2021.05.31.
David William Moffat Thompson	independent	2018.08.28. - 2021.05.31.
Sándor Székely, employee delegate	non- independent	2017.05.11. - 2021.05.31.
Mária Szalainé Kazuska – employee delegate	non- independent	2017.05.31. - 2021.05.31.
Philip Anthony Marshall	independent	2017.05.31. - 2021.05.31.
Zoltán György Bodnár dr.	independent	2017.05.31. - 2021.05.31.
Peter Michael Vincent Grace	independent	2016.07.15. – 2018.08.28.

Audit Committee

The General Meeting elects an Audit Committee with 3 (three) members from the members of the Supervisory Board qualifying as independent for the same period as that of the Supervisory Board membership of the individual members.

The members of the Audit Committee, their independency status and their appointment date (the professional curriculum vitae of the current members are available on the Company website):

Name	Independency status	Date of their appointment and length of their mandate
David William Moffat Thompson	independent / chairman	From August 28, 2018 he is member of the Supervisory Board and Chairman of the Audit Committee
Peter Michael Vincent Grace	independent	His membership in the Supervisory Board and Chairmanship in the Audit Committee was terminated as of August 28, 2018
Philip Anthony Marshall	independent	for the length of their mandate in the Supervisory Board
Zoltán György Bodnár dr.	independent	for the length of their mandate in the Supervisory Board

The Audit Committee assists the Supervisory Board in the control of the financial reporting system, in the election of the Auditor and in co-operation with the auditor. The Audit Committee is entitled to use external adviser(s), as required, for performing its tasks. The Audit Committee supervises the efficiency of risk management, the operation of the system of internal controls.

Nomination and Remuneration Committee

Pursuant to the authorisation granted in Article 6.11 of the Articles of Association, the Board of Directors elects a three (3) member Nomination and Remuneration Committee from the members of the Board of Directors and Supervisory Board qualifying as independent for the same period as that of the Board membership of the individual members. The tasks of nomination and remuneration were consolidated in one committee in order to make the personal decision making procedure of the Board of Directors more effective.

Members of the Nomination and Remuneration Committee and their status and dates of appointment (the curricula vitae of the current members are available on the website of the Company):

Name	Impendency status	Date of their appointment
Gerard van Kesteren	independent	from June 15, 2017 for his mandate as a member in the Board of Directors
Nagy Gábor Béla	independent	from June 15, 2017 for his mandate as a member in the Supervisory Board
David William Moffat Thompson	independent	from August 28, 2018 for his mandate as a member in the Supervisory Board
Peter Michael Vincent Grace	independent	from June 15, 2017 until August 28, 2018

The Nomination and Remuneration Committee assists the Board of Directors in the selection of the members of the governing, supervising bodies and management and in the election and evaluation of the key employees as well as on the decision of the elements of their remuneration and handling conflicts of interests.

Internal controls and risk management

Internal control system

The Company's orderly functioning is ensured by its internal control system. Within the internal control mechanism each manager shall evaluate risks under their governance area and mitigate it with establishing internal procedure and overseeing its compliance. The Internal Audit Department under its annual audit program and with ad-hoc audits can also review the effectiveness of the internal control mechanism and report towards the Supervisory Board on quarterly basis on its findings and remedy actions.

The Company's financial reporting is monitored by the segment-level and central controlling functions and are reviewed by the executive level weekly and by the Board of Directors monthly. An in-depth and extensive review of financial reports are due each quarter, when all the aforementioned functions and bodies monitor to-be-disclosed figures and messages and quarterly reports are also reviewed by the Audit Committee before disclosure.

While conducting internal control processes, the Company's internal control mechanisms are governed by the following key principles:

- Allocation of responsibilities. All duties are allocated to at least one function or employee.
- Segregation of responsibilities. Functions and employees in the Company have clearly identified and recorded set of responsibilities.
- Independent internal audit function. The Internal Audit Department is independent from the executive management and reports to the Supervisory Board.
- Technological controls. Where appropriate, technological checks are implemented to warrant against human error or misdemeanour.
- Record keeping. Record keeping procedures are implemented at all levels to ensure that the Company can monitor its past experiences.

Risk management framework

The Company is committed to identify, measure, and manage risks in its business in order to provide a stable and profitable performance and create value to shareholders. Possible adverse outcomes are therefore an integral part of the day-to-day, as well as the strategic long-term decision-making process. Risk factors were assessed at the time of the IPO in 2107 and also an in-depth analysis of risk factors was conducted in 2018 by the Internal Audit Department based on the feedback from all key stakeholders within the company and also discussed by the Audit Committee on July 30, 2018.

In its risk management process, the Company's main objective is always to first understand the risks and their possible effects. The Company acknowledges that in most cases the elimination of risks is not possible, but it rather seeks to mitigate and effectively manage the risks it faces. The Company thus assumes risks only after effects are properly analysed and the appropriate processes are set up to manage those risks.

Within this framework, Waberer's has specified its risk management guidelines:

- Universal approach. Relevant risks are identified and measured as precisely as possible in each key activity, project, or other aspect that can materially influence the company's operations.
- Holistic approach. Day-to-day risks are identified, measured and managed at the operative level. All risk factor sand all risk management practices, however, are considered and assessed at group level.
- Regular monitoring. The evolution of risks and their management are monitored by the operative level, with strategic risks being monitored by the Audit Committee and the Board of Directors.
- Prioritising. Resources are allocated to prioritise risk management of risks that are most likely to materialise and have the highest potential impact.

- Efficiency in risk management. When selecting the method of risk management, the most efficient tool is selected.

The efficiency of risk management procedures in 2018 has been reviewed by the Board of Directors. In its review, the Board of Directors found that risk management procedures were generally in line with the guidelines in 2018 but also established that risk management process should be approached in a more structured way.

Risk factors

Waberer's has identified five sets of risk factors that it faces when conducting its business and that are to be considered by stakeholders such as investors, customers, or employees: market risk factors, regulatory risk factors, financial risk factors, operational risk factors, cyber security risk, and insurance-specific risk factors.[5]

Market risk factors

The Group operates in a highly competitive transportation and freight industry, which includes a multitude of trucking and logistics companies operating in Europe. The Group's operating segment comprising international transportation services focused on the EU (the "International Transportation Segment") primarily competes with other truckload carriers that provide long-haul truckload carrier services and freight forwarding services similar to those provided by the Group. The Group's operating segment comprising regional transportation and logistics services in Hungary and the CEE region (the "Regional Contract Logistics Segment") primarily competes with other companies providing regional logistics, warehousing and distribution services in Hungary. Wáberer Hungária Biztosító Zrt. (the "Insurance Company") competes with other non-life insurance providers in Hungary. The Company thus operates in several transportation-related markets in Europe and in the CEE region and is exposed to several factors that could adversely affect the Group's business, results of operations, financial condition, cash flows, prospects and reputation. These factors include but are not limited to:

- Macroeconomic risks. Economic conditions that decrease freight demand or increase the supply of trucks and trailers can exert downward pressure on rates or equipment utilisation, thereby decreasing asset productivity, particularly in the market segments and industries where the Group has concentration of customers (including FMCG, automotive, logistics and electronics sectors) and in regions of Europe where the Group has a significant business operations (including Hungary, Poland, Germany, Italy, France, Spain, the Netherlands, Belgium and the United Kingdom). A number of unique factors may adversely affect such general economic conditions including, but not limited to, an unfavourable scenario of the United Kingdom's departure from the EU (the so-called 'Brexit'), further unwinding of European integration and increased popularity of anti-EU political movements, or a region-specific deterioration of the economic performance or external trade links of Central and Eastern Europe.
- Sector-specific risks. The European transportation sector is exposed to a series of risk factors influencing the profitability of the transportation services the Company is active in. These include, but are not limited to volatility in operating costs which may vary from country to country, import/export controls, unexpected regulatory changes related to e.g. taxes, customs, tolls, or employment and environmental regulations.
- Strategy. The Group's long-term strategy is based on organic and inorganic expansion in the European and regional road transportation sector capitalising on its advantages based on scale, efficiency, and innovation may not be appropriate. This strategy may involve shifts in business scope, scale, and technology that may require significant management attention and financial resources and may prove to be unsuccessful and/or may have undesired effects on the Group's overall performance, or the reputation of the Group.

[5] The risk factors described below are not an exhaustive list or explanation of all risks which stakeholders may face when engaging with the Company and should be used as a guidance only. Additional risks and uncertainties relating to the Group that are currently not known to the Group, or that the Group currently deems immaterial, could individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, prospects. The risk factors described below are not ordered according to their materiality or likelihood of their occurrence.

- Customer Service. In order to retain and increase its revenue and profitability, it is important that the Group retains its existing customers and continues to acquire new customers across all of its business lines. The Group's contracted businesses are subject to competitive bidding pursuant to tender processes in which the Group and its competitors participate. However, no assurance can be given that the Group's existing contracts will be renewed or that the Group will win such tenders in the future.
- Employees and key personnel. The Group's business model strongly relies on employment of personnel from various countries in the Central-Eastern-European region, including but not limited to Hungary, Poland, and Romania. Of all employee groups, Waberer's identifies its driver force as the most crucial element of its human resources management model. The Group can experience a shortage of drivers as well as other qualified personnel and may be forced to adjust their compensation packages, particularly during periods of economic growth, in which alternative employment opportunities are more plentiful and demand for labour increases.
- Suppliers and sub-contractors. The Group relies on suppliers and service providers to provide it with certain specialised products and services, including products and services for, but not limited to, the supply of trucks, trailers, fuel and toll. Specifically, transportation and warehouse sub-contractors are third party providers that the Company relies on more directly when servicing its clients. The Company is exposed to the risk that it fails to maintain amenable relationships with its suppliers and sub-contractors, or if suppliers and sub-contractors are unable to provide the products and services the Group needs or there are adverse changes in the prices or the quality of the products and services they provide.

Regulatory risk factors

The Company is exposed to the changes in the regulatory environment in all the countries it operates in and also the regulations stipulated by supra-national and intergovernmental entities, the most important of which is the European Union. As such, licenses are necessary for the operation of the transportation, logistics, and insurance arms of the Group. The most significant rules for transportation and logistics services, such as international carriage contractual terms, road safety policies, environmental standards, and drivers' wages, working hours and other conditions, are governed by country-level, EU-level, and UN-level regulations. The most significant legislative procedure currently for the European cross-border road freight industry is the so-called "mobility package", an EU-level legislation in progress that plans to set new common rules for, among other items, the resting times and minimum pay for drivers, and cabotage, may have a significant impact on the Company's business.

The Group is also exposed to the consequences and has to prepare as there might be a 'hard Brexit', which is likely to increase trade barriers and impose significant restrictions on the exchange of goods between the EU and the UK. It cannot be measured at the moment, but the Brexit may cause new administrative procedures, severe delays at the UK borders with increasing costs and drops in trade volume between UK and the EU.

Financial risk factors

The Company's financial risks include credit risk, liquidity risk, interest rate risk, and exchange rate risk.

- Credit risk. Credit risk is the risk that the Group will incur a loss due to a client not complying with contractual terms and conditions, which in Waberer's case primarily means the non-payment risk of clients. The Company employs commercial loan limits and a continuous monitoring of exposures and maturities to manage credit risks.
- Liquidity risk. Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. To manage liquidity, the Group upholds an agreement with a factoring company whose services are used as required. Liquidity risk was mitigated by an improvement in collections, and generally a lower demand for working capital.
- Exchange rate risk. Most of the Group's revenues and expenses of the companies within the Group incurred in its functional currency of euro. At some Group members, the functional currency is Romanian lei, Polish zloty, and Hungarian forint, therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. Costs that

incur in foreign currencies and are not covered with corresponding revenues (natural cover) are held as an open FX position and are addressed with FX hedges.

- Interest rate risk. The Company has floating rate leases and loans as interest-bearing debt liabilities that it does not hedge.

Operational risk factors

Operational risks stem from a probability of loss occurring from the internal inadequacies or a breakdown in its controls, operations, or procedures. Such risks may materialise due to a number of factors, which include but are not limited to:

- Failure of internal systems or processes. The Group is exposed to operational risks of loss resulting from inadequacy or failure of internal processes or systems or from external events. The Group is susceptible to, among other things, fraud by employees or third parties, road accidents, unauthorised transactions and operational errors, clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems.
- Work stoppages. If the Group's employees were to engage in a strike, work stoppage or other slowdown, the Group could experience a disruption of its operations.
- Adverse weather conditions and other force majeure events. The Group's operations are subject to adverse weather conditions and natural disasters, unforeseen public health crises, unstable political conditions, and the European refugee crisis and potential catastrophic events.
- Misuse of vehicles. There is a risk that the Group's trucks and trailers will be used illegally and in violation of its agreements with drivers and customer for the smuggling of goods, drug trafficking, illegal transportation of persons across borders and other illegal activities.
- Cyber risk. The Group is exposed to cyber risks since information is valuable and vulnerable in this business sector also, so it should be protected. The Group has internal rules on information security which is applicable during the designing and executing business processes, solutions and services. Any event that can lead to data breaches, financial loss, reputational damage, and disruption of operations caused by a failure of technology systems and procedures qualifies as cyber risk.

Insurance-specific risk factors

The Insurance Company is exposed to unique risk characteristics including but not limited to:

- Compliance investigations by the Hungarian financial supervisory authority ("MNB")
- The Insurance Company's operations are dependent upon the grant, renewal or continuance in licences and permits issued by the MNB
- The Group's insurance coverage when the Group acts as its own insurer, also the Group's reinsurance coverage may not provide effective coverage under all circumstances
- The Insurance Company may experience unanticipated increases in the severity or frequency of claims
- As an insurer, the Insurance Company is exposed to the risk of catastrophes and severe weather events
- Adverse financial market conditions may significantly affect the Insurance Company's ability to optimise its portfolio selection and realise profits on its investments

Declaration

Undersigned, authorised representatives of WABERER'S INTERNATIONAL Nyrt., the issuer of WABERER'S INTERNATIONAL Nyrt. ordinary shares, hereby declare that WABERER'S INTERNATIONAL Nyrt. takes responsibility for the 2018 Annual Report disclosed on 16 April 2019, of WABERER'S Group, which has been prepared to the best of our knowledge in accordance with the applicable financial reporting standards, and give a true and fair view of the assets, liabilities, financial position, and profit of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries and presents a fair review of the position, development and performance of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries together with a description of principal risks and uncertainties.

Budapest, 16 April 2019

Gerard van Gesteren
Chairman of the Board of Directors

Barna Erdélyi
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

WABERER'S
OPTIMUM SOLUTION

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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of WABERER'S INTERNATIONAL Nyrt.

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the accompanying 2018 consolidated annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018 - showing a balance sheet total of EUR 725.103.930 and a total comprehensive loss for the year of EUR 20.924.017 -, the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements" section of our report.

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated annual financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

Cut-off of sales transactions and revenue recognition

The Group's consolidated third party revenue amounted to EUR 732 million in 2018. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized before the risks and rewards have been transferred. Based on this we consider the recognition of revenue in the correct period significant to our audit and a key audit matter.	Our audit procedures included, among others, understanding of key controls over revenue recognition which are designed to ensure proper timing and recognition of revenues when risk and rewards are transferred to customers. We analyzed the Group' revenue through entire population of journal entries of sales transactions including correlations between revenue, accounts receivables, value added tax and cash inflows. On a sample basis we circularized outstanding debtor balances and tested subsequent cash inflows. We tested a sample of significant sales transactions closed around the balance sheet date as well as credit notes issued after the balance sheet date to assess whether revenue was recognized in the correct period. We performed analytical review procedures on revenue comparing actual data to our expectations developed based on our prior experience of the Group's business. We assessed the adequacy of the Group's disclosures in respect of revenue in the consolidated annual financial statements in accordance with the EU IFRSs.

The Group's disclosures about revenue are included in Note 3. (n) Revenues; Note 5 Segment information and Note 22 Sales revenue, mediated services of the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<u>Goodwill measurement – annual</u> impairment testing Goodwill amounting to EUR 48 million as at 31 December 2018 represents 7% of the consolidated balance sheet total. Management is required to test goodwill for impairment yearly on the basis of the accounting policies used. We considered the audit of goodwill measurement to be a key audit matter due to the significant judgement involved, including mainly management estimates of future results of the cash-generating units. These assumptions are affected by expectations of future market or economic conditions.	We involved valuation specialists in our audit to support our assessment of the assumptions and methods that were used by the Group in the discounted cash flow model. Furthermore, we assessed the expected growth rates and the related expected future cash flows, whether these future cash flows were based on the strategic plan as prepared by the management board. In addition, we performed procedures relating to the disclosures on impairment testing included in the consolidated annual financial statements, looking specifically at the disclosure of key assumptions that have the most significant effect on the determination of the recoverable amount of the goodwill. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the assumptions disclosed and sensitivities of the assumptions underlying the valuation. Disclosure of goodwill and other intangible assets are included Note 3. (e) Intangible assets and Note 6. (a) Intangible assets of the consolidated annual financial statements.

