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 annual financial statements

Opinion

We have audited the accompanying 2019 annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company"), which comprise the statement of financial position as at 31 December 2019 - showing a balance sheet total of EUR 439,855 thousand and a total comprehensive loss for the year of EUR 37,029 thousand -, the related statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion the annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its 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 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 annual financial statements" section of our report.

We are independent of the Company 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.

Material uncertainty related to going concern

We draw attention to Note 2 (a) in the consolidated annual financial statements, which indicates that the Company and its subsidiaries (altogether "the Group") incurred significant losses in 2018 and 2019 at EUR 20.2 million and EUR 41.1 million, respectively on the consolidated level. The short-term liabilities of the Group exceeded its current assets by EUR 48.7 million as of 31 December 2019. Improving the Group's profitability and liquidity situation is dependent on the outcome of the action plans initiated by the management and availability of additional financial funds. As stated in Note 2 (a) these events and conditions, along with other matters as set forth in Note 2 (a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the 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 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 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 annual financial statements.

Cut-off of sales transactions and revenue recognition	
The Company's revenue amounted to EUR 405 million as of 31 December 2019. The Company 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 Company's 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 Company's business. We assessed the adequacy of the Company's disclosures in the annual financial statements in respect of revenue in accordance with the EU IFRSs.

The Company's disclosures about revenue are included in Note 3. l) Revenues and Note 20 Sales revenue, mediated services of the annual financial statements.

Valuation of Investments in Subsidiaries	
The Company's investment in subsidiaries represents EUR 52 million as of 31 December 2020. Valuation of investments in subsidiaries is a significant judgmental area. Management annually assesses if the investments are impaired in accordance with the EU IFRSs. This is a key audit matter as significant judgement is involved in determination if the investments are impaired.	Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company to assess whether the investments in subsidiaries are impaired and reviewed if there are any internal or external indication that investments may be impaired. We assessed the adequacy of the Company's disclosures about investments in subsidiaries in accordance with EU IFRSs including the information how the impairment is evaluated by the Company. The Company's accounting policy and disclosures about its investments in subsidiaries are included in Note 8 Investments in subsidiaries and joint ventures of the annual financial statements.

Other information

Other information consists of the 2019 business report of the Company. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the annual financial statements does not cover the business report.

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

Our opinion on the 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 business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

In our opinion, the business report of the Company, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2019 is consistent, in all material respects, with the 2019 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

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

We also confirm that the Company 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 business report includes the non-financial statement as required by Section 95/C of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Company and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the business report, 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 annual financial statements

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

In preparing the annual financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- ► Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 the Company by the General Assembly of Shareholders of the Company on 26 April 2019. 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 9 years.

Consistency with Additional Report to Audit Committee

Our audit opinion on the 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 Company in conducting the audit.

In addition to statutory audit services and services disclosed in the business report and in the 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, XX April 2020

Lelkes Tamás
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

0	1	-	1	0	-	0	4	1	3	7	5

Registration number

WABERER'S International NyRt.

2019

FINANCIAL STATEMENTS IN ACCORDANCE WITH THE INTERNATNIOAL FINANCIAL REPORTING STANDATDS (IFRSs) AS ADOPTED BY THE EU

Date: Budapest, 20 April 2020

Mangaer of Comapny
(representative)

Barna Erdélyi
CEO

Habás Tóth
Head of group Finance

WABERER'S International NyRt.
STATEMENT OF FINANCIAL POSITION

data in thousand EUR

Description	Note	31 December 2018	31 December 2019
NON-CURRENT ASSETS			
Property	8	10 380	6 676
Fixed assets not yet capitalized	8	1 584	116
Vehicles	8	72 931	44 300
Other equipment	8	3 129	2 221
Total property, plant and equipment		**88 024**	**53 313**
Intangible assets	7	10 537	14 004
Investment in related companies	9	55 864	52 354
Other non-current financial assets	10	28	16
Deferred tax asset	27	446	1 248
TOTAL NON-CURRENT ASSETS		**154 899**	**120 935**
CURRENT ASSETS			
Inventories	11	973	1 149
Current income taxes	27	109	795
Trade receivables	10-11	56 531	47 849
Receivables from realted companies		311 458	239 849
Other current assets and derivatives	12	13 968	15 207
Cash and cash equivalents	14	12 064	14 071
Assets classified as held for sale	13	0	0
TOTAL CURRENT ASSETS		**395 103**	**318 920**
TOTAL ASSETS		**550 002**	**439 855**
SHAREHOLDERS' EQUITY	***15***		
Share capital		6 184	6 179
Reserves and retained earnings		83 770	46 746
TOTAL SHAREHOLDERS' EQUITY		**89 954**	**52 925**
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term portion of leasing liabilities	16	131 347	52 752
Deferred tax liability	27	0	0
Provisions	17	33	28
Other long-term liabilities	18	0	0
TOTAL LONG-TERM LIABILITIES		**131 380**	**52 780**
CURRENT LIABILITIES			
Short-term loans and borrowings	29	11 760	39 600
Short-term portion of leasing liabilities	16	79 507	33 412
Trade payables	29	38 802	42 702
Liabilities from related companies		193 438	213 015
Current income taxes	27	0	0
Provisions	17	1 230	1 312
Other current liabilities and derivatives	19	3 933	4 109
TOTAL CURRENT LIABILITIES		**328 670**	**334 150**
TOTAL LIABILITIES		**460 050**	**386 930**
TOTAL EQUITY AND LIABILITIES		**550 004**	**439 855**

Date: Budapest, 20 April 2020

Waberer's International Nyrt.
STATEMENT OF COMPREHENSIVE INCOME

data in thousand EUR

Description	Note	2 018	2 019
FOLYTATÓDÓ TEVÉKENYSÉG			
Revenue	**19**	485 205	405 065
Cost of Trucking Subcontractors		- 368 946	- 290 952
Cost of goods sold		- 27 008	- 21 700
Direct wages, benefits & allowances	**20**	- 8 038	- 13 323
Fuel cost	**21**	- 6 201	- 10 438
Toll Fees & Transit Costs	**22**	- 29 381	- 25 758
Repair & maintenance	**23**	- 13 576	- 15 619
Insurance costs	**23**	- 2 084	- 2 948
Direct Rent	**23**	- 788	- 681
Other contracts	**23**	- 1 116	- 155
Vehicle weight tax and other transport related taxes	**23**	- 323	- 359
Total direct costs		- **457 461**	- **381 933**
Net gain on fleet sales		**3 203**	**2 180**
Gross Profit		**30 947**	**25 312**
Indirect Wages & Benefits		- 15 064	- 15 775
Other services		- 9 386	- 13 142
Selling, General and Administrative costs	24	- **24 450**	- **28 917**
Other operating income	25	**2 323**	**4 750**
Other operating expense	26	- **4 071**	- **2 859**
Profit before interest, tax, depreciation and amortization(EBITDA)		**4 749**	- **1 714**
Depreciation		- 18 423	- 18 036
Profit before interest (EBIT)		- **13 674**	- **19 750**
Interest	27	- 13 490	- 17 171
Profit(loss) before income tax		- **27 164**	- **36 921**
Income Tax	28	- **3 050**	- **108**
Profit after Tax		- **30 214**	- **37 029**
DISCOUNTINUED OPERATION			
Profit/loss from discountinued operation (decreased with deferred tax)			
CURRENT YEAR PROFIT/LOSS		- **30 214**	- **37 029**
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		- **30 214**	- **37 029**

