2022

CONSOLIDATED FINANCIAL STATEMENTS & BUSINESS REPORT

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Message from the CEO

Despite the unpredictable business environment, the business year of 2021 was a great success for Waberer’s Group. The shortage of components, which complicated our customers' business processes and the disruption of global logistics processes in 2021 made the demand for logistics services unpredictable, were all effects that in themselves generated significant risks to be managed. Nevertheless, as a result of our flexibility and successful business model change of Waberer’s Group, we closed the most profitable year since business year of 2017, meanwhile Company's indebtedness level was significantly reduced.

In the first half of 2021, Waberer’s new ownership structure was finalized as a result of acquisitions by professional and financial investors who expressed their long-term support and joined us with significant development plans.

We also agreed with our financing banks in the first half of the year, and they expressed their support to our Company and also provide a solid basis for both our operation and business development plans by having access to long-term financing facilities.

Turning to the business segments, the most important task for our International Transportation Segment (ITS) was the successful implementation and fine-tuning of the business model change (introduction of the “Tradelane Model”). The evidence for the success of the project is the fact that we managed to achieve a recurring EBIT[1] improvement of EUR 22.3 million in one year in our international transportation business, and we were once again able to turn the Group's largest revenue-generating segment to a positive EBIT range. Special thanks to the work of my colleagues and their faith in the project - with their help we were able to carry out perhaps the most successful business turnaround story in Hungary in the recent years.

In our regional contract logistics (RCL) segment, our target was to maintain the high level of profitability achieved in the previous year. The tightness of the domestic labour market and - in contrast to the flexibility resulting from the highly standardized equipment and services of the ITS segment - the difficulties of the reallocation of dedicated resources that characterize certain business lines of the RCL segment have generated challenges to our Company. Nevertheless, in 2021 - with a slight increase in sales revenue - we managed to maintain the level of outstanding profit-generating capacity of the previous year.

Last but not least, our insurance segment also achieved the highest results since our IPO, continuously demonstrating the viability of a business model of operating on a focused market segment. I am proud that Wáberer Hungária Biztosító is part of our Group as the most efficient insurance company in Hungary.

We believe that based on the successful 2021 business year, the implementation of the Company's strategy - presented at the end of last year - will further increase Waberer's role in the European logistics market, expand the complexity of our service portfolio and, last but not least, enables the Company to further develop our profitability level in mid-term.

Finally, I would like to thank my colleagues who work in our trucks, warehouses, and in the offices throughout the year. The logistics sector is particularly sensitive to the current labour market situation, so I am especially proud that our employee-centric thinking at Waberer’s and our ability to attract regional labour force ensures that we have the necessary workforce for our operation.

Zsolt Barna

Chief Executive Officer

[1] Non-recurring items were not incurred in 2021. In 2020, the one-time cost of business model change in the ITS segment and goodwill impairment were categorized as non-recurring items in the value of EUR 26.6 million.

Management Report

Waberer's Group

Key performance indicators

International fleet: 2000 vehicles

Domestic fleet: 780 vehicles

Forklifts: 400

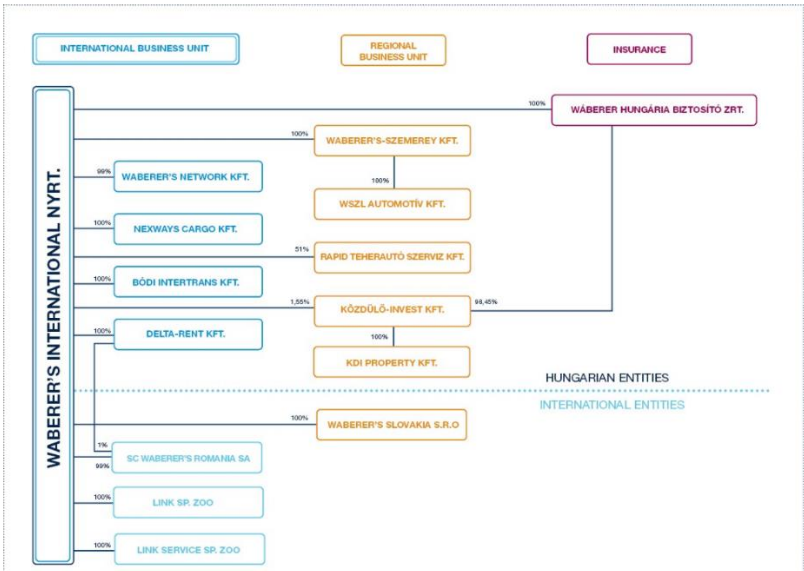
Warehouse: 250 000 sq m

Number of employees: 5800

Key financial indicators

[EUR mn]	2 019	2 020	2 021
Revenue	**696,2**	**569,3**	**590,8**
ITS	480,7	334,8	351,0
RCL	147,0	177,1	185,1
Other	68,4	72,2	75,9
EBIT (Reported)	**(29,4)**	**(24,5)**	**27,2**
	-	-	-
ITS	(42,5)	(47,5)	1,5
RCL	4,3	13,8	13,0
Other	8,7	9,2	12,7
EBIT (Recurring)	**(11,0)**	**2,1**	**27,2**
	-	-	
ITS	(24,3)	(20,9)	1,5
RCL	4,5	13,8	13,0
Other	8,7	9,2	12,7
	-		
Net Income	**(41,8)**	**(41,8)**	**18,1**
Indeptedness			
Net debt	191,1	122,7	121,7
Net leverage	3,3	2,2	1,6

Company structure:



Strategy

Waberer's International Nyrt. or Waberer's Group,[2] one of Europe's leading international road haulage company and group, and the largest operators in the Hungarian logistics market, has a group-wide strategy built on providing a unique set of services to its customers. The key aspects of this strategy are cost efficiency, high quality service to key customers and the creation of a range of high value-added services within our services portfolio. As the Group's two distinct segments (International Transportation Segment (ITS) and Regional Contract Logistics (RCL)) have different operations, market positions and clients, our general strategy is also applied differently.

Waberer's Group's mid-term strategy is based on three pillars as follows:

Strategic Goal	Business goal	Projects
Infrastructure development	Increase of cost based competitiveness	Fleet replacement Warehouse development Digitalization
Service complexity expansion	More favourable margins Strategic partnerships	Value added services E-commerce Inhouse logistics expansion Waberer's Go Green
Diversification	Decrease of industry related risks and dependency on current key customers New growth opportunities	Regional expansion Forwarding expanaion New insurance segments

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

Infrastructure modernisation in order to ensure a sustainable logistics infrastructure at low costs;

Increased service complexity in order to achieve higher operating margins and to establish long-term strategic client relationships;

Diversification in order to reduce industry and customer risks and to exploit new growth potentials.

Infrastructure modernisation

The key factors that affect competitiveness in the transportation industry (both local and international) and in the logistics services industry are a fleet that can be operated at low cost levels and the availability of reasonably priced warehousing capacities. Plus, the Group's predominantly multinational clients routinely require high quality vehicles and equipment.

To this end, the Group re-launched its **fleet rejuvenating programme** which aims to reduce the average age of our fleet to 2.5 years. The fuel and maintenance costs thus saved may contribute to overall operating expense savings of EUR millions while also improving the availability of vehicles. A more modern fleet also helps achieve lower emission levels, improve the work environment of our drivers, and also helps maintain reliable vehicle supplier relations.

In order to improve the cost-based competitive edge of warehousing services, we plan to shift part of our warehousing activities currently carried out in rented warehouses to **our own warehouses.** Given the current high rent rates, so doing would bring significant savings. Building our own warehouses would not only reduce operating costs but the ability to optimise the interior layout would also help boost operational efficiency. We would also gain total control over our green energy supplies which is expected to quickly become another competitive advantage. In order to preserve the resilience of our operations, we are planning to move around 20-30% of our total warehousing capacity to own warehouses so that we retain our ability to flexibly respond to any future changes in our client portfolio.

By continuously **digitalising** operations, internal processes, and client communications, we intend to capitalise on our position and strength as a large enterprise over smaller transportation companies with significant market shares across Europe.

Increase service complexity

The „Trade Lane" model introduced in the ITS segment in the summer of 2020 focuses primarily on Europe's key industrial manufacturing centres, serving dedicated routes and meeting the unique demands of our most important large corporate clients. Unlike our competitors whose competition strategy is based on low prices, owing to our size, we are able to follow an operating model that warrants high standards and **increased value adding services** offered in response to the special needs of large corporate clients such as, for example, compliance processes necessary for the transportation of high value products, transit monitoring, special cargo (hazardous materials, chemicals etc..), air cargo services, intermodal services (integrated railway and road transport), alternative fuel vehicles etc.

By increasing the percentage of **parcel delivery services,** we aim to serve intensifying e-commerce demand. This service targets primarily our existing clients to offer even more complex services, and we plan to compete in the large parcel deliveries segment.

Production supporting logistics is one of the most complex fields of logistic services, as it involves giving logistic support to production at the client's production facility and is deeply integrated in the client's production processes. By building on our existing Group credentials, we intend to further increase the proportion of this service component partly by a deeper integration into the supply chains of our existing clients and partly by focusing on significant automobile, tyre, battery, and other automotive industry suppliers in Hungary and in the region.

We have witnessed a spiralling market demand for **environment friendly logistic services**. In response, we are planning to increase the proportion of the latest solutions available present technology allows in our portfolio in the coming years. With this in mind, we have created a dedicated team with a special focus on „green" logistic services such as, primarily, intermodal logistic services and alternative fuel vehicle (electric, LNG, hydrogen) services, along with providing joint testing opportunities for our clients. In view of the speedy development of these technologies, significantly increasing the number of alternative fuel vehicles is a realistic possibility in the mid-term, and highly capitalised, large fleet operators, such as Waberer's Group are potentially in a better position to buy such vehicles in large volumes.

Diversification

Waberer's Group aspires to become a **regional market leader in complex logistic services.** To this end, we intend to expand the business model of our locally successful RCL segment to regional countries, including primarily the Balkan states and Slovakia. After a successful expansion, the Company will be able to make the most of new growth potentials, and by relying on the benefits of economies of scale and ensuring region-wide services to its multinational clients, will also be able to increase the significance of complex logistic services which is the Group's high margin segment.

Most of the Group's profit from insurance activities is based on insurance services provided to third parties, predominantly related to passenger and commercial vehicles and to transportation. We wish to maintain a strong market focus of our insurance services unrelated to any intra-group insurance activity and intend to focus on **entering other insurance market segments** with high growth potential where our effective and easily standardisable insurance products can ensure further competitive edge of the Group's insurance segment.

Business Environment and Results

Income Statement (EUR mn)

	2 021	2 020	Increase (Decrease)
Revenue	590.8	569.3	3.8%
Direct costs	(464.6)	(458.0)	(1.4%)
Gross profit (recurring)	126.3	111.3	13.4%
OPEX	(52.1)	(56.0)	7.1%
EBITDA (recurring)	74.2	55.3	34.2%
Depreciation and Amortisation	(47.0)	(53.2)	11.6%
EBIT (recurring)	27.2	2.1	1 184.7%
Financial result	(4.1)	(12.9)	68.1%
Taxes	(5.0)	(4.5)	(11.5%)
Net income (recurring)	18.1	(15.2)	218.9%
Non-recurring items	-	(26.6)	
Gross margin (recurring)	21.4%	19.6%	1,8 pp
EBITDA margin (recurring)	12.6%	9.7%	2,8 pp
EBIT margin (recurring)	4.6%	0.4%	4,2 pp
Net income margin (recurring)	3.1%	(2.7%)	5,7 pp
Average number of trucks	2 803	3 021	(7.2%)
Average number of employees	5 857	7 000	(16.3%)
Average number of truck drivers	3 493	3 984	(12.3%)

[1] Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as Direct Costs. EBITDA is not affected.

Economic Environment

European industrial production, retail trade and the economic indicators driving the demand for the Group's services showed significant improvement in most of the year compared to 2020. The waves of the coronavirus epidemic in 2021 have had a much smaller impact on Europe's major economies than in the previous year. Difficulties in logistics supply chains and component supply problems have posed challenges to our major customers, however, these issues did not affect our customers at the same time, so by continuously managing our capacity allocation, these risks were manageable. In 2021, the industrial production in the European Union grew by 8.2%, while retail sales grew by 5.5% compared to 2020.

Regarding the major cost items, fuel price volatility stayed with us during 2021. Fuel prices highly depend on crude oil prices which rose from USD 50 at the beginning of the year to over USD 80 by the end of the year. However, due to a 'fuel clause' in our transportation contracts, permanent changes in fuel prices are mostly automatically reflected in our service charges both in the international transportation and in the regional contract logistics segment.

In 2021, with the rebuilding of industrial production and service capacities after the closures caused by the epidemic, the labour market also became tighter again, which influenced both average wage levels and labour market supply. Waberer's Group has successfully relaunched active recruitment in the surrounding countries to provide the necessary workforce to keep the operation running smoothly both in the transportation and in the warehouse related segments.

Revenue

Consolidated annual revenue increased by 3.8% to EUR 590.8 million in 2021. Despite the average fleet size decreased by 9% in the ITS segment in 2021, the segment revenue – without intersegment items – increased by 4.2 % to EUR 344.9 million compared to the previous year due to the improving efficiency and more favourable price levels. At the same time, revenue in the RCL segment – without intersegment items – increased by 4.1% to 180.6 million and revenue in the Other segment – covering insurance services to 3rd party clients – increased by 5.1% to EUR 75.9 million in 2021.

Gross profit, EBITDA and EBIT

Following a 13.4% increase, Group-level gross profit totalled EUR 126.3 million in 2021[3] with a 1.8%point gross profit margin level increase. Gross margin improved by 3.5%point and 5.2%point respectively in the ITS and in the Other segment, while gross margin of RCL segment decreased by 4.2%

The Group's recurring EBITDA improved by 34.2% to 74.2 million which is a 2.8 %point improvement on EBITDA margin.

As a result of EUR 25.1 million improvement, recurring EBIT reached EUR 27.2 million in 2021. Increase is partly due to the improved performance of the core operation and due to the lower amortization cost, generated by the smaller fleet size. Despite the leasing payment moratorium in 2020, D&A calculation was not affected in the previous year, while from 2021 Waberer's is not participating in the moratorium program due to our improving performance and liquidity position.

Net income

As a result of an EUR 8.8 million improvement, financial result reached EUR 4.1 million loss that includes EUR 4.0 million interest cost and EUR 0.1 million realized and non-realized - resulting from the different functional currencies of some of the subsidiaries (HUF and PLN) - FX effect and result of hedge positions.

Recurring net income reached EUR 18.1 million after an annual EUR 33.3 million improvement. Reported and recurring net income equalled in 2021 as non-recurring items didn't incur during the year. Net income increase was mostly driven by the improving performance of ITS segment and the more favourable financial result.

Cash flow

Cash flow Statement (EUR mn)

	2021	2020
Net cash flows from operations	44.3	77.0
of which: change in working capital	(21.9)	27.9
Net cash flows from investing and financing activities	(61.8)	(51.7)
Change in cash and cash equivalents	(17.5)	25.2
Free cash flow	(8.9)	37.6
CAPEX	(6.5)	(3.8)

[3] Figures adjusted for better comparability, re-categorising the effect of insurance-related provisions, an OPEX item, as direct costs, which totalled EUR 0.2 million in 2021.

Operating cash flow reached EUR 44.3 million in 2021 that is a EUR 32.7 million decrease compared to the previous year due to the one-time change of the financing need of the working capital that the improving profitability couldn't compensate. Operating cash flow before change in working capital improved by EUR 17.1 million compared to 2020.

Net cash flows from investing and financing activities showed EUR 61.8 million cash outflow in 2021 compared to EUR 51.7 million cash outflow in 2020. Due to the lease moratorium in 2020, leasing fees had to be paid for the returned vehicles only in the previous year, while from 2021 Waberer's is not participating in the moratorium program and 2020-related leasing fees – not paid under the moratorium- of the returned vehicles in 2021 also had to be paid. Due to the improving liquidity position of the Group, net borrowings decreased by EUR 8.6 million in 2021.

Free cash flows, which include free operating cash flows, capital expenditures and leased fleet financing totalled EUR -8.9 million in 2021.

Net Debt

| Indebtedness figures (EUR mn)

	31 Dec. 2021	31 Dec. 2020
Net financial indebtedness	121.7	122.7
Net leverage ratio (recurring EBITDA multiple)	1.6	2.2

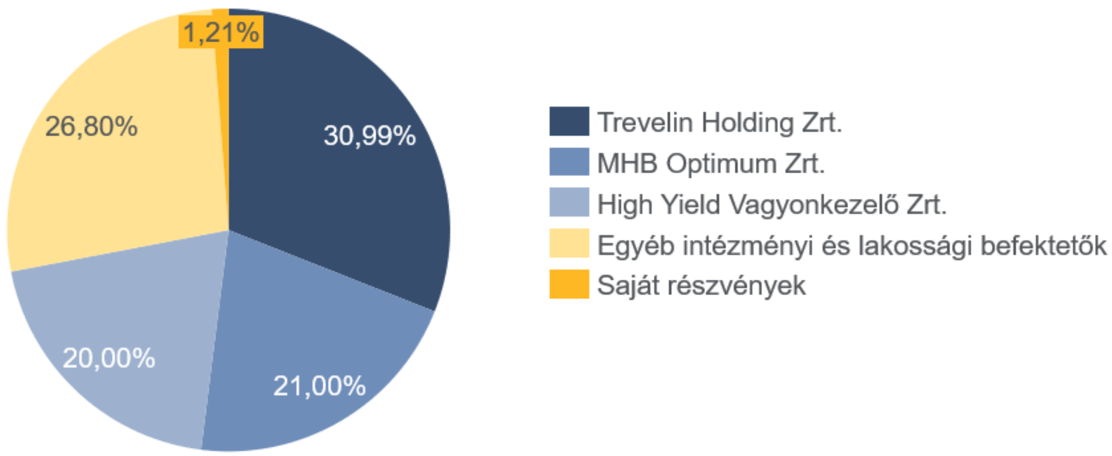
Net financial indebtedness of the Group was EUR 121.7 million on 31 December 2021, which is slight decrease compared to the end of the previous business year.

As a result of the slight net debt decrease was coupled with a significant, 34% EBITDA increase, the net leverage ratio, being the multiple of the recurring EBIDTA in the previous 12 months, dropped from 2.2 at 31 December 2020 to 1.6 by the end of 2021, so the Company managed to achieve a significant improvement in its profit in the business year of 2021 with a significantly declining level of indebtedness.

Investor relations/Ownership structure

Shareholder structure

The Company's shareholding structure went through major changes in 2021. In October 2020, B.V. CEE Transport Holdco S. a.r.l., an entity owned by our former ultimate majority shareholder (MidEuropa Partners), sold 24% of its share package of 72% directly to Trevelin Holding Zrt. along with a transferable buy option on 47.99% of its stock. After exercising the buy option and endorsement by the competition authority, the Company's year-end ownership structure became effective on 25 March 2021 as follows:



Analysts

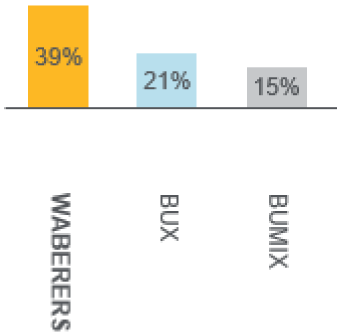
The Company's performance is regularly monitored by the following two investment analysists:

Elemző cég neve	Elemző neve	Elérhetőség
Concorde Értékpapír Zrt.	Bukta Gábor	g.bukta@con.hu
Equilor Befektetési Zrt.	Török Lajos	lajos.torok@equilor.hu

The regular analyses of the above analysts are available on our website at https://www.waberers.com/hu/befektetoknek/elemzesek

Capital market performance

During the course of 2021, the performance of Waberer's share rates surpassed both the BUX index and BUMIX, the stock exchange index of mid- and low-capitalised shares.



The daily average turnover of Waberer's shares increased by 85% on the previous year, ensuring improved liquidity for the shareholders.

Investor relations

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Digital transformation

Digital transformation has intensified in recent years in the logistics industry and is of strategic importance for Waberer's Group. Accordingly, several information technology projects have been launched recently and are in progress to in achieve our main goals of optimising operations and increasing workforce efficiency. Details of the key development projects are set out below.

Effective communication and real time information exchange with drivers

Today, it is normal to have a simple, quick, two-way communication channel (voice or texting) between the central fleet operators and the drivers across Europe. However, the increasing prominence of mobile phone applications enables drivers to get accurate relevant information in real time 24 hours a day. This not only increases work efficiency but also helps ensure compliance with all applicable local and EU regulations.

The information available to our drivers include route related information and instructions, controlled online navigation, displaying driving and break times, driving style analysis, send/receive documents, vehicle take-over process etc.