Other information

Other information consists of the 2018 consolidated business report of the Group and consolidated annual report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2018 is consistent, in all material respects, with the 2018 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, we do not express opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with the EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for the consolidated annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, 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 unless management either intends to liquidate the Group 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 annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual 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 Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 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 annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ► Identify and assess the risks of material misstatement of the consolidated annual 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 management.
- ► Conclude on the appropriateness of management's use of the going concern basis of accounting 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 annual financial statements or, if such disclosures are inadequate, to modify 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 annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 annual 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 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, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor’s report in compliance with Regulation (EU) No. 537/2014:

Appointment and Approval of Auditor

We were appointed as the statutory auditor of WABERER’S INTERNATIONAL Nyrt by the General Assembly of Shareholders of the Company on 26 April 2018. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 8 years.

Consistency with Additional Report to Audit Committee

Our audit opinion on the consolidated annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated business report and in the consolidated annual financial statements, no other services were provided by us to the Company and its controlled undertakings.

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

Budapest, 13 March 2019

Lelkes Tamás
engagement partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Bartha Zsuzsanna
Registered auditor
Chamber membership No.:005268

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Statistical code

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Registration number

WABERER'S International NyRt.

2018

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) AS ADOPTED BY THE EU

Date Budapest 13 March 2019

Manager of Company
(representative)

Barna Erdélyi
CFO

Gerard van Kesteren
Chairman of the Board

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

data in EUR

Description	Note	31 December 2017 modified	31 December 2018
NON-CURRENT ASSETS			
Property	7	21 420 882	20 372 591
Fixed assets not yet capitalized	7	1 093 544	2 721 124
Vehicles	7	294 384 349	321 507 755
Other equipment	7	7 009 613	6 244 498
Total property, plant and equipment		**323 908 389**	**350 845 968**
Intangible assets	6	8 993 815	13 677 196
Goodwill	6	53 379 212	47 588 966
Other Financial investments - Debt instruments - Long term	10	36 827 131	46 832 378
Other Financial investments - Equity instruments - Long term	10	5 663 729	5 619 886
Other non-current financial assets	9	130 447	61 265
Reinsurance amount of technical reserves	20, 26	20 571 689	27 684 446
Deferred tax asset	32	2 189 410	2 115 657
TOTAL NON-CURRENT ASSETS		**451 663 823**	**494 425 762**
CURRENT ASSETS			
Inventories	11	3 788 470	4 362 333
Current income taxes	32	1 510 400	1 546 113
Trade receivables	12	119 341 477	114 430 379
Other current assets and derivatives	13	45 025 864	49 901 112
Cash and cash equivalents	15	58 997 190	57 659 601
Assets classified as held for sale	14	151 631	2 778 630
TOTAL CURRENT ASSETS		**228 815 032**	**230 678 168**
TOTAL ASSETS		**680 478 855**	**725 103 930**
SHAREHOLDERS' EQUITY	16		
Share capital		6 179 206	6 183 594
Reserves and retained earnings		161 870 269	138 620 260
Translation difference		(1 719 822)	174 380
Total equity attributable to the equity holders of the parent company		**166 329 653**	**144 978 234**
Non-controlling interest		**8 269 420**	**94 017**
TOTAL SHAREHOLDERS' EQUITY		**174 599 073**	**145 072 251**
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term portion of leasing liabilities	17	206 756 628	212 244 889
Deferred tax liability	32	1 297 159	791 285
Provisions	18	21 660 029	22 063 402
Other long-term liabilities	19	6 448 045	-
Other insurance technical provision - long term	20	41 640 209	58 551 197
TOTAL LONG-TERM LIABILITIES		**277 802 071**	**293 650 773**
CURRENT LIABILITIES			
Short-term loans and borrowings	34	5 209 370	17 861 310
Short-term portion of leasing liabilities	17	81 428 866	106 448 893
Trade payables	34	114 439 260	133 355 404
Current income taxes	32	618 291	137 005
Provisions	18	3 351 274	2 432 614
Other current liabilities and derivatives	21	19 165 853	22 063 974
Other insurance technical provision - short term	20	3 864 798	4 081 706
TOTAL CURRENT LIABILITIES		**228 077 712**	**286 380 906**
TOTAL LIABILITIES		**505 879 783**	**580 031 679**
TOTAL EQUITY AND LIABILITIES		**680 478 855**	**725 103 930**

Date: Budapest, 13 March 2019

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

data in EUR

Description	Note	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2 017	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2 018
Continuing activities											
NET REVENUE	22	500 163 997	123 596 262	50 621 242	-	674 381 501	538 548 104	136 133 596	57 204 140	-	731 885 840
Cost of Trucking Subcontractors	22	-89 161 787	-29 399 699	-	809 931	-117 751 554	-98 397 108	-33 502 804	-	1 849 203	-130 050 709
Cost of goods sold	22	-15 921 157	-2 779 680	-	8 571 336	-10 129 501	-14 877 302	-2 871 676	-	8 492 986	-9 255 992
Direct wages, benefits & allowances	23	-87 445 497	-16 270 963	-	-	-103 716 460	-99 306 821	-20 314 996	-	-	-119 621 817
Fuel cost	24	-103 811 121	-13 351 619	-	41 419	-117 121 320	-114 439 671	-15 846 807	-	18 798	-130 267 680
Toll Fees & Transit Costs	25	-91 648 045	-19 694 323	-	380 568	-110 961 800	-103 162 845	-21 462 276	-	347 892	-124 277 229
Repair & maintenance	27	-12 164 593	-2 835 745	-	-996 859	-15 997 198	-17 667 832	-3 105 773	-	145 637	-20 627 968
Insurance costs	27	-9 823 033	35 882	-18 006 428	2 264 485	-25 529 094	-15 479 799	-1 708 064	-20 635 915	125 652	-37 698 126
Reinsurance Fee	26	-1 192 587	-135 094	-25 360 535	-	-26 688 216	-306 094	-31 582	-28 866 487	-	-29 204 163
Direct Rent	27	-1 062 112	-4 092 230	-	-443 765	-5 598 107	-1 187 298	-7 187 919	-	51 708	-8 323 509
Other contracts	27	-419 336	-1 686 765	-	1	-2 106 100	-1 051 573	-1 987 800	-	40	-3 039 333
Vehicle weight tax and other transport related taxes	27	-1 708 713	-421 186	-1 197	-	-2 131 096	-1 909 201	-458 496	-920	-	-2 368 617
Total direct costs		-414 357 979	-90 631 423	-43 368 160	10 627 116	-537 730 446	-467 785 544	-108 478 193	-49 503 322	11 031 916	-615 355 280
Net gain on fleet sales	14	4 233 148	80 917	28 486	-389 872	3 952 679	3 621 108	921 738	-	-	4 542 846
Gross Profit		101 502 701	33 986 804	7 281 567	-2 167 339	140 603 734	86 883 103	29 706 394	7 700 818	-2 596 772	121 693 543
in % of Revenue		20,29%	27,50%	14,38%		20,85%	16,13%	21,82%	13,46%		16,63%
Indirect Wages & Benefits	28	-24 983 841	-8 022 400	-1 156 006	-	-34 162 248	-28 744 772	-7 100 021	-1 440 291	-	-37 285 084
Other services	28	-14 866 339	-7 466 601	38 848	2 773 636	-19 520 456	-15 624 915	-7 834 702	-131 705	2 613 340	-20 977 982
Selling, General and Administrative costs	28	-39 850 180	-15 489 001	-1 117 158	2 773 636	-53 682 703	-44 369 687	-14 934 723	-1 571 996	2 613 340	-58 263 066
in % of Revenue		-7,97%	-12,53%	-2,21%		-7,96%	-8,24%	-10,97%	-2,75%		-7,96%
Other operating income	29	7 301 785	1 374 938	840 172	-606 297	8 910 598	5 205 239	2 067 523	348 045	-56 067	7 564 740
Other operating expense	30	-10 391 091	-2 565 058	-96 076	0	-13 052 225	-11 608 338	-2 014 841	-236 787	39 499	-13 820 467
Profit before interest, tax, depreciation and amortization(EBITDA)		58 563 215	17 307 684	6 908 505	0	82 779 404	36 110 317	14 824 353	6 240 080	-	57 174 750
in % of Revenue		11,71%	14,00%	13,65%		12,27%	6,71%	10,89%	10,91%		7,81%
Depreciation	6,7	-48 074 362	-7 861 742	-113 461	-	-56 049 566	-56 253 272	-9 822 871	-129 275	-	-66 205 418
Profit before interest (EBIT)		10 488 852	9 445 942	6 795 044	0	26 729 838	-20 142 955	5 001 482	6 110 805	-	-9 030 668
Interest	31	-2 637 204	-585 006	-332 386	-	-3 554 597	-4 948 860	-2 016 840	111 868	-	-6 853 832
Profit(loss) before income tax		7 851 648	8 860 935	6 462 658	0	23 175 241	-25 091 815	2 984 642	6 222 673	-	-15 884 500
Income Tax	32	-1 716 810	-1 513 479	-1 554 101	-	-4 784 390	-2 467 946	-1 548 748	-1 022 823	-	-5 039 517
Profit after Tax		6 134 838	7 347 457	4 908 557	0	18 390 852	-27 559 761	1 435 894	5 199 850	-	-20 924 017
DISCOUNTINUED OPERATION											
Profit/loss from discountinued operation (decreased with deferred tax)											
CURRENT YEAR PROFIT/LOSS		6 134 838	7 347 457	4 908 557	0	18 390 852	-27 559 761	1 435 894	5 199 850	-	-20 924 017
Attributable to:											
Equity holders of the parent		8 286 951	5 046 379	4 908 557	0	18 241 888	-20 957 959	790 916	4 587 105	-	-20 979 610
Non-controlling interest		-2 152 114	2 301 077	-		148 964	-507 393	562 986	-	-	55 593
		6 134 838	7 347 457	4 908 557	0	18 390 852	-21 465 352	1 353 902	4 587 105	-	-20 924 017
OTHER COMPREHENSIVE INCOME											
Items to be reclassified subsequently to profit or loss											
Fair-value of cash-flow hedge transaction (fuel and FX) - less deferred tax		-672 684				-672 684	-1 123 737	-	-	-	-1 123 737
Translation difference from foreign entities		-666 068	47 676	-364 925		-983 317	180 226	735 468	978 508	-	1 894 202
OTHER COMPREHENSIVE INCOME		-1 338 752	47 676	-364 925	-	-1 656 001	-943 511	735 468	978 508	-	770 465
TOTAL COMPREHENSIVE INCOME		4 796 086	7 395 133	4 543 632	0	16 734 851	-22 408 863	2 089 370	5 565 613	-	-20 153 552
Attributable to:											
Equity holders of the parent		6 948 199	5 094 055	4 543 632	0	16 585 887	-21 901 470	1 526 384	5 565 613	-	-20 209 145
Non-controlling interest		-2 152 114	2 301 077	-	-	148 964	-507 393	562 986	-	-	55 593
Earnings per Share											
Number of shares						16 023 885					17 662 802
Basic and diluted EPS (EUR/share)						1,14					(1,19)

Date: Budapest, 13 March 2019

WABERER'S INTERNATIONAL NyRt.
CONSOLIDATED STATEMENT OF CASH FLOWS

data in EUR

Description	Note	2017	2018
Profit/loss before tax		**23 175 241**	**(15 884 500)**
Non-realised exchange loss/gain on leases (-)	31	-	-
Non-realised exchange loss/gain on other FX assets and liabilities (-)	31	(1 149 376)	1 757 429
Booked depreciation and amortisation	6, 7	56 049 566	66 205 418
Impairment	11,12,13	(5 109)	6 171 695
Interest expense	31	4 736 183	4 871 010
Interest income	31	(97 853)	(141 945)
Difference between provisions allocated and used	18	5 370 959	1 099 262
Changes of Insurance technical reserves		5 422 601	9 798 231
Result from sale of tangible assets		(25 305)	(140 125)
Result from sale of non-current assets held for sale		(3 952 679)	(4 542 846)
Net cash flows from operations before changes in working capital		***89 524 230***	***69 193 629***
Changes in inventories	11	(473 973)	(573 863)
Changes in trade receivables	12	(6 401 265)	4 485 944
Changes in other current assets and derivative financial instruments	13	(5 369 531)	(5 852 637)
Changes in trade payables	34	16 042 898	18 893 060
Changes in other current liabilities and derivative financial instruments	21	1 363 476	1 298 604
Changes in Insurance technical liabilites	21	(3 098 312)	23 572
Income tax paid	32	(7 112 961)	(5 990 661)
I. Net cash flows from operations		***84 474 562***	***81 477 648***
Tangible asset additions	6, 7	(11 864 305)	(14 160 824)
Income from sale of tangible assets	7	689 352	278 950
Income from sale of non-current assets held for sale	14	30 497 994	29 202 633
Changes in other non-current financial assets	9	800 575	268 377
Changes in Financial investments (Equity and Debt istruments)	34	931 729	(9 082 880)
Cash and cash equivalents acquired	15	399 290	
Interest income	31	97 853	141 945
Borrowing repayement from related company		-	-
Borrowing to related company		-	-
II. Net cash flows from investing activities		***21 552 488***	***6 648 202***
Borrowings	33	(7 691 941)	4 539 767
Repayment of loans, borrowings	34	-	-
Lease payment	34	(58 898 134)	(61 179 651)
Lease payment related to sold assets	34	(21 260 048)	(21 507 708)
Interest paid	31	(4 736 183)	(4 871 010)
Buy back of own shares		-	(1 004 007)
Dividend paid		(635 779)	(72 208)
Buy-out of non-controlling interest			(5 368 622)
Capital increase		46 850 305	-
Aqisition of related company		(32 323 386)	
III. Net cash flows from financing activities		***(78 695 165)***	***(89 463 439)***
IV. Changes in cash and cash equivalents		***27 331 885***	***(1 337 589)***
Cash and cash equivalents as at the beginning of the year	34	31 665 305	58 997 190
Cash and cash equivalents as at the end of the year	34	58 997 190	57 659 601

Date: Budapest, 13 March 2019

WABERER'S INTERNATIONAL NyRt.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

data in EUR

	Megjegyzés	Share capital	Reserves and retained earnings	Translation difference	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total shareholders' equity
Opening value as at 1 January 2017		**5 037 513**	**102 091 184**	**-736 505**	**106 392 192**	**7 855 965**	**114 248 157**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**21, 29**	0	-672 684	0	-672 684	0	-672 684
Exchange difference on foreign operations		0	0	-983 317	-983 317	0	-983 317
Other comprehensive income		0	-672 684	-983 317	-1 656 001	0	-1 656 001
Profit/Loss for the year		0	18 241 888	0	18 241 888	148 964	18 390 851
Total comprehensive income		0	17 569 204	-983 317	16 585 887	148 964	16 734 850
Capital increase with new shares issued		1 063 897	49 155 083	0	50 218 980	0	50 218 980
Direct cost realted to capital increase		0	-3 355 071	0	-3 355 071	0	-3 355 071
Transfer of treasury shares to ESOP organisation		77 796	0	0	77 796	0	77 796
Change in equity as a result of acquisitions		0	-1 931 998	0	-1 931 998	0	-1 931 998
Dividend paid to non-controlling interest		0	0	0	0	-635 779	-635 779
Diversion of dividend paid to minorities		0	-877 497	0	-877 497	877 497	0
Changes in non controlling interest		0	-26 998	0	-26 998	26 998	0
Other movements		0	124 885	0	124 885	-4 225	120 661
correction of Financial Investment effective interest			-878 523		-878 523		-878 523
Closing value as at 31 December 2017		**6 179 206**	**161 870 269**	**-1 719 822**	**166 329 653**	**8 269 420**	**174 599 073**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**21, 29**	0	-1 123 737	0	-1 123 737	0	-1 123 737
Exchange difference on foreign operations		0	0	1 894 202	1 894 202	0	1 894 202
Other comprehensive income		0	-1 123 737	1 894 202	770 465	0	770 465
Profit/Loss for the year		0	-20 979 610	0	-20 979 610	55 593	-20 924 017
Total comprehensive income		0	-22 103 347	1 894 202	-20 209 145	55 593	-20 153 552
Buy back of own shares from ESOP Unit		4 068	-1 004 008	0	-999 940		-999 940
Bonus shares for Employee benefit program		320	-12 536		-12 216		-12 216
Buy-out of non-controlling interest		0	0	0	0	-8 226 531	-8 226 531
Other movements		0	-130 118	0	-130 118	-4 465	-134 583
Closing value as at 31 December 2018		**6 183 594**	**138 620 260**	**174 380**	**144 978 234**	**94 017**	**145 072 251**

1. Reporting entity

Waberer's International Nyrt. (hereafter: "Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The consolidated financial statements as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (hereinafter collectively referred to as: the "Group", and separately as "Group entities") as well as the Group's interests in associates and jointly controlled entities. The Group's core activity is transportation, forwarding and logistics services.

2. Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The Group's consolidated financial statements were prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The IFRS comprise accounting standards issued by the IASB and its predecessor, as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor.

The consolidated financial statements were approved by the Board of Directors on 13 March 2019.

(b) Basis of measurement

With the exception of certain financial instruments, which were measured at fair value, the consolidated primary financial statements were prepared on a historic cost basis.

The methods used for fair value measurement are detailed in Note 34.

(c) Functional and presentation currency

95% of the Group's business is done within the European Union. The Group is financed in EUR and, owing to the special and EU-wide nature of the Group's business, the CDS rates for Hungary are barely considered by the Group's funders and creditors when establishing their interest premiums. Accordingly, the consolidated financial statements are prepared in EUR which has been the Group's presentation currency since 1 January 2013.

The functional currencies, other than the euro, used by the Group entities are presented below.

Company	31 Dec 2017	31 Dec 2018
Waberer's - Szemerey Logisztika Kft.	HUF	HUF
Waberer's Romania SA	RON	RON
Waberer's Polska	PLN	merged into Link Sp. z o.o.
Waberer's UK Limited	GBP	GBP
Wáberer Hungária Biztosító Zrt.	HUF	HUF
Közdűlő Invest Kft.	HUF	HUF
LINK Sp. z o.o.	PLN	PLN
LINK Services Sp. z o.o.	PLN	PLN

(d) Use of estimates and judgments

The preparation of financial statements in accordance with the following accounting policies requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the notes below:

- measurement of recoverable amount of cash-generating unit containing goodwill (see Note 7. a)
- provisions and contingent items (see Notes 20 and 36)
- measurement of financial instruments (Note 35. d)
- classification of leases (Note 3. g)
- recording of gain on fleet sales (Note 3. h).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

New and amended standards adopted

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2018:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised when control of the goods or services are transferred to the customer.

a) Impact of the adoption of IFRS 15

The Group has generally concluded that:

- it satisfies performance obligations at a point in time, because control is transferred to the customer on delivery of the goods;
- it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to customers;
- significant financing component does not exist, because the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is expected to be one year or less at contract inception.

As a result, the adoption of IFRS 15 does not impact significantly the Company's results, financial position or disclosures.

The Group. elected to adopt IFRS 15 – Revenue from Contracts with Customers using the modified retrospective method of adoption.

IFRS 9

At the date of initial application, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compare that to the credit risk at the date of initial application of the standard. If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date).

Waberer's chose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. The Group applies that policy to all of its hedging relationships and retain the existing hedge accounting requirements in IAS 39 for all hedge accounting, until the IASB finalizes the macro hedging project.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries were amended if this was necessary to ensure consistency with the policies applied by the Group.

(ii) Associates and jointly-controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and where unanimous consent is required for strategic financial and operating decisions.

Associates and jointly-controlled entities are accounted for using the equity method (equity accounted investees), and are initially recognised at cost. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at exchange rates at the reporting date. The income and expenses of foreign operations are translated to EUR at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity, in the foreign currency translation reserve (translation reserve). When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payables to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Group; or
- a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the Group is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is:

a contractual obligation:
- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group; or
- a contract that will or may be settled in the entity's own equity instruments and is:
- a non-derivative for which the Group is or may be obliged to deliver a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

A derivative is a financial instrument with all three of the following characteristics:

- its value changes in response to the change in an underlying. An underlying may be a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

(i) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.
Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised through profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value at year-end; the effective part of the fair value is recognised directly in other comprehensive income while the ineffective part is recognised through profit or loss.
In the case of hedging transactions closed in the reporting period and in accordance with the Group's accounting policies, any realised profit or loss is recognised in the same way as for the hedged item, i.e. under direct costs: raising the incomes in the case of a gain and lowering the income in the case of a loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost values of individual assets in the categories of property, plant and equipment were determined on 1 January 2007, when the Group adopted IFRS reporting, based on their fair values as of 1 January 2006.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the assets and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised to the cost of the asset.

When parts of an item of property, plant and equipment have different useful lifes, they are accounted for as separate items (major components) of property, plant and equipment.
Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognised net in profit or loss among other income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying value of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the amount of the depreciable asset value. The depreciable amount of an asset is its cost less any residual value. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

(i)	buildings	30 years
(ii)	plant and equipment	7 years
(iii)	vehicles	4-5 years
(iv)	other fixtures and fittings	7 years

The average useful life of the Group's leased trucks is four years during which their acquisition cost is written off on a straight line basis to a 48% residual value, in case of trailers, the useful life is five years. If the lease term is prolonged for two more years, the residual value changes accordingly so that straight line depreciation applies for two more years to the new residual value.
The depreciation methods, useful lives and residual values are reassessed at each reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and jointly-controlled entities.

Cost of goodwill

On 1 January 2007 the Group decided to apply IFRS 3 *Business Combinations* retrospectively for business combinations occurring on or after 1 January 2006. The carrying value on 1 January 2006 of the goodwill from business combinations pre-dating 1 January 2006 is the carrying value as at 1 January 2006 determined on the basis of Hungarian accounting standards. For subsequent business combinations the Group determines the goodwill as the difference between the consideration paid and the fair value of net assets acquired..

Acquisition of non-controlling interests

Acquisitions of non-controlling interests in subsidiaries are treated as transactions between equity holders and as such the results are recorded at fair value directly in equity upon the acquisition.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets

Other intangible assets acquired by the Group which have definite useful lives are recognised at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis, with the exception of goodwill, over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:

- software 10 years
- rights and concessions 6 years

(f) Investment property

Investment property is held to earn rentals or for capital appreciation or both, and is therefore not held for sale in the ordinary course of business, or for use for the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost less accumulated depreciation. The Group does not own any investment property.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When lease transactions are classified the risk derived from the change in the residual value of the leased assets is taken into account.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's statement of financial position.

(h) Gain on fleet sales

The net result of the sale of the fixed assets held for sale (mainly vehicles purchased from the financial lease contract) is recognized in net gain on fleet sales.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of spare part inventories is determined at average price and the cost of tank inventories is based on the FIFO principle, and includes expenditure incurred in acquiring the inventories, their production or transformation costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment loss

(i) Financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The company recognizes a loss allowance for such losses on a daily basis. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

The general approach reflects the pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECL (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality
- Lifetime ECL (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis

If financial assets became credit-impaired (Stage 3) interest revenue is calculated by applying the effective interest rate (EIR) to the amortized cost (net of the impairment allowance) rather than the gross carrying amount.

The simplified approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECL at all times. For trade receivables or contract assets that do not contain a significant financing component and for short term trade receivables with significant financing component (for which The Group decided not to adjust the consideration for the interest component for revenue recognition), simplified approach shall be applied. The impairment of other financial assets is recognized based on the general approach.

The Group chose to apply simplified approach for trade receivables with a significant financing component that are not considered to be short term (receivables with maturity over 12 months).

When lifetime ECLs are recognized, impairment losses are recognized through an allowance account to write down the asset's carrying amount to the present value of expected cash flows discounted at the original effective interest rate of the asset.

The Group determines lifetime ELCs using an impairment matrix for the calculation of lifetime ECL under the simplified approach. The matrix considers certain circumstances of the debtors and the number of days past due. The impairment rates in the matrix are determined considering the general requirements of IFRS 9 for the calculation expected credit losses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account through profit or loss for the year. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity and
- where the recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the year.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The Group examines on an annual basis whether there are any indications of impairment, and reviews whether the recording of impairment may be justified for goodwill. Accordingly, the recoverable amount of the cash-generating unit to which the goodwill is related must be estimated. To determine the recoverable amount the Group assesses the future cash flows of the cash-generating unit, and selects an appropriate discount rate to calculate the present value of the cash flows.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are considered to be non-current assets classified as held for sale. Immediately prior to the classification as held for sale the assets (or components of the disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of the carrying value and the fair value less cost to sell.
Impairment losses related to a disposal group are allocated initially to goodwill and then proportionally to the other assets, apart from inventories, financial assets, deferred tax assets, employee-benefit related assets and investment properties, to which losses are not allocated, and which are still measured in accordance with the Group's accounting policies. Impairment losses related to the initial classification as held for sale and any subsequent gains or losses following re-measurement are recognised in profit or loss. Gains are recognised up to the amount of any cumulative impairment loss.
When classifying the assets back the Group compares the carrying value less impairment of the assets held for sale with the value that would have prevailed if the assets had been depreciated when carried as held for sale, before proceeding to use the lower figure, if this was not higher than the recoverable amount of the asset.

(l) Employee benefits
(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity but has no legal or constructive obligation to pay further contributions. Payments to defined contribution pension-benefit plans are recognised in profit and loss as employee benefit related expense when incurred.

(ii) Termination benefits
Termination benefits are recognised as expense when the Group is demonstrably committed to a detailed formal plan to terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy, without a realistic possibility of withdrawal. Termination benefits for voluntary redundancies are recognised as expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

(iii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Revenues
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised when it is probable that the economic benefits

associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised when control of the goods or services are transferred to the customer.

a) Impact of the adoption of IFRS 15

The Group. has generally concluded that:

- it satisfies performance obligations at a point in time, because control is transferred to the customer on delivery of the goods;
- it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to customers;
- significant financing component does not exist, because the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service is expected to be one year or less at contract inception.

As a result, the adoption of IFRS 15 does not impact significantly the Company's results, financial position or disclosures.

The Group elected to adopt IFRS 15 – Revenue from Contracts with Customers using the modified retrospective method of adoption.

(o) Lease payments

Lease payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(p) Finance income and expense

Finance income comprises the following: interest income on investments (including available-for-sale financial assets), dividend income, gains from the sale of financial assets at fair value through profit and loss, financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise the following: interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

Exchange gains and losses are recognised net.

(q) Income tax

Income tax expense comprises current and deferred income taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Hungarian municipal business tax payable is also presented as an income tax.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax may not be recognised for temporary taxable differences related to the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities should be offset on the statement of financial position only if the entity has the legal right to offset current tax assets with current tax liabilities, and they are related to income taxes levied by the same taxing authority on the same taxable entity, or on different entities that intend to realise their current tax assets and settle their current tax liabilities either on a net basis or at the same time.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

(t) Insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

(u) Insurance revenue

<u>Gross premiums</u>
Gross recurring premiums on life and investment contracts with DPF are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(v) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

(w) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity net of any tax effects. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(x) IFRS and IFRIC interpretations adopted in 2018

Except for the IFRSs as amended as adopted by the Group starting as of 1 January 2018, the accounting policies are consistent with those applied in the previous year:

IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendment)
The purpose of the amendment is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. The amendment has no an impact on the Group.

IAS 7: Disclosure Initiative (Amendment)
The purpose of the amendment is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment clarifies that one way to fulfil the disclosure requirement is to present a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. The amendment has no impact on the Group.

IFRS 15 Revenue from contracts with customers

For initial application of IFRS 15 Waberer's uses the modified retrospective method. The Group recognizes the cumulative effect of initially applying IFRS15 as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application, ie the period ending December 31, 2018.

The Group applies IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application.

Waberer's does not apply the rules of contract modifications for all contract modifications occurred before the date of initial application. Instead, the Group reflect the aggregate effect of all of the modifications that occur before the date of initial application when:

- identifying the satisfied and unsatisfied performance obligations;
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied performance obligations

IFRS 9 Financial instruments

The Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition are recognized in opening retained earnings and other reserves of the annual reporting period that includes the date of initial application, ie the period ending December 31, 2018.

IFRS 9 is not applied to items that have already been derecognized at the date of initial application.

Business model test is performed for the financial assets in the statement of position of the Group at the date of initial application on the basis of the facts and circumstances that exist at that date. The resulting classification is applied irrespective of the entity's business model in prior reporting periods.

If, at the date of initial application, it is impracticable (as defined in IAS 8) for an entity to assess a modified time value of money element on the basis of the facts and circumstances that existed at the initial recognition of the financial asset, the Group assesses the contractual cash flow characteristics of that financial asset on the basis of the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element.

At the date of initial application, the Group does not designate a financial asset as at FVTPL that would otherwise be accounted for at amortized cost or FVOCI.

At the date of initial application, the Group does not designate an existing financial liability as at FVTPL.

If it is impracticable (as defined in IAS 8) for the Group to apply retrospectively the effective interest method, the fair value of the financial asset or financial liability at the date of initial application is treated as the new gross carrying amount of that financial asset or the new amortized cost of that financial liability at the date of initial application of IFRS 9.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

At the date of initial application, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that a financial instrument was initially recognized and compare that to the credit risk at the date of initial application of the standard. If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date).

Annual improvements for the 2014 – 2017 cycle

The improvement has no impact on the Group's annual financial statements.

- ***IFRS 12 Disclosure of Interests in Other Entities:*** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

(y) Standards issued but not yet effective

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The Group has assessed the requirements of the standard and its impacts on the financial statements. The assessment identified contracts worth EUR 52 million which would qualify as lease as a result of the standard amendments. The prospective impacts of the amendment on the financial statements will include an increase in properties and a corresponding increase leasing liabilities, and a reduction in rents paid with a corresponding increase in depreciation and interest paid.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract

either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The Group has assessed the requirements of the standard and has decided against early application.

- **IFRS 17: Insurance Contracts**
  The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. The Group has assessed the requirements of the standard and has decided against early application.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendment)**
  The amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The amendment relates to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The amendment clarifies that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. The amendment has not yet been endorsed by the EU. The Group has assessed the requirements of the standard and does not wish to apply it.

- **IFRC 23: Uncertainty over Income Tax Treatments**
  The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Group has assessed the requirements of the standard and believes that the standard has no impact on the Group's financial statements.

- **IAS19 19: Plan Amendment, Curtailment or Settlement (Amendment)**
  The amendment is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendment requires entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendment also clarifies how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The amendment has not yet been endorsed by the EU. The Group has assessed the requirements of the standard and does not wish to apply it.

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (Amendments)**
  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and has decided against early application.

- **IAS1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments):**
  The amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. The Group has assessed the requirements of the standard and has decided against early application.

4. Earnings per share

The issued share capital of Waberer's International Nyrt. comprises 17,693,734 registered dematerialised ordinary shares of a nominal value of EUR 0.35 each. On 29 June 2017 the Company has issued 3,039,706 new ordinary shares

The issued share capital of Waberer's International Nyrt. was EUR 6,192,807 at 31 December 2018, of which EUR 9,213 was treasury shares value. EPS is calculated based on the net profit for the year and the weighted average number of ordinary shares modified by the following share buy-back:

Opening own shares on 01.01.2017		261,614 unit
	2017.07.10	(157,665) unit
	2017.11.24	(65,089) unit
	2018.04.21	65,089 unit
	2018.04.24	(76,712) unit
	2018.07.10	(915) unit

Earnings per share	**2017**	**2018**
Net profit after tax EUR	18,241,888	(20,979,610)
Weighted average of ordinary shares	16,023,885	17,662,802
Earnings per share EUR	1.14	(1.19)
Diluted earnings per share EUR	1.14	(1.19)

As there is no diluting effect on earnings, diluted earnings per share was the same as normal EPS in both 2017 and 2018.

5. Segment information

IFRS 8 „Operating segments" requires listed entities to disclose appropriate information to the investors for the sake of transparency. The Group has created an 'international transportation', a 'domestic transportation and contractual logistics', and an 'other' segment based on its business lines. The operations of the Group are governed by Group management along these three segments:

International transportation: International FTL transportation and forwarding, and international collective transportation

Regional contractual logistics: Domestic FTL and LTL transportation, warehousing and vehicle repairs to third parties

Other: Insurance services

Details of the Group's business segments are presented below.

Revenues and key OCI items:

2017

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Own fleet transport revenues	391,401,548	54,235,668	-	(71 000)	**445 566 216**
Subcontracting revenues	98,080,908	34,670,716	-	(740,762)	**132 010 862**
Other revenues	22,145,076	35,630,926	50,621,242	(11,592,821)	**96,804,423**
Inter-segment offsetting (-)	(11,463,535)	(941,048)	-	12,404,583	-
Net revenues	**500,163,997**	**123,596,262**	**50,621,242**	**-**	**674,381,501**

EBITDA	58,563,215	17,307,684	6,908,505	-	82,779,404
depreciation	(48,074,362)	(7,861,742)	(113,461)	-	(56,049,566)
EBIT	10,488,852	9,445,942	6,795,044	-	26,729,838

2018

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Own fleet transport revenues	428,934,331	59,570,503	-	(296,776)	488,208,058
Subcontracting revenues	108,439,577	39,139,530	-	(1,554,822)	146,024,285
Other revenues	13,673,631	38,552,816	57,204,140	(11,777,090)	97,653,497
Inter-segment offsetting (-)	(12,499,435)	(1,129,253)	-	13,628,688	-
Net revenues	**538,548,104**	**136,133,596**	**57,204,140**	**-**	**731,885,840**

EBITDA	41,900,563	14,824,353	6,240,080	-	62,964,996
depreciation	(56,253,272)	(9,822,871)	(129,275)	-	(66,205,418)
EBIT	(14,352,709)	5,001,482	6,110,805	-	(3,240,422)

Costs by segment are presented in the appropriate sections of the cost analysis.