Date: Budapest, 20 April 2020

WABERER'S International NyRt.
STATEMENT OF CASH FLOWS

data in thousand EUR

Description	Note	2018	2019
Profit/loss before tax		**-27 164**	**-36 921**
received dividend from related companies			-10 526
Non-realised exchange loss/gain on other FX assets and liabilities (+/-)	29	3 683	4 181
Fair value difference related to financial istruments	29	1 124	298
Booked depreciation and amortisation	5	18 423	18 036
Impairment	11	5 718	3 307
Interest expense	25	3 259	2 728
Interest income		-337	-401
Difference between provisions allocated and used	17	-350	77
Result from sale of tangible assets	24	-3 203	-2 180
Net cash flows from operations before changes in working capital		***1 153***	***-21 401***
Changes in inventories	9	-251	-198
Changes in trade receivables	10	2 212	8 864
Changes in receivables from related companies		-38 398	3 611
Changes in other current assets and derivative financial instruments	12	-4 068	-707
Changes in trade payables	29	3 132	3 898
Changes in liabilities from related companies		84 266	19 577
Changes in other current liabilities and derivative financial instruments	19	660	176
Income tax paid	27	-1 169	-823
I. Net cash flows from operations		***47 537***	***12 996***
Tangible asset additions	5	-8 831	-5 721
Income from sale of tangible assets	13	21 645	25 530
Income from sale of non-current assets held for sale	8	82	3
Changes in Financial investments		0	0
Interest income		337	401
II. Net cash flows from investing activities		***13 233***	***20 213***
Borrowings	29	6 849	28 554
Lease payment	16	-45 688	-47 631
Lease payment related to sold assets		-17 762	-19 923
Interest paid	25	-3 259	-2 728
Received dividend from related companies		0	10 526
Additional payment to subsidiaries		-12 713	0
Aquisition of related companies		-5 369	0
III. Net cash flows from financing activities		***(77 942)***	***(31 202)***
IV. Changes in cash and cash equivalents		-17 172	2 008
Cash and cash equivalents as at the beginning of the year	29	29 235	12 063
Cash and cash equivalents as at the end of the year	29	12 063	14 071

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Date: Budapest, 20 April 2020

WABERER'S International NyRt.
STATEMENT OF CHANGES IN EQUITY

data in thousand EUR

	Note	Share capital	Reserves and reatined earnings	Total shareholders' equity
Opening value as at 1 January 2018		**6 179**	**109 757**	**115 936**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	(27 785)	(27 785)
Total comprehensive income		-	(27 785)	(27 784 595)
Bonus shares for Employee benefit program		4	117	122
Other movements			359	359
Closing value as at 31 December 2018	15	**6 183**	**83 770**	**89 953**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	(37 029)	(37 029)
Total comprehensive income		-	(37 029)	(37 029)
Bonus shares for Employee benefit program		(4)	(82)	(86)
Other movements			87	87
Closing value as at 31 December 2019	15	**6 179**	**46 746**	**52 925**

Date: Budapest, 20 April 2020

1. Reporting entity

Waberer's International Nyrt. (hereafter: "Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The Group's core activity is transportation, forwarding and logistics services.

2. Basis of preparation

(a) Going concern disclosure

Going concern assessment can be performed on Group level. This note is consistent with the notes to the consolidated financial statements of Waberer's Group (the Group). The Group incurred significant losses in 2018 and 2019 at EUR 20.2 million and EUR 41.1 million, respectively which losses include goodwill impairment of EUR 6 million and EUR 15.9 million, respectively. The short-term liabilities and accruals exceed the current assets and prepayments by EUR 48.7 million as of 31 December 2019. Improving the Group's profitability and liquidity situation is dependent on the outcome of the action plans initiated by the management and availability of additional financial funds. Additionally - as it is described at Note 37 Subsequent events – the COVID-19 crisis had an impact on the cash-flow generation of the Group. These matters altogether indicate that there is a significant uncertainty regarding the Group's ability to continue its operation as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

However, based on the below facts and circumstances and the management's action plan the management believes that the going concern assumption is appropriate for the consolidated financial statements for the year ended December 31, 2019 and accordingly these have been prepared on the basis of accounting principles applicable to a going concern. It assumes that the Group will continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Group be unable to continue as a going concern. When considering the going concern assumption, the management reviewed several factors, including the Group's results and its continued access to sufficient loan facilities.

The management with significant support by more external advisor firms evaluated the operation and identified those areas which generates most of the losses. Management responded to these matters by defining short-term and mid-term action plans which are impacting the 2019 annual results and the first months of 2020 positively. These plans in short-term should be revised because of the COVID-19 crisis. However, the plans were prepared by adopting the action points to the extent it is achievable in the current situation. The action plans are expected to enhance the profitability of the Group in mid-term after the recovery of the economy. The Group prepared budgets for the period ending on 31 December 2022 reflecting these action plans.

Though the revenues and accordingly the profit of the Group decreased in short-term, the cash-flow situation of the Group has not been deteriorated mainly because of the bank loan moratorium declared by the Hungarian government on 18 March 2020, which lasts until 31 December 2020, but can be extended. It applies to principal and interest payments of all loans and leasing obligations and the related bank fees.

Based on the above, some government initiatives in Poland and the short-term responses by the management on COVID-19 crisis, the Group (without its insurance business) do not generate negative operational cash-flows in the following months. When the economy recovers after the COVID-19 crisis the Group is expected to make positive cash-flows. The insurance business continuously generates positive cash-flows.

The management was also looking for additional financing options to increase the Group's liquidity headroom. The negotiations with the lending banks are currently in progress which assuming a signed binding term-sheet will result that the existing EUR 45 million credit facility will be prolonged till 31

March 2021 (important to note that bank loan moratorium mentioned above guarantees standstill for overdraft facilities till end of 2020 anyway) and an additional EUR 15 million overdraft facility can be draw down by the Group. The majority owner of the Group, Mid Europa Partners has also agreed to provide a loan of EUR 5 million to further enhance the liquidity position of the Group. The management also elaborated some other alternatives and is confident that these actions will increase the Group's liquidity headroom significantly.

Additionally, the Ministry of Defense announced the Group as one of the companies which are critically important for the country to handle COVID-19 crisis. The announcement also holds the option for a preferential loan, which is currently under consideration.

As announced on 28 February 2020 the Group initiated a strategic review of one or more of its business units as it seeks to focus on strengthening its European full truck load transportation business, as well as further strengthening its balance sheet. The assets under review include the Regional Contract Logistics segment in Hungary (RCL), its transportation and logistics services in Poland (LINK) and its non-life insurance business in Hungary (WHB) already under strategic review since September 2019. Waberer's Board of Directors has authorized the appointment of advisors to support this review. In the event of a potential disposal of any of the businesses' proceeds will be used towards deleveraging the balance sheet of the Group.

Having considered the uncertainties and circumstances described above the management and the Board of Directors has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements, although material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

(b) Statement of compliance with International Financial Reporting Standards

The Company's annual 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 financial statements were approved by the Board of Directors on 20 April 2020.

(b) Basis of measurement

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

The methods used for fair value measurement are detailed in Note 31.