Control dashboard for optimal resource and truck route planning

After then end of the GINOP projects titled „Holistic optimisation of the business processes of external logistics with a view to sustainability", we launched live a decision preparation and support system that increases revenues by optimising the entire business and transportation process and concurrently helps tangibly improve the work environment of drivers.

We have an integrated software solution which is able to continuously generate and follow up resource allocation and route plans based on an overview of the entire business process in order to minimise the loss of efficiency of human and vehicle resources along the desired performance indicators (e.g. unloaded mileage, waiting time, delays etc.). This solution considers several various factors for optimal planning, such as: planning the return of drivers, roadblocks, national/bank holidays, safe resting places, preferred filling stations, driving times, border controls, customer service opening hours, expected loading times etc.

It is important to note that, in addition to reducing manual work and identifying the mathematical optimum, the system also supports building on Waberer's Group's professional transportation experience of nearly 70 years during planning. This may be through specific „smart tips" built in the truck routes or through other way of human interaction during both resource coordination and truck route planning.

Increased fleet efficiency via smart forklifts

Our fleet of nearly 400 forklifts comprises 16 forklift types from three manufacturers and serve five of our sites. Their management is significantly supported by a recently implemented „SmartTruck" system which enabled customised monitoring in a short space of time. The system delivers real time information to fleet managers and warehouse managers about the utilisation and technical condition of forklifts available at any time and on any device as the „smart" forklifts not only log work data but upload them into a cloud-based management software. The collected data are used for reports and analyses to help fleet management make work coordination decisions. Besides, the system also ensures transparent user rights management as it enables monitoring and trailing the documentation of who is authorised to drive which forklift.

Analysis based decision making along the entire value chain

Daily operations generate big data across our key activities and support areas. These data are recorded in various systems either automatically or manually. Big data becomes information, and hence business value, when put into proper context after cleansing and preparation. In recent years, Waberer's Group implemented and has been continuously developing a cloud based business intelligence system that uses advanced analytical technology and enables effective big data collection and interpretation. Today, this system gives comprehensive support for decision making to all business functions, including commerce, transportation, technical, finance/controlling, HR etc., and is also able to interlink and collectively analyse heterogenous data sources such as, for example, comparing telematic sensor data (Astrata) and corporate governance system (SAP) information.

Innovation

Innovation in the past period focused mostly on improving operational efficiency, premium client service portfolio and environment friendly transformation. Our innovation projects simultaneously focus on implementing market ready technologies across our operations and on the continuous testing of pioneering technologies emerging from the ongoing transformation of the transport industry. This allows Waberer's not only to plan market launches, but it is equally our responsibility to educate our clients about the potential use of alternative fuel vehicles and the availability of viable business models under the current standing of technological development. Some of our key projects are summarised below:

Testing alternative fuel vehicles

In response to client needs, in cooperation with our key partners, we started testing LNG and electric vehicles in real life operations in 2021.

In view of their special technology and the availability of recharging infrastructure, we use **LNG trucks** for nationwide distribution services. In our experience, LNG vehicles are perfectly capable of a range of 700-800 kms. As a result, even though charging facilities are available only near Budapest, we are able to use LNG trucks to serve our clients across the country. The emission rates of LNG vehicles are more favourable than the latest EURO6 diesel trucks (10-20% less CO_2, around 90% less NO_X and PM) yet their range is far beyond that of electric vehicles.

Of the electric vehicles, we tested 16-ton trucks that have a range of up to 200 kms and thus are able to serve the suburban areas of Budapest without compromises with up to 100% reduction in local pollutant emission.

We use both technologies in our fleet and are proud that thereby we can truly contribute to our clients' strategic goal of reducing their environmental footprints.

Real time trailer monitoring

The trailers used in our international fleet have been fitted with state-of-the-art telematic tracking devices that not only keep track of position but also give information and online warnings about tyre pressure and temperature. This information is used by our technicians to prevent breakdowns due to brake fault or flat tyre.

The telematic device fitted in our trailers also has door opening sensors that log every instance of door opening while the trailer is in use. This solution, combined with the axle load data also logged by the telematic system, is an efficient way of protecting our customers by preventing cargo damage/loss due to unauthorised access and to helping investigate any incidents. This function is also important to monitor unjustified idle time as we can report the activities of our vehicles at loading sites in a simple and effective manner.

In connection with the telematics fitted in our trailers, we have placed RFIDs in our semi-tractors. The passive radio waves emitted by the RFIDs is logged by the telematic device in the trailer and enables the monitoring which semi-tractor was attached to which trailer, thus minimising any manual administrative error and erroneous tractor+trailer combinations.

Development of workshop and site efficiency monitoring systems

I. Hungary's largest truck servicing workshop operates at Waberer's site and has strategic importance in maximising the availability of vehicles. In order to minimise the servicing time of vehicles, we implemented a self-developed workshop efficiency feedback system to clock and report the time spent on maintenance and repair procedures per vehicle and to compare those times with the recommended average procedure times set out in the manufacturers guidance. Any difference is reported to servicing staff and management can have an overall view of the ratio of productive and unproductive processes under each shift.

II. In the past period, we also introduced an up-to-date booking system for vehicle repairing, emergency and cargo stabilising tools so that the order placing functions can pre-book their workshop needs, and the technical function can effectively make the necessary resource arrangements.

III. In order to support central fleet operations, we implemented a „reception software” with the primary purpose of creating a well-structured and reportable standard platform that helps monitor the physical condition of trucks returning to/leaving the site and check the existence of the necessary documents and other auxiliary transport assets. As the application is accessible from any asset as it communicates with the Group's corporate governance system via an online interface, we managed both to improve the general technical conditions of our vehicles and, at the same time, reduce the number of problems due to any potential administrative or technical fault or error.

Implementation of voice picking warehousing operations

Last year, our warehousing segment implemented a partially automated, voice-based, warehouse product picking and order preparation system. The KPI improvements forecasted by international benchmarks were evident also in Waberer's own warehouses. As a result, we managed to improve workforce efficiency, reduce the probability of error as well as the training period of new joiners. Given the current pressure for higher wages, such efficiency improving measures are critical in order to preserve our competitive edge.

Sustainability

Environmental sustainability

Waberer's International Nyrt., as one of Europe's prominent haulers and the ultimate leader of complex logistic services in Hungary, is fully aware of the significant impacts of its operations on the environment and society. Therefore, we have developed an approach that focuses on sustainable development, environment protection and on continuously seeking ways to reduce CO_2 emissions. In addition to compliance with regulations, we continue to make efforts towards environmental sustainability while also implement the latest achievements in the transportation, forwarding and logistics industries to support economic sustainability. In order to put our values into everyday business practice and operations while maintaining a strategic mindset, in 2021, we created a distinct **Green Division** which is in charge of group-wide sustainability planning, targeting and implementation. We believe that only service providers that aim to go carbon neutral will be able to preserve their competitive edge in the future. Accordingly, in view of the nature of our operations, our Green Division's mission focuses on the development and implementation of solutions, technologies and methodologies that help reduce our CO_2 footprint so that we can shift towards going carbon neutral.

Our other carbon neutral steps in the short term include a shift towards combined railway and road (so called intermodal) transport that may help reduce CO_2 emissions by up to 90%. We launched our first intermodal service in mid-2021 on routes serving Central-Eastern-Europe – Rotterdam – UK and Central-Eastern-Europe – Ruhr-region. In 2022, we are planning to expand the existing routes to other geographical regions as well as to increase volumes on the existing routes so that intermodal transportation could help us save up to twice as much CO_2.

In mid-term, our strategic aim is to integrate a large number of **alternative fuel (LNG, electric, hydrogen)** vehicles into our existing fleet. There is already an apparent increasing demand for services provided with alternative fuel vehicles, a demand that is expected to further increase. It is important for us to be able to give a market response to such increasing demand. After successful vehicle tests, we commissioned our first LNG and electric vehicles in 2021 and are planning to continue similar projects in 2022. In addition to launching our Green Division, in 2021 we also launched our door-to-door service in Hungary and our key ambition is to use electric vehicles for these services as much as possible. The most marketable technology is currently available for the door-to-door service sector. These technologies not only reduce environmental burden but also support a quieter, more liveable environment for city dwellers. However, we believe that hydrogen will prove the fuel of the future for long-haul transport. Therefore, technological development, testing and the market distribution of viable technologies are a priority for us, which requires an approach which takes into account utilisation factors and addresses bottlenecks, cooperation at value chain level as well as an implementation plan. To this end, in 2021 we joined the Transport and H_2 Gas Networks Workshop of the National Hydrogen Platform.

Another key environmental sustainability method followed by the Group remains the continuous **rationalisation of energy consumption generated by traditional technologies,** to which optimised fuel consumption is key. Our young fleet of EURO 6 engine vehicles and driver trainings help our ambition to maximise fuel savings by using technology that is currently available without compromises. Regular technical training of Waberer's drivers contributes to safe and fuel saving driving practice while also reduces the environmental footprint of our operations. In addition, our tachographs are set to a maximum speed of 85km/h in order to optimise fuel consumption, all our vehicles have automatic transmission, and a fuel consumption optimising software is installed in our on-board computers so that our drivers can readily check actual fuel consumption. In our own garage, in addition to routine checks and maintenance we also regularly check tyre pressure to help additional significant fuel savings.

Even in the past years, we aspired to implement **modern technologies** in our warehousing operations. As a result, we use a route optimisation system also for our forklift routes. The system takes into account the location of the items based on warehouse inventory movements and determines the optimal forklift routes so as to minimise movements during warehouse logistics activities. The system also helps optimise our forklift fleet and fuel consumption while also significantly contributes to product protection. In 2021, most of our forklifts were fitted with state-of-the-art lithium-ion batteries. It is important to note that lithium-ion batteries are environmentally friendly, do not generate pollutants and can be 90% recycled. We fitted certain parts of our warehouses with smart light solutions and our electricity consumption clearly reduced as a result. We have promising prospects for 2022 in terms of additional sustainability projects. We are planning to modernise the cooling and heating systems of certain buildings at Waberer's Nagykőrösi út site, including insulation, and to replace the old light fixtures with LED-lights.

Owing to the nature of our operations, waste management is also of the utmost importance to us. Selective waste collection was introduced across all Waberer's Group warehouses and offices in 2010. As we have no control over the volume of some of the waste we generate (as a result of our co-packing services for customers), one of our key priorities is to recycle the waste generated by our logistics processes. To this end, we assigned a third-party contractor to build recycling centres at our sites, where non-hazardous waste from our operations is first sorted by a machine based on material type and then further sorted with human involvement to 9 waste categories. Of the 9 categories, only one type of waste is disposed of at a waste collection site. The remining 8 types of waste are recycled. As a result of this system, more than 90% of the waste generated at our sites is recycled. The income form waste disposal is used for charitable causes and sponsorship.

Compliance

The key responsibility of our quality management is to monitor and keep up with market expectations while maintaining systematic, observable, and transparent corporate processes. In order to meet customer and regulatory requirements at a high standard, Waberer's Group's management decided to operate an **ISO 90001** based quality control system along with the following integrated subsystems and professional standards at the relevant subsidiaries: **ISO 14001** environment control**, ISO 28000** safety control, **ISO 50001** energy management control, **VDA 6.2** automotive industry supplier standard, **HACCP** and the related **IFS Logistics** food safety standard, **ISO 45001** workplace health protection standard and **TAPA FSR** safety requirement standards. Our priorities include the continuous and flexible development of our integrated corporate governance system and achieving our goals as these are key to ensure future operations in the long run as well as our contribution to the success of our customers, employees, and society as a whole. Group staff identify with the requirements of our integrated corporate governance system and carry out their work with a focus on accuracy, quality, environment and energy consumption. This attitude is promoted and strengthened by our effective training and information systems which purposefully help achieve comprehensive integrated governance.

The Group is committed to health and safety at work. Every employee is required to observe work health and safety regulations applicable to their work. To ensure this, we equip our staff with the necessary protective equipment and instructions and each employee is required to attend a mandatory health and safety training once a year. We carry out our activities by maintaining proper hygiene, especially in terms of personal and warehouse hygiene.

We fully observe the legal regulations applicable to human life quality and environment protection as well as other requirements of our customers, while we also meet the relevant legal and other obligations related to energy efficiency. We support the acquisition of energy efficient products and services in order to achieve the highest energy savings. In order to prevent causing any environmental damage, we assessed and continuously reduce our environment risks and impact while we also strive to protect our customers' property and products.

Social responsibility

Value creation, paying attention to one another and our environment, **social responsibility** are all priorities for Waberer's Group. Our commitment is apparent, among others, in our support of communities and initiatives that serve the education of children and youth from disadvantaged backgrounds, health protection and the protection of our environment. As such we extend regular donations for these purposes to foundations and organisations. Social awareness is key to our corporate culture and even the pandemic crisis could not compromise our commitment to supporting those in need or to use our technical expertise to contribute to fighting the pandemic.

In the forefront of the fight against COVID

The Covid pandemic that hit the world in 2020 posed an unprecedented challenge. Caring for others became more important than ever before. A Waberer's Group subsidiary, WSZL, has contributed to anti-Covid measures since the first wave of the pandemic through the storage and nationwide distribution of personal protective equipment, tests, and life support machines. It is safe to say that the country's most efficient logistics system guarantees to this day that all these assets are delivered to Hungary's public institutions as quickly as possible. The scope of our logistics support also includes delivering MOL Hygie surface disinfectant products to health care institutions upon assignment by the National Hospital Directorate (OKFI).

In the wake of the umpteenth wave of the pandemic, the performance of health care professionals was even more critical in 2021 than before and even more challenging. We are therefore proud to be able to work daily with partners that made charitable offerings intended to support the daily work of hospital staff. Being a responsible entity, it was a matter of course for us to rush to the aid of our partners to store and distribute their charitable offerings completely free of charge. The charitable mileage of our fleet totalled more than 30,000 kilometres in 2021.

An extraordinary Women's Day gift

Owing to the Covid pandemic, a Group member, WLSZ, gave an extraordinary gift to their female workers on Women's Day 2021: a „BFF afternoon coffee" voucher. The idea behind this attentive gift was not only to help female staff wind down in a familiar setting of the „good old days", but to also help the survival of local caterers in these challenging times. A total of 336 female workers and 114 business partners of WSZL used their vouchers in Kaffeine Espresso Bár outlets and 432 female workers used these Győr's Segafredo shop – in a total value of HUF 2 million. Dávid Nagy, owner of Kaffeine Espresso Bár said: „*This gesture of Waberer's-Szemerey Logisztika Kft. was an enormous help to us and we are truly grateful that they thought about us.*" The owner of Segafredo Kávézó in Győr, Erika Serfőző said: „*I am an adult, but this selfless donation made me believe in miracles once again*".

Supporting local institutions and communities: helping everyday life

In April 2021, when educational institutions resumed classroom teaching, WSZL donated 5,000 face masks, 60 litres of disinfectant and 50 boxes of Dettol liquid soap to the Municipality of Soroksár. The Mayor of Soroksár, Ferenc Bese, commented: „*Our municipality has spent considerable financial and human resources to have our pre-school institutions reopen safely next week, so WSZL's donation came just at the right time. We are truly grateful as the donated assets are sufficient for all the kindergartens and nurseries in our district.*" In Spring 2021, WSZL donated household appliances worth more than

HUF 1.5 million to the South-Pest Disaster Prevention Unit, in order to facilitate the everyday work of their firefighters. The relationship between WSZL and Disaster Prevention started back in 2012 when WSZL joined the Bükk Emergency Team as a logistics squad. The cooperation is a good example of combining the resources of a large enterprise and the technical expertise of an external organisation, authority for a truly good cause. Lt.-Col. firefighter, Zoltán Markos, on behalf of the Metropolitan Disaster Prevention Directorate, said*: „Our emergency firefighters are on 24-hour duty. Depending on the number of alerts and the length of action, they are on stand-by in their barrack on stand-by. The assets donated by WSZL considerably increased their feeling of comfort. Time is our main asset, and good time management is key. This is where the assets received help. Thank you again for your support!"*

Green support

The first mission of Hungary's first ever series built electric truck, a Volvo FL Electric operated by WSZL, was also a charitable one. Together with our partners, we donated five tons (i.e. nearly 15 pallets) of cleaning supplies and hygienic paper products to the Hungarian Interchurch Aid.

Focus on the generation of the future

Helping children and passing on the opportunities to the next generations is pivotal for the Group. We launched our scholarship programme in 2007 whereby a monthly financial support is extended to high performing undergraduates from disadvantaged social backgrounds. With the help of the International Child Safety Service, 30 students are now receiving financial support in the 12 months of the year, which is a great help for the families involved in the program. As part of the programme, every year since 2017, we organise a festive afternoon chat party for our scholarship students. As both 2020 and 2021 were extraordinary years, regrettably there was no personal meeting in either year. COVID posed challenges to schoolchildren and their parent alike. Therefore, in order to facilitate learning from home, Waberer's Christmas surprise was a tablet for each of 30 scholarship students. The cooperation of WSZL and Waberer's with Dévai Szent Ferenc Foundation spans over 10 years. 2021 also saw us participate in their initiative called „Angel walk" and Waberer's trucks were used to get the Christmas presents for children in Transylvanian orphanages to their destinations. This meant that, once again, we made Christmas dreams come true for thousands of children living in children's homes across the border. The Group transports donations not only in the festive season. Last year, in cooperation with our partners (Dr.Oetker, Mars, Reckitt Benckiser, Unilever) we transported various presents to two villages in Seklerland in Transylvania. Another beneficiary was Fészek Gyermekvédő Egyesület in Érd, to which we have supplied clothes, toys, books, household articles and cleaning products for years. Unilever – Domestos School Restroom Renovation Programme: In 2017, WSZL and Unilever established a charitable cooperation mainly for the benefit of children. The fact that we take part in Unilever's school toilet renovation programme is also proof to our social commitment. Our involvement entails free storage and transport of building materials used for the renovation projects to the tender winning schools.

Health protection

In 2021, the Group continued to sponsor a special cancer screening truck of the International Children's Safety Service that provides people living in remote parts of the country access to regular screening. Waberer's funded all the maintenance and operating costs of the truck made suitable for gynaecological screening as well as the preparation of the truck for its local missions.

Logistics support

Over the last few years, WSZL has grown from a strategic partner to one of the largest supporters of the Hungarian Charity Service of the Order of Malta. In 2021, WSZL took on more than 130 deliveries moving more than 400 tons of goods for charitable causes inland and abroad alike. WSZL found an ideal partner for good causes in the Malteses, and their alliance evolved into a long-term strategic cooperation in 2020. Accordingly, WSZL helps the Malteses with transportation and warehousing services. Their cooperation has gradually expanded and now many of the Group’s employees volunteer to help the families in need. In the autumn of 2021, nearly 50 of our people volunteered from our Budapest and Győr sites and sorted and packed, in teams of 3 to 8, the goods offered to disadvantaged families and children living in developing parts of the country. After five weeks of work, 3,000 boxes were packed full of vitamins, caps, gloves, consumer articles and toys for the winter months. Waberer’s people also collected nearly 200 kgs of food, cleaning, and hygienic products during the festive season for the Hungarian Charity Service of the Order of Malta.

Presence and value creation

Győr has been pivotal to Waberer’s since 2016 as we can ensure employment to nearly 1500 people in the area. WSZL was especially proud to have an opportunity to sponsor a series of programmes to celebrate the 750th anniversary of the foundation of Győr, and hence contributed to the continuous development of this remarkable city. Waberer’s Group is also a regular sponsor of the city’s sports life.

Human resources

The coronavirus epidemic - like for other business areas - has had a direct impact on human resource management. It was of paramount importance for all subsidiaries of our Group to retain its greatest value, a well-educated employee community. To reach this goal, we used all available opportunities to reduce the employment difficulties related to the external environmental changes and order backlogs caused by the epidemic. We implemented the application of the flexible working forms and the opportunities provided by part-time employment. During the fast and efficient interventions, we kept two goals in mind: to protect the health of our employees and to create the conditions for safe work in the new situation, and to maintain a stable business to serve our customers. At several sites of our Group, we continuously ensured that our employees could receive vaccinations, which were made available to the employees in an organized manner in cooperation with our health care provider partners. Thanks to the pre-screening tests, preventive measures and multi-channel communication, our employees were provided with up-to-date information and were able to carry out high-quality work processes while maintaining working conditions that did not endanger their health.

Despite the difficulties caused by the pandemic, the strategic plans for the year have been successfully implemented. Among others, standardized trainings were implemented on Group level. The training and development activities of the Waberer's Group focuses on both office workers, colleagues in our warehouses and in the service stations as well as on drivers. One of the main goals of the Group is to make its training and development programs widely available to its employees. The development of our employees represents a significant value in the operation of the company and contributes to the long-term success and development.