Actual income taxes:

Item	2017			2018		
	Int. transport	**Regional cont. logistics**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
actual income taxes	(1,716,810)	(1,513,479)	(1,554,101)	2,467,946	1,548,748	1,022,824
- income taxes paid	(4,216,814)	(1,357,709)	(1,554,101)	2,558,915	1,251,662	1,126,518
- deferred tax	2,500,004	(155,770)	-	(90,968)	297,086	(103,694)

Non-current assets:

Item	31 Dec 2017			31 Dec 2018		
	Int. transport	**Regional cont. logistics**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
Properties	13,357,567	8,063,315	-	11,947,713	8,424,877	-
AICC	250,466	843,078	-	1,256,761	1,459,210	5,153
Vehicles	257,394,217	36,990,132	-	273,555,757	47,951,998	-
Other equipment	5,218,686	1,413,809	377,118	4,013,553	1,751,908	479,037
Intangibles	7,720,781	968,390	304,644	11,350,828	1,695,008	631,360
Goodwill	50,802,291	2,576,921	-	45,012,045	2,576,921	-
Other long-term financial assets	114,268	3,644	12,535	35,023	15,396	10,846
Deferred tax assets	2,188,642	768	-	2,170,818	(55,161)	.
Other Financial investments - Debt instruments - Long term	-	-	37,705,654	-	-	47,461,955
Other Financial investments - Equity instruments - Long term	-	-	5,663,729	-	-	5,619,886
Reinsurance part of technical reserves	-	-	20,571,689	-	-	27,686,027

Events with no material cash movement:

Item	2017			2018		
	Int. transport	**Regional cont. logistics**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
Unrealised FX gain or loss on FX assets and liabilities	(1,498,522)	4,796	344,351	590,631	1,277,971	(111,173)
Impairment loss	(193,963)	81,666	-	384,689	(3,208)	-
Difference between provisions made/used	4,073,905	356,833	-	455,742	(17,661)	(973,596)

6. Intangible assets

Closing at 31 December 2017	**Intangible assets**	**Goodwill**	**Total**
Gross value	18,778,339	18,502,088	37,289,427
Cumulative amortisation and impairment	14,721,359	-	14,721,359
Net value	**4,056,980**	**18,502,088**	**22,568,068**
Changes in 2017			
Additions and capitalisations	5,833,804	-	5,833,804
FX changes shown in foreign currencies	2,308	-	2,308
Additions from acquisitions	973,594	34,877,124	35,850,718
Amortisation	(1,872,871)	-	(1,872,871)
Disposals	-	-	-
Net closing value	**8,993,815**	**53,379,212**	**62,373,027**
Closing at 31 December 2017			
Gross value	23,604,112	53,379,212	76,983,324
Cumulative amortisation and impairment	14,610,297	-	14,610,297
Net value	**8,993,815**	**53,379,212**	**62,373,027**
Changes in 2018			
Additions and capitalisations	6,872,363	-	6,985,961
FX changes shown in foreign currencies	111,813	-	-
Additions from acquisitions	-	-	-
Amortisation	(2,300,795)	-	(2,300,795)
Impairment	-	(5,790,246)	(5,790,246)
Disposals	-	-	-
Net closing value	**13,677,196**	**47,588,966**	**61,266,162**
Closing at 31 December 2018			
Gross value	30,590,073	53,379,212	83,969,285
Cumulative amortisation and impairment	16,912,876	5,790,246	16,912,875
Net value	**13,677,196**	**47,588,966**	**61,266,162**

(a) Goodwill

Goodwill generated by means of business combinations is allocated at the time of the acquisition to cash-generating units that are likely to benefit from the impacts of the business combination. Most of the carrying value of goodwill is allocated to the international transportation and forwarding cash-generating unit in its entirety and totalled EUR 45,012,045 on 31.12.2017. On 26 April 2013, Waberer's Logisztika Kft. acquired 60%, and therefore controlling influence, in Szemerey Transport Zrt. in a share swap transaction. In line with the Group's accounting policies goodwill of EUR 2,576,921 is presented in the consolidated balance sheet. The goodwill related to Szemerey Transport Zrt. is not attributable to assets and represents the fair value difference since acquisition which is recognised as non-controlling (minority) interest.

After the acquisition of Wáberer Hungária Biztosító Zrt. and its subsidiary Közdűlő Invest Kft. in April 2016, the Group evaluated the business combination in accordance with IFRS and the assessment concludes that goodwill is not identified.

On 6 July 2018, Waberer's International Nyrt. acquired LINK Sp. z o o., a Polish international transportation and forwarding company and LINK Services Sp. z o o., a Polish workforce letting agency. The acquisition was funded from share floatation by Waberer's International Nyrt. The Group identified a goodwill of EUR 34,877,124. No goodwill has been identified for LINK Service Sp. z o o.

Goodwill items were revalued at the end of 2018 in order to determine the value in use. The basis of the recoverable amount calculations is a three-year plans approved by management, on which basis the cash flows are projected for the purpose of determining the value in use

After the merger of Szemerey Transport Zrt and Waberer's Logisztika Kft the separation of the two units for the goodwill impairment test is based on the arithmetic middle point of revenue and asset value. The value of the goodwill is based on multiplication of future cash-flow and the previously determined arithmetic middle point.
The goodwill of LINK Sp. Z o.o., a separate legal entity, is derived from its future cash flows plans.
The method to determine the goodwill of Hungarocamion is similar to the method described for Szemerey.

The impairment tests performed by management are based on the following assessments:

1. Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
2. Discount rates: the value in use calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by market for an investment with similar risk, cash flow and timing profile. The Group use the following discount rates: 2.5%.
3. Management expects increasing revenue. In case of Szemerey and Hungarocamion goodwill the expected growth rate is 7%, in case of LINK Sp. Z o.o. the expected growth rate is 8% based on the mid-term effects of the management's short-term efficiency-enhancing measures.

The plan for the years 2019 to 2022 was prepared in EUR. Where necessary, items incurring in HUF were translated to EUR at a 310 HUF/EUR rate. The basis year is 2018 which was only forecast at the time of planning.
Changes in main factors related to the recoverability calculations

- an increase of 0.1% in revenues, decreased with the tax effects would increase the LINK cash generating with EUR 1.62 million and increase Hungarocamion cash generating by EUR 4.8 million
- The increase of 0.1% of the discount factor would deacrease LINK cash generating by EUR 0.38 million and decrease Hungarocamion cash generating by EUR 0.43 million.

The group based on the Goodwill impairment testing accounted EUR 5,790,246 impairment related to LINK Goodwill.

(b) Intangible assets with indefinite useful lives

Other than goodwill, the Group has no assets with indefinite useful lives recorded under intangible assets.

7. Tangible assets

Opening at 1 January 2017	**Properties**	**Fixed assets not yet capitalized**	**Vehicles**	**Other equipment**	**Total**
Gross value	33,204,419	1,811,283	329,889,518	18,907,427	383,812,647
Cumulative depreciation and impairment loss	13,266,666	-	96,586,862	12,288,342	122,141,870
Net value	**19,937,753**	**1,811,283**	**233,302,656**	**6,619,085**	**261,670,777**
Changes in 2017					
Additions and capitalisations	3,190,380	94,501,677	94,711,261	893,420	196,364,740
FX effect on assets carried in FX	(44,365)	2,851	2,310,869	33,698	2,303,052
Acquisition	162,333	2,240,146	39,922,317	658,975	42,983,771
Depreciation, impairment	(1,807,286)	-	(51,680,430)	(1,062,774)	(54,176,695)
Derecognition	(263,616)	-	-	(132,791)	(396,406)
Capitalisation	-	(98,768,067)	-	-	(98,768,067)
Reclassification to non-current assets held for sale	-	-	(24,182,324)	-	(24,182,324)
Closing net value	**21,420,882**	**1,093,544**	**294,384,349**	**7,009,613**	**323,908,389**
Closing at 31 December 2017					
Gross value	34,763,969	1,093,544	416,693,664	20,108,182	472,659,359
Cumulative depreciation and impairment loss	13,343,087	-	122,309,315	13,098,568	148,750,970
Net value	**21,420,882**	**1,093,544**	**294,384,349**	**7,009,613**	**323,908,389**
Changes in 2018					
Additions and capitalisations	1,410,765	124,260,567	121,688,515	2,745,496	250,105,343
FX effect on assets carried in FX	(366,476)	(43,370)	(3,247,709)	(90,898)	(3,748,454)
Acquisition	-	-	-	-	-
Depreciation, impairment	(1,969,038)	-	(59,207,931)	(3,404,166)	(64,581,134)
Derecognition	(123,542)	-	(26,880,412)	(24,548)	(27,028,502)
Capitalisation	-	(125,844,776)	-	-	(125,844,776)
Reclassification to non-current assets held for sale	-	-	(5,229,057)	-	(5,229,057)
Closing net value	**20,372,591**	**2,721,124**	**321,507,755**	**6,244,498**	**350,845,988**

Closing at 31 December 2018

Gross value	36,517,361	2,721,124	465,459,783	21,824,222	526,522,490
Cumulative depreciation and impairment loss	16,144,770	-	143,952,028	15,579,724	175,676,522
Net value	**20,372,591**	**2,721,124**	**321,507,755**	**6,244,498**	**350,845,988**

(a) Properties

The following table includes the Groups' most significant properties as at 31 December 2018.

Property location	Country	Usage	Net value
Budapest, Nagykőrösi út 349-351	Hungary	Head Office	6,483,266
PILK (Pestszentlőrinc Logisztika Centrum)	Hungary	Logistics Warehouse	2,855,162
Balatonvilágos Hotel	Hungary	Hotel	2,382,311
Miercurea Ciuc Hargita	Romania	Office and Rented warehouse	1,522,280
Mosonmagyaróvár	Hungary	Business site – workshop	1,236,041
BILK – improvement on rented property	Hungary	Logistics Warehouse/ Head office	4,631,664
Pécs	Hungary	Logistics Warehouse	276,698
Balatonszárszó	Hungary	Logistics Warehouse	126,400
Győr	Hungary	Logistics Warehouse	277,862
Miskolc	Hungary	Logistics Warehouse	250,129

(b) Movements in tangible assets

Properties increased by EUR 1.4 million in 2018. Most of this increase was due to warehouse reconstruction works on a site rented from BILK and the derecognition of scaffolding in a total of EUR 1.2 million.

(c) Mortgaged assets

The Group's property in Romania has been mortgaged by the Romanian tax authority (ANAF) on the grounds of a tax audit launched in 2017 (decision 6/22.05.2017). Doing so is a ANAF's mandatory routine for tax audits that cover a number of years. The mortgage will be cancelled once the tax audit is over.

(d) Leased assets

Tangible assets comprise assets acquired by the Group as a result of financial leases. At 31 December 2017, the gross value of leased assets totalled EUR 406,797 thousand, with an accumulated depreciation of EUR 142,524 thousand and a book value of EUR 264,273 thousand. At 31 December 2018, the gross value of leased assets totalled EUR 462,892 thousand, with an accumulated depreciation of EUR 141,425 thousand and a book value of EUR 321,467 thousand.

As in 2017, the Group continued its vehicle acquisition practice also in 2018 and replaced four-year old vehicles under financial lease arrangements totalling EUR 122 million.

(e) Commitments as at the reporting date to purchase assets

The Group has general agreements for asset purchases for three years, which relate only to recommended quantities but do not imply any future obligations.

(f) Deemed cost of properties

The initial cost of the PILK property acquired during the acquisition of Közdűlő Invest Kft. in 2017 was determined during the calculation of the business combination in the acquisition process.

8. Investments in subsidiaries and joint ventures

Company	Country	Scope of activities	Ownership ratio 2017	Ownership ratio 2018
Waberer's - Szemerey Logisztika Kft.	Hungary	inland transportation and forwarding, logistics	60.00%	100.00%
Delta Rent Kft.	Hungary	vehicle trade	100.00%	100.00%
Waberer's Romania SA	Romania	international transportation and forwarding	100.00%	100.00%
Waberer's Deutschland GmbH	Germany	international transportation	100.00%	100.00%
Waberer's Espana	Spain	international transportation	100.00%	100.00%
Waberer's Polska	Poland	international transportation	100.00%	merged into Link Sp.z.o.o
Waberer's Slovakia	Slovakia	logistics	100.00%	100.00%
Waberer's France	France	trading agent	100.00%	100.00%
Waberer's UK Limited	UK	trading agent	100.00%	100.00%
Waberer's Benelux B.V.	Holland	trading agent	100.00%	100.00%
Waberer's Italia SRL	Italy	trading agent	100.00%	100.00%
Cseri Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Simon Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Molnár S Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Kovács Á Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Molnár N Intersped Kft.	Hungary	international transportation	51.00%	100.00%
Réthi Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Vágenhoffer Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
VT Intertrans Kft.	Hungary	international transportation	100.00%	100.00%
Pálinkás Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Székely Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Szabó Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Kerekes Intertrans Kft.	Hungary	international transportation	100.00%	100.00%
Veres Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Zsemlye Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Bódi Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
S Tóth Intertrans Kft.	Hungary	international transportation	51.00%	100.00%
Vándor Intertrans Kft.	Hungary	international transportation	100.00%	100.00%
Transpont Hungária Kft.	Hungary	international transportation	100.00%	100.00%
Kanczler Intertrans Kft.	Hungary	international transportation	100.00%	100.00%
TT Intertrans Kft.	Hungary	international transportation	100.00%	100.00%
Euro-Unió Trans Kft.	Hungary	international transportation	100.00%	100.00%
Rapid Teherautószerviz	Hungary	vehicle repairs	51.00%	51.00%
Waberer's Network Kft.	Hungary	international groupage forwarding	99.00%	99.00%
Gervin Trans Kft.	Hungary	international transportation	51.00%	100.00%
MIS Transport Kft.	Hungary	international transportation	51.00%	100.00%
Crossroad Transport Kft.	Hungary	international transportation	51.00%	100.00%
Cosmos-Transport Kft.	Hungary	international transportation	51.00%	100.00%
Lean Logistic Kft.	Hungary	international transportation	51.00%	100.00%
Del af Europa Transp. Kft.	Hungary	international transportation	51.00%	100.00%
PM Intersped Kft.	Hungary	international transportation	100.00%	100.00%
Return Transport Kft.	Hungary	international transportation	100.00%	100.00%
VB-Transport Kft.	Hungary	international transportation	100.00%	100.00%
JIT Euro Trans Kft.	Hungary	international transportation	51.00%	100.00%
Tracking Transport Kft.	Hungary	international transportation	51.00%	100.00%
Mojo Trans Kft.	Hungary	international transportation	51.00%	100.00%
WM Log Kft.	Hungary	international transportation	51.00%	100.00%

SZ-M Cargo Kft.	Hungary	international transportation	51.00%	100.00%
SOLID Transport Kft.	Hungary	international transportation	100.00%	100.00%
Cargo Hungária Kft.	Hungary	international transportation	100.00%	100.00%
Szala Transport Kft.	Hungary	international transportation	51.00%	100.00%
TMT International Kft.	Hungary	international transportation	100.00%	100.00%
Wáberer Hungária Biztosító Zrt.	Hungary	insurance	100.00%	100.00%
Közdűlő Invest Kft.	Hungary	property rental	98.55%	98.55%
WB Station et Services	Belgium	vehicle repairs	100.00%	100.00%
LINK Sp. z o.o.	Poland	international transportation	100.00%	100.00%
LINK Services Sp. z o.o.	Poland	workforce agency	100.00%	100.00%
Szemerey Plus Kft.	Hungary	inland transportation		5.00%

In 2018, the Group did not incorporate or acquired new subsidiaries. The transport activities of Waberer's Polska and LINK Sp.z.o.o. was centralised at technical level. As a result of this, Waberer's Polska merged into LINK Sp.z.o.o on 30 September 2018.

Further to approval by the Board of Directors, Waberer's International Nyrt. bought out the minority shares in the franchise forwarding companies in 2018 and thus became the sole member in each franchise company.

During 2018, further to approval by the Board of Directors, Waberer's International Nyrt. bought out the 40% shareholding of Lóránd Szemerey in Waberer's-Szemerey Logisztika Kft. and concurrently acquired a 5% quota in Szemerey Plus Kft. As a result of these transactions, Waberer'-Szemerey Logisztika became a fully owned subsidiary as of June 2018. In view of the rights and obligations set out in the articles of association, Szemerey Plus Kft. is not fully consolidated and is subject to only equity consolidation in accordance with the applicable IFRSs.

9. Other non-current financial assets

	31 December 2017	31 December 2018
Loan to franchise owners	492,332	-
Szemerey Plus Kft. quota	-	61,265
Other	(361,885)	-
Total	**130,447**	**61,265**

The loans granted to franchise owners were fully repaid in 2018 upon the buy-out of the franchise companies. Amounts still receivable from executives bought out in previous years were written off as impairment loss and have all been litigated.