(c) Functional and presentation currency

On 31 December 2012, management decided to change the Company's presentation currency. The Company's sales revenues are generated and its costs incur predominantly in EUR and changes in the local Hungarian economy have very little effect on EUR rates. 95% of the Company's business is done within the European Union. The Company is financed in EUR and, owing to the special and EU-wide nature of the Company's business, the CDS rates for Hungary are barely considered by the Company's funders and creditors when establishing their interest premiums. Accordingly, the financial statements are prepared in EUR which has been the Company's presentation currency since 1 January 2013.

(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:

- provisions and contingent items (see Notes 17 and 32)
- measurement of financial instruments (Note 31)
- classification of leases (Note 3. e)
- recording of gain on fleet sales (Note 3. f).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and have been applied consistently by the Company.

New and amended standards adopted

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2019:

- **IFRS 16 – New Leases standard**

The Company applied IFRS 16 to its leases full retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application, this is presented 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, 2017.

The Company reassessed whether its contracts are, or contain, lease at the date of initial application. The Company applied the requirements of IFRS 16 to all the agreements that contain lease based on the definition in IFRS 16, instead of applying the requirements of IFRS 16 only to those contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

At the date of initial application the lease liability of leases previously classified as operating lease is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

At the date of initial application the right-of-use asset is measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

As a practical expedient, The Company relies on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review of the right-of-use asset at the date of initial application.

The Company accounts for those leases expiring within 12 months following the date of the initial application the same way as it accounts for short-term leases, ie the Company recognizes the lease payments associated with such leases as expense on a straight-line basis over the lease term.

The carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17 for leases that were classified as finance leases.

Determining the lease term of contracts with renewal and termination options – Company as a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

There is no material effect presented in the financial statements of adopting IFRS 16 since all leasing were classified as financial leases under IAS 17. The Company chose not to present right of use assets on the face of the statement of financial position.

(a) 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 favourable to the Company; 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 Company 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 of open derivatives 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.

(b) 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 Company 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 lives, 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 Company 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. Right of use assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company 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:

- buildings 30 years
- plant and equipment 7 years
- vehicles 4-5 years or the term of lease
- other fixtures and fittings 7 years

The average useful life of the Group's right if used assets which relates to trucks is four years and for trailers, the useful life is ten years.

(c) Intangible assets

(i) Other intangible assets

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

(ii) 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 expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iii) 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

(d) 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 Company does not own any investment properties.

(f) Right of use assets

Rights of use assets are recognised and measured in line with IFRS 16. The detailed application of the standard can be found above at poin 3, newly adopted standrads.

(g) Gain on fleet sales

The net gains on the sale of fleet vehicles are recognized in the gain or loss on vehicle disposals line.

(h) 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.

(h) Impairment loss

(i) Financial assets

The Company 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 behaviour (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 Company 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 Company 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 Company 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 Company 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 Company'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.

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.

(i) 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.

(j) 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 Company 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 Company 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 Company 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.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(l) 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.

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.

(m) Gains or losses on the disposal of assets held for sale

Gains or losses on the disposal of assets held for sale are recognised net as other income or other expense.

(n) Finance income and expense

Finance income comprises the following: interest income on investments (including available-for-sale financial assets), gains on the sale of available-for-sale financial assets and changes in the fair value of 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 Company'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.

Foreign exchange gains and losses are recognised net.

(o) 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.

The Hungarian municipal business tax and innovation contribution are also presented as income taxes.

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) IFRS and IFRIC interpretations adopted in 2019

Except for the IFRSs as amended as adopted by the Company starting as of 1 January 2019, the accounting policies are consistent with those applied in the previous year:

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 Company has assessed the requirements of the standard and believes that the standard had no impact on the Company's financial statements.

IFRS 16: Leases

The standard is effective for annual periods beginning on or after 1 January 2019. The Company applied IFRS 16 as described in point 3 standards applied in 2019.

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 Company has assessed the requirements of the standard and the standard had no material impact on the Company's financial statements.

IAS 23 Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. The Company applies those amendments for annual reporting periods beginning on or after 1 January 2019.

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 Company has assessed the requirements of the standard and the standard had no impact on the Company's financial statements.

Annual improvements for the 2015 – 2017 cycle

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

(t) Standards issued but not yet effective

- **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 Company has assessed the requirements of the standard and has decided against early application.

- **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 Company 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. The Company has assessed the requirements of the standard and decided against early adotion.

- **Amendmends to IFRS 9 IAS 39 and IFRS 7 Interest rate benchmark reform**
  In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

5. 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.

The issued share capital of Waberer's International Nyrt. was EUR 6,192,807 at 31 December 2019, of which EUR 46,173 were treasury shares. 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.

Treasury shares, opening at	1 Jan 2019	26 322 db
	5 Apr 2019	76 712 db
	23 July 2019	28 890 db
Treasury shares, closing at	31 Dec 2019	131 924 db

Earnings per share	**2018**	**2019**
Net loss after tax kEUR	-30 124	-37 029
Weighted average of ordinary shares	17 661 143	17 597 844
Earnings per share EUR	-1,71	-2,10
Diluted earnings per share EUR	-1,71	-2,10

As there is no diluting effect on earnings, diluted earnings per share was the same as normal EPS in both 2018 and 2019.

Waberer's International Nyrt. figures in thousand EUR (kEUR) unless indicated otherwise

6. Intangible assets

Opening 1 Jan 2018	**Intangible assets**
Cost	16 088
Cumulative amortisation and impairment	- -11 485
Net value	**4 603**
Changes in 2018	
Additions and capitalisations	7 582
Depreciation	- 1 648
Closing, net	**10 537**
Closing, 31 Dec 2018	
Cost	23 669
Cumulative amortisation and impairment	-13 132
Net value	**10 537**
Changes in 2019	
Additions and capitalisations	5 665
Depreciation	-2 198
Disposals	0
Closing, net	**14 004**
Closing, 31 Dec 2019	
Cost	29 335
Cumulative amortisation and impairment	-15 330
Net value	**14 004**

(a) Intangible assets with indefinite useful lives

The Company has no intangible assets with indefinite useful lives.

Waberer's International Nyrt. figures in thousand EUR (kEUR) unless indicated otherwise

7. Tangible assets

	Properties	Fixed assets not yet capitalized	Vehicles	Other equipment	Total
Opening at 1 January 2018					
Gross value	18 998	3 255	100 033	9 920	132 207
Cumulative depreciation and impairment loss	- 7 471	0	- 32 123	- 6 034	- 45 629
Net value	**11 527**	**3 255**	**67 910**	**3 886**	**86 578**
Changes in 2018					
Additions and capitalisations	67	690	21 594	623	22 974
Depreciation, impairment	-1 214		-14 181	-1 380	-16 776
Derecognition	0		-2 391	0	-2 391
Capitalisation	0	-2 361		0	-2 361
Closing net value	**10 380**	**1 584**	**72 931**	**3 129**	**88 024**
Closing at 31 December 2018					
Gross value	19 065	1 584	115 162	10 544	145 354
Cumulative depreciation and impairment loss	-8 685		-42 230	-7 415	-58 420
Net value	**10 380**	**1 584**	**72 931**	**3 129**	**88 024**
Changes in 2019					
Additions and capitalisations	50	7 105	5 729	685	13 569
Depreciation, impairment	-1 143		-14 181	-1 527	-16 776
Adjustment of residual value			- 17 788		-17 788
Derecognition	-2 610		-2 391	-65	-5 066
Capitalisation	0	-8 573		0	-8 573
Closing net value	**6 676**	**116**	**44 300**	**2 221**	**53 313**
Closing at 31 December 2019					
Gross value	16 504	116	88 584	11 163	116 367
Cumulative depreciation and impairment loss	-9 828		-44 284	-8 942	-63 054
Net value	**6 676**	**116**	**44 300**	**2 221**	**53 313**

(a) Properties

The following table includes the Groups' most significant properties as at 31 December 2019.