The company is committed to providing employment opportunities not only for experienced but also for beginner drivers. Accordingly, new entrants receive training reflecting to their experiences. During the annual driver trainings, we place special emphasis on the development of an economical, environmental- friendly driving style that contributes to our environmental and energy efficiency efforts. Our goal is that our drivers should be able to exploit the most of the features of their vehicles, to improve their capabilities for better fuel consumption, and to have a high level of expertise that contributes to CO_2 emission reduction. In addition to environmentally conscious driving, the program shapes drivers' attitudes towards safe driving and accident prevention, too.

We are committed to middle and advanced level dual programs (in partnership with secondary schools, colleges and universities). Last year, we signed cooperation agreements with additional partner institutions. As part of the dual programs, we have increased the number of students by 14, so we are currently working with 31 dual interns. We believe in the students who come to us as part of the dual program and in the long-term cooperation with them. After the programs were closed, several students became full-time employees.

The high standard of our training program adapted to the changed circumstances was awarded by OFA Nonprofit Kft. Our subsidiary, Waberer's – Szemerey Logisztikai Kft gained the special training award of the Hungarian Chamber of Commerce.

Our efforts for well-being at work and a responsible employer perspective was also awarded, and as a result, our subsidiary Waberer's-Szemerey Logisztikai Kft. won 1st place in the "Responsible Employer of the Year" corporate category.

To support the long-term strategic plans of the Group, in addition to the existing successful recruitment of Hungarian, Ukrainian, Serbian and Romanian citizens, the company decided to also hire Indian and Belarusian workforce to ensure the necessary driver pool for our international fleet. To ensure the successful and long-term integration of the new colleagues, we have launched a training program for the cooperation with employees with different cultural background.

An important stage of the HR development of the Group was the introduction of the unified, Group level grade system developed during the year that provides standardized positions in all member companies of the Group, and the relevant benefit packages were also harmonized. We are committed to keep the standardized, Group level grade system which provides a transparent base for inhouse carrier management.

Our HR activity is able to provide the well-prepared and motivated labour force for the operation and we are ready to continuously improve our employment ecosystem to keep our competitiveness on the labour market.

Corporate Governance and Corporate Bodies

Board of Directors

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

The Board of Directors consist of at least 3 (three) up to 7 (seven) members. The members of Board of Directors shall be elected by the General Meeting for a three-year term. The mandate of the members of the Board of Directors, unless otherwise provided by the General Meeting, is valid for three years until May 31 of the third year subsequent to the date of the said General Meeting, or, if the General Meeting in the third year is held prior to May 31 than until that date. The members of the Board of Directors elect a chairman from among themselves. The division of responsibilities and competences among the members of the Board of Directors is specified in detail in the By-laws of the Board of Directors: (www.waberers.com/en/investors/policies). The Board of Directors establishes its own rules of procedure.

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

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

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

management and if necessary, taking appropriate steps in line with the guidelines adopted by the General Meeting;
- deal with the conflicts of interests, accepting Code of Conduct
- establishment of risk management guidelines and policies, to ensure the continuous assessment of all risk factors, the obtainability of internal control mechanisms and the legal compliance;
- determination of a mechanism for the selection of the members of the Board of Directors;
- determination of the principles and basic procedure of the succession of the Company's leaders;
- defining guidelines and policies - and monitoring the compliance therewith - for transparency of corporate operations and for disclosure of information on the Company;
- the assurance of the communication with an appropriate level and appropriate frequency with the shareholders, approving the Insider Trading Policy and decide in matters under the Insider Trading Policy.

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

The Board's predominant operating model was developed after the change in ownership that ended on 25 March 2021. The three members of the Board of Directors were elected by the ordinary shareholders' meeting held on 19 April 2021 and an extraordinary meeting of the shareholders of 31 August 2021.

A member of the Board of Directors may be the senior officer of another company operating in the same industry as Waberer's (domestic and international transportation) only upon approval of Waberer's shareholders' meeting and the Board of Directors of the other company operating in the same industry. Before his election to the Board, György Wáberer held interests and senior officer positions in companies operating in the same industry as Waberer's. By the date of the shareholders' meeting in April, Mr György Wáberer had demitted his senior offices at Supernova Intertrans Kft. and at Active-Log Kft., and disposed of his indirect interest in these companies by the end of 2021 in line with the resolution of the shareholders to this effect. In its decision No. 1/2021 of 19 April 2021, the Board of Directors acknowledged any conflicts of interest below the level of core operations involving other Board members and decided that no countermeasure was necessary.

Considering that there is a two-tier governance system at the Company, the independence of the members of the Board of Directors does not require to be examined, yet the Company strives to comply with the guidelines listed in Sections 2.6. of the CGR. The 3-member Board had one operating member and two independent members at the end of 2021.

The members of the Board of Directors, their independence status and the dates of their appointment in year 2021 (the professional CVs of the members whose names appear in bold letters are available on the Company's website):

Name	Independence status	Date of appointment and length of mandate
dr. Czéh-Tóth Márk	**independent, non-operative (external) member / chairman**	**20/04/2021 – 31/05/2024**
Wáberer György	**independent, non-operative (external) member**	**20/04/2021 – 31/05/2024**
Erdélyi Barna	**non-independent, operative member**	21/03/2017 – 19/04/2021 **01/09/2021 – 31/05/2024**
Gerard van Kesteren	independent, non-operative (external) member / chairman	29/07/2016 – 19/04/2021
dr. Lakatos Péter	independent, non-operative (external) member	29/07/2016 – 09/04/2021

Alain Beyens	non-independent (delegated by the Main shareholder), non-operative (external) member	30/04/2020 – 09/04/2021
Kovács András	independent, non-operative (external) member	20/04/2021 – 09/09/2021

The Company has contracts with one of the Board members, Mr György Waberer, and with his controlled entity, BILK Logisztikai Zrt., for warehouse rental services, with Supernova Intertrans Kft. for subcontracted forwarding, with Vámkapu Zrt. for customs clearance services and with Waberer Medical Center Kft. for health services. However, the member of the Board of Directors declared that the legal relationship indicated above does not lead to conflict of interest and does not threaten the decision-making serving the interests of all shareholders.

At 31 December 2021 the members of the Board of Directors held the number of shares indicated below:

Waberer György	885 shares
Waberer György via HIGH YIELD Vagyonkezelő Zrt. of which he is the sole shareholder	3 538 746 shares

Chief Executive Officer

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

As of 16 April 2018, the Company's CEO is elected by the Board of Directors. The CEO of the Company was Robert Alexander Ziegler from 23 March 2020 until 31 August 2021. Mr. Barna Erdélyi took over as CEO as of 1 September 2021.

Introduction of the management

The following persons belong to the Key Management of the Company and the Group in the business year of 2021:

- Erdélyi Barna was CEO until 31 August 2021, and has been an operating Board member since 1 September 2021;
- Szabolcs Tóth, business and strategic director since 23 June 2020, his position was renamed to chief business officer (CBO) on 1 February 2021;
- Zsolt Barna, executive director of Waberer's-Szemerey Kft. and the leader of the regional contract logistics segment in 2021 and has been CEO of Waberer's International Nyrt. since 1 September 2021.

The curricula vitae of the current members of management employed by the Company are available on the Company website.

Relationship between the Board of Directors and the Management:

The Company's operating Board member (Barna Erdélyi) takes part in the Board's decision-making process, while the Company's CEO and CFO are permanent invited contributors at Board meetings. Any of the segment or function leaders may be invited to Board meeting on an ad-hoc basis in relation to a specific topic.

Management regularly reports to the Board at the monthly Board meetings about the state of the Company's and the Group's affairs and sends weekly financial flash reports to the Board members. The monthly management report provides information about the monthly and periodic cumulative development of the business operations of the Company and the Group in a uniform, standard structure, presenting primarily the deviation of the effectiveness and key performance indicators from the values for the baseline period and the Business Plan. Main business operations data presented in the monthly management report:

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

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

Supervisory Board

The Supervisory Board still consisted of 6 members in 2021, even after the change in the ownership structure. The members of the Supervisory Board are elected by the General Meeting for a 3 (three) years term. The assignment of the members of the Supervisory Board, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the Annual General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. One third of the Supervisory Board shall be delegates of the employees. Employee delegates are nominated by the Works Council from among the employees, taking into account the opinion of the trade unions operating in the Company. Employees of the Company may not become members of the Supervisory Board unless they are employee delegates. Once elected, the Supervisory Board elects a Chairman from among its members for the period of the Chairman's mandate as a member.

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

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

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

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

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

Members of the Supervisory Board, their independence status and dates of appointment in 2019 (the professional curricula vitae of the current members of the Supervisory Board whose names are printed in bold are available on the Company website):

Name	Independence status	Date of appointment and length of mandate
Mike Ferenc	**independent / chairman**	**20/04/2021 – 31/05/2024**
David William Moffat Thompson	**independent**	**28/08/2018 - 31/05/2024**
Székely Sándor, employee delegate	**non- independent**	**11/05/2017 - 31/05/2024**
Szalainé Kazuska Mária, employee delegate	**non- independent**	**31/05/2017 - 31/05/2024**
Dr. Szivek Norbert	**independent**	**20/04/2021 – 31/05/2024**
Dr. Végh Attila	**independent**	**20/04/2021 – 31/05/2024**
Nagy Gábor Béla	independent / chairman	31/05/2017 -19/04/2021
Philip Anthony Marshall	independent	31/05/2017 -19/04/2021
Dr. Bodnár Zoltán György	independent	31/05/2017 -19/04/2021

The members of the Supervisory Board held the following numbers of shares on 31 December 2021:

Mike Ferenc, via MHB Optimum Zrt. of which he is the sole shareholder	3 715 684 shares (minority interest under 30% with no effect on independence)
Székely Sándor	548 shares
Szalainé Kazuska Mária	692 shares

Audit Committee

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

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

Name	Independence status	Date of appointment and length of mandate

David William Moffat Thompson	independent / chairman	for the length of his mandate in the Supervisory Board
dr. Szivek Norbert	independent	for the length of their mandate in the Supervisory Board
Mike Ferenc	independent	for the length of their mandate in the Supervisory Board

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

Nomination and Remuneration Committee

Pursuant to the authorisation granted in the Articles of Association, the Company can create a Nomination and Remuneration Committee (either as two distinct committees or a single one). Other than Board members may also be elected to this committee (or committees). Up until 19 April 2021, the Company had a three (3) - member Nomination and Remuneration Committee elected by the Board from among independent members of the Board of Directors and the Supervisory Board. In its decision No. 3/2021 (05.04.), the new Board of Directors elected by the ordinary shareholders' meeting of 19 April 2021 decided not to have either separate or a single Nomination and Remuneration Committee. The tasks previously carried out by the Committee were taken over by the Board under the oversight and commenting power of the Supervisory Board.

Members of the Nomination and Remuneration Committee until 19 April 2021, their status, and dates of appointment:

Name	Independence status	Date of appointment and length of mandate
Gerard van Kesteren	independent	15/06/2017 – 19/04/2021
Nagy Gábor Béla	independent	15/06/2017 – 19/04/2021
David William Moffat Thompson	independent	28/08/2018 - 19/04/2021

In 2021, the key topics of committee meetings included: replacement of the members of governing and controlling bodies; replacement, remuneration and bonus system of the members of management, and evaluation of their performance; changes in Key Positions and key officers; and commenting on the Company's remuneration policy.

Internal controls and risk management

Internal control system

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

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

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

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

Risk management framework

The Company is committed to identify, measure, and manage risks in its business in order to provide a stable and profitable performance and create value to shareholders. Possible adverse outcomes are therefore an integral part of the day-to-day, as well as the strategic long-term decision-making process.

In its risk management process, the Company's main objective is always to first understand the risks and their possible effects. The Company acknowledges that in most cases the elimination of risks is not possible, but it rather seeks to mitigate and effectively manage the risks it faces. The Company thus assumes risks only after-effects are properly analysed, and the appropriate processes are set up to manage those risks, and relies on internal control measures and built-in controls, wherever possible, to mitigate the occurrence and/or the impacts of such risks.

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

- **Universal approach.** Relevant risks are identified and measured as precisely as possible in each key activity, project, or other aspect that can materially influence the company's operations. The risks assessed during the interviews with senior Group management are used the annual audit planning process to prepare a so called „risk map" based on the probability and potential impact of each risk.
- **Holistic approach.** Day-to-day risks are identified, measured, and managed at the operative level. All risk factors and all risk management practices, however, are considered and assessed at group level.
- **Regular monitoring.** The evolution of risks and their management are monitored by the operative level, with strategic risks being monitored by the Audit Committee and the Board of Directors.
- **Prioritising.** All scheduled internal audits and resources are allocated to prioritise risk management of risks that are most likely to materialise and have the highest potential impact.
- **Efficiency in risk management.** When selecting the method of risk management, the most efficient tool is selected.

Risk factors

Waberer's has identified five sets of risk factors that it faces when conducting its business and that are to be considered by stakeholders such as investors, customers, or employees: market risk factors, regulatory risk factors, financial risk factors, operational risk factors, cyber security risk, and insurance-specific risk factors.[4]

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

Market risk factors

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

- **Macroeconomic risks.** Economic conditions that decrease freight demand or increase the supply of trucks and trailers can exert downward pressure on rates or equipment utilisation, thereby decreasing asset productivity, particularly in the market segments and industries where the Group has concentration of customers (including FMCG, automotive, logistics and electronics sectors) and in regions of Europe where the Group has a significant business operations (including Hungary, Poland, Slovakia, Germany, Italy, France, Spain, the Netherlands, Belgium and the United Kingdom). A number of unique factors may adversely affect such general economic conditions, of which increasing inflation is the highest macroeconomic uncertainty at the moment. Other factors that also have a negative impact on the business environment of the logistics industry include anti-EU and other political movements that further weaken European integration as well as a setback in the economic performance of Central and Eastern Europe and the region-specific erosion of foreign trade relations.
- **Sector-specific risks.** The European transportation sector is exposed to a series of risk factors affecting the profitability of the transportation services the Company is active in. These include, but are not limited to, volatility in operating costs which may vary from country to country, import/export controls, unexpected regulatory changes related to e.g. taxes, customs, tolls, or employment and environmental regulations.
- **Strategy**. After the successful implementation of business trend reforms in 2020 and 2021, the Group approved an ambitious growth strategy. Achieving the planned growth may carry financing, execution and technological risks.
- **Customer Service**. In order to retain and increase its revenue and profitability, it is important that the Group retain its existing customers and continues to acquire new customers across all of its business lines. The Group's contracted businesses are subject to competitive bidding pursuant to tender processes in which the Group and its competitors participate. However, no assurance can be given that the Group's existing contracts will be renewed or that the Group will win such tenders in the future.
- **Employees and key personnel.** Of all employee groups, Waberer's identifies its driver force as the most crucial element of its human resources management model. Although the fleet reduction in our ITS segment result in a significant decrease in the number of foreign staff (i.e. not Hungarian and not Polish) and also in the risks associated with a shortage of drivers, the low demand for drivers experienced during the first waves of Covid is completely a thing of the past, so once again, we need to recruit foreign staff to have the necessary number of drivers. We expect that ensuring the right number and quality of drivers will remain a critical factor for the entire industry in the future.
- **Suppliers and subcontractors.** The Group relies on suppliers and service providers to provide it with certain specialised products and services, including products and services for, but not limited to, the supply of trucks, trailers, fuel and toll. Specifically, transportation and warehouse subcontractors are third party providers that the Company relies on more directly when servicing its clients. The Company is exposed to the risk that it fails to maintain amenable relationships with its suppliers and subcontractors, or if suppliers and subcontractors are unable to provide

the products and services the Group needs or there are adverse changes in the prices or the quality of the products and services they provide.

- **Environmental and technological risks.** As road traffic has a significant environmental footprint, a potential significant restriction on CO_2 emissions may present a significant challenge to the entire transportation industry. Although Waberer's Group continuously tests and implements vehicles with a smaller environmental footprint as much as possible, currently available technology is not yet advanced enough to enable haulers to satisfy the current transportation requirements at significantly less CO_2 emission.
- **Logistics supply chain and chip shortage risk.** Disruptions to the globally observable supply chains may cause unforeseeable production fluctuations at the Company's clients which may impact their order volumes. Beyond this, the globally apparent shortage in chips also poses a risk for Waberer's Group of gaining less or lower volume transport contracts, which would reduce our planned operating cost level.
- **Fuel price risk.** Although the risk of significantly higher fuel prices is addressed in the Company's client contracts, any further fuel price hike may prompt clients to reconsider and possibly modify their transportation portfolios.

Regulatory risk factors

The Company is exposed to the changes in the regulatory environment in all the countries it operates in and also the regulations stipulated by supra-national and intergovernmental entities, the most important of which is the European Union. As such, licenses are necessary for the operation of the transportation, logistics, and insurance arms of the Group. The most significant rules for transportation and logistics services, such as international carriage contractual terms, road safety policies, environmental standards, and drivers' wages, working hours and other conditions, are governed by country-level, EU-level, and UN-level regulations. The most significant legislative change for the European cross-border road freight industry was the implementation of the so-called "mobility package", an EU-level legislation in progress that set new common rules for, among other items, the resting times and minimum pay for drivers, and cabotage, that may have a significant impact on the Company's business. The long-term effects of this legislation and the inherent compliance risks are still not projectable for the long term. In the shorter term, however, a potential increase in operating costs may prove a risk, one-off fines for any potential noncompliance with rules that pose operational challenges, but any higher costs are expected to be reflected in the prices in the long run and potential price cuts by transport companies operating in countries further to the east is also a factor to be considered.

Regulatory risks include the mobility restrictions imposed in response to the coronavirus crisis, and potential local mandatory vaccination requirements that may vary across Europe and would pose a work coordination challenge to logistics companies.

Although the UK has left the EU and Waberer's Group meets the current regulatory requirements, the notion of renegotiating the conditions of Brexit keeps recurring. The probability and potential impact of such renegotiations are currently unknown. Also, as a result if Brexit, business relations between the UK and EU countries may change in the mid- and long-term. This may also pose further risks as UK is currently one of the key destination markets of Waberer's Group's ITS segment.

Financial risk factors

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

- **Credit risk.** Credit risk is the risk that the Group will incur a loss due to a client not complying with contractual terms and conditions, which in Waberer's case primarily means the non-payment risk of clients. The Company employs commercial loan limits and a continuous monitoring of exposures and maturities to manage credit risks.
- **Liquidity risk.** Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. The Company's liquidity position significantly improved as a result of the governmental moratorium on loans and leases introduced in 2020 and of the significantly

improved performance in 2021. Hence, our liquidity risk also significantly reduced in the past period.

- **Financing risk.** Financing risks include the availability of short-term and long-term facilities from banks and leasing companies (including vehicle leases, short-term and long-term loans and borrowings, factoring facilities, bank guarantees etc.) as well as access to external funding for future projects. In March 2021, we reached an agreement with our key financing partners as to the long-term availability of facilities to fund our operations, but these may be subject to continuous reassessments by the banks in view of the Company's performance.
- **Exchange rate risk**. Most of the Group's revenues and expenses of the companies within the Group incurred in its functional currency of euro. At some Group members, the functional currency is Romanian lei, Polish zloty, and Hungarian forint, therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. Costs that incur in foreign currencies and are not covered with corresponding revenues (natural cover) are held as an open FX position and are addressed partly with FX hedges.
- **Interest rate risk.** The Company has floating rate leases and loans as interest-bearing debt that are currently not hedged. Recent inflation concerns may give rise to higher market interest rates in both mid- and long-term, the effects of which can be mitigated by restructuring the Company's finances with a shift towards fix interest facilities.
- **Payroll regulatory and taxation risk**. Payroll-related taxation and regulatory changes (e.g. minimum wage) pose the highest risk to the Company's tax profile and operating model. To counteract any potentially negative change in this field may take prolonged efforts on our part.

Operational risk factors

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

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

Insurance-specific risk factors

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

- Compliance investigations by the Hungarian financial supervisory authority ("MNB")
- The Insurance Company's operations are dependent upon the grant, renewal or continuance in licences and permits issued by the MNB
- The Group's insurance coverage when the Group acts as its own insurer, also the Group's reinsurance coverage may not provide effective coverage under all circumstances

- The Insurance Company may experience unforeseen increases in the severity or frequency of claims
- Force majeure and severe weather events may generate material insurance claims
- Adverse financial market conditions may significantly affect the Insurance Company's ability to optimise its portfolio selection and realise profits on its investments
- The Insurance Company operates in a special segment of the insurance industry (vehicle and transport insurance services), and its partial operations in other insurance markets is unable to make up for any negative shifts in its main market in the short term.

WABERER'S

OPTIMUM SOLUTION

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This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholders of WABERER'S INTERNATIONAL Nyrt.