Other non-current financial assets include shares allotted to Waberer's International Nyrt's employee share scheme organisation and benefits in kind other than capital contributions less the discounted redemption value of bonds.
For the information of the market value of the other non-current assets refer to section 34.

10. Other non-current financial assets – Long-term debt and equity securities

The held-to-maturity investments of Wáberer Hungária Biztosító Zrt, a subsidiary acquired in 2016, typically include government bonds and T-bills that are considered risk-free investments in terms of credit risk. The Group's investments are transacted through three securities brokers and also held self-managed term deposits. The book value of the Company's non-current financial assets totalled EUR 52,452,264 at the end of 2018. The term deposits cover the insurance company's technical liabilities.

11. Inventories

Inventories	31 December 2017	31 December 2018
Fuel	3,179,036	3,360,812
Spare parts, tyres, lubricants, other materials	433,373	642,224
Other materials	176,061	359,297
Total:	**3,788,470**	**4,362,333**

Fuel inventories as at the reporting date show the fuel in the lorries and at the filling station. The values of these inventories were determined as follows:

- inventory at filling station by means of a reading an authenticated meter
- fuel in lorries using an estimate based on the data in the route registration system.

As at 31 December 2018, the Group inspected the inventories of the repair shop on the basis of the technology description of the vehicles purchased in the previous two years and, as a result, recognised 100% impairment loss on parts that can no longer be fitted into the Group's vehicles.

	Impairment
1 January 2017	**217,334**
Increase	-
Decrease	(107,523)
31 December 2017	**109,811**
Increase	14,267
Decrease	-
31 December 2018	**124,078**

12. Receivables

	31 December 2017	31 December 2018
Trade receivables	121,913,777	117,072,344
Impairment loss on doubtful receivables	(2,572,300)	(2,641,965)
Total	**119,341,477**	**114,430,379**

The balance of receivables at 31 December 2018 slightly dropped on the previous year as opposed to a significant increase in revenues. This was due to the trade receivables of the companies acquired in 2017 totalling EUR 26,471 thousand and to the an EUR 4,911 thousand increase in receivables owing to the Group's organic expansion.

There was a slight improvement in the turnover of debtors at Group level. Net of LINK Sp.z.o.o, debtor turnover dropped from 59.6 days in 2017 to 59.4 days in 2018. LINK Sp. z o.o. factors the receivables from its key debtors with recourse and the turnover of its debtors fell from 72 days in 2017 to 66 days in 2018. As a result, at group level, debtor turnover dropped by a full day to 61.4 days.

	Impairment
1 January 2017	**1,898,022**
Increase	553,807
Decrease	(513,535)
FX gain	38,340
Opening increase due to acquisition	595,666
31 December 2017	**2,572,300**
Increase	759,525

Decrease	(593,171)
FX loss	(96,689)
31 December 2018	**2,641,965**

As a result of the Group's rigorous credit rating and collection processes, the impairment loss on doubtful debts did not increase on the previous year.

The increase in the accumulated impairment loss on receivables in 2018 was due to the acquisitions as described in this note. Impairment loss increased by EUR 759,525 in 2018 (0.103% of total revenues). Impairment loss also decreased by EUR 593,171 as the result of the successful efforts of our debt management and collection team.

13. Other current assets and derivative financial instruments

	31 December 2017	31 December 2018
Foreign VAT and excise tax	26,091,597	29,189,247
Tax receivables	3,343,342	5,160,537
Loans granted	1,460,282	122,225
Receivables from employees	402,436	349,291
Accruals	7,178,572	7,176,853
Other	801,172	1,681,261
Derivative transactions	1,756,682	1,402,551
Technical insurance receivables	3,991,933	4,819,147
Total	**45,025,864**	**49,901,112**

Most other current assets include foreign VAT and excise tax, which is derived from VAT and excise tax receivables from foreign tax authorities. As of 2012, excise tax can be reclaimed not only on fuel purchased abroad but also on fuel purchased inland.

Import VAT assets totalled EUR 12,579,242 at 31 December 2018 as opposed to EUR 11,793,751 at the end of 2017. The turnover of import VAT assets increased as a result of organic increase as well as higher fuel and transit costs.

Excise tax assets (receivable from both domestic and foreign tax authorities) totalled EUR 16,610,006 at 31 December 2018 as opposed to EUR 14,297,846 at the end of 2017. The increase was due to higher fuel consumption and, in particular, the full annual consolidation of LINK.

The Group switched to group VAT payment as of 1 August 2013 and the taxes payable and reclaimed by the Group members are netted off as a result.

The value of derivatives at the reporting date is determined using a measurement technique based solely on market inputs. Accordingly, it is a measurement technique which is based exclusively on market inputs (Level). Any gain on the year-end revaluation of derivative contracts open at the year-end was recognised among other current assets, while any revaluation loss was recognised among other current liabilities.

Among the technical receivables interest are Wáberer Hungária Biztosító Zrt's reinsurance receivables from the Hungarian Insurance Association (MABISZ) and other non-client related receivables.

As at 31 December 2017, the Group had the following open derivative contracts:

Partner bank	Contract type	Currency	Amount of trade
ING Bank N.V	Forward	kHUF	10,698,565
Citibank Plc	Forward	kHUF	17,449,473

As at 31 December 2018, the Group had the following open derivative contracts:

Partner bank	Contract type	Currency	Amount of trade
Citibank Plc	Forward	kHUF	11,175,620
ING Bank N.V	Forward	kHUF	14,993,540
K&H	Forward	kHUF	1,590,910
Citibank Plc	Forward	kHUF	8,230,500
K&H	Forward	kHUF	7,697,900
MKB	Forward	kHUF	3,820,800

Market value information related to the derivatives is detailed in note 36. The above open derivative contracts mature within one year. the positive fair value of derivative transactions based on remeasurements on the reporting date was EUR 1,402,551 the negative fair value difference was EUR 1,403,315.

Other impairment loss was recognised on other current assets, including debts of former employees, receivables from insurance companies, receivables related to guarantees and loans disbursed. Other impairment losses changed significantly compared to last year, which is due to the decrease in the fluctuation of drivers as well as the improvement in the efficiency of the credit management procedures.

	Impairment
1 January 2017	**2,293,744**
Increase	72,359
Decrease	488,326
FX gain	598
31 December 2017	**1,877,179**
Increase	297,591
Decrease	262,331
FX gain	20,931
31 December 2018	**1,933,465**

14. Non-current assets held for sale

	31 December 2017	**31 December 2018**
Amount	151,631	2,778,630
Number of assets	7	112

Non-current assets held for sale include vehicles, the lease contract of which has expired and the Group intends to sell them. The Group acquires the vehicles from the lessor at their residual value specified in the lease contract, then upon the sale it realises the difference between the sales price and the carrying value as profit or loss: this resulted in a gain of EUR 3,952,679 in 2017 and EUR 4,835,276 in 2018.

Movements in non-current assets held for sale were as follows:

31 December 2016	**2,068,319**
Reclassified from Tangible assets	24,182,324
Disposals	(26,099,012)
31 December 2017	**151,631**
Reclassified from Tangible assets	29,510,411
Disposals	(26,880,412)
31 December 2018	**2,778,630**

15. Cash and cash equivalents

Cash and cash equivalents include the Group's petty cash and bank balances as well as Wáberer Hungária Insurer's demand and short-term deposits that exceed the coverage for reserves. Cash and cash equivalent totalled EUR 57,659,601 at 31 December 2018.

16. Equity

The share capital of WABERER'S INTERNATIONAL Nyrt. at 31 December 2018 comprised 17,693,734 dematerialized shares each with a face value of EUR 0,35. The Group held 260,699 treasury shares at the end of 2018, including 234,377 shares held by Waberer's ESOP organisation.

Further to authorisation by the general meeting, on 29 June 2017, the Board of Directors, decided to increase the share capital by issuing new shares as part of a private offering. As a result, share capital increased from EUR 5,128,910 to EUR 6,192,807. The capital increase was funded from public floatation of the shares at the Budapest Stock Exchange after the Company's transformation into a public company. The subscription period closed on 29 June 2017 and the shares involved in the capital increase were printed on 5 July 2017, then trading with the Group's shares started on the Budapest Stock Exchange in the premium category on 6 July 2017. The related gain of HUF 15,502,500 thousand (3,039,706 new shares at an issue rate of HUF 5,100 each, presented in the financial statements in a total of EUR 50,218,980) was used, further to management decision, to fund acquisitions and, to a lesser extent, to improve operating efficiency.

The costs of transformation into a public company and the related floatation expenses are presented as an EUR 3,355,071 decrease in equity in accordance with the applicable IFRS standards. In July 2017, WABERER'S INTERNATIONAL Nyrt. gained full control over Link sp. z o.o. and Link Services sp. z o.o., Poland, by buying out all the previous owners. The value of the acquisitions, including transaction costs, was EUR 32,962,445 and was funded from the net income from the public floatation of Waberer's shares. The Group gained a controlling interest in the new subsidiaries on 1 July 2017 and has included these entities in the consolidation as of that date. The Group identified a business combination under IFRS 3 and presented goodwill in the consolidate financial statements as described in Note 7.

Reserves include the profits and losses of previous years, the reporting year profit or loss, and the results of transactions with equity holders, as presented in the statement of changes in equity. The reserves row does not represent the earnings distributable by WABERER'S INTERNATIONAL Nyrt. because the dividend is determined based on the figures presented in the stand alone financial statements. In the consolidated financial statements, the determined dividend, which is based on the standalone statutory annual financial statements to the non-controlling interests are disclosed in the statement of changes in equity in the year when the dividends payment was approved.

Main rights and obligations of the shareholders

Only those shareholders are entitled to exercise their shareholder rights who are recorded in the register of shareholders.

The conditions and method of exercising voting rights at the General Meeting are set out in section 5.6 the Articles of Association. The register of shareholders is updated by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereafter: KELER) on a monthly basis in accordance with the respective provisions of the agreement, made public by the Group, entered into between the Group and KELER in respect of the keeping of the register of shareholders. Failure to be recorded in the register of shareholders does not affect the shareholder's ownership rights.

1. Right to receive dividends

The shareholders are entitled to receive a share from the Group's profit that is available and has been ordered for distribution by the General Meeting in the percentage consistent with the nominal value of their shares. Dividends shall be paid to the shareholders that are listed in the register of shareholders at the date of the shareholder identification relating to the dividend payment date announced by the Group. The date of the shareholder identification relating to the dividend payment date cannot be earlier than the fifth trading date following the general meeting resolving on the dividend payment. Dividends may be paid by means other than cash.

The Group shall pay dividend to the shareholders by way of bank transfer as of the date specified by the relevant resolution of the General Meeting. The dividend payment period shall commence on the date determined in the resolution of the General Meeting on the approval of the annual financial statement prepared in accordance with the Accounting Act and the utilization of after tax profit. However, at least ten business days shall expire between the date of the first publication of the communication containing the resolution of the General Meeting on the amount of dividend to be paid and the date of commencement of dividend payment and the date of commencement of the distribution of dividend.

Shareholders may claim the dividend as from the date of commencement of dividend payment until the expiry of the limitation period specified by law (five years). Thereafter any claim for dividend shall lapse.

Both the general meeting and, pursuant to Section 3:263 (3) of the Civil Code, the Board of Directors is be entitled to adopt a decision on the payment of interim dividends between the approval of two consecutive financial statements, provided that, according to the interim balance sheet, the Group has funds sufficient to cover such interim dividends, the distributable amount does not exceed the amount of available retained earnings plus the profit after tax shown in the interim financial statements, and the Company's adjusted equity would not sink below the issued share capital as a result of the interim dividends payment.

If according to the annual financial statements prepared after the distribution of interim dividends there was no justification for the payment of dividends, such distribution must be returned by the shareholder when so requested by the Group.

Dividends payable in respect of treasury shares shall be considered as distributions due to the shareholders entitled to receive dividends in proportion to the nominal value of their shares. No interest is payable on dividends.

2. Right to information and to attend the general meeting

The Board of Directors shall provide information to the shareholders in respect of the Group, as well as access to the documents and records concerning the Group, provided that the shareholder requesting such access has made a written confidentiality statement. The Board of Directors may refuse to provide information and access to documents, if the foregoing request harmed the confidential business information of the Group, the person requesting such information abuses his right to information, or fails to make a confidentiality statement despite request to this effect. If the person requesting information considers the refusal of such request unjustified, he may request that the competent court of registration demand the Group to provide such information. The Board of Directors shall provide the shareholders all the information necessary for discussing the items on the general meeting's agenda in such manner that, upon written request submitted by the shareholder at least eight days before the date set for the General Meeting, the relevant information could be provided to the shareholder at the latest three days before the date set for the General Meeting.

The Board of Directors shall disclose to the shareholders the key data of the financial statements and the key data of the report of the Board of Directors and the Supervisory Board prepared in connection with the financial statements at least twenty-one (21) days before the general meeting.
Each shareholder is entitled to attend the general meeting, request information, make comments and proposals, and, subject to holding shares with voting right, vote at the general meeting. Only shareholders that they have performed their capital contribution may vote. Shareholders may exercise their shareholder rights through an authorized proxy. Such a proxy cannot be a member of the Board of Directors, a member of the Supervisory Board or the statutory auditor. If a shareholder is represented by several proxies and such proxies vote or make statements differently, all such votes cast or statements made shall be deemed null and void.

A letter of proxy must be either a notarial deed or a private deed of conclusive force and should include the shareholder's clear and expressive statement of authorisation of the representative (proxy), the names of both the shareholder and the proxy; whether the authorisation is valid for one general meeting or for a definite period not exceeding 12 months, including continued representation at a resumed general meeting after suspension or reconvened meeting due to lack of a quorum at the initial general meeting; along with any other applicable limitations.
Shareholders may also appoint a nominee to exercise shareholder rights on their behalf. Once recorded in the register of shares, such a nominee may act in their own right for the benefit of the shareholder.

Only those shareholders or shareholder proxies may attend the General Meeting who were entered into the register of shareholders on the second business day preceding the date of the General Meeting based on the shareholder identification in accordance with KELER's than applicable General Business Conditions. In order to be registered in the Register of Shareholders of the General Meeting the Company will request an owner identification of the ordinary shares without blocking from, with respect to shares issued by the Company. Based on the shareholders' instructions registration of shareholders in the Register of Shareholders shall be ensured by the shareholders' securities account managers who shall forward the shareholders' data to KELER. The Company shall not be responsible for the consequences of any failure on behalf of securities account manager. Each share having a nominal value of EUR 0.35 shall carry one vote. Each shareholder may cast one vote only at any one a time.

The General Meeting shall have a quorum if it was convened in accordance with the relevant rules and regulations, and if the Shareholders representing more than 40% of the registered capital of the Company are present. If the General Meeting fails to have a quorum within one (1) hour from the start time, the Chairman of the General Meeting must announce the date of a reconvened General Meeting as set out in the invitation to the General Meeting. Such reconvened General Meeting may be set at a date not less than at least ten (10) days and not more than twenty-one (21) days after the date of the original General Meeting. The reconvened General Meeting may be held at the same venue or at any other venue specified in the invitation to the General Meeting. A reconvened General Meeting shall have a quorum with respect to the original agenda irrespective of the voting rights represented by those present.

The General Meeting adopts its resolutions by a simple majority of the votes considered upon the establishment of a quorum, except for the matters indicated by the law and specified in section 5.9.1(a)-(d) of the articles of association, in respect of which the General Meeting adopts its resolutions by a three-quarter majority of the votes. Any resolution of the General Meeting which discriminates against the rights carried by a certain series of shares may only be passed if the holders of the affected share series in question grant their explicit consent. Prior to the adoption of the resolution of the General Meeting, the holders of the affected share series present at the general meeting deliver a decision in respect of each series of shares by a simple majority of the votes represented by the shares pertaining to a particular series. In this event, no restriction or exclusion of the voting rights carried by such shares apply, except the prohibition of voting with treasury shares.

3. Non-controlling rights

Those shareholders who control at least 1% of the voting rights may, at any time, request that the General Meeting be convened, indicating the reason and purpose thereof. If the Board of Directors fails to take measures for convening the General Meeting for the earliest date possible within eight days from receipt of the request, the General Meeting shall be convened, upon the request of the shareholders making the proposal, by the court of registry or the court of registry shall empower the requesting shareholders to convene the meeting. The expected costs of such meeting shall be advanced by the requesting shareholders. At the meeting convened upon the request of minority shareholders the General Meeting shall resolve whether the costs incurred are to be borne by the shareholders making the proposal or the Company.

If the General Meeting has refused to consider or put to vote a proposal that the last annual financial statements or any financial event or undertaking which occurred in relation to the activity of the Group in the past two years be examined by an auditor to be specifically entrusted with this task, upon request by the shareholder or shareholders controlling at least 1% of the voting rights, which request is to be submitted within thirty days from the date of the relevant General Meeting under penalty of forfeiture of rights, the court of registry shall order such examination at the cost of the Group and appoint the auditor. The court of registry shall refuse to grant the request, if the shareholders submitting such a request abuse their minority rights.