Property location	Country	Usage	Net value
Budapest, Nagykőrösi út 349-351	Hungary	Head Office	5 482 131
Mosonmagyaróvár	Hungary	Business site – workshop	1 192 925

(a) Movements in tangible assets

The cost of properties decreased by kEUR 2,560 in 2019 as the properties in Balatonvilágos and Pécs were sold. Other equipment increased by kEUR 619 as a result of the acquisition of IT and security equipment.

(b) Mortgaged assets

The Group does not have any mortgaged assets.

(c) Leased assets

Tangible assets contain right of use assets. Among leased assets the trucks are leased to the Company's subsidiaries with unchanged conditions which causes an intercompany receivable equal to the leasing liability. The Company operated 362 trucks and 3,150 trailers are presented among vehicles against leasing liabilities.

(d) 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.

Waberer's International Nyrt. figures in thousand EUR (kEUR) unless indicated otherwise

8. Investments in subsidiaries and joint ventures

Company	Country	Scope of activities	Ownership ratio 2018	Ownership ratio 2019
Waberer's - Szemerey Logisztika Kft.	Magyarország	inland transportation and forwarding, logistics	100,00%	100,00%
Delta Rent Kft.	Magyarország	vehicle trade	100,00%	100,00%
Waberer's Románia SA	Románia	international transportation and forwarding	100,00%	100,00%
Waberer's Deutschland GmbH	Németország	international transportation	100,00%	100,00%
Waberer's Espana	Spanyolország	international transportation	100,00%	100,00%
LINK SP. Z O.O.	Lengyelország	international transportation	100,00%	100,00%
Waberer's Slovakia	Szlovákia	logistics	100,00%	100,00%
Waberer's France	Franciaország	trading agent	100,00%	100,00%
Waberer's UK Limited	Nagy Britannia	trading agent	100,00%	100,00%
Waberer's Benelux B.V.	Hollandia	trading agent	100,00%	100,00%
Waberer's Italia SRL	Olaszország	trading agent	100,00%	100,00%
Cseri Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Simon Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Molnár S Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Kovács Á Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Molnár N Intersped Kft.	Magyarország	international transportation	100,00%	100,00%
Réthi Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Vágenhoffer Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
VT Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Pálinkás Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Székely Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Szabó Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Kerekes Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Veres Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Zsemlye Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Bódi Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
S Tóth Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Vándor Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Transpont Hungária Kft.	Magyarország	international transportation	100,00%	100,00%
Kanczler Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
TT Intertrans Kft.	Magyarország	international transportation	100,00%	100,00%
Euro-Unió Trans Kft.	Magyarország	international transportation	100,00%	100,00%
Rapid Teherautószerviz	Magyarország	vehicle repairs	51,00%	51,00%
Waberer's Network Kft.	Magyarország	international Companyage forwarding	99,00%	99,00%
Gervin Trans Kft.	Magyarország	international transportation	100,00%	100,00%
MIS Transport Kft.	Magyarország	international transportation	100,00%	100,00%
Crossroad Transport Kft.	Magyarország	international transportation	100,00%	100,00%
Cosmos-Transport Kft.	Magyarország	international transportation	100,00%	100,00%
Lean Logistic Kft.	Magyarország	international transportation	100,00%	100,00%
Del af Europa Transp. Kft.	Magyarország	international transportation	100,00%	100,00%
PM Intersped Kft.	Magyarország	international transportation	100,00%	100,00%
Return Transport Kft.	Magyarország	international transportation	100,00%	100,00%
VB-Transport Kft.	Magyarország	international transportation	100,00%	100,00%

JIT Euro Trans Kft.	Magyarország	international transportation	100,00%	100,00%
Tracking Transport Kft.	Magyarország	international transportation	100,00%	100,00%
Mojo Trans Kft.	Magyarország	international transportation	100,00%	100,00%
WM Log Kft.	Magyarország	international transportation	100,00%	100,00%
SZ-M Cargo Kft.	Magyarország	international transportation	100,00%	100,00%
SOLID Transport Kft.	Magyarország	international transportation	100,00%	100,00%
Cargo Hungária Kft.	Magyarország	international transportation	100,00%	100,00%
Szala Transport Kft.	Magyarország	international transportation	100,00%	100,00%
TMT International Kft.	Magyarország	international transportation	100,00%	0,00%
Wáberer Hungária Biztosító Zrt.	Magyarország	insurance	100,00%	100,00%
Közdűlő Invest Kft.	Magyarország	property rental	98,55%	100,00%
WB Station et Services	Belgium	vehicle repairs	100,00%	100,00%
LINK Sp. z o o.	Lengyelország	international transportation	100,00%	100,00%
LINK Services Sp. z o o.	Lengyelország	workforce agency	100,00%	100,00%

Shares in subsidiaries are subject to impairment testing if any trigger event is identified. When a trigger event is identified the recoverable amount and the net value is compared and, if the recoverable amount is significantly lower than the net value an impairment loss should be recognised. If the recoverable amount is significantly higher than the net value, any previously recognised impairment loss must be reversed.

The recoverable amount is the calculated based on the discounted cash flow attributable to equity holder of the parent. The basis of the cash flow calculation is a three-year strategic plan approved by the management, based on which cash flows are forecast in order to determine the value in use.

The impairment tests performed by the 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 Company use the following discount rates: 8.5%.
3. Management expects increasing revenues at the time of the impairment test. In view of the Group's short-term efficiency improving measures and their mid-term effects, the expected growth rate for Szemerey and Hungarocamion is 3%, for Link Sp. Z o.o. 3% in 2020 then between 5% and 6% in the ensuing years.

The Company fully impaired its international transportation subsidiaries at kEUR 3,519. Additional kEUR 16,471 impairment loss was recognised on the loss compensations in these subsidiaries in previous years.
The international transportation segment suffered losses of EUR 18 million in 2018 and EUR 30 million in 2019. As a result of the significant losses generated management decided to carry out an operational plan to restore the profitability of the segment. The operational plan consists of several actions and restructuring which results in performance improvement of the segment. Cash flow projections prepared by management expecting the segment is returning to profit generating in mid-term. As in set in IAS 36 (33 b) cash flow projections on the most recent financial budgets/forecasts approved by management but shall exclude any estimated future cash inflows or outflows expected to arise from future restructurings or from improving or enhancing the asset's performance. The management is dedicated to carry out the operational plan and believes the segment will return to a profit-making operation but due to the above the results of the restructuring action plan have not been taken into consideration when determining the value in use of the investments. As a result impairment was recognised in the profit and loss account in an amount of EUR 19.9 million.

9. Other non-current financial assets

	31 December 2018	31 December 2019
Loan to franchise owners	28	16
Total	**28**	**16**

Other non-current financial assets include the yet unrepaid loans granted by Waberer's International Nyrt. to the owners of the franchise companies.