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the 2021 consolidated annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company") and its subsidiaries (altogether "the Group") included in the accompanying ESEF_Waberer's International Nyrt Consolidated_2022.03.10.xhtml [1] digital file, which comprise the consolidated statement of financial position as at 31 December 2021 - showing a balance sheet total of EUR 515,679 thousand and a total comprehensive income for the year of EUR 10,759 thousand -, the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

[1] Digital identification of the above referred ESEF_Waberer's International Nyrt Consolidated_2022.03.10.xhtml consolidated financial statements, using SHA 256 HASH algorithm is: 0BF3F72E50DB00B8BE158A8AA4B9D55B4439E7847677A133B3D53AD301BECA6A

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (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 notes to the consolidated annual financial statements, which indicates uncertainty to meet financial loan covenants and that management estimate of going concern is based on execution of future business plans. Due to the current developments of the economic environment, there is an uncertainty related to meeting the short and mid-term business plans and to obtaining external financing. These facts and circumstances together with other matters which are set forth in Note 2.a represent a material uncertainty related to 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 judgement, were of most significance in our audit of the consolidated 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 consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue recognition

The Group's consolidated third-party revenue from contracts with customers amounted to EUR 590,820 thousand in 2021, thus it is significant to the consolidated annual financial statements. Revenue is recognized when all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met especially for significant customers close to year-end. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized before all the 5 step criteria above are met. 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 all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met. We analyzed the Group' revenue through entire population of journal entries of sales transactions including correlations between revenue, accounts receivables, value added tax and cash inflows. On a sample basis we confirmed 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 non-financial data, observable information on the market and our prior experience of the Group's business. We assessed the adequacy of the Group's disclosures in respect of revenue in the consolidated annual financial statements in accordance with the EU IFRSs.

The Group's disclosures about revenue are included in, Note 3 (o) Note 5 Segment information and Note 22 Net revenue – Revenues from contracts with customers per IFRS 15 and consignment services of the notes to the consolidated annual financial statements.

Goodwill measurement – annual impairment testing

Key audit matter	How our audit addressed the key audit matter
Goodwill amounting to EUR 17 730 thousand as at 31 December 2021 represents 3.4% of the consolidated total assets. Management is required to test goodwill for impairment yearly or whenever an impairment indication exists on the basis of the accounting policies used. Based on the impairment tests in 2021 the Group did not record any impairment as at 31 December 2021. We considered the goodwill measurement to be a key audit matter due to the significant judgement involved, including mainly management estimates of future results of the cash-generating units.	We involved valuation specialists to support us in performing our audit procedures. Our audit procedures included among others the following procedures. We assessed the assumptions and methods that were used by the Group in the discounted cash flow model. We also assessed the expected growth rates and the related expected future cash flows, whether these future cash flows were based on the strategic plan as prepared by the management. In addition, we performed procedures relating to the disclosures on impairment testing included in the consolidated annual financial statements, looking specifically at the disclosure of key assumptions that have the most significant effect on the determination of the recoverable amount of the goodwill. In connection with this, we assessed whether these disclosures are adequate and provide sufficient insight into the assumptions disclosed and sensitivities of the assumptions underlying the valuation. Disclosure of goodwill and other intangible assets are included in 3 (e) intangible assets and note 6 (a) goodwill of the notes to the consolidated annual financial statements.

Other matters

Management is responsible for the presentation of the consolidated annual financial statements in the format that complies with the Articles 3 and 4 of Commission (EU) Regulation 2019/815 of 17 December 2018 ("ESEF Regulation"). The scope of our audit was the human-readable content of the electronically identified digital file, which contains the consolidated annual financial statements. The scope of our audit did not include to review and consequently we do not report on, whether the digitalized information complies in all material respect with the requirements of ESEF Regulation.

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Other information

Other information consists of the 2021 consolidated business report of the Group Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

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

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

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e and f) of Section 95/B of the Hungarian Accounting Law for 2021 is consistent, in all material respects, with the 2021 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

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

- ► Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

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

Appointment and Approval of Auditor

We were appointed as the statutory auditor of the Company by the General Assembly of Shareholders of the Company on 9 April 2021. 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 11 years.

Consistency with Additional Report to Audit Committee

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

Non-audit Services

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

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

The engagement partner on the audit resulting in this independent auditor's report is Nagyváradiné Szépfalvi Zsuzsanna.

Budapest, 16 March 2022

(The original Hungarian version has been signed.)

Nagyváradiné Szépfalvi Zsuzsanna
Engagement Partner
Ernst & Young Kft.
1132 Budapest, Váci út 20.
Registration No. 001165

Nagyváradiné Szépfalvi Zsuzsanna
Registered auditor
Chamber membership No.: 005313

1	0	3	8	7	1	2	8	5	2	2	9	1	1	4	0	1

Statistical code

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

Registration number

WABERER'S International NyRt.

2021

CONSOLIDATED FINANCIAL STATEMENTS

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

Date: Budapest, 16 March 2022

Manager of Company
(representative)

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

data in thousand EUR

Description	Note	31 December 2020	31 December 2021
NON-CURRENT ASSETS			
Property	7	61 173	54 020
Fixed assets not yet capitalized	7	222	446
Vehicles	7	93 136	90 733
Other equipment	7	3 721	3 095
Total property, plant and equipment		**158 252**	**148 294**
Intangible assets	6	16 556	16 153
Goodwill	6	17 730	17 730
Other Financial investments - Debt instruments - Long term	10	85 205	93 720
Other Financial investments - Equity instruments - Long term	10	-	
Other non-current financial assets	9	58	13
Reinsurance amount of technical reserves	20, 26	43 408	53 268
Deferred tax asset	32	2 821	6 010
TOTAL NON-CURRENT ASSETS		**324 030**	**335 188**
CURRENT ASSETS			
Inventories	11	2 564	3 631
Current income taxes	32	1 865	1 202
Trade receivables	12	72 928	90 282
Other current assets and derivatives	13	21 252	26 722
Cash and cash equivalents	15	76 109	58 583
Assets classified as held for sale	14	213	71
TOTAL CURRENT ASSETS		**174 931**	**180 491**
TOTAL ASSETS		**498 961**	**515 679**
SHAREHOLDERS' EQUITY	16		
Share capital		6 147	6 118
Reserves and retained earnings		56 835	70 326
Translation difference		(6 801)	(7 952)
Total equity attributable to the equity holders of the parent company		**56 181**	**68 492**
Non-controlling interest		**208**	**325**
TOTAL SHAREHOLDERS' EQUITY		**56 389**	**68 817**
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term loans and borrowings	17		20 761
Long-term portion of leasing liabilities	17	101 531	78 286
Deferred tax liability	32	914	2 141
Provisions	18	21 228	21 328
Other long-term liabilities	19	3 413	2 575
Other insurance technical provision - long term	20	97 277	111 948
TOTAL LONG-TERM LIABILITIES		**224 363**	**237 039**
CURRENT LIABILITIES			
Short-term loans and borrowings	34	31 815	24 756
Short-term portion of leasing liabilities	17	62 016	53 889
Trade payables	34	81 728	87 609
Current income taxes	32	2 057	1 168
Provisions	18	6 294	5 634
Other current liabilities and derivatives	21	24 350	21 191
Other insurance technical provision - short term	20	9 949	15 576
TOTAL CURRENT LIABILITIES		**218 209**	**209 823**
TOTAL LIABILITIES		**442 572**	**446 862**
TOTAL EQUITY AND LIABILITIES		**498 961**	**515 679**
		-	-

Date: Budapest, 16 March 2022

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Description	Note	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2020	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2021
						data in thousand EUR					*data in thousand EUR*
Continuing activities											
NET REVENUE	22	334 769	177 085	72 234	- 14 746	569 342	351 004	185 068	75 932	- 21 184	590 820
Cost of Trucking Subcontractors	22	- 69 569	- 25 027	-	1 039	- 93 557	- 70 614	- 27 651	-	1 515	- 96 750
Cost of goods sold	22	- 5 303	- 6 448	-	3 452	- 8 299	- 6 013	- 6 733	-	3 644	- 9 102
Direct wages, benefits & allowances	23	- 61 068	- 41 936	-	22	- 102 982	- 58 775	- 44 061	-	29	- 102 807
Fuel cost	24	- 55 909	- 13 553	-	18	- 69 444	- 58 889	- 15 408	-	24	- 74 273
Toll Fees & Transit Costs	25	- 61 325	- 20 966	-	240	- 82 051	- 60 019	- 24 594	-	3 798	- 80 815
Repair & maintenance	27	- 20 150	- 5 648	-	268	- 25 530	- 16 609	- 5 741	-	538	- 21 812
Insurance costs	27	- 10 396	- 1 013	- 32 428	137	- 43 700	- 7 966	- 1 407	- 27 462	188	- 36 647
Reinsurance Fee	26	- 319	- 48	- 29 561	-	- 29 928	- 256	- 45	- 33 802	-	- 34 103
Direct Rent	27	- 944	- 2 404	-	485	- 2 863	- 992	- 4 016	-	1 006	- 4 002
Other contracts	27	- 262	- 1 762	-	-	- 2 024	- 311	- 2 434	-	-	- 2 745
Vehicle weight tax and other transport related taxes	27	- 1 338	- 483	- 1	-	- 1 822	- 1 104	- 473		-	- 1 577
Total direct costs		- 286 583	- 119 288	- 61 990	5 661	- 462 200	- 281 548	- 132 563	- 61 264	10 742	- 464 633
Net gain on fleet sales	14	- 211	269	-	-	58	373	317	-	-	690
Gross Profit		44 224	54 444	10 244	- 1 713	107 199	63 707	48 352	14 667	150	126 876
in % of Revenue		13,21%	30,74%	14,18%		18,83%	18,15%	26,13%	19,32%		21,47%
Indirect Wages & Benefits	28	- 23 850	- 9 833	- 1 694	-	- 35 377	- 21 715	- 11 020	- 1 988	33	- 34 690
Other services	28	- 10 837	- 11 325	- 15	1 728	- 20 449	- 10 897	- 8 049	- 335	- 173	- 19 454
Selling, General and Administrative costs	28	- 34 687	- 21 158	- 1 709	1 728	- 55 826	- 32 612	- 19 069	- 2 323	- 140	- 54 144
in % of Revenue		-10,36%	-11,95%	-2,37%		-9,81%	-9,29%	-10,30%	-3,06%		-9,16%
Other operating income	29	4 025	1 197	1 406	- 14	6 614	6 142	1 300	1 061	- 41	8 462
Other operating expense	30	- 19 649	- 4 092	- 441	-	- 24 182	- 4 568	- 2 191	- 280	31	- 7 008
Profit before interest, tax, depreciation and amortization(EBITDA)		- 6 087	30 391	9 500	-	33 805	32 669	28 392	13 125	-	74 186
in % of Revenue		-1,82%	17,16%	13,15%		5,94%	9,31%	15,34%	17,29%		12,56%
Depreciation	6,7	- 41 416	- 16 595	- 289	-	- 58 300	- 31 215	- 15 387	- 402	-	- 47 004
Profit before interest (EBIT)		- 47 503	13 796	9 212	-	- 24 495	1 454	13 005	12 723	-	27 182
Interest	31	- 4 379	- 9 073	589	-	- 12 863	- 2 669	- 1 573	138	-	- 4 104
Profit(loss) before income tax		- 51 882	4 723	9 801	-	- 37 358	- 1 215	11 432	12 861	-	23 078
Income Tax	32	- 577	- 2 602	- 1 290	-	- 4 469	- 491	- 2 823	- 1 668	-	- 4 982
Profit after Tax		- 52 459	2 121	8 511	-	- 41 827	- 1 706	8 609	11 193	-	18 096
DISCOUNTINUED OPERATION											
Profit/loss from discountinued operation (decreased with deferred tax)											
CURRENT YEAR PROFIT/LOSS		- 52 459	2 121	8 511	-	- 41 827	- 1 706	8 609	11 193	-	18 096
Attributable to:											
Equity holders of the parent		- 52 461	2 060	8 511	-	- 41 890	- 1 710	8 496	11 193	-	17 979
Non-controlling interest		1	62	-	-	63	3	114	-	-	117
		- 52 460	2 122	8 511	-	- 41 827	- 1 707	8 610	11 193	-	18 096
OTHER COMPREHENSIVE INCOME											
Items to be reclassified subsequently to profit or loss											
Fair-value of financial instruments		-	-	140	-	140	-	-	- 5 629	-	- 5 629
Fair-value of cash-flow hedge transaction (fuel and FX) - less deferred tax		80	-	-	-	80	- 557	-	-	-	- 557
Translation difference from foreign entities		- 64	- 1 955	- 3 857	-	- 5 876	- 27	- 442	- 682	-	- 1 151
OTHER COMPREHENSIVE INCOME		16	- 1 955	- 3 717	-	- 5 656	- 584	- 442	- 6 311	-	- 7 337
TOTAL COMPREHENSIVE INCOME		- 52 444	167	4 794	-	- 47 483	- 2 291	8 168	4 882	-	10 759
Attributable to:											
Equity holders of the parent		- 52 306	105	4 794	-	- 47 546	- 2 293	8 053	4 882	-	10 642
Non-controlling interest		1	62	-	-	63	3	114	-	-	117
Earnings per Share											
Number of shares						17 561 810					17 479 035
Basic and diluted EPS (EUR/share)						(2,38)					1,04

Date: Budapest, 16 March 2022

WABERER'S INTERNATIONAL NyRt.
CONSOLIDATED STATEMENT OF CASH FLOWS

data in thousand EUR

Description	Note	2020	2021
Profit/loss before tax		**(37 358)**	**23 078**
Non-realised exchange loss/gain on leases (-)	31	-	-
Non-realised exchange loss/gain on other FX assets and liabilities (-)	31	7 820	(819)
Booked depreciation and amortisation	6, 7	51 328	40 151
Impairment	11,12,13	15 999	(491)
Interest expense	31	3 173	3 095
Interest income	31	(95)	(7)
Difference between provisions allocated and used	18	4 190	(560)
Changes of Insurance technical reserves		4 223	4 813
Result from sale of tangible assets		(138)	(2 377)
Result from sale of non-current assets held for sale		(57)	(690)
Net cash flows from operations before changes in working capital		***49 085***	***66 193***
Changes in inventories	11	1 236	(1 068)
Changes in trade receivables	12	38 412	(17 237)
Changes in other current assets and derivative financial instruments	13	27 045	1 894
Changes in trade payables	34	(38 465)	6 804
Changes in other current liabilities and derivative financial instruments	21	4 583	(4 259)
Changes in Insurance technical liabilites	21	(67)	5 626
Income tax paid	32	(4 860)	(7 170)
I. Net cash flows from operations		***76 969***	***50 783***
Tangible asset additions	6, 7	(3 839)	(6 470)
Income from sale of tangible assets	7	236	1 083
Income from sale of non-current assets held for sale	14	9 334	6 728
Changes in other non-current financial assets	9	40	45
Changes in Financial investments (Equity and Debt istruments)	34	(12 445)	(15 042)
Cash and cash equivalents acquired	15	-	-
Interest income	31	95	(7)
Borrowing repayement from related company		-	
Borrowing to related company		-	
II. Net cash flows from investing activities		***(6 579)***	***(13 663)***
Borrowings	33	(16 171)	(8 648)
Repayment of loans, borrowings	34	-	-
Lease payment	34	(18 328)	(35 293)
Lease payment related to sold assets	34	(9 062)	(7 513)
Interest paid	31	(1 569)	(3 095)
Buy back of own shares		-	(29)
Dividend paid		(22)	(69)
Buy-out of non-controlling interest		-	
Capital increase		-	
Aqisition of related company		-	
III. Net cash flows from financing activities		***(45 152)***	***(54 647)***
IV. Changes in cash and cash equivalents		***25 238***	***(17 527)***
Cash and cash equivalents as at the beginning of the year	34	50 872	76 110
Cash and cash equivalents as at the end of the year	34	76 110	58 583

Date: Budapest, 16 March 2022

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

data in thousand EUR

	Megjegyzés	Share capital	Reserves and retained earnings	Translation difference	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total shareholders' equity
Opening value as at 1 January 2020		**6 147**	**98 308**	**-926**	**103 529**	**120**	**103 649**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**21, 29**	0	80	0	80	0	80
Fair-value of financial instruments		0	140	0	140	0	140
Exchange difference on foreign operations			0	-5 874	-5 874	0	-5 874
Other comprehensive income		0	220	-5 874	-5 654	0	-5 654
Profit/Loss for the year		0	-41 890	0	-41 890	63	-41 827
Total comprehensive income		0	-41 670	-5 874	-47 544	63	-47 481
Buy back of own shares from ESOP Unit		0	0	0	0	0	0
Bonus shares for Employee benefit program		0	0	0	0	0	0
Buy-out of non-controlling interest		0	0	0	0	-22	-22
Other movements		0	197	-1	196	47	243
Closing value as at 31 December 2020		**6 147**	**56 835**	**- 6 801**	**56 181**	**208**	**56 389**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**22, 30**	0	-557	0	-557	0	-557
Fair-value of financial instruments		0	-5 629	0	-5 629	0	-5 629
Exchange difference on foreign operations		0	0	-1 151	-1 151	0	-1 151
Other comprehensive income		0	-6 186	-1 151	-7 337	0	-7 337
Profit/Loss for the year		0	17 979	0	17 979	117	18 096
Total comprehensive income		0	11 793	-1 151	10 642	117	10 759
Buy back of own shares from ESOP Unit		-29	29	0	0	0	0
Closing Employee benefit program		0	378	0	378	0	378
Dividend non-controlling interest		0	0	0	0	-69	-69
Other movements		0	1 291	0	1 291	69	1 360
Closing value as at 31 December 2020		**6 118**	**70 326**	**- 7 952**	**68 492**	**325**	**68 817**

1. Reporting entity

Waberer's International Nyrt. (hereafter: "Company") is an enterprise based in Hungary. Registered office: 1239 Budapest Nagykőrösi út 351. The consolidated financial statements as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (hereinafter collectively referred to as: the "Group", and separately as "Group entities") as well as the Group's interests in associates and jointly controlled entities. The Group's core activity is transportation, forwarding and logistics services.

2. Basis of preparation

(a) Going concern disclosure

As a result of the successful stabilising efforts and new business model introduced in 2020 and followed in 2021 in response to the losses suffered in 2019 and in 2020, the Group returned to profit in 2021.

The main contributor to the Group's improved results was the turnaround to profit in our ITS business segment as a result of the measures taken. At the same time, the RCL and the Other segments which had remained profitable in 2019 and 2020 also increased their profitability.

Owing to the prolonged and extended facilities signed on 3 March 2021, the Group's liquidity position remained stable throughout 2021. Our three-year and five-year facilities enabled the Group to accumulate significant liquid assets to a total of EUR 58.6 million at 31 December 2021.

For the assessment of the going concern basis, Group management considered a number of various factors, including Group profits and available funding, as follows:

- The Group's actual profits were over the plan for 2021. The new business model adopted in the second quarter of 2020 led to improvements in the ITS segment's operations in the second half of 2020 and in each quarter in 2021. This trend is expected to continue as the new model is now considered well established and proven. However risks associated with the adverse and rapidly changing political and economic environment might have an impact on the Company's ability to improve its performance further.
- Based on management's estimate, the Group's financial position (and also the financial position of the ITS HU and RCL segments which form a cash pool group) will remain positive due to the three-year and five-year bank facilities effected on 3 March 2021 and to other alternative financing opportunities currently under negotiation as well as to the availability of dividends from some of the Group's other subsidiaries.
- The working capital necessary for our operations is ensured by our three-year and five-year bank loan facilities at unchanged conditions and repayment terms upon maturity. Our bank arrangements also allow for a prolongation of our vehicle leases maturing in 2021.
- Our loan covenants were all met in 2021. Our net debt to EBITDA has been much better than expected and has met the loan covenants with a margin that gives cause for peace of mind. However, and notwithstanding our stable profit and cash generating potential and sustained liquidity, the uncertainties caused by the unpredicted conflict in the Ukraine and the volatile conditions in markets and the global economy – both of which may lead to supply chain disruptions and inflation in our costs - creates a risk that we may not be able to comply later in 2022 with the continuously improving EBITDA covenants set in our agreements with our financiers. Should this risk materialise, we expect normal market practice will prevail; the Company will adjust its financial plans to reflect the new reality and its aim to maintain financial stability, and will discuss these plans with the financing banks.
- Based on the Management assessment of the current information owing to its current cash liquidity and the availability of a number of alternative funding offers, the Company expects to be able to maintain its liquidity position even if the financing banks do not approve the development scenarios offered by an adjusted financial plan, if any, and call for cancelling the existing loan agreements.

- Management has also assessed the worst-case scenario ie that the banks would cancel the existing loan agreements. Based on currently available information and the current liquidity of the Company, Management considers that, even in this highly unlikely event, the Company would be able to honour its obligations. Realistic alternatives to ensure the availability of sufficient funds in such a scenario would include, in addition to intra-group dividends, taking out new, smaller overdrafts or issuing corporate bonds. The Company has received an indicative offer in respect of the last of these options. If this proceeds to fruition, we would be able to continue funding our working capital needs and would also have additional funds available to finance development projects and other investments which will assist us maintain our competitive position and profit generating potential in the long term.