If the General Meeting has refused to consider or put to vote a proposal that a claim by the Company against any shareholder, Board member, member of the Supervisory Board, or the statutory auditor be enforced, the shareholders controlling at least 1% of the voting rights may also enforce such claim themselves on behalf of and to the benefit of the Company within a preclusion term of thirty days from the date of the relevant General Meeting.

If shareholders controlling at least 1% of voting rights in the Company make a proposal to the Board of Directors regarding additions to the agenda in accordance with the provisions on setting the items of the agenda, or a draft resolution concerning any item already on the agenda or to be put on the agenda within eight (8) days from the publication of the notice on the convening of the General Meeting, the Board of Directors shall publish a communication on the supplemented agenda and the draft resolutions submitted by the shareholders upon being notified of the proposal. The issues indicated in the notice shall be deemed to have been put on the agenda.

Shareholders of the Company controlling at least 1% of voting rights and any creditor of the Company with a claim which is not yet due at the time of distribution and reaches 10% of the share capital until the expiry of the one year preclusion period as from the date of distribution may request, upon concurrent prepayment of the related costs, that the court of registry appoint an auditor to examine whether such disbursement is lawful. Any payment to the shareholders made in cash or otherwise shall be construed as a distribution, with the exception of employee shares provided without compensation or at a discounted price, as well as shares provided without compensation from the share capital increased by the conversion of assets which do not form part of the share capital into share capital.

17. Leasing liabilities

The Group acquires the vehicles it needs for its basic operations using finance leases. For trucks, the maturity of the Group's lease contracts increased from 4 years to 5 years from 2017, while for trailers it remained 5 years. The Group acquires the vehicles directly from the manufacturers, who provide a repurchase guarantee not only for the end of the term but also during the term.

The following table shows the break-down of future lease payments (capital and interest) by maturity:

	Within 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
31 December 2017						
Finance lease liabilities, capital	40,774,940	40,653,926	91,871,107	112,343,857	2,541,665	288,185,494
Finance lease liabilities, interest	2,049,403	1,708,036	2,309,722	2,415,817	20,652	8,503,630
Total	**42,824,342**	**42,361,962**	**94,180,828**	**114,759,674**	**2,562,317**	**296,689,124**

31 December 2018

Finance lease liabilities, capital	58,006,986	49,904,642	52,151,503	148,204,774	10,425,516	318,693,782
Finance lease liabilities, interest	1,562,970	1,327,667	2,027,404	2,406,799	122,866	7,447,705
Total	**59,569,956**	**51,232,309**	**54,178,907**	**150,611,573**	**10,548,382**	**326,141,487**

The table shows the maturity and interest payments of lease liabilities at the end of 2017 and 2018, but does not reflect the continuously replacement of the assets as the maturing lease agreements are constantly replaced with new ones. The interest charges on the lease liabilities are calculated based on the EURIBOR index valid at 31 December of the reporting year plus the increased interest premiums.

18. Provisions

	Litigations	**Insurance Claims**	**Other**	**Bonus**	**Total**
Opening at 1 January 2017	**1,123,086**	**15,268,695**	**971,580**	**2,276,983**	**19,640,344**
Allocation and review of previous estimates	1,050,690	5,311,869	612,610	2,269,898	9,245,067
Opening due to acquisition	100,761	-	-	-	100,761
Interest impact	-	-	-	-	-
FX gain/loss	6,063	-	(240)	485	6,307
Released	(780,879)	-	-	(733,591)	(1,514,470)
Used	(420,256)	-	(972,317)	(1,074,133)	(2,466,706)
Closing at 31 December 2017	**1,079,464**	**20,580,565**	**611,633**	**2,739,641**	**25,011,303**
Allocation and review of previous estimates	639,936	401,992	1,413,652	1,331,154	3,935,794
FX gain/loss	(3,878)	-	(12,940)	(9,619)	(26,439)
Released	(428,746)	-	(481,085)	(45,378)	(955,209)
Used	(205,931)	-	(44,099)	(3,027,327)	(3,426,172)
Closing at 31 December 2018	**1,080,845**	**20,982,557**	**1,578,858**	**853,756**	**24,496,016**
Short-term portion 2017	-	-	611,633	2,739,641	**3,351,274**
Long-term portion 2017	1,079,464	20,580,565	-	-	**21,660,029**
Short-term portion 2018	-	-	1,578,858	853,756	**2,432,614**
Long-term portion 2018	1,080,845	20,982,557	-	-	**22,063,402**

At 31 December 2017, the Group made a provision of EUR 1,079,464 for contingent liabilities from ongoing litigations. In most of these cases, the insurance company paid compensation to the customers based on a CMR policy. As a result, provisions of EUR 428,000 were released and EUR 206,000 was used from the provision made for uninsured claims. The Group reviewed the progress of its legal cases on a quarterly basis and a total provision of EUR 640,000 was made for brought forward and new cases in 2018. Any contingent liability is expected to incur after more than one year, therefore these are presented among long-term liabilities.

In 2018, the Group made an insurance technical provision of EUR 401,992 on top of the EUR 20,580,565 closing balance of provision in 2017 as presented among long-term provisions in the Group financial statements for compensation payable by Wáberer Hungária Biztosító Zrt., acquired in 2016. Wáberer Hungária Biztosító Zrt. is the Group's exclusive insurer and offers comprehensive insurance solutions, including indemnity, vehicle, asset and CMR insurance services

The bonuses related to 2017 were paid in the first half of 2018. In 2018, the Group made a provision of EUR 855,862 for employee bonuses plus related taxes.

The owners of the Group started an Employee Share Option Program organization with the aim of handling the financial instruments according to the remuneration policy framework following the acquisition of the leading influence in the acquired subsidiary.
"ESOP" is a new form of employee remuneration program in Hungary introduced by the State, which ensures a favourable taxation for employers and/or employees. Although ESOP Organization is an independent legal entity duly registered by the Company Registry, it does not qualify a business enterprise as its existence does not serve a tangible economic purpose and, in this particular case, acts merely as an "intermediary" between Waberer's and its employees under Waberer's Compensation and Rewards Policy. At the same time, the concept of ESOP Organization is out of the scope of IFRS 10 but in scope of IAS 19 as it is another long-term employee benefit plan. Based on the definition in IAS 19, any reward extended by the ESOP Organization qualifies as other long-term employee benefit. All employee benefits in the ESOP organization are considered fringe benefits, except for short-term employee benefits, post-employment benefits or termination benefits. The ESOP is for the Group's top and middle management.

The Group reviewed the ESOP programmes matured in 2018 and decided to fully pay the related benefits. The payment was made from previous year's provisions of EUR 1,214,636 plus an EUR 340,578 provision made in 2018.

The Group made a provision of EUR 437,145 for severance pay and related taxes at 31 December 2018. In 2017, a provisions of EUR 971,580 was made for untaken employee holidays. Vacations for 2017 were taken in 2018. According to payroll records at 31 December 2018, leave benefits plus related taxes totalled EUR 618,311 for which the Group has made a provision.

19. Other long-term liabilities

	31 December 2017	31 December 2018
Loans from unrelated companies	6,448,045	-
Total	**6,448,045**	**-**

On 30 June 2009, two of the Group's subsidiaries received a loan of EUR 5 million with a term of 4 years from one of their main suppliers and is regularly prolonged due to a continuous successful co-operation. The loan agreement was last prolonged in 2017 and will mature on 31 December 2019 and LINK Sp.z.o.o. has also be included in the agreement. Group management started negotiations about the prolongation of the agreement due to mature at the end of 2019. The negotiations are expected to end in the first half of 2009. In the meantime, the loan is reclassified to short-term loans and borrowings in a total of EUR 8,112,173.

The related borrowing costs are included in the fee for the regular monthly services supplied by the lender.

20. Insurance technical provisions

Insurance technical provisions total EUR 58,551,197 and include insurance reserves set aside at the end of the financial year for Wáberer Hungária Biztosító's third-party insurance contracts in accordance with the insurance act. These reserves are as follows:

- Reserves for unearned premiums

Insurance premium prescribed in 2018 for the next financial year.

- Outstanding claims reserve

This reserve is made on the basis of two types of loss events. First, it includes reserves created to cover claims not yet settled but reported in, or before 2018. For each loss event, a loss reserve is created which includes the balance of the damage claim and the claim settlement costs. Each loss reserve is reduced by the expected recoverable regress claims.

Additionally, in accordance with the insurance act, this reserve also includes amounts set aside for claims in each sector based on insurance triangles, or earned premiums (where the insurance company does not have data form the past three years). These claim reserves are created to cover claims incurred but not yet reported.

- Other reserves

The Company created cancellation reserves for liabilities relating to policyholders based on the percentages determined in the accounting policies: first, based on the age of outstanding receivables, and secondly, based on historical data on lapse of interest.

In order to reduce the risks of its insurance contracts, the entity signed reinsurance contracts for the aforementioned technical reserves. Based on the reinsurance contracts, the proportionate amounts of technical reserves have been presented among long-term financial assets.

21. Other current liabilities and derivative financial instruments

	31 December 2017	31 December 2018
Payments to personnel	11,147,940	11,949,609
Taxes	897,484	741,829
Accruals	179,292	63,394
Other liabilities	5,910,402	7,675,011
Derivative contracts	522,570	1,403,315
Insurance technical liabilities	508,165	230,816
Total	**19,165,853**	**22,063,974**

Payments to personnel include yet unpaid wages payable to employees and related taxes presented among payroll expenses in the consolidated financial statements.

Starting from 1 August 2013, the Group switched to group VAT payments, which resulted in a significant decrease in the net amounts of other receivables and other liabilities. The group VAT significantly improved the Group's liquidity.

The significant increase in other liabilities reflects factored debtors of the acquired Polish subsidiary totalling approximately EUR 7.5 million. Receivables are factored with recourse. Accordingly, debtors are presented until collection in gross against factoring liabilities.

Insurance technical liabilities include prepayments by policyholders, other amounts paid in advance, other outstanding repair and replacement payable at 31 December 2018 and amounts payable to insurance brokers.

Liabilities from derivative contracts include revaluation losses as presented in Note 15.

22. Net Revenue, cost of trucking subcontractors and cost of goods sold

2017

Item	Int. transport	Regional contr. logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	391,401,548	54,235,668	-	(71 000)	**445,566,216**
Subcontractor revenues	98,080,908	34,670,716	-	(740 762)	**132,010,862**
Other revenues	22,145,076	35,630,926	50,621,242	(11,592,821)	**96,804,423**
Inter-segment setoffs (-)	(11,463,535)	(941,048)	-	12,404,583	**-**
Net income	**500,163,997**	**123,596,262**	**50,621,242**	**-**	**674,381,501**

2018

Item	Int. transport	Regional contr. logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	428,934,331	59,570,503	-	(296,776)	**488,208,058**
Subcontractor revenues	108,439,577	39,139,530	-	(1,554,822)	**146,024,286**
Other revenues	13,673,631	38,552,816	57,204,140	(11,777,090)	**97,653,497**
Inter-segment setoffs (-)	(12,499,435)	(1,129,253)		13,628,688	-
Net income	**538,548,104**	**136,133,596**	**57,204,140**	**-**	**731,885,840**

International transportation segment

Revenues from international transportation with own fleet increased by a notable 9.68%. An important factor in this was the acquisition of the Polish subsidiary, LINK sp. z o.o., which was fully consolidated in 2018 as opposed to only 6 months in 2017. As a result of the full consolidation, revenues increased by EUR 42.5 million. In a response to changing market conditions (increased employment, transit and fuel costs, and workforce shortage), the Group increased its prices and took measures to improve efficiency. The result was a drop in the specific number of kilometres run at higher prices, but this was not enough to compensate for all the negative trends experienced in this segment.

Within the international transportation segment, revenues from transportation with third party vehicles increased by 10.6% on the previous year. Half of this increase was due to the full annual consolidation of LINK, the rest of the increase was organic. The net margin of the forwarding line also showed a slight but steady increase.

For its international goods transportation operations the Group not only uses its own vehicles but also employs subcontractors, along with other related services, which are sold on in unchanged form to its clients (such as ferry tickets and other crossing services, and motorway tolls), while risks are covered by the Group. Such services include other crossing services and fuel selling.The revenue from these services is presented in revenues from non-core business activities.

Regional contractual logistics segment

Own fleet transportation revenues increased by 9.8% on the previous year due to a fleet increase from 675 trucks in 2017 to 754 trucks in 2018. Despite the 11.7% fleet increase, in an effort to better serve our customers, our drivers carry out more tasks. As a result, the number of monthly kilometres driven has dropped but is set off by the higher price charged for the extra services and the time thus lost. The entire fleet exceeded an annual mileage record of 60 million kilometres.

The significant growth in the number of the Company's contracts with customers resulted in an increased forwarding fleet and the involvement of a number of subcontractors. Forwarding revenues increased by 12.9% on the previous year. There was no significant change in last year's percentage of forwarding within transportation performance (39%).

Apart from road transport services, the regional logistics segment also provides complex logistics services to clients, including warehousing and other related services. Warehousing revenues represent a key item within other revenues. Warehousing revenues in 2018 exceeded EUR 29 million, which is by 9% more than in 2017. In order to ensure warehousing capacity, in the past two and a half years, Waberer's-Szemerey Logisztika Kft. signed rental contracts with two more significant property management companies in addition to the warehouse hub rented from BILK Logisztikai Zrt. and owned by a Group member, Közdűlő Invest Kft. The segment's warehousing operations are carried out in the above described rented properties totalling more than 195,000 square metres.

The Group entities supply various auxiliary services, such as selling fuel, managing road toll payments or vehicle repairs, to the domestic transport subcontractors. These services are typically supplied and charged on an 'as is' basis and the related revenues are presented among revenues from other than core operations and risks are covered by the Group. Such services include maintenance service of vehicles and sales of fuel related to core operations. Sales from such services are presented as other revenue.

Other segment

Insurance revenues include the revenues of Wáberer Hungária Biztosító Zrt. from third party insurance policies. The Group's insurance company offers insurance solutions related to domestic and international transportation, such as mandatory liability insurance, vehicle insurance, CMR and carrier's indemnity insurance. The insurance company also offers services (car and asset insurance) to retail clients. In accordance with applicable Hungarian legislation, the Group's insurance company does not offer life insurance services. The company's revenues from insurance services increased by EUR 6.7 million on the previous year.

23. Salaries, allowances, contributions

International transportation segment

Item	2017	2018
Direct payroll costs and related taxes	**32,613,791**	**38,381,992**
Salaries and related taxes	25,557,328	31,054,548
Variable wages and taxes	7,056,463	7,327,444
Benefits	**54,831,706**	**60,924,829**
Direct payroll costs and related taxes	**87,445,497**	**99,306,821**

Within salaries, allowances, contributions, the Group presents the payroll costs and related taxes of international drivers, service colleagues, and domestic storage workers.

Directly paid salaries increased by EUR 5.5 million on 2017, of which the acquisition of the LINK Sp. z o.o. was the most significant with an EUR 4.7 million increase. Another increasing factor was a raise in gross salaries.

Variable wages and taxes include driver bonuses and social security contributions. The Polish acquisitions increased annual costs by EUR 806 thousand, which was partly offset by the effect of a 2% cut in social contribution.

The increase in direct pay approximated EUR 6.1 million in 2018. The primary reason for the increase was the acquisition of the Polish entities with EUR 5.8 million. Other increasing factors included an unchanged fleet size and extended benefits to drivers.

The number of drivers in the Group's international transportation segment increased by 4,865 to 5,016 in 2018.

Regional contractual logistics segment

Item	2017	2018
Direct payroll costs and related taxes	**11,322,508**	**14,428,746**
Salaries and related contributions	7,229,219	8,624,361
Variable wages and taxes	4,093,289	5,804,385
Benefits	**4,948,455**	**5,886,250**
Direct payroll costs and related taxes	**16,270,963**	**20,314,996**

Payroll costs and related taxes reflect the wages, salaries and benefits paid to the Group's domestic drivers, servicing personnel, and warehouse staff, and the related taxes and social security contributions.

As a result of an increase in transportation revenues in this segment, the number of drivers was by 5.5% more in 2018 than in 2017. In view of shortage of staff in the region, the Group effected a notable salary increase in the regional contractual logistics segment.

The number of staff in the regional segment was 1,600 at the end of 2018.

24. Fuel costs

	2017	2018
Fuel used for international transportation	103,811,079	114,439,671
Fuel used for domestic transportation	13,351,619	15 846 807
Inter-segment setoffs	(41,419)	(18,798)
Fuel costs	**117,121,320**	**130,267,680**

The fuel cost of international transportation increased by EUR 10.5 million on 2017. This increase was due mostly (by EUR 10.7 million) to the extra transportation capacity acquired as a result of the new Polish subsidiary. The average annual acquisition cost of fuel was 12.2% higher than in the previous year. As a result of special technical adjustments on our trucks and systematic training of our drivers, we managed to reduce this significant increase in fuel costs by 2.8%. The decrease in nominal costs was due, in part, to a nearly 6% decline in the number of kilometres driven by the fleet other than that of the Polish subsidiary.