10. Inventories

Inventories	31 December 2018	31 December 2019
Fuel	418	574
Spare parts, tyres, lubricants, other materials	490	422
Other materials	65	153
Total:	**973**	**1 149**

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 physical stock count
- fuel in lorries using an estimate based on the data in the route registration system.

11. Receivables

	31 December 2018	31 December 2019
Trade receivables	57 264	48 402
Impairment loss on doubtful receivables	- 733	- 553
Total	**56 531**	**47 849**

Trade receivables decreased significantly compared to 2018 because the debtors rotation rate further decreased from 65,5 days to 64,5.

As a result of the Company's rigorous credit rating and collection processes, the impairment loss on doubtful debts decreased.

Impaired receivables decreased by kEUR 180 which is 0,029% of annual revenues in 2019.

12. Impairment

	Receivables	Inventories	Other impairment
1 January 2018	**876**	**110**	**1 260**
Increase	138	14	5 928
Decrease	- 281		- 81
31 December 2018	**733**	**124**	**7 107**
Increase	318	22	19 990
Decrease	-498		-54
31 December 2019	**553**	**146**	**27 043**

The gross decrease in the impairment loss on trade receivables was due to the improvement referred to in the section on trade receivables.

At 31 December 2019, the Company's management assessed the inventories in its repairs workshop in view of the technological manuals of the vehicles acquired in the previous two years and recognised an impairment loss of kEUR 22 on parts that can no longer be fitted into the vehicles used by the Company.

Other impairment loss is recognised on other current assets primarily receivables from former employees, insurance claims and loans granted.

The Company fully impaired its international transportation subsidiaries at kEUR 3,519. Additional kEUR 16,471 impairment loss was recognised on the loss compensations in these subsidiaries in previous years.

13. Other current assets and derivative financial instruments

	31 December 2018	31 December 2019
Foreign VAT and excise tax	2 908	3 227
Tax receivables	4 593	5 700
Loans granted	104	119
Receivables from employees	39	326
Advances receivable	-	3
Accruals	4 471	3 857
Other	97	905
Derivative transactions	1 403	1 069
Total	**13 968**	**15 207**

Most other current assets include foreign VAT and excise tax assets on services used and fuel purchased abroad receivable from foreign tax authorities.

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

Among accruals, the Company presents contractual retrospective discounts from fuel, motorway and ferry providers.

The caution money related to prolonged leases is presented in the 'Other' line within other current assets.

The value of derivatives at the reporting date is determined using a measurement technique based solely on market inputs. Accordingly, 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.

As at 31 December 2018, the Company had the following open derivative contracts (sale EUR):

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

As at 31 December 2019, the Company had the following open derivative contracts:

Partner bank	Contract type	Currency	Amount of trade
K&H	Forward	kHUF	21 785 900
ING Bank N.V	Forward	kHUF	4 430 080
Raiffeisen	Forward	kHUF	18 870 683
MKB	Forward	kHUF	4 003 165

Information of the market value related to forwards can be found in point 31. Open derivatives indicated above have maturity within a year. As a result of revaluation of derivatives the valuation difference gain is kEUR 1,069, loss is kEUR 1,397.

14. Cash and cash equivalents

Cash and cash equivalents include the Company's petty cash and bank balances. Cash and cash equivalent totalled kEUR 14,071 at 31 December 2019. The significant decrease in cash-flows in 2019 was a result of the Company's operating losses.

15. Equity

The share capital of Waberer's International Nyrt. at 31 December 2019 comprised 17,693,734 dematerialized shares each with a face value of EUR 0,35. The Company held 131,924 treasury shares at the end of 2019, and 82,775 shares were held by Waberer's ESOP organisation.

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. Dividends payable to non-controlling shareholders based on the standalone annual financial statements are disclosed in the statement of changes in equity in the consolidated financial statements for the year when the dividends payment was approved.

Main rights and obligations of the shareholders based on the Articles of Association

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 maintained by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereafter: KELER) and is updated on a monthly and before each general meeting.

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. The detailed rules of entitlement to dividends and payments deadlines are set out in section 4.4 of the AA.

2. Right to information and to attend the general meeting

The Board of Directors shall provide information to the shareholders in respect of the Company, as well as access to the Company's documents and records. The Board of Directors shall provide the shareholders all the information necessary for discussing the items on the general meeting's agenda and to disclose the key figures of the of the financial statements as well as the reports of the Board of Directors and the Supervisory Board as set out in section 4.5 of the AA.

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. A letter of proxy must be either a notarial deed or a private deed of conclusive force. 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. 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

Waberer's International Nyrt. figures in thousand EUR (kEUR) unless indicated otherwise

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 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.

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, may propose new points to be added to the communicated agenda or draft resolutions in accordance with section 4.8 of the AA. All the details of non-controlling rights are set out in section 4.8 of the AA.

16. Leasing liabilities

The Company acquires right of use assets for vechicles. For trucks, the maturity of the Company's lease contracts increased from 4 years to 5 years, while for trailers it is 10 years. The Company acquires the vehicles directly from the manufacturers that provide a repurchase guarantee not only for the end but also during the term of the lease.

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 2018						
Lease liabilities, capital	43 142	36 365	27 834	103 498	15	210 854
Lease liabilities, interest	1 267	1 057	1 579	1 725	0	5 629
Total	**44 409**	**37 422**	**29 413**	**105 223**	**15**	**216 483**
31 December 2019						
Lease liabilities, capital	22 760	17 343	37 802	62 863	0	140 768
Lease liabilities, interest	846	691	926	367	0	2 829
Total	**23 606**	**18 034**	**38 728**	**63 230**	**0**	**143 597**

The table shows the maturity and interest payments of lease liabilities at the end of 2018 and 2019, 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.

17. Provisions

	Litigation	Other	Bonus	Total
Opening at 1 January 2018	**139**	**95**	**2 428**	**2 661**
Allocation and review of previous estimates	41	446	1 124	1 612
Release	- 100	- 52	- 7	- 159
Use	- 48	- 42	- 2 762	- 2 852
Closing at 31 December 2018	**33**	**446**	**784**	**1 263**
Allocation and review of previous estimates	1	103	1 209	1 313
Release	- 1	- 261	- 123	- 384
Use	- 4	- 185	- 661	- 851
Closing at 31 December 2019	**28**	**103**	**1 209**	**1 340**
Short-term portion 2018	0	446	784	**1 230**
Long-term portion 2018	33	0	0	**33**
Short-term portion 2019	0	103	1 209	**1 312**
Long-term portion 2019	28	0	0	**28**

At 31 December 2018, the Company presented a provision of kEUR 33 for contingent liabilities from ongoing litigations. As these contingent liabilities are expected to incur after more than one year, they are presented among long-term liabilities.

The Company made a provision of kEUR 103 for untaken employee holidays plus related taxes.

18. Short-term loans and borrowings

	31 December 2018	31 December 2019
Borrowings from third parties	4 911	4 197
Overdrafts	6 849	35 403
Total	**11 760**	**39 600**

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 has ended the actual negotiations about the prolongation of the agreement which terminated at the balance sheet date, and the prolonged contract is expected to be signed in February 2020 for another four years.