Both management and the Board consider that the Group has sufficient funds to continue operating as a going concern in the foreseeable future, and the financial statements have been prepared on this basis.

As disclosed in note 38, subsequent events, the Group is closely monitoring the developments of the economy especially the war in Ukraine and the effects of that conflict on capital markets, industries and supply chains. Although there is no direct information causing doubts regarding the Group's ability to continue as a going concern, the turbulent changing of the political and economic environment in the future might represent an uncertainty related to meeting short and mid-term business plans and external financing requirements. These facts and circumstances combined all together represent a material uncertainty related to the Group's ability to continue as a going concern and thus might cause it to be unable to realize its assets and discharge its liabilities in the normal course of business. However, management believes the successful closure and subscription for the currently ongoing bond issuance which is expected to be completed in early April will improve the liquidity position of the Group significantly and thus the current material uncertainty will cease.

The consolidated financial statements do not contain any adjustments of the amounts and classifications presented which would be necessary if the going concern basis was no longer valid.

(b) Statement of compliance with International Financial Reporting Standards

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

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

The consolidated financial statements were approved by the Board of Directors on 16 March 2022.

(c) Basis of measurement

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

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

(d) Functional and presentation currency

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

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

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Company	2020	2021
Waberer's - Szemerey Logisztika Kft.	HUF	HUF
Waberer's România SA	RON	RON
Wáberer Hungária Biztosító Zrt.	HUF	HUF
Közdűlő Invest Kft.	HUF	HUF
KDI Property Kft.	HUF	HUF
LINK Sp. z o.o.	PLN	PLN
LINK Services Sp. z o.o.	PLN	PLN

(e) Use of estimates and judgments

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

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

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

- measurement of recoverable amount of cash-generating unit containing goodwill (see Note 6.a)
- provisions and contingent items (see Notes 18 and 36)
- measurement of financial instruments (Note 35. d)
- recording of gain on fleet sales (Note 3. h).

3. Significant accounting policies

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

I. Standards issued but not yet effective or not yet adopted by the EU

i. **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments have not yet been endorsed by the EU. Management has assessed the impacts of the amendment and intends to first apply them for financial reporting purposes at the earliest upon endorsement by the EU.

ii. **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. In its March 2020 meeting the Board decided to defer the effective date to 2023. 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.

iii. **Amendments in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint VentureFRS 10:**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU.

iv. **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period.

Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU.

v. **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued.

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

vi. **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU.

vii. **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU.

viii. **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU.

II. The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2021:

i. **IFRS 16 Leases - Covid 19 Related Rent Concessions beyond (Amendment) effective as of 1 April 2021**

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Management has assessed the impacts of the amendment and considered them in it financial reports with respect to the measurement items affected by IFRS 16.

ii. **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. Management has assessed the impacts of the amendments and first applies these for the financial year started 1 January 2021.

iii. **IFRS 17: Insurance Contracts IFRS 4: Insurance Contracts (Amendments) Effective as of 1 January 2021**

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

(ii) Foreign operations

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

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

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

(c) Financial instruments

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

A financial asset is any asset that is:

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

A financial liability is any liability that is:

a contractual obligation:

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

- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

(i) Derivative financial instruments

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

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

(d) Property, vehicles and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, vehicles 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, vehicles and equipment are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognised net in profit or loss among other income.

(ii) Subsequent costs

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

figures in kEUR unless indicated otherwise

(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 amortised during the term of the relevant lease classified by the Group in accordance with IFRS 16. Land is not depreciated.

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

• buildings	30-50 years
• machinery, equipment	7 years
• vehicles	4-5 years
• other equipment and fittings	7 years

(iv) Leased assets and Right-of-use assets

Useful life of leased assets and residual value is set in accordance with the useful life set in the lease agreement and the buy-back value at the end of useful life provided by the manufacturer of the asset in case of regional logistic segment. In case of the international transportation segment the right of use is presented as asset value in accordance with useful life set in the lease agreement., which is accounted for as linear depreciation in line with the rules of IFRS 16.

Right of use assets are recorded in line with IFRS 16. The lease liability is calculated as the net present value of the future cash outflows. The discount rate used in the financing arrangements of the Group's similar assets was 2%. All right of use asset which has a shorter contracted period than 12 months or of which underlying asset's value is lower than EUR 5 thousand is recorded in the profit and loss accounts as an expense. Please find detailed explanation related to the right of use assets at note 33.

(v) Gain on fleet sales

The gains on fleet disposal are recognised as gains on vehicles sold.

(e) Intangible assets

(i) Goodwill

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

Other intangible assets acquired by the Group which have definite useful lives are recognised at cost less accumulated amortisation and accumulated impairment losses.
On 1 January 2007 the Group decided to apply IFRS 3 *Business Combinations* retrospectively for business combinations occurring on or after 1 January 2006. The carrying value on 1 January 2006 of the goodwill from business combinations pre-dating 1 January 2006 is the carrying value as at 1 January 2006 determined on the basis of Hungarian accounting standards. For subsequent business combinations, the Group determines the goodwill as the difference between the consideration paid and the fair value of net assets acquired.
Acquisition of non-controlling interests
Acquisitions of non-controlling interests in subsidiaries are treated as transactions between equity holders and as such the results are recorded at fair value directly in equity upon the acquisition.

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

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

- software 10 years
- rights and concessions 6 years

(f) Investment property

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

(i) Inventories

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

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

(j) Impairment loss

(i) Financial assets

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

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

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit 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 Group decided not to adjust the consideration for the interest component for revenue recognition), simplified approach shall be applied. The impairment of other financial assets is recognized based on the general approach.

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

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

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

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

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

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

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

(ii) Non-financial assets

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

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

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

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

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

(l) 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.

(m) Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

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

(iii) Short-term employee benefits

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

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

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

(o) Revenues

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

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.

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

Foreign exchange gains and losses are recognised net.

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Hungarian municipal business tax and innovation contribution payable are also presented as an income tax.

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

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

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

(r) Insurance receivables

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

(s) Insurance policy liabilities

Non-life insurance policy liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Certain claim types may be reported and settled with delays, therefore, the total amount of these cannot be ascertained with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical facts and current assumptions that may include a margin for adverse deviations. The liability is not discounted for the time value of money. No provision for offsetting or disaster reserves is recognised. The liabilities are derecognised when the obligation to pay damages expires, is discharged or cancelled.

(t) Insurance revenues

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

(u) Cash and cash equivalents

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

(v) Share capital

Ordinary shares

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

Repurchased share capital (treasury shares)

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

(w) Fair value hierarchy

For fair value measurement, the Group uses a fair value hierarchy in which the inputs used are classified in three categories: the most significant category (Level 1) includes inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities, while the lowest category (Level 3) includes unobservable inputs.
Where the inputs used for the fair value measurement of an asset or liability fits more than one level within the fair value hierarchy, the related asset or liability is allocated based on the lowest level input that is significant to the fair value measurement. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 1 inputs
Quoted (unadjusted) market prices in active markets for identical assets or liabilities available to the entity at the time of measurement. Quoted market prices in active markets are the most reliable evidence of fair value which, if available, should be used without adjustments to measure fair value.

Level 2 inputs
Directly or indirectly observable inputs, other than quoted prices, for and asset or liability and include:
- prices of comparable assets or liabilities quoted in active markets.
- prices of comparable assets or liabilities quoted in other than active markets.
- observable inputs for the asset or liability, other than quoted prices, such as:
    - interest rates and yield curves observable for typical periods;
    - tentative volatily; and
    - credit spreads
    - market supported inputs.

Level 3 inputs
These are unobservable inputs for an asset or liability. Where no relevant observable inputs are available, unobservable inputs should be used to determine the fair value. This includes taking into consideration situations in which market activity of the asset or liability at the time of measurement is low, if any. Yet, the purpose of fair value measurement remains unchanged: an exit price at the measurement date from the perspective of the market participant who is the owner of the asset or the obligor of the liability. Therefore, unobservable inputs must reflect the assumptions, including risk assumptions, that market participants would use for pricing the asset or liability.
Based on the above, the Group uses the following basis for the fair value measurement of non-current debt and equity instruments by keeping the below order of measurement procedures:

a. listed fix and variable interest bonds and discounted treasury bonds (except government bonds and discount treasury bonds in the primary dealer system) are measured consistently in the measurement period as the aggregate of the last closing quoted net rate plus any interest accumulated until the reporting date;
b. fix and variable interest rate in the primary dealer system with a remaining term of no more than 3 months and discounted treasury bonds are measured as the aggregate of the arithmetical average of the best net buy and sell rates published by the Sovereign Debt Management Centre (ÁKK) at the reporting date or the preceding working day plus any interest accumulated until the reporting date;
c. government bonds and discounted treasury bonds with fix and variable interest rate with a remaining term of no more than 3 months (including securities with governmental joint and several liability) are

measured as the aggregate of the net yield calculated based on the 3-month reference yield published by ÁKK at the reporting date or the preceding working day and any interest accumulated until the reporting date;

d. for listed debt securities (except government bonds in the primary dealer system), if no quoted price over 30 days is available, the fair value is measured based on the last recorded volume weighted average net OTT price published before the reporting date plus any interest accumulated until the reporting date provided that such information is within 30 days. The same measurement method applies to unlisted debt securities;

e. if none of the above measurement methods is practicable, the net acquisition price should be used by adding any interest accumulated since the last interest payment until the reporting date to the acquisition price.

4. Earnings per share

The issued share capital of Waberer's International Nyrt. comprises 17,693,734 registered dematerialised ordinary shares of a face value of EUR 0.35 each.

The issued share capital of Waberer's International Nyrt was EUR 6,192,807 at 31 December 2020 and 31 December 2021 and comprised 17,693,734 dematerialised ordinary shares of a face value of EUR 0.35 each, of which 214,699 treasury shares (total face value of EUR 75,144).

Number of treasury shares 2020.12.31: 131 924 shares Face value: 46 173 EUR

Number of treasury shares 2021.12.31: 214 699 shares Face value: 75 144 EUR

Further to a decision of a Bord meeting of 22 February 2021, on 24 March 2021, Waberer's International Nyrt. took ownership over 82,775 shares previously held by Waberer's Employee Ownership Programme Organisation.

The weighted average of ordinary shares in 2020: 17 561 800 shares

The weighted average of ordinary shares in 2021: 17 497 858 shares

There was no diluting effect either in 2020 or in 2021, therefore diluted earnings per share are the same as earnings per share.

Earnings per share	**2020**	**2021**
Net profit after tax kEUR	-41 826	18 096
Weighted average of ordinary shares	17 561 810	17 497 858

Waberer’s International Nyrt. figures in kEUR unless indicated otherwise

Earnings per share EUR	-2,38	1,03
Diluted earnings per share EUR	-2,38	1,03

5. Segment information

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

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

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

Other: Insurance services

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

Revenues and key OCI items:

2020

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Own fleet transport revenues	247 101	64 178	0	-515	**310 764**
Subcontracting revenues	83 625	31 217	0	-524	**114 318**
Other revenues	292	78 068	72 234	-6 334	**144 260**
	3 751	3 622		7 373	-
Net revenues	**334 769**	**177 086**	**72 234**	**0**	**569 342**

EBITDA	- 6 087	30 392	9 500	0	33 804
depreciation	- 41 416	- 16 595	- 289	0	- 58 299
EBIT	- 47 503	13 797	9 212	0	- 24 494

2021

Inter-segment offsetting (-)

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Own fleet transport revenues	266 211	64 738	0	-987	**329 959**
Subcontracting revenues Other revenues	69 613	33 690	0	-528	**102 775**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Other revenues	9 059	82 171	75 932	-9 077	**158 085**
Inter-segment offsetting (-)	-6 122	-4 470	0	10 592	-
Net revenues	**351 004**	**185 068**	**75 932**	**0**	**590 820**

EBITDA	32 669	28 392	13 125	0	74 186
depreciation	-31 215	-15 387	-402	0	-47 004
EBIT	1 454	13 005	12 723	0	27 182

Net loss/profit **2020**	-52 459	2 121	8 511	0	-41 827
Net loss/profit **2021**	-1 706	8 609	11 193	0	18 096

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

Actual income taxes:

Item	**2020**			**2021**		
	Int. transport	**Regional cont. logistics**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
income taxes paid	-577	-2 602	-1 290	-491	-2 823	1 668
actual income tax	-2 541	-2 434	- 1 327	-1 866	-2 539	-1 530
deferred tax	-1 964	-168	- 37	1 375	-284	-138

Non-current assets:

Item	**2020.12.31**			**2021.12.31**		
	Int. transport	**Regional cont. logistics**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
Properties	9 391	51 552	230	8 979	44 674	367
AICC	214	7	0	265	181	0
Vehicles	63 335	29 801	0	57 940	32 793	0
Other equipment	1 688	1 615	418	1 268	1 397	430
Intangibles	14 023	1 995	538	13 897	1 811	445
Goodwill	15 153	2 577	0	15 153	2 577	0
Deferred tax assets	2 820	0	0	4 344	1	734
Other Financial investments - other	53	0	4	6	3	4
Other Financial investments - Debt instruments - Long term	18 877	1 213	65 115	0	0	93 720
Reinsurance part of technical reserves	0	0	43 408	0	0	53 268

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Events with no material cash movement:

Item	2020			2021		
	Int. transport	Regional cont. logistics	Other	Int. transport	Regional cont. logistics	Other
Unrealised FX gain or loss on FX assets and liabilities	1 752	9 656	878	261	410	148
Impairment loss	763	11	0	188	111	121
Difference between provisions made/used	2 561	534	-334	-12 740	7 530	-380

6. Intangible assets

Opening 1 January 2020	Intangible assets	Goodwill	Total
Cost	36 849	53 379	90 228
Cumulative amortisation and impairment	-18 949	-21 715	-40 664
Net value	**17 900**	**31 664**	**49 564**
Changes in 2020			
Additions and capitalisations	2 078	0	2 078
FX changes shown in foreign currencies	-318	0	-318
Additions from acquisitions	0	0	0
Amortisation	-3 1040	0	43 104
Impairment	0	13 934	0
Disposals	0	0	0
Closing, net	**16 556**	**17 730**	**34 286**
Closing 31 December 2020			
Cost	38 449	53 379	91 828
Cumulative amortisation and impairment	-21 893	-35 649	-57 542
Net value	**16 556**	**17 730**	**34 286**
Changes in 2021			
Additions and capitalisations	2 955	0	2 955
FX changes shown in foreign currencies	-25	0	-25
Amortisation	-3 271	0	-3 271
Impairment	0	0	0
Disposals	-61	0	-61
Closing, net	**16 153**	**17 730**	**33 883**
Closing 31 December 2021			
Cost	40 911	53 379	94 290
Cumulative amortisation and impairment	-24 758	-35 649	-60 407

Net value	**16 153**	**17 730**	**33 883**

The most material items of intangible assets are the SAP S4/HANA system and the WIRE forwarding system.

(a) Goodwill

Goodwill generated by means of business combinations is allocated at the time of the acquisition to cash-generating units that are likely to benefit from the impacts of the business combination. Most of the carrying value of goodwill is fully allocated to the international transportation and forwarding cash-generating unit, more specifically to LINK Sp.z.o.o legal unit, and totalled kEUR 15,153 on 31 December 2020. On 26 April 2013, Waberer's Logisztika Kft. acquired 60%, and therefore controlling influence, in Szemerey Transport Zrt. in a share swap transaction. In line with the Group's accounting policies goodwill of kEUR 2,577 is presented in the consolidated balance sheet. The goodwill related to Szemerey Transport Zrt. is not attributable to assets and represents the fair value difference since acquisition which is recognised as non-controlling (minority) interest.

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

In 2017, Waberer's International Nyrt. acquired LINK Sp. z o.o., a Polish international transportation and forwarding company and LINK Services Sp. z o., a Polish workforce letting agency. The acquisition was funded from share floatation by Waberer's International Nyrt. The Group identified a goodwill of kEUR 34,877 for a Link Sp. z o.o. In 2019, goodwill was impaired by kEUR 5,790 and by additional kEUR 13,934 in 2020. In view of the plans, the parent company did not see a cause to recognise any more impairment loss on the LINK goodwill which therefore remained kEUR 15,153 at 31 December 2021.

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

The impairment tests performed by management are based on the following assessments in accordance with IAS 36:
1. Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
2. Discount rates: the value in use calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by market for an investment with similar risk, cash flow and timing profile. The Group use the following discount rates: 8.5%.

Impairment testing of the goodwill related to foreign subsidiary (LINK)
The opening goodwill of Link was kEUR 15,153 in 2021. LINK had profits for both 2020 and 2021. In view of this and based on the strategic plan co-developed with the company, the parent company recalculated the future return on goodwill and determined the entity's net cash generating ability for the next five financial years as well as an ultimate value extrapolated based on the fifth year. This ultimate value was then discounted at a 8.5/ rate as set out in Note 2 above. As a result of the thus discounted cash flow plans, no impairment loss is necessary.

Impairment testing of the goodwill related to the domestic transportation segment
The book value of goodwill is EUR 2.577 million. This segment had operating profits for 2021, and profits are forecast also for the future. As a result, management judged that no impairment was necessary. According to the current plans, the book value will be recovered in less than one year.

(b) Intangible assets with indefinite useful lives

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

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

7. Tangible assets

	Properties	Of which IFRS16 Properties	AICC	Vehicles	Of which IFRS16 Vehicles	Other equipment	Total
Opening 1 Jan 2020							
Cost	101 856	66 424	322	301 393	300 091	12 474	416 045
Cumulative depreciation and impairment loss	-32 785	-15 502	0	-147 251	-158 847	-7 622	-187 658
Net value	**69 071**	**50 922**	**322**	**154 142**	**141 244**	**4 852**	**228 387**
Changes in 2020		0					
Additions and capitalisations	6 379	5 819	-43	328	301	884	7 548
FX effect on assets carried in FX	-5 736	-4 769	-57	-4 925	-4 116	-204	-10 922
Depreciation, impairment	-8 542	-6 810	0	-44 173	-40 476	-2 136	-55 195
Derecognition	0	-35	0	-11 027	-10 104	-63	-11 090
Reclassified to investment property	0	0	0	-1209	0	0	-1 209
Closing, net	**61 172**	**45 128**	**222**	**93 136**	**86 849**	**3 721**	**158 252**
Closing 31 Dec 2020/ Opening 2021		0					
Cost	100 275	65 998	222	252 224	230 101	12 647	365 368
Cumulative depreciation and impairment loss	-39 103	-20 871	0	-159 088	-143 252	-8 926	-207 117
Net value	**61 172**	**45 128**	**222**	**93 136**	**86 849**	**3 721**	**158 252**
Changes in 2021		0					
Additions and capitalisations	1 794	1 061	224	49 573	46 193	1 362	52 953
FX effect on assets carried in FX	-558	-444		-207	-190	-20	-785
Depreciation, impairment	-7 977	-6 747		-31 664	-29 372	-1 879	-41 520
Derecognition	-411	-330		-20 105	-18 168	-89	-20 605
Reclassified to investment property		0					0
Closing, net	**54 020**	**38 668**	**446**	**90 733**	**85 312**	**3 095**	**148 294**
Cost	100 550	66 095	446	250 402	231 987	21 396	372 794
Cumulative depreciation and impairment loss	-46 530	-27 427	0	-159 669	-146 675	-18 301	-224 500
Net value	**54 020**	**38 668**	**446**	**90 733**	**85 312**	**3 095**	**148 294**

(a) Properties

(b) The following table includes the Groups' most significant properties as at 31 December 2021.**vements in tangible assets**

The cost of properties increased by kEUR 1,794 during 2021 including: kEUR 1,067 related to Link sp.zo.o properties in relation to IFRS 16; kEUR 136 of WSZL Automotív properties capitalised under IFRS 16. The remaining amount reflects property development, maintenance and renovation costs. As part of property developments, a driver rest station with a capacity for 71 drivers was constructed at our Nagykőrösi út site and commissioned at the end of 2021.