Fuel costs in the domestic transportation segment increased by nearly 18.7% as a result of increased mileage, a 11% increase in fuel prices and a reduction in refundable excise tax.

25. Motorway & transit costs

	2017	2018
Transit cost of international transportation	**91,648,045**	**103,162,845**
of which: motorway	64,160,378	64,902,439
ferry	26,078,689	32,557,350
services used	403,146	504,297
other transit costs	1,005,832	5,198,758
Transit cost of domestic transportation	**19,694,323**	**21,462,276**
of which: motorway	8,142,615	8,276,618
ferry	5,725	1,083
services used	11,032,475	12,689,177
other transit costs	513,509	495,399
Inter-segment setoffs	(380,568)	(347,891)
Road tolls and transit costs	**110,961,800**	**124,277,229**

International forwarding transit costs increased by EUR 11.5 million, most of which (EUR 11.1 million) was due to the full annual consolidation of LINK.

The increase in road tolls per motorway kilometre was mitigated by the Group by using non-toll roads and cheaper routes.

As the Polish subsidiary use more ferry crossings for deliveries than the Hungarian fleet, the full annual consolidation of LINK caused a significant EUR 5.8 million increase in costs.

Other transit costs include parking costs, road tolls and retrospective discounts on transit costs. The significant increase in this category was the material hike in parking costs as a result of changes in fleet operations and the fact that part of the retrospective discounts is incorporated in our invoices on monthly deliveries.

Transit costs in the domestic segment increased by EUR 1.8 million in 2018 as a result of increased packaging, order picking, labelling, repackaging and other warehousing service costs due to the extended warehousing operations as detailed in the note on revenues.

26. Reinsurance costs

	2017	2018
Reinsurance costs	26,688,216	29,204,163

Wáberer Hungária Biztosító Zrt, the subsidiary acquired in 2016 covers its most significant risks by reinsurance contracts. Treaty Reinsurance covers 75% for international transport insurance (CMR and delivery), 50% for CASCO, housing and elements of other property insurance, and 50% for Motor-Third Party Liability Insurance. The reason for the significant increase in reinsurance costs was that the insurance company's large risk exposure was minimised in view of a sustainable profit ratio.

27. Other costs

	2017	2018
Repair, installation costs	15,997,198	20,627,968
Insurance costs and expenses	25,529,094	37,698,126
Direct rental costs	5,598,107	8,323,509
Other services	2,106,100	3,039,333
Vehicle weight tax and other transportation taxes	2,131,096	2,368,617
Other costs, total	**51,361,594**	**72,057,553**

The significant increase in repair and fitting costs was due to the increased fleet and the full consolidation of the Polish subsidiary.

Insurance costs include claims paid by Wáberer Hungária Insurance following its full consolidation in 2016 to not only Group members but also to third parties. Insurance costs increased as a result of a 14% increase in damages paid to third party customers with contracts exceeding EUR 7 million. Besides, as the Group's mandatory vehicle liability insurance portfolio was taken over to third party insurers, all loss events for which the Group's insurance company had made provisions were physically closed. This resulted in a decreased claim reserve and all loss events, being closed items, were recognised among other costs in accordance with the concurrent decrease in other expenses. The resulting impact was EUR 6.5 million.

	2017	2018
International forwarding	9,823,033	15,495,085
Regional contractual logistics	(35,882)	1,709,600
Other	18,006,428	20,664,733
Inter-segment setoffs	(2,264,485)	(125,652)
Total	**25,529,094**	**37,743,766**

The significant increase in the insurance costs of the regional contractual logistics segment was due to erroneous inter-segment allocations of insurance technical reserves in previous years. According to the Company's accounting policies, the changes in insurance technical reserves are presented among insurance costs through profit or loss.

28. Indirect costs

The details of indirect costs are as follows:

	2017	2018
Indirect wages and payments	**34,162,248**	**37,285,084**
Other services	**19 520 456**	**20 977 982**
Property maintenance, utilities and rent	4,831,169	5,867,472
Specialists	4,590 384	3.960,172
IT costs	2,815,770	3,182,740
Communication costs	722,134	953,861
Company cars	691,613	947,744
Marketing costs	635,684	978,981
Other costs	5,233,703	5,087,012
Selling, general and administrative costs	**53,682,703**	**58,263,066**

Of the EUR 3,117 thousand increase in indirect wages and payments, EUR 3,070 thousand was due to the Polish subsidiary, LINK, as it was included in the 2018 consolidation for a full year as opposed to 2017 when it was consolidated only from the date of acquisition.

Other services increased by EUR 1,250 thousand on the previous year. The full year consolidation of LINK caused an EUR 1,685 thousand increase in 2018.

29. Other income

	2017	2018
Provisions released	821,279	723,946
Compensation income	1,722,763	2,173,352
Fines, penalties, default interest	1,281,952	326,415
Employee refunds	993,503	792,130
Government grant	23,332	-
Reversed impairment on debtors	855,331	763,063
Reversed impairment loss on inventories	107,523	-
Return on deposits for insurance claim reserves	1,217,566	(465,200)
Other miscellaneous income	1,887,349	2,511,780
Total	**8,910,958**	**7,564,740**

The significant decrease in recovered penalties, late payment interest and fines was due to the fact that, in 2017, Waberer's Romania had compensated of EUR 1,024 thousand on an former customs guarantee to the Romanian state budget dating back to 2010. As a result of the related 7 years long litigation process, the Group was acquitted and the damaged paid were recovered.

Impairment losses on debtors are reversed as other income and are recognised as other expense. an application introduced in 2018 monitors each receivable item every month.

The increase in other miscellaneous income was due to the self-corrections of various tax statements as a result of the clean-up of tax returns and tax records taken over from a financial services provider which used to be in charge of import VAT and excise tax reclaims after having their contract terminated. Both other income and other expenses increased as a result of the clean-up process by EUR 570 thousand and EUR 640 thousand, respectively. A loss of EUR 70 thousand was recorded as a result of the self-correction of erroneous tax returns.

The following table shows the segment information of other expenses:

Years	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
2017	7,301,785	1,374,938	840,172	(606,297)	**8,910,598**
2018	5,205,239	2,067,523	348,045	(56,067)	**7,564,740**

30. Other expenses

	2017	2018
Damages paid	2,186,573	2,411,289
Provisions	605,410	858,367
Impairment on debtors	850,222	1,144,544
Penalties, fines	2,398,757	2,272,274
Impairment of inventories	-	14,268
Credit loss	22,538	96,673
Provisions for insurance events	5,477,393	(1,087,915)
Goodwill impairment	-	5,790,246
Other miscellaneous expenses	1,511,332	2,380,256
Total:	**13,052,225**	**13,820,467**

Income and expenses related to claims comprise damage in vehicles and goods during transport and damage suffered during customs guarantee activities, as well as the associated insurance pay-outs. The majority of the other income and the damage-related expense recognised under other expenses is connected to Waberer's International Zrt., Euro-Unió Trans Kft. and to franchise companies. Revenues from damage events exceed the expense related to damage as a result of self-funded repairs. Also, irrecoverable amount of goodwill related to Link SP Z.o.o. is presented as other expense, with amount of EUR 5.8 million.

The amount of provision for insurance claims is booked as an expense and is presented among provisions.

The increase in other miscellaneous expenses was due to the other income increasing factors presented above.

The following table shows the segment information of other expenses:

Year	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
2017	10,391,091	2,565,058	96,076	-	**13,052,225**
2018	11,608,338	2,014,841	236,787	(39,499)	**13,820,467**

31. Financial expenses

	2017	2018
Interest income	97,853	141,946
Interest paid	(4,736,183)	(4,871,010)
Realised FX gain or loss	(214,210)	(620,353)
Unrealised FX gain or loss	1,144,694	(1,757,428)
Realised gain or loss on derivatives	(68,503)	244,717
Gain or loss on investments	230,608	-
Other	(8,856)	8,298
Total	**(3,554,597)**	**(6,853,832)**

Within the Group, Waberer's International Nyrt., Waberer's-Szemerey Logisztika Kft. and the acquired LINK Sp o.o had significant financial leases in 2017 and 2018.

The amount of nominal interest paid by the Group on financial leases did not change significantly compared to the EUR 4,292 thousand in 2017 as the Group paid a total interest of EUR 4,210 thousand in 2018. The Group's daily average leasing portfolio increased by EUR 25 million in 2018 as a result of an organic fleet increase at an average interest rate of 1.37% as opposed to 1.67% in 2017.

EUR is the functional currency of most of the Group members. As a result, most of the Group is no longer affected by foreign exchange exposure as, except for three Hungarian entities, 100% of revenues and 70% of costs incur in EUR.

Through its Polish subsidiary, which has PLN functional currency, but has leasing liabilities in EUR, the Group is exposed to foreign exchange risk with respect to PLN/EUR rates. The Group needs to develop appropriate policies to mitigate its exposure to EUR rate fluctuations as Polish laws do not allow the adoption of EUR as functional currency.

Similarly, Waberer's-Szemerey Logisztika Kft's functional currency is the HUF and therefore incurs foreign exchange gains and losses on its leasing liabilities based on CHF and EUR which are translated into EUR upon consolidation.

The year-end revaluation of the these two subsidiaries, whose functional currency is other than the EUR, caused the Group an unrealised foreign exchange loss of EUR 2,333 thousand in 2018 as opposed to an unrealised foreign exchange gain of EUR 1,278 thousand in 2017.

Assets and liabilities denominated in foreign exchange are presented in Note 34. c).

The following table shows the segment information of interest:

2017

Item	**Int. transport**	**Regional cont. logistics**	**Other**	**Inter-segment offsetting**	**Total**
Interest income	173,254	11,148	479	(87,028)	**97,853**
Interest paid	(4,426,235)	(576,977)	-	87,028	(4,736,183)
Other financial transactions	1,435,776	(19,177)	(332,865)	-	**1,083,734**
Interest	**(2,637,204)**	**(585,006)**	**(332,386)**	**-**	**(3,554,597)**

2018

Item	**Int. transport**	**Regional cont. logistics**	**Other**	**Inter-segment offsetting**	**Total**
Interest income	216,956	17,632	731	(93,373)	**141,946**
Interest paid	(4,318,825)	(645,558)	-	93,373	**(4,871,010)**
Other financial transactions	(846,991)	(1,388,914)	111,137	-	**(2,124,768)**
Interest	**(4,948,860)**	**(2,016,840)**	**111,868**	**-**	**(6,853,832)**

32. Income tax expense

The income tax expense disclosed in the consolidated financial statements for the Group as at 31 December 2017 and 2018 comprised the following components:

	2017	2018
Current income tax expense	7,128,624	5,293,570
Deferred taxes	(2,344,234)	(258,018)
Total income tax expense	**4,784,390**	**5,039,517**

The Group treats the Hungarian corporate tax and local business tax as income taxes, along with the corresponding foreign income taxes; the impacts of the different tax bases are presented in the breakdown of the difference between the expected tax and the recognised income tax.

Upon preparing the consolidated financial statements for 2018, the Group reviewed the effective tax rate in view of the changes in corporate taxation in Hungary effective as of 1 January 2017 (announced in December 2016), and determined an effective tax rate of 11.3% - which remained unchanged in 2018. No item was identified at the foreign subsidiaries, except for LINK Sp. o o., Poland, which would have an impact on deferred taxes.

Deferred tax details:

	31 December 2017	31 December 2018
Waberer's International Nyrt. and franchise companies	(1,742,768)	(1,162,880)
Wáberer Hungária Biztosító Zrt.	-	(136,666)
Delta Rent Kft.	(3,371)	-
LINK Sp. z o.o.	(443,271)	(816,111)
Deferred tax assets in the BS	**(2,189,410)**	**(2,115,657)**

The „Deferred tax on cash-flow hedges" line reflects the deferred tax on the fair value difference on the Group's derivatives recognised directly in equity in a total of EUR -69 at 31 December 2018.

The difference between the tax payment liability based on the accounting profit and the actual tax liability is broken down in the following table:

	2017	2018
Profit before taxation under IFRS	23,175,240	(10,094,254)
Income tax expense	4,784,390	5,039,517
Expected tax (11.3% of the pre-tax profit)	2,618,802	(1,140,651)
Difference	**2,165,588**	**6,180,168**

	2017	2018
Impact of different tax bases (local business tax)	3,969,653	4,556,821
Effects of permanent differences (penalties, levies)	213,105	69,170
Development tax allowance (permanent difference)	(261,172)	(122,505)
Usage of losses carried forward	(1,582,876)	2,212,038
Other	(173,122)	(535,306)
Total	**2,165,588**	**6,180,168**

33. Management of financial risks

During its operations the Group is exposed to various types of financial risk. These risks can be classified into the following groups:

- credit risk
- liquidity risk
- market risk

The management of the Group's financial risks was centralised at the finance department.

This section contains a brief description of how these risks impact on the Group's exposures and what targets, processes and internal policies the Group has elaborated and applies to measure and manage individual risks.

The Group's Board of Directors is responsible for setting the risk management guidelines and frameworks for the Group. Their task is to design and set up a standard risk management policy and strategy, and continuously monitor that to what risks the Group is exposed. The Board of Directors is also responsible for regularly reviewing risk management policies and strategies, as well as updating and modifying them if market circumstances change.

(a) Credit risk

Credit risk is the risk that the Group will incur a loss due to a client not complying with contractual terms and conditions. From the perspective of the Group this primarily means the non-payment risk of clients.

Trade and other receivables

There is no high concentration of credit risks within the Group. The 10 largest clients account for 21.39% of the total revenue in 2017 and 18.16% of the total revenue in 2018.

The Group drafted a credit risk management policy based on which a review is carried out on all new clients regarding their operations and public information available at the tax authority. Thereafter, the commercial loan limit is determined based on the system of external and internal evaluations. The Group does not ask for any collateral to secure individual trade receivables.

The Group has developed long-term relationships with clients, and losses are not common. The Group monitors existing clients on a monthly basis to check the size of existing exposures and matured items. If the set limits are reached or exceeded the system automatically blocks further transactions. The individual exposures are grouped according to the number of days in default and the legal status of invoices.

The scope of external services and service-providers used for risk management was widened to mitigate future risks. One segment of clients has loan insurance contracts, while a new service-provider was brought in to help rate clients in Central and Eastern Europe more effectively.
There is centralised risk and receivables management for foreign subsidiaries once they join the central IT system.
With the higher headcount in Collections more emphasis is now placed on proactive client management.
The calculation of impairment reflects an estimate on the extent of the likely loss for the Group from exposures to clients. The majority of the impairment is made up from individual impairment charges on individually significant items. The other part is the group impairment, which is recorded for incurred but as yet unidentified losses in groups of similar assets. The allocation of group impairment is facilitated by historic loss figures

(b) Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. The purpose of liquidity management is to ensure sufficient resources for the settlement of liabilities when they fall due.

The Group has factoring contracts in order to manage any liquidity shortage and also enable the pre-funding of trade receivables and trade payables. The Group has a number of overdraft agreements with various banks in order to mitigate liquidity risk.

With respect to the new asset purchase loans taken by the Group in 2014 and in 2017 as part of an export incentive programme, the lending banks specified the following financial covenants.

Calculation of financial covenants for 2018:

Interest coverage	
Total interest coverage	11.67
EBITDA (EUR million)	57,2
Net of the full interest (EUR million)	4.9
Minimum amount:	4.00

Debt service	
Debt service ratio	1.11
Free Cash-flow (EUR million)	80.2
Full debt repayment (EUR million)	72.3
Minimum amount:	1.05

Net debt service	
Debt coverage ratio	4.77
Net debt (1) (EUR million)	272.9
EBITDA (EUR million)	57.2
Maximum amount:	3.50

The table above shows that Waberer's Group did not meet net debt service ratio requirements on 31 December 2018. In accordance with this, EUR 5 067 598 long term loan liability was reclassed to short term loan liability.

(c) Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and share prices will influence the Group's results and the fair values of financial instruments reported in the financial statements. The purpose of managing market risk is to control the exposure affected by market risks in a way that maximises the return achieved. The Group's treasury department focuses on market risk management.
In terms of market risk the Group is primarily exposed to exchange rate risks as well as cash-flow risks derived from changes to interest rates and global fuel price. Waberer's Group is exposed to substantial market risks during its activity. The actual figures subsequently calculated generally differ from the exchange rates, interest rates, share, other security and commodity prices used during the planning. Transactions concluded for hedging purposes but not included

in hedge accounting are designed to protect the Group from this uncertainty, particularly from impacts adversely affecting the planned cash flow.
Besides, the Group uses a fuel price covenant in its transportation contracts in order to mitigate its exposure to fuel price fluctuations.