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

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19. Other current liabilities and derivative financial instruments

	31 December 2018	31 December 2019
Payments to personnel	2 169	2 300
Taxes	38	87
Accruals	56	8
Other liabilities	267	318
Derivative contracts	1 403	1 397
Total	**3 933**	**4 110**

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

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

20. Sales revenue, consignment services, cost of goods sold

	2018	2019
Own fleet transportation revenues	18 504	33 081
Subcontractor revenues	389 795	311 813
Other revenues	76 906	60 171
Total sales revenue	**485 205**	**405 065**

The Company's most significant revenue stream is through the subsidiaries and transportation with third party/franchise company's vehicles.

Forwarding revenues fell by 20% on the previous year, mostly as a result of the significantly reduced fleets of the Group's subsidiaries and reduced mileage per assignment owing to a shift in assignments on mainland Europe and the UK. Forwarding margin increased slightly on 2018.

Other revenues are from rented assets, fuel, repairs, central administration and IT services provided to the subsidiaries for their transport operations and account for 93-94% of total other revenues.

Item	2018	2019
Vehicle rental revenue	35 774	26 542
Revenues from fuel sold	22 244	18 360
Repairing services	6 499	6 744
Revenue from goods sold	2 851	1 343
Financial services	2 335	2 084
IT services	1 560	1 316

The cost of goods sold fell from EUR 27 million in 2018 to EUR 21.7 million in 2019, and includes the cost of fuel sold to the subsidiaries, AdBlue lubricants, parts sold, loading and other materials.

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21. Direct payroll costs and related taxes

Item	2018	2018
Direct payroll costs and related taxes	**4 483**	**6 770**
Salaries and taxes	3 255	5 022
Variable wages and taxes	1 228	1 748
Fringe benefits	**3 555**	**6 553**
Direct payroll costs, benefits and related taxes	**8 038**	**13 323**

Payroll costs and related taxes reflect the wages, salaries and fringe benefits paid to the Company's domestic drivers, servicing personnel, and warehouse staff, and the related taxes and social security contributions. The increase in direct payroll costs was the higher number of staff due to an increased fleet.

22. Fuel costs

	2018	2019
Fuel costs	6 201	10 438

Fuel cost increased by 68.3% compared to 2018 due to a 71% increase in the number of kilometres driven, a 1% drop in fuel prices and a 1.7% drop in fuel consumption.

23. Road tolls & transit costs

	2018	2019
road tolls	4 180	7 379
ferry	22 634	15 715
services used	340	863
other transit costs	2 226	1 801
Road tolls and transit costs	**29 381**	**25 758**

Within road tolls, the Company presents the own fleet road toll fee net of rebates. The increase in road toll costs was the combined effect of an increased fleet and more kilometres driven and to a 3% specific increase in road tolls and fees.

Within crossing costs, the Company presents the cost of ferry and ferry fees incurred at the own fleet and the subsidiaries. Based on the contract between the Company and the transportation subsidiaries all additional costs incurred during delivery (crossing fees, licences, parking, auxiliary contract fees). Crossing fees are presented without any retrospective discount, as such discounts are considered other transit costs by the Company's management. The significant decline in crossing costs was due both to a reduced fleet and the restructured assignments involving mainland to island crossings.

Other transit costs include parking costs, other transit costs incurred during delivery, railway costs and retrospective discounts on road tolls and ferry fares.

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24. Other costs

	2018	2019
Repair, installation costs	13 576	15 619
Insurance costs and expenses	2 084	2 948
Direct rental costs	787	681
Other services	1 116	155
Vehicle weight tax and other transportation taxes	323	359
Other costs, total	**17 887**	**19 762**

Repair and installation costs include the costs of repairing the Company's own and rented out vehicles. Based on the contract between the Company and its subsidiaries, the Company performs lump sum repairs in order to retain the fleet's functionality. The related proceeds are presented as other income, and the related costs are presented, based on the actual costs incurred, as direct wage and other costs.
In addition to lump sum repairs, the cost of supplying the fleet with tires is also presented as other cost as the vehicle rental agreements with the subsidiaries also includes the cost of tires.

The increase in insurance cost was due to an increase in the compulsory vehicle liability insurance of trailers. The operator of the trailers is the Company and not the subsidiaries. The subsidiaries have been renting the trailers on a daily basis from the Company since 1 January 2016.

25. Selling, general and administrative cost

The details of indirect costs are as follows:

	2018	2019
Indirect wages and payments	**15 064**	**15 419**
Other services	**9 386**	**13 142**
Property maintenance, utilities and rent	1 153	1 105
Specialists	2 280	6 293
IT costs	1 731	2 512
Communication costs	166	139
Company cars	897	904
Marketing costs	616	80
Other costs	2 543	2 109
Selling, general and administrative cost	**24 450**	**28 561**

26. Other income

	2018	2019
Provisions released	108	28
Damages received	1 021	939
Fines, penalties, default interest	474	115
Employee refunds	37	76
Government grant	0	7
Reversed impairment on debtors	377	396
Warranty obligations	0	2 500
Other miscellaneous income	305	688
Total	**2 323**	**4 750**

Based on the contracts between the Company and the subsidiaries, carriers that arrive late at a landing point have to pay a penalty. In 2018, the subsidiaries paid a total penalty of kEUR 187 thousand to the Company. Punctuality significantly improved in 2019, hence penalties totalled only kEUR 1.3.

Impairment losses on debtors are reversed as other income and are recognised as other expense. An application introduced in 2017 monitors each receivable item every month and its result is recorded as gross values.

In 2018, Waberer's International Nyrt. launched warranty claim proceedings against the former owner of LINK Sp. z.o.o. The proceedings ended in February 2019. Further to the agreement of the parties, the purchase price set in the sale-purchase agreement was reduced by EUR 2.5 million and concurrently settled financially. As the applicable IFRS standards allow one year for the adjustment of the related goodwill, the refunded part of the purchase price will be presented as other income in the Company's financial statements for 2019.

27. Other expenses

	2018	2019
Damages paid	1,179	1,187
Provisions	69	24
Impairment on debtors	462	539
Penalties, fines	568	364
Impairment on inventories	14	22
Credit loss	34	255
Other miscellaneous expenses	1,743	468
Total:	**4,071**	**2,859**

Income and expenses related to damage comprise damages in vehicles and goods during transport and the associated insurance pay-outs.

The Company presents penalties, late payment interest and fines paid to third parties and transportation subsidiaries as other expense as presented in the table below:

	2018	2019
Penalties, late payment interest and fines to third parties	548	363
Penalties to subsidiaries	20	1
Penalties, late payment interest and fines total	**568**	**364**

Based on the contracts between the Company and the transportation subsidiaries, an „availability penalty" is payable by the Company if its central commercial function cannot supply the subsidiary fleets with the agreed number of orders.

28. Interest

	2018	2019
Interest received	2,392	1,917
Interest paid	(3,259)	(2,728)
Realised FX gain or loss	(278)	(54)
Unrealised FX gain or loss	(3,684)	(4,185)
Realised gain or loss on derivatives	(2,871)	(2,336)
Gain or loss on investments disposed of	-	(24)
Impairment loss on investment in subsidiaries	(5,790)	(19,990)
Dividends received	-	10,526
Total	**(13,490)**	**(17,171)**

Interest received included an interest of kEUR 2,054 in 2018 and kEUR 1,517 in 2019 on assets subleased to the subsidiaries. The interest on assets assigned to the subsidiaries equals the interest paid after the original leases. Interest received also includes cash-pool interest, interest on other loans granted, and bank interest on free cash.