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(c) Mortgaged assets

At 31 December 2021, the Group had the following mortgages assets:

<table>
<tr><th>Contract no.</th><th>Contract type</th><th>Subject matter</th><th>Beneficiary</th><th>Secured by</th><th>Secured amount</th></tr>
<tr><td>11024/K/155/2021/3</td><td>Mortgage on property</td><td>Waberer's International Nyrt. properties : Mosonmagyaróvár, urban zone, 2478; Mosonmagyaróvár, urban zone, 2484</td><td>Raiffeisen Bank Zrt</td><td>Waberer's International Nyrt</td><td rowspan="4">The maximum amount of liabilities secured by mortgage may not be over EUR 115,000,000</td></tr>
<tr><td>11024/K/155/2021/3</td><td>Mortgage on property</td><td>Waberer's International Nyrt. properties : Budapest, XXIII. distr., urban zone, 195853/13</td><td>Raiffeisen Bank Zrt</td><td>Waberer's International Nyrt</td></tr>
<tr><td>11024/K/155/2021/3</td><td>Mortgage on property</td><td>Waberer's International Nyrt. properties: Budapest, XXIII. distr., urban zone, 195853/3</td><td>Raiffeisen Bank Zrt</td><td>Waberer's International Nyrt</td></tr>
<tr><td>11024/K/155/2021/3</td><td>Mortgage on property</td><td>Waberer's-Szemerey Logisztika Kft. properties: Miskolc, I. kerület, urban zone, 4775/2</td><td>Raiffeisen Bank Zrt</td><td>Waberer's International Nyrt</td></tr>
</table>

11024/K/155/2021/3	Mortgage on property	Waberer's-Szemerey Logisztika Kft. properties: Győr, urban zone, 5514/1	Raiffeisen Bank Zrt	Waberer's International Nyrt	
11024/K/155/2021/3	Mortgage on property	Waberer's-Szemerey Logisztika Kft. properties: Balatonszárszó, urban zone, 1438/29	Raiffeisen Bank Zrt	Waberer's International Nyrt	
11024/K/155/2021/3	Lien on specified assets	Waberer's International Nyrt. assets other than receivables and VAT receivables	Raiffeisen Bank Zrt	Waberer's International Nyrt	The maximum amount of liabilities secured by mortgage may not be over EUR 115,000,000
D14N10672000IOJZM	Lien on movables	Lien on 292 Schmitz semi-trucks with ban on disposal and encumbrance	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560
D14N10682000JZKOM	Lien and surety agreement	Lien on receivables from a re-purchase agreement with Cargobull AG in relation to the 292 Schmitz semi-trailers	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560

The above mortgages were recorded in 2021 upon signing the Consortium financing agreement. In 2020 there were no mortgaged assets in the firm's books.

(d) Leased assets

Tangible assets comprise assets acquired by the Group as a result of leases. At 31 December 2020, the gross value of leased assets totalled kEUR 230,101, with an accumulated depreciation of kEUR 143,252 and a book value of kEUR 86,949. At 31 December 2021, the gross value of leased assets totalled kEUR 231,987, with an accumulated depreciation of kEUR 146,675 and a book value of kEUR 85,312. The values above do not contain the lease liabilities in accordance with the right of use of asset related to IFRS 16 contracts, which is detailed in paragraph 33.

The Group does not have variable rate lease agreements and there is no prolongation or termination notice period.

During 2021, the Group optimized its fleet and halted most of its trucks as a result. Trucks were purchased in the regional contractual logistics segment in 2021.

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

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

(f) Deemed cost of properties

The initial cost of BILK properties acquired during the acquisition of Közdűlő Invest Kft. in 2016 was determined during the calculation of the business combination in the acquisition process.

8. Investments in subsidiaries and joint ventures

Company	Country	Operations	Ownership % 2020	Ownership % 2021
Waberer's - Szemerey Logisztika Kft.	Hungary	inland transportation, forwarding, logistics	100,00%	100,00%

Rapid Teherautószerviz	Hungary	vehicle repairs	51,00%	51,00%
Waberer's Slovakia	Slovakia	logistics	100,00%	100,00%
Közdűlő Invest Kft.	Hungary	property rentals	100,00%	100,00%
KDI Property Kft	Hungary	sale-purchase of own properties	0,00%	100,00%
WSZL Automtív Kft.	Hungary	international transportation	100,00%	100,00%
Delta Rent Kft.	Hungary	vehicle trade	100,00%	100,00%
Bódi Intertrans Kft.	Hungary	international transportation	100,00%	100,00%
Nexways Cargo Kft.	Hungary	international transportation	100,00%	100,00%
LINK Sp. z o.o.	Poland	international transportation	100,00%	100,00%
LINK Services Sp. z o.o.	Poland	workforce agency	100,00%	100,00%
Waberer's Románia SA	Romania	international transportation and forwarding	100,00%	100,00%
Waberer's Network Kft.	Hungary	international collective transportation	99,00%	99,00%
Wáberer Hungária Biztosító Zrt.	Hungary	insurance	100,00%	100,00%

			Ownership %	
Company	**Country**	**Operations**	**2020**	**2021**
Waberer's Deutschland GmbH	Germany	international forwarding	100,00%	megszűnt
Waberer's France	France	trading agency	100,00%	megszűnt

In 2020, Group management changed the business model of the transportation segment and the Group structure was streamlined as a result: transportation is now done by a single entity, Nexways Cargo Kft., for Waberer's International instead of the former transport franchise companies which were all discontinued via merger as of 1 September 2020. As part of the restructuring process, the assets and liabilities of the merged entities were contributed to Bódi Intertrans Kft., the legal successor.

At the end of 2021, our group established KDI Property Ltd. in order to optimize the utilization of its real estate property in the future. In the newly established company no economic events took place in 2021 besides issuing share capital.

9. Other non-current financial assets

	31 December 2020	**31 December 2021**
Szemerey Plus Kft. quota	55	0
Other	5	0
Total	**60**	**0**

Amounts still receivable from franchise executives bought out in previous years were written off as impairment loss and have all been litigated.

For the information of the market value of the other non-current assets refer to Note 34.

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

The held-to-maturity investments of Wáberer Hungária Biztosító Zrt. typically include government bonds and T-bills that are considered risk-free investments in terms of credit risk. The book value of the Company's non-current financial assets totalled kEUR 93,720 at the end of 2021. The term deposits cover the insurance company's technical liabilities (both currency and term). Non-current financial assets were revalued at fair value against other comprehensive income. Non-current financial assets are shown below per type, currency and country of origin.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

We have had selling activities in the past and are expected to continue in the future. The financial assets in our portfolio were recognised in Wáberer Hungári Biztosító Zrt.'s (Insurance company's) books as held for investment and as held for sale. Further to our deposit and portfolio management agreement, the deposit managers of the Insurance company have discretion - in line with the agreed terms, conditions and limitations - over portfolio management depending on achievable market yields, but do not make short-term deals.

Impairment of financial assets

Expected credit losses (ECL) are estimates of the credit losses expected to occur during the estimated useful lives of financial assets weighted with probability (i.e. the present value of the total expected cash flow shortage). ECL estimates always have to reflect the possibility of occurrence and non-occurrence even if the non-occurrence of credit loss is of the highest probability. ECL estimates must reflect an unbiased, probability-weighted amount determined based on the evaluation of various outcome scenarios.

The Insurance company also considers prospective information for assessing any credit loss.

The Insurance company assumes that the credit risk of a financial asset has not increased significantly since initial recognition if there is evidence that the credit risk of the financial asset is low at the balance sheet date.

The Insurance company measures the loss recognised on a financial asset in equal amount to 12-month ECL (Stage 1, or bracket 1) if:

- the credit risk of the financial asset did not increase significantly until the balance sheet date, and
- the credit risk of the financial asset is low at the balance sheet date.

The 12-month ECL is part of the lifetime ECL and represents the amount of expected credit loss that may incur during the course of the 12 months after the balance sheet date as a result of non-performance events related to that financial instrument.

At each balance sheet date, the Insurance company presents lifetime ECL (Stage 2 or Stage 3, bracket 2 or 3) in the following cases:

- if there has been a significant increase on the credit risk of the financial asset since its initial recognition, based on all reasonable information (including prospective information), but the financial asset is not impaired („Stage 2 financial assets");
- if the financial asset is impaired at the balance sheet date („Stage 3 financial assets");
- receivables from insurance brokers (the Insurance company uses a simplified model to identify any ECL);
- debtors and other financial receivables (the Insurance company uses a simplified model to identify any ECL).

Lifetime ECL equals the total expected credit loss that may incur the expected life of a financial instrument due to non-performance.

Impairment criteria (Stage 3)

The criteria of (Stage 3) are as follows:

- receivables due over 90 days where the outstanding amount from a business partner is beyond immaterial (i.e. exceeds 5% of total receivables) (in which case, all amounts receivable from the affected business partner, other than debt securities, should be classified to Stage 3).
- known, material financial difficulties of a business partner at the balance sheet date, including lodging bankruptcy, insolvency or liquidation proceedings against the business partner (in which case, all amounts receivable from the affected business partner should be classified to Stage 3)
- the probability that the partner may insolvent, bankrupt or is forced to undergo financial restructuring (in which case, all amounts receivable from the affected business partner should be classified to Stage 3)

Type	Currency	Country code	Amortised initial cost	Market value	Fair value difference
Government bonds	HUF	HU	60 555	56 417	-4 138
	GBP	GB	17 020	16 849	-171
	EUR	AT	2 368	2 368	-1
		DE	1 833	1 833	0
		ES	1 100	1 127	27
		HU	10 197	10 125	-72
		IL	1 080	1 092	12
		IT	10 784	10 841	57

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

		NL	1 345	1 345	0
		RO	489	483	-6
		SI	1 178	1 211	33
Discounted treasury bonds	HUF	HU	4 330	4 313	-17
Corporate bonds	HUF	US	2 199	1 956	-243
	HUF	HU	3 145	3 117	-28
	GBP	DE	1 077	1 081	4
	GBP	GB	603	608	6
	EUR	HU	3 785	3 816	31
		LU	499	503	4
		NL	313	300	-13
Mortgage bonds	HUF	HU	247	232	-15
Employee loans	HUF	HU	4	4	0
Term deposits	HUF	HU	4 337	4 245	0
TOTAL			**128 487**	**123 867**	**-4 529**
Impairment on expected losses - IFRS 9				201	
Reclassified to cash and bank				29 946	
Long-term financial assets – Debt instruments – non-current				**93 720**	

In accordance with IFRS 9, the expected credit loss for the non-current financial assets is determined on legal entity basis in line with valuation principles.

11. Inventories

Inventories	**2020. december 31.**	**31 December 2021**
Fuel	1 880	2 842
Spare parts, tyres, lubricants, other materials	663	774
Other materials	21	15
Total:	**2 564**	**3 631**

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

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

Just as in the previous year, as at 31 December 2021, the Group inspected the inventories of the repair shop on the basis of the technology description of the vehicles purchased in the previous two years and, as a result, recognised 100% impairment loss on parts that can no longer be fitted into the Group's vehicles.

	Impairment
1 January 2020	**146**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Decrease	65
31 December 2020	**81**
Increase	70
31 December 2021	**151**

12. Receivables

	31 December 2020	31 December 2021
Trade receivables	74 738	91 528
Impairment loss on doubtful receivables	- 1 810	- 1 246
Total	**72 928**	**90 282**

The year-end balance of receivables at 31 December 2021 shows and increase as a result of increased turnover. The consolidated debtor turnover dropped from an average of 57.7 days in 2020 to 52.01 in 2021.

	Impairment
1 January 2020	**1 719**
Increase	970
Decrease	-814
FX loss	-65
31 December 2020	**1 810**
Increase	517
Decrease	-1 065
FX loss	-16
31 December 2021	**1 246**

As a result of the Group's rigorous credit rating and collection processes, the impairment loss on doubtful debts decreased compared to the previous year. The annual impairment ratio was 0.09% of our consolidated revenues (0.15% in 2020).

The increase in impairment loss reflects impairment losses recognised on receivables. The decrease in impairment loss reflects any reversed impairment loss due to derecognition or recovery.

The decrease in the accumulated impairment loss on receivables in 2020 and in 2021 was due to the derecognition of previously fully written off receivables.

In accordance with IFRS 9, the expected credit loss for the receivables is determined on legal entity basis in line with valuation principles. As a result of the valuation, for Link Sp.z.o.o EUR 69 thousand, and for international and regional logistic segment EUR 93 thousands were accounted for as expected credit loss.

13. Other current assets and derivative financial instruments

	31 December 2020	31 December 2021
Foreign VAT and excise tax	9 136	10 269
Tax receivables	3 713	3 640
Loans granted	137	136
Receivables from employees	-572	-669
Accruals	5 765	6 697
Other	1 071	
Derivative transactions	0	679

Technical insurance receivables	2 002	904
Total	**21 252**	**26 722**

Most other current assets include foreign VAT and excise tax, which is derived from VAT and excise tax receivables from foreign tax authorities.

Export VAT assets totalled kEUR 3,723 on 31 December 2021, as opposed to kEUR 3,599 at the end of 2020. This significant decrease was due to the significantly reduced fleet as well as to billing suppliers on a net basis since the previous year. Management assessed the future recoverability of export VAT assets based on whether there was any negative information regarding recovery and recognised an impairment loss of kEUR 184 as a result.

Export VAT fell significantly between 2019 and 2020 owing to a reduced fleet and to net billing based on the supplier contracts amended in the previous year. There was no significant change between 2020 and 2021. The future recoverability of export VAT receivables was assessed by management on a case by case basis to see if there was any indication of negative information regarding recoverability.

Excise taxes receivable from the Hungarian and foreign tax authorities totalled kEUR 6,545 at 31 December 2021 as opposed to kEUR 5,537 at the end of 2020. The recoverability of excise tax receivables was assessed by management at the end of 2021 and not impairment loss had to be recognised on outstanding receivables claimed by a financial intermediary but unconfirmed by a foreign tax authority.
The value of derivatives at the reporting date is determined using a measurement technique based solely on market inputs (Level 1 fair value). Any gain on the year-end revaluation of derivative contracts open at the year-end was recognised among other current assets, while any revaluation loss was recognised among other current liabilities.

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

As at 31 December 2020, the Group had the following open derivative contracts:

Partnerbank	Contract type	Currency	Amount of trade
K&H	Forward	kHUF	2 017 200

As at 31 December 2021, the Group had the following open derivative contracts:

Partnerbank	Contract type	Currency	Amount of trade
ING Bank N.V	Forward	kHUF	11 617 200
Raiffeisen	Forward	kHUF	10 210 222
MKB	Forward	kHUF	6 896 404

Market value information related to the derivatives is detailed in note 35. The above open derivative contracts mature within one year. A negative fair value difference of kEUR 854 was recognised upon the fair value remeasurement of derivatives.

Derivative instruments protect the Group's HUF based expenses from negative foreign exchange fluctuations especially as regards income and the cash outflows of HUF suppliers.

Within reserves in Equity, the opening kEUR 219 totalled kEUR 777 at the end of 2021 because of the fair valuation of cash flow hedges.

Effect of open derivatives at the year-end on OCI:

	Int. transport.	Regional cont. logistics	Other	Intersegment	Total
2020	80	0	0	0	80
2021	-556	0	0	0	-556

Other impairment loss was recognised on other current assets, including debts of former employees, receivables from insurance companies, receivables related to guarantees and loans disbursed.

	Impairment
1 January 2020	**1 959**
Increase	743
Decrease	-785
FX loss	-7
31 December 2020	**1 910**
Increase	170
Decrease	-627
FX loss	127
31 December 2021	**1 580**

14. Non-current assets held for sale

	31 December 2020	31 December 2021
Amount	213	71
No. of assets	25	8

Non-current assets held for sale include vehicles, the lease contract of which has expired, and the Group intends to sell them. The Group acquires the vehicles from the lessor at their residual value specified in the lease contract, then upon the sale it realises the difference between the sales price and the carrying value as profit or loss: this resulted in a gain of kEUR 57 in 2020 and a loss of kEUR 690 in 2021.

The kEUR 71 presented in the balance sheet and the kEUR 690 revenue from vehicle sales affects the ITS segment only.

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

1 January 2020	**199**
Reclassified from Tangible assets	9 320
Disposals	-9 334
31 December 2020	**213**
Reclassified from Tangible assets	8
Disposals	-150
31 December 2021	**71**

15. Cash and cash equivalents

Cash and cash equivalents include the Group's petty cash and bank balances as well as Wáberer Hungária Insurer's demand and short-term deposits that exceed the coverage for reserves. Cash and cash equivalent totalled kEUR 58,583 at 31 December 2021.

16. Equity

The share capital of WABERER'S INTERNATIONAL Nyrt. at 31 December 2021 comprised 17,693,734 dematerialized shares each with a face value of EUR 0,35. The Group held 214,699 treasury shares at the end of 2021.

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

Excerpt from the main rights and obligations of the shareholders based on the Articles of Association (AA)

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 (advance) 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 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.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

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.

17. Leasing liabilities

The Group acquires the vehicles it needs for its basic operations using IFRS16. For trucks, the maturity of the Group's lease contracts increased from 4 years to 5 years from 2017, while for trailers it remained 5 years. The Group acquires the vehicles directly from the manufacturers, who provide a repurchase guarantee not only for the end of the term but also during the term.
Lease liabilities include real estate leases referred to in the Hungarian Accounting Law as property, plant and equipment in accordance with IFRS 16, which are presented in the valuation principles. The discounted values of future cash flows under the lease are recognized as a lease liability.

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

31 December 2020	**Within 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Lease liabilities, capital	41 552	20 465	29 639	47 799	24 092	163 547
Lease liabilities, interest	2 893	1 403	2 238	2 923	1 020	10 477
Total	**44 445**	**21 868**	**31 877**	**50 722**	**25 112**	**174 024**
31 December 2021	**Within 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Lease liabilities, capital	27 609	16 550	22 051	45 017	20 221	131 448
Lease liabilities, interest	1 061	1 261	1 864	2 815	630	8 170
Total	**29 210**	**17 811**	**23 915**	**47 831**	**20 851**	**139 618**

The table shows the maturity and interest payments of lease liabilities at the end of 2020 and 2021 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.

From 1 April 2020, due to the pandemic, the Hungarian government announced a moratorium on leasing and loan payments until 31 December 2020. The Group renegotiated the financing agreement with the banks and leasing institutions in 2020 which was signed in 2021. In line with the agreement the cumulated leasing liability which was subject to the moratorium hence not paid in 2020 was replaced by a bullet loan financed by the counterparties of the new loan agreement. The agreement contains, that the group receives loan financing to repay the matured lease liabilities of the Hungarian operation. After the disbursement of the new loan all non-payed lease liabilities are going to be due for repayment. Accordingly, after the drawdown of the loan, the old maturity dates will be restored according to the previous payment schedule, with the exception that the financing of assets maturing in 2020 and used by the Group will be extended by one year with a new residual value determination.

In 2021, the Group repaid all its lease payables related to the moratorium and the repayment schedules returned to the initial schedule.

The Group did not make use the moratorium on company cars. In case of LINK, the subsidiary did not benefit from a significantly lower level of concessional payment relief by the Polish government.

18. Provisions

	Litigations	Insurance Claims	Other	Bonus	Total
Opening at 1 January 2020	**951**	**19 409**	**1 199**	**1 409**	**22 968**
Allocation and review of previous estimates	600	439	1 162	5 821	1 726
FX gain/loss	-33	0	-36	-80	-7
Released	-138	0	-354	-898	-1 174
Used	-170	0	-879	-1 244	-1 904
Closing at 31 December 2020	**1 210**	**19 848**	**1 286**	**5 178**	**27 522**
Allocation and review of previous estimates	1094	-189	1 436	5 309	7 650
FX gain/loss	-26		-18	-7	-51
Released	-363		-397	-1 521	-2 281
Used	-246		-581	-5 051	-5 878
Closing at 31 December 2021	**1 669**	**19 659**	**1 726**	**3 908**	**26 962**

	Litigations	Insurance Claims	Other	Bonus	Total
Short-term portion 2020	0	0	1 116	5 1 78	**6 294**
Long-term portion 2020	1 120	19 848	170	0	**21 228**
Short-term portion 2021	0	0	1 726	3 908	**5 634**
Long-term portion 2021	1 669	19 659	0	0	**21 328**

At 31 December 2020, the Group presented a provision of kEUR 1,210 for contingent liabilities from ongoing litigations. In nearly 50% of these cases, the insurance company paid compensation to the customers based on a CMR policy. As a result, provisions of kEUR 363 were released and kEUR 246 was used from the provision made for uninsured claims. The Group reviewed the progress of its legal cases on a quarterly basis and a total provision of kEUR 1,094 was made for brought forward and new cases in 2021. Any contingent liability is expected to incur after more than one year, therefore these are presented among long-term liabilities in a total of kEUR 1,669.

The Group made an insurance technical provision of kEUR 19,659 for damages payable by Wáberer Hungária Biztosító Zrt. as presented among long-term provisions in the Group financial statements. Wáberer Hungária Biztosító Zrt. is one of the Group's insurers incuding asset and CMR insurance services.

A provision of kEUR 1,116 was made in 2021 for unused vacations. All vacations for 2020 were taken in 2021. According to the payroll records at 31 December 2021, unused vacations plus related taxes totalled kEUR 622, for which the Group made a provision.

The restructuring of the international transportation segment and the restoration of its profitability resulted in boosted profits. As a result, management estimates that bonuses totalling kEUR 3,908 will be paid for 2021 for which the Group made a provision in 2021.

19. Insurance technical provisions

Insurance technical provisions total kEUR 111,949 and include insurance reserves set aside at the end of the financial year for Wáberer Hungária Biztosító's third-party insurance contracts in accordance with the insurance act. These reserves are as follows:

- Reserves for unearned premiums

Insurance premium prescribed in 2021 for the next financial year.