(i) Exchange rate risk

Of all the market risks, the Group was less affected by exchange rate risk in 2018 as most of the Group's revenues and expenses of the companies within the Group incurred in its functional currency. At some Group members, the functional currency is RON and PLN, and it is HUF at the only domestic logistics company. Therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. The ratio and volume of transactions in foreign currencies and in the functional currencies differ. Costs incurring in foreign currencies exceed the revenues earned in foreign currencies. Costs that incur in foreign currencies and are not covered with corresponding revenues (natural cover) are held as an open FX position, the value of which changes along with the relevant FX rate fluctuations. Such FX expenses related to FX rate fluctuations represent uncertainty to the Group's cash flows and are therefore addressed with FX hedges that qualify for hedge accounting (cash flow hedges) under IFRS.

(ii) Interest cash flow risk

The Group pays interest on leases and loans. The interest payable generally comprises a reference interest rate and an interest premium. The reference rate changes constantly based on supply and demand on the interbank money market, central bank decisions and other factors.

Waberer's Group does not enter into speculative derivative contracts, but hedge accounting is not applied for any of the concluded contracts either given that it has yet to elaborate the documentation requirements and hedge effectiveness testing system that is needed for this. The basic rule is still that trades may not focus on one partner and must be diversified.

(d) Equity management

The Group aims to establish a strong equity position to retain the confidence of investors, creditors and the market and support the future development of its business activities. The Group continuously monitors returns and the level of dividends due to owners.

The Group's Board of Directors strives to strike a balance between the advantages of a strong equity position, security, and higher borrowings enabling higher returns.

There was no change in equity management processes and methods either in 2017 or in 2018.

Legal regulations applicable for the Group and its Hungarian subsidiaries prescribe the following provisions for equity:

To protect creditors, section 133(2) of Act V of 2013 on the Civil Code prescribes the following in terms of equity compliance: "If a business association's equity is not sufficient to cover the subscribed capital prescribed for its specific corporate form over two consecutive financial years, and the members fail to provide for the necessary equity within a period of three months after approval of the annual account for the second year, the business association shall be required to adopt a decision within sixty days of this deadline for its transformation. Instead of transformation the business association may opt dissolution without succession or for merger."

Except for the domestic franchise entities, all other domestic Group companies meet the statutory capitalisation requirements. With respect to the non-compliant franchise companies, on 15 February 2019, the Board of Directors decided to buy-out all the minority shareholders and asked Group management to develop and implement the necessary equity rectification methods.

In accordance with government decree 261/2011. (XIII.7.) Korm. the professional conditions and licensing procedures of domestic and international goods transportation, such activities may only be carried out in Hungary with a licence for transporting goods by road, which is subject to the Group verifying its reputation, professional suitability and appropriate financial background.
The financial position is appropriate if the business entity has the necessary equity to start and pursue its activities without any problems:

i. equity (wealth) for a vehicle (trailer) or for the first vehicle (trailer) is at least EUR 9,000 and for every additional vehicle (trailer) at least EUR 5,000 and
ii. the Group constantly meets its tax, customs duty and contribution payment requirements as well as its payment requirements to the transport authority.

The Hungarian members of the Group engaged in road transportation have the required level of capitalisation and professional indemnity insurance to ensure compliance with relevant legislation applicable to their financial positions.

34. Financial instruments

(a) Credit risk

Maximum exposure to credit risk of the Group is as follows:

	31 December 2017	31 December 2018
Other investments	130,447	61,265
Trade receivables	119,341,477	114,430,379
Other current assets and derivative financial instruments	15,590,925	15,551,328
Cash and cash equivalents	58,997,190	57,659,601
Other Financial investments - Debt instruments - Long term	37,705,654	47,461,955
Maximum credit risk exposure	**231,765,693**	**234,920,142**

Geographical breakdown of maximum carrying value of Group's credit risk exposure to customers:

	31 December 2017	31 December 2018
Domestic	49,742,503	46,878,511
EU countries	69,598,974	67,514,881
Non-EU countries	-	36,987
Maximum credit risk exposure	**119,341,477**	**114,430,379**

The maximum possible exposure to credit risk is the balance of trade receivables, which decreased from 2017 to 2018 as a result of an expanded fleet and acquisitions.

Impairment loss on trade receivables broken down by maturity:

	31 December 2017		31 December 2018	
	initial cost	**impairment**	**initial cost**	**impairment**
Not yet due	105,710,080	-	82,835,602	-
overdue by 0-90 days	12,063,861	5,503	29,122,399	9,234
overdue by 91-180 days	878,442	114,879	2,576,172	207,591
overdue by 181-360 days	577,968	108,095	338,344	165,787
over due 360 days	2,683,426	2,343,824	2,199,827	2,259,353
Trade receivables	**121,913,777**	**2,572,300**	**117,072,344**	**2,641,965**

Based on historic loss figures, the Group does not consider it necessary to record impairment loss on trade receivables that are not overdue or overdue by no more than 90 days, unless the given receivable is already subject to collection or the client is under liquidation. The majority of the trade receivables balance is from financially sound clients.

(b) Liquidity risk

Financial liabilities broken down by maturity:

	31 December 2017				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	40,774,940	40,653,926	91,871,107	112,343,857	2,541,665
Other long-term liabilities	-	-	6,448,045	-	-
Short-term loans	5,209,370	-	-	-	-
					-
Trade payables	114,439,260	-	-	-	
Other current liabilities and derivative financial instruments	19,165,853	-	-	-	-
Total	**179,589,423**	**40,653,926**	**98,319,152**	**112,343,857**	**2,541,665**

	31 December 2018				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Financial lease liabilities	58,006,986	49,904,642	52,151,503	148,204,774	10,425,516
Short-term loans	9,749,137	8,112,173	-	-	-
Trade payables	133,355,404	-	-	-	-
Other current liabilities and derivative financial instruments	21,322,145	-	-	-	-
Total	**222,433,672**	**58,016,815**	**52,151,503**	**148,204,774**	**10,425,516**

(c) Foreign exchange risk

Group exposures broken down by currency:

	31 December 2017			
	EUR	HUF	other	total
Trade receivables	90,536,299	23,844,204	4,960,974	119,341,477
Loans and borrowing	(5,209,370)	-	-	(5,209,370)
Other long-term liabilities	6,448,045	-	-	6,448,045
Finance leases	(288,185,493	-	-	(288,185,493)
Trade payables	(87,901,021)	(17,868,944)	(8,669,295)	(114,439,260)
Other Financial investments - Debt instruments - Long term	-	(19,165,853)	-	(19,165,853)
Net position	**(284,311,540**	**(13,190,593)**	**(3,708,321)**	**(301,210,454)**

	31 December 2018			
	EUR	HUF	other	total
Trade receivables	82,671,913	26,578,933	5,179,533	114,430,379
Loans and borrowing	(17,861,310)	-	-	(17,861,310)
Finance leases	(313,122,939	(5,570,843)	-	(318,693,782)
Trade payables	(90,375,474)	(29,259,545)	(13,720,385)	(133,355,404)
Other Financial investments - Debt instruments - Long term	-	(21,322,145)	-	(21,864,781)
Net position	**(338,687,810**	**(29,573,600)**	**(8,540,852)**	**(377,344,898)**

The Group's receivables and liabilities in were translated at the following year-end rates: 321.51 HUF/EUR, 4.65889 RON/EUR, and 4.29711 PLN/EUR. The business plan for 2018 was based on a projected rate of 310 HUF/EUR.

Remeasuring the open currency position as at 31 December 2018 in the event of a weakening in the exchange rate of 1 HUF/EUR would produce a foreign exchange loss of HUF 30.3 million (EUR 94 thousand). A reasonably probable foreign exchange fluctuation in the range of 0.26%-1.89% is estimated based on historic figures over a year.

The Group enters into derivative contracts to mitigate the exchange-rate risk. As at 31 December 2018, the positive fair value of derivative transactions based on remeasurements on the reporting date was EUR 1,402,551 the negative fair value difference was EUR 1,403,315. In 2017, the Group presented a total of EUR 1,763,853 net positive fair value difference and EUR 515,399 negative fair value difference in its consolidated financial statements.

(d) Fair value of financial instruments

The following table presents the fair values and carrying values of financial instruments for 2017 and 2018:

EUR	2017		2018	
	Fair value	**Book value**	**Fair value**	**Book value**
Non-current assets – Debt instruments	37,705,654	37,705,654	46,832,378	46,832,378
Non-current assets - Equity instrument	5,663,729	5,663,729	5,619,886	5,619,886
Other non-current financial assets	130,447	130,447	61,265	61,265
Trade receivables	119,341,477	119,341,477	114,430,379	114,430,379
Other current assets and derivative financial instruments	15,590,925	15,590,925	15,551,328	15,551,328
Cash and Cash equivalents	58,997,190	58,997,190	57,659,601	57,659,601
Total financial assets	**237,429,422**	**237,429,422**	**240.154,837**	**240,154,837**
Long-term loans	-	-	-	-
Other long-term liabilities	6,448,045	6,448,045	-	-
Short-term loans	5,209,370	5,209,370	17,861,310	17,861,310
Trade payables	114,439,260	114,439,260	133,355,404	133,355,404
Other current liabilities and derivative financial instruments	18,268,369	18,268,369	21,322,145	21,322,145
Other insurance technical provision - short term	3,864,798	3,864,798	4,081,706	4,081,706
Total financial liabilities	**436,415,336**	**436,415,336**	**495,314,347**	**495,314,347**

The fair value of financial assets and liabilities is always the same as their value recognised in the statement of financial position.

The fair values of financial instruments were determined as follows:

- *Fair value of trade receivables:* discounted value of future cash flows of receivables based on the market interest rate on the reporting date. Due to that the turnover of receivables is fast there is no effect of the discounting. As the debtor turnover is quick, discounting has no effect whatsoever.

- *Fair value of derivative transactions:* determined using a measurement technique based solely on market inputs.

- *Fair value of finance lease liabilities and loans:* present value of future cash flows calculated based on market interest rate on reporting date. The market interest rate used to discount finance leases is determined with reference to similar finance lease agreements.
- *Fair value of trade payables:* future cash flows discounted to the reporting date. Due to that the turnover of payables is fast there is no effect of the discounting.

(e) Interest rate risk

Fair value sensitivity review for fixed-income financial instruments
The Group generally does not have fixed-income financial assets and liabilities which are measured at fair value through profit or loss, nor did it conclude interest rate swaps for hedging purposes, and so changes in the interest rate

would not affect the Group's profit or loss at the reporting date.

Cash flow sensitivity review for floating interest financial instruments
Based on the Group's analyses a 10-bp change in the EURIBOR would change the interest on leasing liabilities by EUR 313,527 and the interest on loans by EUR 17,060. This change would not affect the Group's profit of a year. This analysis assumed that all other factors (such as currency exchange rates) remained unchanged.

35. Provisions, contingent liabilities and contingent assets

The details of provisions per category and any movements in provisions are presented in Note 16.

Litigations
The following table shows the provisions allocated for legal actions against the Group, broken down by years, and the litigated amount from the legal actions for which the Group did not allocate provisions (contingent liabilities) after deliberating on the information available. In these cases it is more likely the case will be won than lost, and so no cash outflow is expected.

	2017		**2018**	
	Litigated principal amount		Litigated principal amount	
	Provision presented	Contingent liability	Provision presented	Contingent liability
Total:	**1,079,464**	**1,012,978**	**1,080,845**	**345,440**

A number of long protracted significant legal cases ended in 2018 as a result of agreements with the injured persons. The related expenses are presented among other expenses and the related provisions were concurrently released.

On 19 July 2018, the Company lodged a claim with the local court of Munich by reference to a decision of the European Commission of 19 July 2017 against certain vehicle manufacturers (MAN, Volvo/Renault, Daimler (Mercedes), Iveco and DAF). Further to the decision of the EC, the above vehicle manufacturers formed a cartel between 17 January 1997 and 18 January 2011 (in the case of MAN until 20 September 2010) and violated section 101(1) of the Treaty on the Functioning of the European Union when they synchronised their wholesale list prices, the timing of the introduction of new emission technologies and the recharge mechanism of the related costs onto their customers, and standardised the method of sharing other sensitive commercial information about vans, lorries and trucks across the EEC. On 5 February 2019, the Company upgraded the initial claim to an integral action for a total compensation EUR 47.8 million (damages of EUR 36.4 million plus interest of EUR 11.3 million). The litigated amount is based on a detailed claim assessment report prepared by an economist specialised in competition law about the extent of overpricing by the truck cartel.

36. Transactions with related parties

<u>Members of the management at 31 December 2018:</u>

- Ferenc Lajkó, CEO[1];
- Barna Erdélyi, General Deputy CEO
- Zsolt Barna, Managing Director of Waberer's-Szemerey Kft. and head of the regional contracted logistics business line;
- Bence Nyilasy, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp. z o.o..

[1] Succeeded by Robert Ziegler effective as of 1 February 2019.

Members of the Board of Directors:

Name	**Status**	**Date of appointment**
Gerard van Kesteren	independent non-operational (external) member	29/7/2016 -31/5/2021
Csanád Dániel	non independent non-operational (external) member	28/8/2018 - 31/5/2021
Barna Erdélyi	non independent operational member	21/3/2017 - 31/5/2021
Dr. Péter Lakatos	independent non-operational (external) member	29/7/2016 - 31/5/2021
Robert Knorr	non independent non-operational (external) member	21/12/2017 - 31/5/2021
Ferenc Lajkó	non independent operational member	21/3/2017 – 31/1/2019
Stefan Delacher	independent non-operational (external) member	31/5/2011 – 7/6/2018

On 31 December 2018 the members of the Board of Directors held the number of shares indicated below:

Gerard van Kesteren	3,049 shares
Ferenc Lajkó	12,559 shares

Members of the Supervisory Board:

Name	**Status**	**Date and duration of appointment**
David William Moffat Thompson (President of AC)	independent	28/8/2018 – 31/5/2021
Sándor Székely	non independent (employees' delegate)	11/5/2017 – 31/5/2021
Mária Kazuska Szalainé	non independent (employees' delegate)	31/5/2017 – 31/5/2021
Philip Anthony Marshall (AC member)	independent	31/5/2017 – 31/5/2021
Gábor Béla Nagy (AC member)	independent	31/5/2017 – 31/5/2021
Zoltán György Dr Bodnár (AC member)	independent	31/5/2017 – 31/5/2021
Peter Michael Vincent Grace	independent	15/7/2016 – 28/8/2018

Transactions with the management and those exercising ultimate control

There was no changes in key management personnel either in 2017 or in 2018. The details of their remuneration are presented below:

	2017	2018
Payroll	1,071,370	691,865
Benefits	-	-
Total:	1,071,370	691,865

The independent members of the Board of Directors are paid EUR 50 thousand, the chairman of the Board of Directors is paid additionally EUR 50 thousand, the members of Supervisory Board are paid EUR 10 thousand, and the members of the Audit Committee are paid EUR 5 thousand per annum for their contribution.

Transactions with companies governed by the ultimate parent

In 2017, the parent company, CEE Transport HOLDING B.V., who owns 72% of all shares, supported the Group's new governing function with technical knowledge sharing under a management agreement until the public offering of Waberer's International Nyrt. Once public floatation started, this management agreement was cancelled by the Budapest Stock Exchange.

Transactions with related parties were always carried out under normal commercial conditions and at arm's length prices, taking into account volumes, complexity of service, standards and seasonality.

Transaction (purchases) with related parties outside of the Group:

	2017	2018
CEE Transport HOLDING B.V	825,000	-
LAKATOS, KÖVES ÉS TÁRSAI ÜGYVÉDI IRODA	801,985	138,530
Total	**1,626,985**	**138,530**

37. Subsequent events

Except for the matter below, there had been no economic event or management decision until the preparation of the financial statements as at 31 December 2018 which should have been presented as a subsequent event.

On 1 February 2019, Ferenc Lajkó, CEO of Waberer's International Nyrt. resigned and was succeeded by Robert Ziegler.

Waberer's International Nyrt began warranty proceedings against former owner of LINK Sp. z.o.o. in the fiscal year which closed in February 2019. Based on reached agreement, purchase price determined in handover schedule will be decreased by EUR 2.5 million with immediate payment. Since related IFRS standards allow correction of value of goodwill for a year, the Group will present the wired back purchase price decreasing amount as other income in the financial statement next year.

38. Auditor independence – non-audit services

Auditor Independence
Non-audit services provided by EY to Waberer's Group in 2018

Service type	**Description of service**	**Amount invoiced in 2018 (EUR)**
Tax Advisory	Local Business Tax & R&D advisory	58,690
	ESOP Advisory - tax advisory	24,880
Transaction Advisory	Slovak due diligence	33,000
Tax compliance	Excise duty related advisory	53,000
	Transfer pricing	94,050
Accounting advisory	IFRS 16 standard's effect analysis	
	IFRS Group Accounting policy review	17,650
	Review on changes in NCI related to Szemerey	4,800
Total		**286,070**

Cumulative non-audit services provided by EY to the Waberer group as a PIE

Non audit fees	286,070
Group audit fees	289,420
Ratio	98,8%

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