Interest paid includes the financing interest on its own fleet and the fleet rented to its subsidiaries; and the cash-pool interest on cash drawn from its subsidiaries.

At the end of 2019, the Company assessed the recoverability of its investments and, as a result, recognised an impairment loss of kEUR 19,900 on its previous international forwarding subsidiaries.

The Company received dividends totalling kEUR 10,526 in 2019 from its four subsidiaries.

Assets and liabilities denominated in foreign exchange are presented in Note 31. c).

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29. Income tax expense

The income tax expense disclosed in the financial statements for the Company as at 31 December 2018 and 2019 comprised the following components:

	2018	2019
Current income tax expense	1,749	881
Deferred taxes	1,301	(773)
Total income tax expense	**3,050**	**108**

The Company 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.

During the preparation of the financial statements for 2019, based on the strategic plans for 2020-2022, the Company revised the return on deferred tax assets from the loss carried forward. Further to the options allowed by the corporate income tax act, the Company and the Hungarian subsidiaries that use the same functional currency merged into a corporate tax group effective as of 1 January 2019 so that these companies can pay corporate tax on a collective basis.

30. Management of financial risks

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

- credit risk
- liquidity risk
- market risk.

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

The Company's Board of Directors is responsible for setting the risk management guidelines and frameworks for the Company. Their task is to design and set up a standard risk management policy and strategy, and continuously monitor that to what risks the Company 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 Company. The 10 largest clients accounted for 20.65% of the total revenue in 2018 and 27.77% of the total revenue in 2019.

The Company 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 Company does not ask for any collateral to secure individual trade receivables.

The Company has developed long-term relationships with clients, and losses are not common. The Company 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 a higher headcount in Collection, more emphasis is now placed on proactive client management.
The calculation of impairment reflects an estimate of the likelihood of loss for the Group from exposures to clients. The majority of the impairment loss is from individual impairment charges on individually significant items. The other part is the group impairment, which is recorded for incurred but 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 Company 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.

Calculation of financial covenants for 2019 per loan agreement:

Interest coverage	
Total interest coverage	7.29
EBITDA (EUR million)	39.9
Net of the full interest (EUR million)	5.5
Minimum amount:	4.00

Debt service	
Debt service ratio	0.75
Free Cash-flow (EUR million)	51.5
Full debt repayment (EUR million)	69.1
Minimum amount:	1.05

Net debt service	
Debt coverage ratio	4.60
Net debt (1) (EUR million)	183.7
EBITDA (EUR million)	39.9
Maximum amount:	5.00

The table above shows that the Company did not meet its net debt service ratio requirements at 31 December 2019.

(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 Company'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 Company's treasury department focuses on market risk management.
In terms of market risk, the Company is primarily exposed to exchange rate risks as well as cash-flow risks derived from changes to interest rates and global fuel price.
The Company is exposed to substantial market risks during its operations. The actual figures subsequently calculated generally differ from the exchange rates, interest rates, share, other security and commodity prices used during planning. Transactions made for hedging purposes but not included in hedge accounting are designed to protect the Company from this uncertainty, particularly from impacts adversely affecting the planned cash flow.
Besides, the Company uses a fuel price covenant in its transportation contracts in order to mitigate its exposure

to fuel price fluctuations.

(i) Foreign exchange risk

Of all the market risks, the Company was less affected by exchange rate risk in 2019 as most of the Company's revenues
and expenses incurred in its functional currency (EUR).

The Company enters into derivative contracts, but most of the contracts mitigate the risk of the subsidiaries. Therefore the Company does not apply hedge accounting on the standalone level as the documentation requirements and the measurement of hedge efficiency have not been developed at the level of the individual companies yet.

(ii) Interest cash flow risk

The Company 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.

The Company 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 related necessary documentation requirements and hedge effectiveness testing system. As the rule of thumb, transactions may not focus on one partner and must be diversified.

(d) Equity management

The Company 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. Management continuously monitors returns and the level of dividends due to the shareholders.

The Company'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 during 2018 or in 2019.

Legal regulations applicable for the Company 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."

The Company meets the above statutory capitalisation requirements.

In accordance with government decree 261/2011. (XIII.7.) Korm. the professional conditions and licensing

Waberer's International Nyrt. figures in thousand EUR (kEUR) unless indicated otherwise

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 Company 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 company constantly meets its tax, customs duty and contribution payment requirements as well as its payment requirements to the transport authority.

The Company engaged in road transportation activities have the required level of capitalisation.

31. Financial instruments

(a) Credit risk

The Company's maximum exposure to credit risk is as follows:

	31 December 2018	31 December 2019
Other financial investments	28	16
Trade receivables	56,531	47,849
Intercompany receivables	311,458	294,453
Other current assets and derivative financial instruments	6,467	6,280
Cash and cash equivalents	12,064	14,071
Maximum credit risk exposure	**386,548**	**379,140**

Impairment loss on trade receivables broken down by maturity:

	31 December 2018		31 December 2019	
	Initial cost	**Impairment**	**Initial cost**	**Impairment**
Not yet due	54,781	-	44,742	-
overdue 0-90 days	1,454	8	2,760	3
overdue 91-180 days	177	54	326	100
overdue 181-360 days	180	100	214	120
overdue 360 days	672	570	359	330
Trade receivables	**57,264**	**733**	**48,402**	**553**

Based on historic loss figures, the Company 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.

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(b) Liquidity risk

Financial liabilities broken down by maturity:

31 December 2018

EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	38,074	36,365	32,902	103,498	15
Short term loans	11,760	-	-	-	-
Trade payables	38,802	-	-	-	-
Other current liabilities and derivative financial instruments	3,933	-	-	-	-
Total	92,569	36,365	32,902	103,498	15

31 December 2019

EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	23,450	17,618	40,990	76,440	58
Short term loans	39,600	-	-	-	-
Trade payables	42,702	-	-	-	-
Other current liabilities and derivative financial instruments	4,109	-	-	-	-
Total	109,861	17,618	40,990	76,440	58

(c) Foreign exchange risk

Exposures of the Company broken down by currency:

31 December 2018

	EUR	HUF	other	total
Trade receivables	54,381	1,780	370	56,531
Lease liabilities	(210,854)	-	-	(210,854)
Short-term loans and borrowings	(11,760)	-	-	(11,760)
Trade payables	(35,779)	(2,708)	(315)	(38,802)
Net position	**(204,012)**	**(928)**	**55**	**(204,885)**

	31 December 2019			
	EUR	HUF	other	total
Trade receivables	45,935	1,432	482	47,849
Lease liabilities	(140,768)	-	-	(140,768)
Short-term loans and borrowings	(39,600)	-	-	(39,600)
Trade payables	(39,797)	(2,753)	(152)	(42,702)
Net position	**(192,020)**	**(1,321)**	**330**	**(193,011)**

The Company's receivables and liabilities in were translated at the following year-end rates: 330.52 HUF/EUR. The business plan for 2020 was based on a projected rate of 330 HUF/EUR.

Remeasuring the open currency position as at 31 December 2019 in the event of a weakening of EUR in the exchange rate of 1 HUF/EUR would produce a foreign exchange loss of HUF 0.9 million (kEUR 3). A reasonably probable foreign exchange fluctuation in the range of 0.26%-1.89% is estimated based on historic figures over a year.