- Outstanding claims reserve

This reserve is made based on two types of loss events. First, it includes reserves created to cover claims not yet settled but reported in, or before 2019. For each loss event, a loss reserve is created which includes the balance of the damage claim and the claim settlement costs. Each loss reserve is reduced by the expected recoverable regress claims.

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

- Other reserves

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

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

The technical provisions and the portion of them allocated to reinsurers are shown in the table below.

Item	Reserve	Allocated to reinsurers
Item-dependent pendant damage	76 672	39 429
No service served	12 815	6 303
IBNR	21 551	7 162
Deletion	608	0
Annuity	1 097	259
Accrued acquisition cost	-1 440	0
Other	646	116
Total	**111 949**	**53 268**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

20. Short-term loans and borrowings

	31 December 2020	31 December 2021
Borrowings from third parties	1 434	1 113
Asset loans	2 045	953
Overdrafts	27 151	22 690
ESOP bond interest payable	373	0
Total	**31 003**	**24 756**

Loans from third parties included a loan of EUR 5 million received by two of the Group's subsidiaries on 30 June 2009 with a term of 4 years from one of their main suppliers. The loan was regularly prolonged due to a continuous successful co-operation. After the acquisition of LINK Sp.z.o.o., the Polish subsidiary also became a party to the loan agreement. The agreement expired on 31 December 2019 and the parties changed the terms of the prolonged agreement in a way that the supplier remains as such in the future but the liabilities previously presented as a loan will be written off in equal proportions on a quarterly basis until 31 December 2024. The amount payable in 2022 is presented by the Group among short-term loans and borrowings in a total of EUR 1,113. The amounts payable in 2023 and 2024 are presented as other long-term loans in a total of EUR 2,575. The related fees are built in the lender's regular monthly service charge as the EURIBOR interest rate, which determines the basis for the interest calculation, is negative and, together with the interest premium on similar loans, does not reach 0.5%, we have not separated it from the service fee.

21. Other current liabilities and derivative financial instruments

	31 December 2020	31 December 2021
Payments to personnel	11 618	9 447
Taxes	5 696	3 949
Accruals	1 725	62
Other liabilities	4 028	5 163
Derivative contracts	241	1 532
Insurance technical liabilities	1 043	1 038
Total	**24 351**	**21 191**

Payments to personnel include yet unpaid wages payable to employees and related taxes presented among payroll expenses in the consolidated financial statements. The decrease in payments to personnel was due to a combined effect of the reduced headcount as a result of a reduced fleet and a significant increase in headcount due to a new contract won by the regional logistics segment referred to above.

Other liabilities include factored debtors of LINK totalling approximately EUR 5.1 million. Receivables are factored with recourse. Accordingly, debtors are presented until collection in gross against factoring liabilities.

Insurance technical liabilities include prepayments by policyholders, other amounts paid in advance, other outstanding repair and replacement payable at 31 December 2019 and amounts payable to insurance brokers.

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

figures in kEUR unless indicated otherwise

22. Net revenue – Revenues from contracts with customers per IFRS 15 and consignment services

2020

Item	Int. transport	Regional contr. logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	247 101	64 178	0	-515	**310 764**
Subcontractor revenues	83 625	31 217	0	-524	**114 318**
Other revenues	292	78 068	72 234	-6 334	**144 260**
Inter-segment setoffs (-)	- 3 751	- 3 622		7 373	-
Revenues, net	**334 769**	**177 086**	**72 234**	**0**	**569 342**

2021

Item	Int. transport	Regional contr. logistics	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	266 211	64 737	0	-987	**329 959**
Subcontractor revenues	69 613	33 690	0	-528	**102 775**
Other revenues	9 059	82 171	75 932	-9 077	**158 085**
Inter-segment setoffs (-)	-6 122	-4 470	0	10 592	-
Revenues, net	**351 004**	**185 068**	**75 932**	**0**	**590 820**

International transportation segment

After a setback in the previous year, international transportation with own fleet, a slightly increased in 2021 mostly as a result of the business model change as of 1 July 2020.

In previous years, the international transportation segment followed a „taxi" model that continuously and centrally optimised the allocation between trucks and assignments. This model brought significant uncertainties during the pandemic with regard to revenues and the utilisation of trucks and greatly relied on the lower margin spot transport market. As a result of these uncertainties and the lower margins, a new, so called 'trading band' model was introduced in 2021 that focuses on recurring orders and the main trading routes within Europe. In line with the changed model, the international transportation segment shifted the business focus from spot orders to contractual clients which brings more stable revenues and ensures higher service standards.

The average number of trucks used by the Group fell by 11.4% on the previous year. During 2021, the average load dropped by 0.4%, while the higher quality service to contractual clients resulted in cca. 5% higher income per kilometre.

Our international transportation contracts are typically signed for a fix term of one year (cca. 60%) or for specific assignments on an ad hoc basis (cca. 40%). Our contracts reflect international transportation standards, and our general terms and conditions reflects normal market practice. Our transport fees are predominantly denominated in EUR. For long-term contracts, we normally add a fuel cost clause, according to which an internationally accepted base price is automatically adjusted subject to a pre-determined price range. Our partners seldom give any volume guarantee and service providers have to make arrangements for managing variable order volumes at their own risk. Any penalty depends on on-time pick-up and on-time delivery. In case of waiting, the service provider is entitled to charge a stand-by fee.

Revenues from transportation slightly increased on the previous year.

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

Regional contractual logistics segment

The Company's own fleet revenue in 2021 was similar to last year's. The fleet's specific mileage dropped by 2.41% while revenues per mileage unit increased by 8.99%.

The regional logistics segment provides its customers not only with road freight transport, but also with complex logistics activities, including warehousing and other ancillary services. Warehousing revenue is the most significant component of other revenue. Revenue from warehousing services exceeded EUR 66 million in the current year, which is the same as in the previous year. In order to carry out the warehousing activity, Waberer's-Szemerey Logisztika Kft. has entered into contracts with two other third-party real estate operators in recent years in addition to the real estate leased from BILK Logistikai Zrt. and the warehouse owned by Közdűlő Invest Kft. The segment carries out its warehouse logistics activities in leased properties exceeding 200,000 square meters.

The Group's subsidiaries provide supplementary services to domestic transportation subcontractors. These services, including vehicle repairs and re-selling fuel related to core operations, are normally re-sold unchanged to their business partners but the related risks are still borne by the Group. The revenues from these services are presented as other income.

In the RCL segment, we normally sign contracts with our customers for typically three to five years and we normally do not sign ad hoc/one-off contracts. Transporting services are charged by kilometre, number of turns or a rout rate is agreed; for distribution services, cargo weight or value is normally the basis of pricing. Typically, we bill fuel price changes and road tolls separately, and indexing payroll costs is also normal practice for long-term contracts. For warehousing services, the basis of contractual pricing are normally the storage entry/removal fees, indexed payroll and overhead costs, and the general rate of inflation.

Our customers are predominantly large multinational enterprises that cooperate with a number of logistic service providers. As a result, they are in a position to determine the general terms of contract. As we have hundreds of large customers and thousands of smaller customers, it is not practicable to present specific, individual contractual terms.

Other segment

Insurance revenues include the revenues of Wáberer Hungária Biztosító Zrt. from third party insurance policies. The Group's insurance company offers insurance solutions related to domestic and international transportation, such as mandatory liability insurance, vehicle insurance, CMR and carrier's indemnity insurance. The insurance company also offers services (car and asset insurance) to retail clients. In accordance with applicable Hungarian legislation, the Group's insurance company does not offer life insurance services. The company's revenues from insurance services increased by EUR 3.7 million on the previous year and reflects a 4.7% increase in the functional currency of the consolidated financial statements.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

23. Direct payroll costs, benefits and payroll taxes

International transportation segment

Item	2020	2021
Direct payroll costs and related taxes	**24 808**	**24 251**
Salaries and related taxes	19 239	18 443
Variable wages and related taxes	5 569	5 808
Benefits	**36 260**	**34 524**
Direct payroll costs and related taxes	**61 068**	**58 775**

Within direct payroll costs, benefits and payroll taxes, the Group presents the payroll costs and related taxes of international drivers, service colleagues, and domestic storage workers.

Fix payroll costs and payroll taxes include the gross salaries of drivers and service mechanics and the related taxes.

Variable payroll costs and related taxes include driver bonuses and social security contributions on salaries.

Direct allowances include cost reimbursements to drivers, daily stipend and fuel saving incentive payments.

Direct fix payroll costs and related taxes dropped by 4.1%, variable payroll costs and taxes increased by 4.2% and direct benefits dropped by 4.7% on the previous year.

Regional contractual logistics segment

Item	2020	2021
Direct payroll costs and related taxes	**36 241**	**38 879**
Salaries and related taxes	16 723	17 294
Variable wages and taxes	19 518	21 585
Direct benefits	**5 695**	**5 182**
Direct payroll costs and related taxes	**41 936**	**44 061**

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

The significant increase in direct payroll costs, benefits and related taxes was the result of the pay increases in 2021.

24. Fuel costs

	2020	2021
Fuel used for international transportation	55 909	58 889
Fuel used for domestic transportation	13 553	15 408
Inter-segment setoffs	-17	-24
Fuel costs	**69 445**	**74 273**

The fuel cost of international transportation increased by EUR 2.9 million (5.3%) in 2021 exclusively as a result of increased turnover. Fuel costs rose significantly compared to the previous year.

The fuel cost of inland transportation increased by approx. 13.7%.

25. Motorway & transit costs

	2020	2021
Transit cost of international transportation	**61 325**	**60 019**
of which: motorway	39 613	35 604
ferry	16 267	17 809
services used	836	574
other transit costs	4 609	6032
Transit cost of domestic transportation	**20 966**	**24 594**
of which: motorway	9 231	9 266
ferry	60	0
services used	11 079	14 313
other transit costs	655	1 015
Inter-segment setoffs	-240	-3 798
Road tolls and transit costs	**82 051**	**80 815**

There was a slight drop in international forwarding transit costs.

Road tolls dropped by 10.12% compared to the previous year as a result of integrating non-tolled main roads and lower prices motorways into our route planner program.

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

Transit costs in the domestic segment increased by kEUR 360 in the reporting year.

26. Reinsurance costs

	2020	2021
Reinsurance costs	29 928	34 103

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

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

27. Other costs

	2020	**2021**
Repair, installation costs	25 159	21 812
Insurance costs and expenses	43 700	36 647
Direct rental costs	2 863	4 002
Other services	2 024	2 745
Vehicle weight tax and other transportation taxes	1 822	1 577
Other costs, total	**75 928**	**66 783**

Repair and assembly costs reduce as a result of the significant cost savings.

In accordance with the Company's accounting policies, both damages paid and changes in insurance technical reserves are presented among insurance costs in the profit and loss account.

Insurance costs include claims paid by Wáberer Hungária Insurance to not only Group members but also to third parties. Insurance costs dropped as a result of fewer damage events due to a smaller international fleet. The Other segment reflects damages paid in proportion to the increased third party insurance revenues of Wáberer Hungária Insurance.

	2020	**2021**
International forwarding	10 396	7 966
Regional contractual logistics	1 013	1 407
Other	32 428	27 462
Inter-segment setoffs	-137	-188
Total	**43 700**	**36 647**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

28. Indirect costs

The details of indirect costs are as follows:

	2020	2021
Indirect wages and payments	**35 377**	**34 690**
Other services	**20 449**	**19 454**
Property maintenance, utilities and rent	5 716	5 974
Specialists	4 100	3 011
IT costs	3 866	4 765
Communication costs	590	590
Company cars	670	776
Marketing costs	243	468
Other costs	5 264	3 870
Selling, general and administrative costs	**55 826**	**54 144**

The significant decrease in specialist costs was due to the termination of contracts the Board had signed with service providers in an effort to increase the efficiency of operations. The specialists developed the blueprint of the restructuring process from the basis of operations to optimisation and are detailed as part of strategic planes referred to in the section of the measurement goodwill.

29. Other income

	2020	2021
Provisions released	583	675
Damage compensation received	1 330	829
Fines, penalties, default interest	222	120
Employee refunds	574	583
Reversed impairment loss on debtors	839	1064
Return on deposits for insurance claim reserves	1 486	1162
Gains on other fixed asset disposals	174	2383
Warranty claim compensation received	0	0
Cost reimbursement subsidy	137	87
Other miscellaneous income	1 268	1559
Total	**6 614**	**8 462**

Impairment losses on debtors are reversed as other income and are recognised as other expense.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

The following table shows the segment information of other expenses:

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
2020	4 025	1 198	1 405	14	**6 614**
2021	6 142	1 300	1 061	-41	**8 462**

30. Other expenses

	2020	2021
Damages paid	2 659	1 845
Provisions	759	1 038
Impairment of debtors	1 838	573
Penalties, fines	2 794	1 756
Impairment of inventories	0	70
Credit loss	419	494
Provisions for insurance events	439	0
Impairment of tangible assets	1 076	0
Goodwill impairment	13 934	0
Other miscellaneous expenses	265	1 232
Total:	**24 183**	**7 008**

Income and expenses related to claims comprise damage in vehicles and goods during transport and damage suffered during customs guarantee activities, as well as the associated insurance pay-outs.

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

Impairment of goodwill is explained in detail in Note 6.

The following table shows the segment information of other expenses:

Year	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
2020	19 649	4 092	441	0	**24 183**
2021	4 568	2 191	280	-31	**7 008**

31. Financial result

	2020	2021
Interest income	95	7
Interest paid, leases	-2 828	-2 089
Interest paid, IFRS16 effective interest	-914	-872
Interest paid, other	-345	-1 006
Realised FX gain or loss	153	-732
Unrealised FX gain or loss	-7 820	819
Realised gain or loss on derivatives	-996	0
Other	-209	-231
Total	**-12 864**	**-4 104**

As in 2020, of the Group members, Waberer's International Nyrt., Waberer's-Szemerey Logisztika Kft. and INK Sp. z o.o. had significant leases also in 2021.

Lease interest paid fell from kEUR 3,742 in 2020 to kEUR 2,961in 2021. The average lease interest in 2021 was 1.38% as opposed to 1.34% in 2020.

The basis of the interest charged in line with IFRS 16 is 3-months EURIBOR + 1% interest margin.

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

Because of its Polish subsidiary, which has PLN functional currency, the Group revalued its lease liabilities in EUR. Similarly, Waberer's-Szemerey Logisztika Kft's functional currency is the HUF and therefore incurs foreign exchange gains and losses on its leasing liabilities based on CHF and EUR which are translated into EUR upon consolidation.

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

The following table shows the segment information of interest:

2020

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Interest income	173	8	0	-86	**95**
Interest paid	-2 665	-1 508	0	86	**- 4 087**
Other financial transactions	-1 888	-7 573	589	0	**-8 872**
Interest	**-4 379**	**- 9 073**	**589**	**0**	**-12 864**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

2021

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Interest income	3	-15	-1	20	**7**
Interest paid	-2 355	-1 592	0	-20	**- 3 967**
Other financial transactions	-317	34	139	0	**-144**
Interest	**-2 669**	**- 1 573**	**138**	**0**	**-4 104**

32. Income tax expense

The income tax expense disclosed in the consolidated financial statements for the Group as at 31 December 2019 and 2020 comprised the following components:

	2020	2021
Current income tax expense	6 301	5 935
Deferred taxes	-1 833	-953
Total income tax expense	**4 468**	**4 982**

	2020	2021
Innovation contribution	959	958
Local business tax	3 054	3 187
Corporate tax	2 288	1 790
Income taxes, total	**6 301**	**5 935**

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

In 2021, the Group determined an effective tax rate of 11.3%. No item was identified at the foreign subsidiaries, except for LINK Sp. o o., Poland, which would have an impact on deferred taxes.

During the preparation of the 2021 financial statements, the Group reviewed the recoverability of deferred tax assets from the Group's deferred tax loss based on the strategic plans for 2022-2026. As of 1 January 2019, the Group has been merged into a corporate tax group with domestic subsidiaries with the same accounting and functional currency, based on the possibilities provided by the Corporate Tax Act, which provides an opportunity for companies to pay joint corporate tax.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Deferred tax details:

	2020.12.31	2021.12.31
Waberer's-Szemerey Logisztika Kft.	767	1 040
Bódi Intertrans (legal successor after 36 merged franchise companies)	0	62
Közdülő Invest Kft.	14	6
Delta Rent Kft.	117	102
Wáberer Hungária Biztosító Zrt.	16	0
Deferred tax liability in the BS	**914**	**1 210**

	2020.12.31	2021.12.31
Waberer's International Nyrt. and franchise companies	-1 545	-3 298
WSZL Automotív Kft.	-1	-1
Nexways Cargo Kft.	-341	-606
LINK Sp. z o.o.	-935	-439
Waberer Hungária Biztosító	0	-734
Deferred tax liability in the BS	**-2 820**	**-5 079**

Details of the difference in deferred tax recognised in 2021:

	2021
Difference of net value per accounting act and corporate tax act	-326
Effect of carried forward losses	665
Effect of provisioning and impairment	242
Effect of development reserve	-1 658
Effect of non-recoverably part	-7
Other	21
Deferred tax impact on results	**-953**

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

	2020	2021
Profit before taxation under IFRS	-37 358	23 078
Income tax expense	4 468	4 982
Expected tax (11.3% of the pre-tax profit)	-4 221	2 608
Difference	**8 689**	**2 374**

	2020	2021
Impact of different tax bases (local business tax)	7 192	4 809
Effects of permanent differences (penalties, levies)	33	110
Development tax allowance (permanent difference)	- 66	0
Losses carried forward (used, written off)	1 318	-1 802
Other	212	-743
Total	**8 689**	**2 374**

33. Disclosures related to rights of use under IFRS 16

The table below shows the Group's disclosure obligations for recognized usage rights under IFRS 16..

Right of use assets are recognised in accordance with IFRS 16. Lease liabilities under IFRS 16 are determined as the present values of the future cash flows of the lease agreements. The discount rate applied was a 2% interest rate as used for the financing arrangements of the Group's similar assets. Rights of use related to rental rights not exceeding 12 months or where the discounted value of future cash flows does not exceed kEUR 5 per asset are not recognised as asset but are directly recognised in profit or loss through rental costs/income**.**

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Description	**Right of use IFRS 16 (Wáberer's Logistics)**	**Right of use IFRS 16 (LINK)**	**Right of use IFRS 16 (Waberer's Hungaria)**	**Right of use IFRS16 (WSZL Automotív)**
Country	Hungary	Poland	Hungary	Hungary
Functionality	Leased warehouse site	Rented property – sites	Leased property - central location	Rented property – HQ
Classification	Property	Property	Property	Property
IFRS 16 53. (a) depreciation of usufruct assets by category of underlying assets	6 114	817	197	30
IFRS 16 53. (b) interest expense on a lease liability	830	41	3	2
IFRS 16 53. (c) expenditure on short-term leases recognized in accordance with paragraph 6. It is not necessary to include in these expenses related to leases with a term of up to 1 month.	7 243	793	100	30
IFRS 16 53. (d) expenditure on leases of small assets accounted for in accordance with paragraph 6. These expenses shall not include expenses related to short-term leases of small assets referred to in paragraph 53 (c).	-	-	-	136
IFRS 16 53. (e) expenditure on variable lease payments that is not included in the measurement of lease liabilities	36 197	2 237	131	112
IFRS 16 53. (f) revenue from the subleasing of property, plant and equipment				

In the case of the vehicles used by the Group, the value of the rights of use according to IFRS 16 has also been disclosed, which is detailed in Note 7 property, vehicles and equipment.

34. Management of financial risks

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

- credit risk
- liquidity risk
- market risk

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

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

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

(a) Credit risk

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

Trade and other receivables

There is no high concentration of credit risks within the Group. The 10 largest clients account for 19.2% of the total revenue in 2020 and 33.54% of the total revenue in 2021.

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

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

The scope of external services and service-providers used for risk management was widened to mitigate future risks. One segment of clients has loan insurance contracts, while a new service-provider was brought in to help rate clients in Central and Eastern Europe more effectively.
There is centralised risk and receivables management for foreign subsidiaries once they join the central IT system.

With the higher headcount in Collections more emphasis is now placed on proactive client management.
The calculation of impairment reflects an estimate on the extent of the likely loss for the Group from exposures to clients. The majority of the impairment is made up from individual impairment charges on individually significant items. The other part is the group impairment, which is recorded for incurred but as yet unidentified losses in groups of similar assets. The allocation of group impairment is facilitated by historic loss figures.

(b) Liquidity risk

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

The Group has factoring contracts in order to manage liquidity shortage. The factoring contracts enable prefunding both debtors and payables. In the case of Hungarian factoring contracts the factoring company bears the risk of non-performance, in the case of. Regarding LINK Sp. Z.o.o. factoring contracts are reclaimable. In order to mitigate liquidity risk, the Group has overdraft facilities with a number of banks.