The expected loss from the re-measurement of currency positions outlined above does not reflect the real foreign currency risk, since if the euro strengthens against the forint and the lei, the exchange gain on the Company's sales revenue in euros compensates for any exchange loss on the currency positions.

The Company enters into derivative contracts to mitigate the exchange-rate risk for the Group . As at 31 December 2019, the positive fair value of derivative transactions based on remeasurements on the reporting date was kEUR 1,069 the negative fair value difference was kEUR 1,397. In 2018, the Company presented a total of kEUR 1,402 positive fair value difference and kEUR 1,403 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 2018 and 2019:

	2018		2019	
	Fair Value	**Book value**	**Fair Value**	**Book value**
Other non-current financial assets	28	28	16	16
Trade receivables	56,531	56,531	47,849	47,849
Intercompany receivables	311,458	311,458	294,453	294,453
Other current assets and derivative financial instruments	6,467	6,467	6,280	6,280
Cash and cash equivalents	12,064	12,064	14,071	14,071
Total financial assets	**386,548**	**386,548**	**362,669**	**362,669**

	2018	2019

	Fair Value	Book value	Fair Value	Book value
Lease liabilities	210,854	210,854	140,768	140,768
Short-term loans	11,760	11,760	39,600	39,600
Trade payables	38,802	38,802	42,702	42,702
Intercompany liabilities	193,438	193,438	213,015	213,015
Other current liabilities and derivative financial instruments	3,600	3,600	4,023	4,023
Total financial liabilities	**458,453**	**458,453**	**440,108**	**440,108**

The fair value of financial assets and liabilities is always very similar 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 material effect of the discounting.
- *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 material effect of the discounting.

(e) Interest rate risk

Fair value sensitivity review for fixed-income financial instruments
The Company generally does not have fixed-yield 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 Company's profit or loss at the reporting date.

Cash flow sensitivity review for floating interest financial instruments
Based on our analyses a 10-bp change in the EURIBOR would change the interest on leasing liabilities by kEUR 140. This change would not affect the Company's equity. This analysis assumed that all other factors (such as foreign exchange rates) remained unchanged.

32. Provision and contingent liabilities

The details of provisions per category and any movements in provisions are presented in Note 17.

Litigations
The following table shows the provisions allocated for litigations broken down by year, and the litigated amount from the legal actions for which the Company 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.

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	2018		2019	
	Litigated amount		Litigated amount	
	Provision presented	Provision presented	Contingent liability	Függő kötelezettség
Total:	**33**	**186**	**28**	**9**

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 11.4 million). The litigated amount is based on a detailed claim assessment prepared by an economist specialised in competition law about the extent of overpricing by the truck cartel.

33. Transactions with related parties

Members of the management at 31 December 2019:

- Robert Ziegler, CEO
- Erdélyi Barna, CFO;
- Barna Zsolt, excutive director of Waberer's-Szemerey Kft. and leader of the Regional Contractual Logistics segment;
- Nyilasy Bence, CEO of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp. z o.o.

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
Dániel Csanád	non independent non-operational (external) member	28/8/2018 - 12/2/2020
Erdélyi Barna	non independent operational member	21/3/2017 - 31/5/2021
Dr. Lakatos Péter	independent non-operational (external) member	29/7/2016 - 31/5/2021
Robert Knorr	independent non-operational (external) member	21/12/2017 - 31/5/2021
Lajkó Ferenc	non independent operational member	21/3/2017 – 31/1/2019
Robert Ziegler	non independent operational member	16/04/2019-23/03/2020

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Robert Ziegler was appointed as Chief Executive Officer effective from 1 February 2019. He replaced Ferenc Lajkó in his role. There were no other changes in key management personnel.

On 31 December 2019 members of the Board of Directors held the following number of shares:

Gerard van Kesteren	3 049 pcs 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
Székely Sándor	non independent (employees' delegate)	11/5/2017 – 31/5/2021
Szalainé Kazuska Mária	non independent (employees' delegate)	31/5/2017 – 31/5/2021
Philip Anthony Marshall (AC member)	independent	31/5/2017 – 31/5/2021
Nagy Gábor Béla	independent	31/5/2017 – 31/5/2021
Dr Bodnár Zoltán György (AC member)	independent	31/5/2017 – 31/5/2021

Transactions with the management and those exercising ultimate control

There was no changes in key management personnel either in 2018 or in 2019. The details of their remuneration are presented below:

	2018	**2019**
Payroll	692	1,191
Total:	692	1,191

The independent members of the Board of Directors are paid 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

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:

	2018	**2019**
Mid Europa Partners	-	6
LAKATOS, KÖVES ÉS TÁRSAI ÜGYVÉDI IRODA	138	61
Total	**138**	**67**

34. 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 2019 which should have been presented as a subsequent event.

In a statement regarding the Group's performance dated 17 March 2020, Group management announced that the restrictions imposed across Europe in the wake of the coronavirus pandemic have had a significant effect on the Group's revenues.

On 23 March 2020, WABERER'S INTERNATIONAL Nyrt. made another announcement about changes in executive management. Effective as of 23 March 2020, the Board of Directors appointed Erdélyi Barna, then CFO, as temporary CEO, while Robert Ziegler, who led Waberer's restructuring since early 2019, resigned both as CEO and member of the Board of Directors.

On 24 March 2020, WABERER'S INTERNATIONAL Nyrt. issued yet another announcement to inform its shareholders and creditors about extraordinary measures taken with immediate effect in an effort to counteract the adverse effects of the COVID-19 outbreak. In order to maintain the Company's short-term financial stability, Waberer's decided to take extraordinary measures as follows:

- Most of the trucks in Waberer's international fleet have been halted with immediate effect.
- A repatriation plan of drivers and assets abroad was approved and implementation has started. The majority of discretionary measures have been suspended.
- The Company has rationalised its workforce in response to a decline in demand. The scope of the HR measures taken include suspension of all recruitment, wage renegotiations and an unpaid leave related scheme.

According to Group management, the effects of the restrictions on the short-term performance of its international transportation segment was estimated to the extent as possible. The Management of the Group analyzes and evaluates the changes on a weekly basis and adjusts its operational plans accordingly. The impact of the coronavirus pandemic on the operation of the group's regional contract logistics and other business segments poses a significantly lower risk than in the international transportation business.

35. Other disclosure requirements specified by Hungarian Accounting Law

Group management engaged companies related to Erns&Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.) with the following non-audit services in the reporting year. The total of such non-audit services was kEUR 111, which is within the limit approved by the Supervisory Board (i.e. the total of non-audit services may not exceed the audit fee).

kEUR

Service type	Description of service	Amount invoiced in 2019
Transaction Advisory	M&A due diligence	111
Accounting policy Review	Accounting policy review	16
TAX compliance	Corporate income tax group consultation	9
Total		**136**

Non audit fees	136
Group audit fees	244
Ratio	55,74%

The auditor personally responsible for the audit is Zsuzsanna Bartha, chamber registration number is 005268.

The current year loss is transferred to retained earnings. The Board of directors does not suggest to pay dividend to the Shareholders.

The name of the person responsible for the preparation of the consolidated financial statement is Péter Szalona, registration number is 190255.