Factoring contracts:

BANK	Type	Facility		Open	
Unicredit Bank	Factoring-supplier	10 000	kEUR	5 664	kEUR
Unicredit Bank	Factoring-customer	11 900	kEUR	0	kEUR
Raiffeisen Bank	Factoring-supplier	6 000	kEUR	4 897	kEUR

Overdraft facilities:

BANK	Type	Facility		Open	
ING Bank	Overdraft EUR	13 000	kEUR	10 152	kEUR
Raiffeisen Bank	Overdraft EUR	10 000	kEUR	6 318	kEUR
MKB Bank	Overdraft EUR	9 000	kEUR	6 223	kEUR
	Total	**32 000**	**kEUR**	**22 693**	**kEUR**

On 3 March 2021, Group management issued an Investor's Announcement in relation to the execution of a consortium financing agreement.

Key terms of the agreement:

- Overdraft facility in the next 5+2 years;
- Supply Chain factoring facility and Debtor factoring facility in the next 3 years;
- Deferred repayment of the lease principal suspended because of the loan moratorium in 2020 after the fifth year;
- Continued availability of vehicle funds, including the prolongation of trailer financing to 10 years;
- The funding costs of the above loan products remain unchanged;
- As part of the agreement, the Company agreed to pay dividends or other forms of profit sharing (including advance dividends) during the validity of the agreement, only subject to prior written consent of the financing banks.
- Disbursement is subject to presenting mortgage confirmations on all the Group's properties
- Mortgage for Waberer's-Szemerey Logisztika Kft. business line, LINK Sp. Z.o.o shares, shares collateral agreement for the shares of Wáberer Hungaria Biztosító Zrt. and Trevelin Holding Zrt.
- Mortgage receivables for the receivables of Waberer's International Plc. and Waberer's-Szemerey Logisztika Kft., except for the VAT receivables and circular mortgage contract for the asset and receivables (except VAT receivables) of the Waberer International Plc.
- the contract will be replaced by new commitments instead of the financial covenants previously used, which are as follows
    - quarterly cumulated regular EBITDA (LMT regular EBITDA) for the Hungarian subsidiaries of the International Transportation segment and the regional contract logistics segments on a consolidated basis

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

○

	LTM Ebitda covenants
2021 q1	16 065
2021 q2	26 041
2021 q3	35 556
2021 q4	47 402
2022 q1	54 593
2022 q2	57 850
2022 q3	59 312
2022 q4	60 710
2023 q1	61 086
2023 q2	61 485

	LTM Ebitda covenants
2023 q3	61 867
2023 q4	62 227
2024 q1	62 374
2024 q2	62 542
2024 q3	62 694
2024 q4	62 823
2025 q1	63 123
2025 q2	63 446
2025 q3	63 751
2025 q4	64 034

10% or at least EUR 5 million deviation is allowed.

○ net loan and LMT's regular EBITDA ratio

net debt / Ebitda	net debt / Ebitda covenants
2021 q3	5.14
2021 q4	4.64
After	less than 3.5

The calculation of financial covenants for 2021 under our loan agreements are set below.

Banking covenants	2021.12.31	
€th	Actual	Target / Limit
2021 Q1 LTM rec. ITS HU + RCL EBITDA	35 552	16 065
2021 Q2 LTM rec. ITS HU + RCL EBITDA	43 457	26 041
2021 Q3 LTM rec. ITS HU + RCL EBITDA	47 466	35 556
2021 Q4 LTM rec. ITS HU + RCL EBITDA	48 963	47 402
2021 Q4 Net debt / LTM rec. ITS HU + RCL EBITDA	2,39	4,64

Explanation of the above figures:

The Net loan portfolio / LTM regular EBITDA is the ratio of the net loan portfolio at the end of a quarter and the cumulated regular EBIDTA for the preceding 4 quarters and should be assessed quarterly (based on quarterly unaudited figures reviewed by the Trustee's auditor) and annually (based on annual audited figures) based on the following:
(total non-consolidated debt less cash, including any amount in the cash collateral account held with the Trustee) / EBITDA

Where:

(i) Total non-consolidated debt means: based on the consolidated IFRS financial statements for the following balance sheet items in the scope of consolidation:

1) non-current part of long-term loans,
2) current part of long-term loans,
3) non-current part of lease liabilities,
4) short-term loans and borrowings,
5) current part of lease liabilities,

less any outstanding or otherwise payable amounts of the following:

6) long-term and short-term (non-financial) leases (lease liabilities equivalent to the value of property use rights presented under IFRS16);
7) any amounts of „Michelin-loan";
8) loans under the Trevelin Subordinated Loan Agreement; and
9) inter-unit loans in the ITS HU and RCL segments.

(ii) Liquid assets: cash and cash equivalents;

(iii) LTM regular EBITDA: regular profit or loss of the Obligors before financial profit or loss, taxes and depreciation accumulated over the past 12 months.

In the event of the disposal of any Group unit, the above commitments should be calculated as at the date preceding such a transaction and should be treated as if they had been adjusted by deducting an amount equal to the EBIDTA of the sold unit/liability (from any previous level of commitment applicable after the date of the decision to sell) (and only if positive).

(c) Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and share prices will influence the Group's results and the fair values of financial instruments reported in the financial statements. The purpose of managing market risk is to control the exposure affected by market risks in a way that maximises the return achieved. The Group's treasury department focuses on market risk management.

In terms of market risk, the Group is primarily exposed to exchange rate risks as well as cash-flow risks derived from changes to interest rates and global fuel price. Waberer's Group is exposed to substantial market risks during its activity. The actual figures subsequently calculated generally differ from the exchange rates, interest rates, share, other security and commodity prices used during the planning. Transactions concluded for hedging purposes but not included in hedge accounting are designed to protect the Group from this uncertainty, particularly from impacts adversely affecting the planned cash flow.

Besides, the Group uses a fuel price covenant in its transportation contracts in order to mitigate its exposure to fuel price fluctuations.

(i) Foreign exchange risk

Of the market risks, the Group was less affected by foreign exchange risk in 2020 as most of the Group's revenues and expenses of the companies within the Group incurred in its functional currency. At some Group members, the functional currency is RON and PLN, and it is HUF at the only domestic logistics company. Therefore, fluctuations in the RON/EUR, PLN/EUR and HUF/EUR rates represent a currency risk for the Group. The ratio and volume of transactions in foreign currencies and in the functional currencies differ. Costs incurring in foreign currencies exceed the revenues earned in foreign currencies. Costs that incur in foreign currencies and are not covered with corresponding revenues (natural cover) are held as an open FX position, the value of which changes along with the relevant FX rate fluctuations. Such FX expenses related to FX rate fluctuations represent uncertainty to the Group's cash flows and are therefore addressed with FX hedges that qualify for hedge accounting (cash flow hedges) under IFRS. The Group makes forward foreign exchange selling contracts whereby it sells EUR to banks at a certain date.

In the ITS and RCL segments, efficiency is measured based on payroll costs, plus related social security and taxes payable in HUF, creditors payable in HUF and on the nominal exercise prices of FX hedges. For both segments, The basis and volume of hedging transactions is subject to proportion and amount of costs and expenses incurred in HUF.

(ii) Interest cash flow risk

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

Waberer's Group does not enter into speculative derivative contracts.

(d) Equity management

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

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

There was no change in equity management processes and methods either in 2020 or in 2021.

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

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

Of the Group, Bódi Intertrans Kft. does not meet the requirements of the civil code but it will be addressed by the Group in 2022. LINK complies with the local regulations.

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

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

The Hungarian members of the Group engaged in road transportation, such as Waberer's International Plc., Waberer's-Szemerey Logistics Ltd., Nexways Cargo Ltd. and Bódi Intertrans Ltd. and LINK Sp.z.o.o have the required level of capitalisation and professional indemnity insurance to ensure compliance with relevant legislation applicable to their financial positions. LINK S.p.z.o.o. complies with all regulatory requirements to perform its obligation.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

35. Financial instruments

(a) Credit risk

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

	31 December 2020	31 December 2021
Other investments	57	13
Trade receivables	72 928	90 282
Other current assets and derivative financial instruments	8 844	26 722
Cash and cash equivalents	76 109	58 583
Other Financial investments - Debt instruments - Long term	85 205	93 720
Maximum credit risk exposure	**243 143**	**269 320**

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

	31 December 2020	31 December 2021
Domestic	34 884	41 002
EU countries	38 014	49 258
Non-EU countries	30	22
Maximum credit risk exposure	**72 928**	**90 282**

The highest possible exposure affected by credit risk is the balance sheet value of debtors.

Impairment loss on trade receivables broken down by maturity:

	31 December 2020		31 December 2021	
	Initial cost	**Impairment**	**Initial cost**	**Impairment**
Not yet due	68 139	96	86 057	0
overdue by 0-90 days	4 619	15	4 774	19
overdue by 91-180 days	194	69	140	45
overdue by 181-360 days	385	270	44	44
overdue 360 days	1 401	1 360	513	1 138
Trade receivables	**74 738**	**1 810**	**91 528**	**1 246**

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

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

ECL related to debtors are as follows:

	Unsecured receivables	**Secured own fund**	**Secured for overstepped limit**	**Total**
2020	90	26	47	**163**
2021	68	35	46	**149**

(b) Liquidity risk

Financial liabilities broken down by maturity:

	31 December 2020				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	44 445	21 868	31 877	50 722	25 112
Short-term loans	30 319	684	1 138	2 275	0
Trade payables	81 118	0	0	0	0
Other current liabilities and derivative financial instruments	18 651	0	0	0	0
Total	**174 533**	**22 552**	**33 015**	**52 997**	**25112**

	31 December 2021				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	29 210	17 811	23 915	47 831	20 851
Long term consortial loan	0	0	0	20 761	0
Short-term loans	24 756	0	0		0
Trade payables	87 609	0	0	0	0
Other current liabilities and derivative financial instruments	21 191	0	0	0	0
Total	**162 766**	**17 811**	**23 915**		**20 851**

(c) Foreign exchange risk

Group exposures broken down by currency:

	31 December 2020			
	EUR	HUF	other	Total
Trade receivables	49 545	19 981	3 402	72 928
Loans and borrowing	-34 415	0	0	-34 415
Leases	-160 328	-2 844	0	-163 172
Trade payables	-51 348	-23 563	-6 892	-81 803
Other financial instruments - Debt	0	-18 651	0	-18 651
Net position	**-196 546**	**-25 077**	**-3 490**	**-225 113**

	31 December 2021			
	EUR	HUF	other	Total
Trade receivables	61 120	24 843	4 319	90 282
Loans and borrowing	-45 517	0	0	-45 517
Leases	-129 958	-1 490	0	-131 448
Trade payables	-59 243	-23 385	-4 981	-87 609
Other financial instruments - Debt	0	-21 191	0	-21 191
Net position	**-173 598**	**-21 224**	**-662**	**-195 483**

The Group's existing receivables and liabilities held in various currencies were revalued at the following respective foreign exchange rates: 369.00 HUF/EUR, 4.94903 RON/EUR, and 4.5927 PLN/EUR. The financial plan for 2021 was prepared based on a forecasted rate of 360 HUF/EUR.

Calculated at a reasonable estimation of foreign exchange rate fluctuations based on historic foreign exchange fluctuations, the net open HUF position at the balance sheet date would result in a foreign exchange loss of kEUR 610 (HUF 255 million).

The Group enters into derivative contracts to mitigate the exchange-rate risk. As at 31 December 2021, the negative fair value of derivative transactions based on remeasurements on the reporting date was kEUR 854. As at 31 December 2020, the negative fair value was kEUR 241.

figures in kEUR unless indicated otherwise

(d) Fair value of financial instruments

The following table presents the fair values and carrying values of financial instruments for 2019 and 2020:

	2020		2021	
	Fair value	**Book value**	**Fair value**	**Book value**
Non-current assets – Debt instruments	85 205	83 584	93 720	98 249
Other non-current financial assets	57	57	0	0
Trade receivables	72 928	72 928	90 282	90 282
Other current assets and derivative financial instruments	8 844	8 844	26 722	26 722
Cash and cash equivalents	76 109	76 109	58 583	58 583
Total financial assets	**243 086**	**241 522**	**269 307**	**273 386**
Long-term loans	3 478	3 478	20 761	20 761
Short-term loans	30 937	30 937	24 756	24 756
Trade payables	81 118	81 118	87 609	87 609
Other current liabilities and derivative financial instruments	18 651	18 651	21 191	21 191
Other insurance technical provisions	9 949	9 949	15 576	15 576
Total financial liabilities	**144 133**	**144 133**	**169 893**	**169 893**

The fair value of financial assets and liabilities fairly approximates 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 the quick turnover of debtors, discounting has no material effect.

- *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 the quick turnover of payables, discounting has no material effect.

(e) Interest rate risk

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

Cash flow sensitivity review for floating interest financial instruments
Based on the Group's analyses a 10-bp change in the EURIBOR would change the interest on leasing liabilities by EUR 222,331 and the interest on loans by EUR 34,416. This change would not affect the Group's profit of a year. This analysis assumed that all other factors (such as currency exchange rates) remained unchanged.

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

(f) Interest rate risk

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

Cash flow sensitivity review for floating interest financial instruments
Based on the Group's analyses a 10-bp change in the EURIBOR would change the interest on leasing liabilities by EUR 127,534 and the interest on loans by EUR 45,089. This change would not affect the Group's profit of a year. This analysis assumed that all other factors (such as currency exchange rates) remained unchanged.

36. Provisions, contingent liabilities and contingent assets

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

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

Most of the contingent liabilities in 2021 related to smaller subcontractor deliveries and employee claims, but are not material.

2020. Litigated principal amount		2021. Litigated principal amount	
Provision presented	Provision presented	Contingent liability	Contingent liability
1210	44	1 669	104

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 39.3 million, supplemented by interest of EUR 16.5 million accumulated until 31 December 2020. The litigated amount is based on a detailed claim assessment report prepared by an economist specialised in competition law about the extent of overpricing by the truck. The litigated amount is based on a detailed claim assessment report prepared by an economist specialised in competition law about the extent of overpricing by the truck.

figures in kEUR unless indicated otherwise

37. Transactions with related parties

Members of Group management at 31 December 2021:

- Barna Zsolt – executive director of Waberer's-Szemerey Kft. and head of the RCL segment. Besides, as of 1 February 2021, he was also deputy COO of ITS HU and CEO as of 1 September 2021.
- Erdélyi Barna – CEO from 23 March 2020 until 31 August 2021, then Director of Key Corporate Affairs as of 1 September 2021.
- Tóth Szabolcs Gábor, director of business and strategy since 23 June 2020, the Hungarian description of his position changed to "gazdasági és stratégiai vezérigazgató-helyettes" (equivalent of CFO) as of 1 February 2021.
- Nyilasy Bence, CEO, Wáberer Hungária Zrt.
- Marcin Kakol, CEO, LINK sp. z o.o.

Members of the Board of Directors:

Name	**Status**	**Date and duration of appointment**
Gerard van Kesteren	independent non-operational (external) member	29/07/2016 – 19/04/2021
Alain Beyens	non independent non-operational (external) member	29/07/2016 – 09/04/2021
Erdélyi Barna	non independent operational member	21/03/2017 – 19/04/2021, then 01/09/2021 – 31/05/2024 or the date of AGM, if earlier
Dr. Lakatos Péter	independent non-operational (external) member	29/07/2016 – 09/04/2021
Kovács András	non-independent (Trevelin Holding Zrt. shareholder employee), non-operational (external) member	20/04/2021 – 09/09/2021
Waberer György Péter	non-independent (High Yield Zrt. shareholder, actual owner and chairman of the Board),non-operational (external) member	20/04/2021 – 31/05/2024 or the date of AGM, if earlier
dr. Czéh-Tóth Márk	independent, non-operative (external) member / chairman	20/04/2021 – 31/05/2024, or the date of AGM, if earlier

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

At 31 December 2021, the Board members held the following numbers of shares:

Waberer György Péter, a HIGH YIELD Vagyonkezelő Zrt. társaságon keresztül, melynek egyedüli részvényese	3 538 746 shares
Waberer György Péter	885 shares

Members of the Supervisory Board:

Name	**Status**	**Date and duration of appointment**
David William Moffat Thompson (AB elnöke)	independent	28/08/2018 - 31/05/2024, or the date of AGM, if earlier
Székely Sándor	non independent (employees' delegate)	11/05/2017 - 31/05/2024, or the date of AGM, if earlier
Szalainé Kazuska Mária	non independent (employees' delegate)	31/05/2017 - 31/05/2024, or the date of AGM, if earlier
Philip Anthony Marshall (AB tag)	independent	31/05/2017 -19/04/2021
Nagy Gábor Béla (FB elnök)	independent	31/05/2017 -19/04/2021
Dr Bodnár Zoltán György (AB tag)	independent	31/05/2017 -19/04/2021
Mike Ferenc	independent	20/04/2021 – 31/05/2024, or the date of AGM, if earlier
dr. Szivek Norbert	independent	20/04/2021 – 31/05/2024, or the date of AGM, if earlier
dr. Végh Attila	independent	20/04/2021 – 31/05/2024, or the date of AGM, if earlier

At 31 December 2021, the Supervisory Board members held the following numbers of shares:

Székely Sándor	548 shares
Szalainé Kazuska Mária	692 shares

Transactions with the management and those exercising ultimate control

The remuneration of key senior officers are presented below:

	2020	**2021**
Payroll	1 341	1 739
Total:	1 341	1 739

Further to the resolutions of the shareholders' meeting of 19 April 2021, the chairman and the members of the Board of

Waberer's International Nyrt. figures in kEUR unless indicated otherwise

Directors are not remunerated for their contribution. The members of the Supervisory Board may receive an honorary compensation of up to HUF 300,000 (gross) per month, subject to their underlying engagement agreement; the chairman is entitled to a remuneration of not more than HUF 450,000 (gross) per month. The chairman of the Audit Committee may receive a monthly remuneration of up to HUF 100,000 (gross) subject to the terms of their underlying engagement agreement; the members of the Audit Committee are not remunerated for their contribution. The members of other boards or committees do not receive any remuneration 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:

	2020	**2021**
Mid Europa Partners	0	0
LAKATOS, KÖVES ÉS TÁRSAI ÜGYVÉDI IRODA	251	368
Total	**251**	**368**

	2021
BILK Logisztikai Zrt – creditor - warehouse rent	6 686
Supernova Intertranss Kft – creditor – subcontractor transport	630
Supernova Intertrans Kft – debtor – vehicle repairs	250
Vámkapu Zrt – creditor – spedition services	117
Waberer Medical Center Kft – creditor – medical services	5
Royal Sped Zrt – creditor - subcontractor transport	4
Active-Log – debtor – vehicle repairs	98
Diófa Alapkezelő Zrt. – creditor – asset management	58
Total	

38. Subsequent events

On 24 February 2022 the Russian army began its invasion of the Ukraine. As of mid-March, this invasion is continuing and escalating. Hungary, as a member of the EU, and other countries have responded with sanctions against Russia.

The majority of our Group's turnover derives from the European Union and Schengen zone; the turnover of the Group related to Russian and Ukranian markets is less than 0,13 % of total revenue. Accordingly, our revenues are only marginally affected directly by the Russian-Ukrainian crisis. However, it cannot be ruled out that some of our partners include the Russian-Ukrainian markets in their supply chain, or that their production affects these regions, so their transport and logistics needs for our services may change. Managing such risks is part of our business model and our portfolio is diversified which means we consider the crisis to be low risk.

The Group is monitoring the changes in the world economy which occur faster than usual. Although no information is currently available which would doubt on the Group's financial performance or ability to continue as a going concern.

From an operational point of view, the risk is higher regarding our Ukranian drivers who are employed in a significant number in both Hungarian and Polish operations in international transport. Their loss would reduce our capacity utilization. To date, we have not experienced any level of risk to our operations in relation to Ukrainian drivers, and based on the measures we have taken, we also consider the risk to be manageable.

39. Other statutory disclosures required by the accounting act

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.

Audit: kEUR 283

Amount paid to the auditor besides audit fee: kEUR 82
The above amount includes accounting and tax advice.

The signing statutory auditor responsible for the audit:

Chamber reg. No.	005313
Licence No.	007024
Name	Nagyváradiné Szépfalvi Zsuzsanna
Birth name	Szépfalvi Zsuzsanna
Address	1132 Budapest, Váci út 20.
Phone	451-8100
E-mail	zsuzsanna.szepfalvi@hu.ey.com

The person responsible for the compilation of the consolidated IFRS financial statements is Nagy-Simon Judit (registration No.: 114509).

The profit for the year will be posted to retained earnings.

Further to the public disclosure requirements of the accounting act, the Company's consolidated financial statements are made available for public viewing through the following links: https://e-beszamolo.im.gov.hu/ and on the Company's homepage at https://www.waberers.com/hu/befektetoknek/eredmeny-center.

The authorised signatories are Zsolt Barna, CEO, 2011 Budakalász, Csapás utca 22/a, and Szabolcs Gábor Tóth, CFO, 1039 Budapest, Aradi u 14-16.