WABERER'S
OPTIMUM SOLUTION

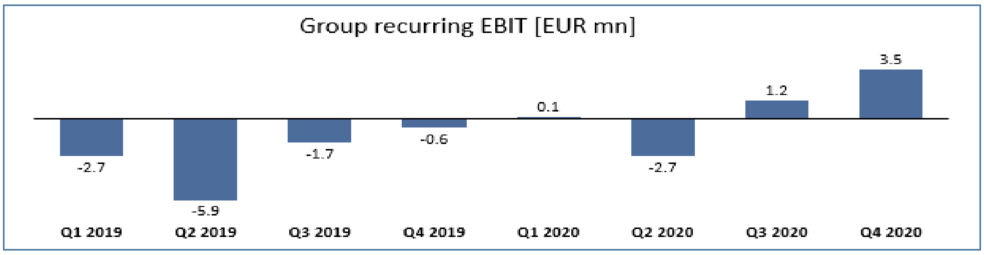
ANNUAL REPORT 2020

Table of contents

Message from the CEO

The year of 2020 was like a roller coaster for us just like for many players in the logistics sector and most of other industries. The pandemic generated - hopefully – once in a lifetime challenges in our everyday job. We had to protect our colleagues, we had to support the business continuity of our customers providing essential products (food, healthcare products, etc) for the inhabitants and we had to fight with extreme and unpredictable volatility in demand for logistic related services.

During the above described challenges, Waberer's managed to keep the focus on the Company turnaround project and by increasing the share of the segments with high profitability – RCL and Other segment – and launching a new operational model at ITS segment, the trend of the quarterly results confirms the Group's strategic directions that is clearly demonstrated by the quarterly recurring EBIT figures:



During the lockdown in the first half of the year 2020, the Company developed all the necessary steps for the new Trade Lane model strategy in ITS segment that was successfully launched from July. Right after the launch, ITS segment outperformed previous year's EBIT results in the second half of 2020.

RCL segment performed the best ever year in 2020 from financial point of view. We are also really proud that our domestic operation quickly became the strategic partner of the Government in the fight against the pandemic and our colleagues could support the protection with storing and transporting all the protective equipment to the Hungarian hospitals. As a major strategic step towards expanding RCL's capability for providing logistics services with high added value component, RCL consolidated its inhouse logistics operation that was launched at the end of 2019 that provides a great basis and reference for expanding this operational leg.

Our insurance segment also proved its resilience against quick and unpredictable external shock and managed to outperform previous year's results.

However, 2020 was important not only because all our segments managed to improve their performance compared to previous year despite the challenging environment, but because the announcements of new strategic owners and the long-term agreement with our financing partners provides additional trust and stability for the Company. As we announced recently, the financing agreements were signed by all parties 2 weeks ago. Regulatory approval for the share purchase agreement is also expected to be received in the coming weeks.

2020 was a successful year from the scope of establishing the long term profitability of the company but we still have a lot to do with finetuning the newly established operational model. Our goal is to finalize the turnaround period by the end of 2021 and concentrate on new business development in the future.

Last but not least, I would like to thank you to all my colleagues working in the trucks, in the warehouses or in the offices that they gave their best during the all year despite the challenges generated by the pandemic both at work and at the families. I also would like to thank to our customers for the loyalty and cooperation during the year and hopefully we will have much easier years together in the future.

Barna Erdélyi (CEO)

Management Report

Strategy

Waberer's International Nyrt.,[1] one of Europe's leading international road haulage company 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.

Waberer’s objective in the International Transportation Segment (ITS), as an own fleet operator, is to preserve its current market position by focusing on Europe’s key industrial manufacturing centres, while concurrently expanding its network of subcontractors and increase its market stake in the forwarding services (transportation by subcontractors) segment. 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 of our services offered in response to the special needs of large corporate clients such as, for example, supporting the administrative processes brought about by Brexit, managing the compliance process related to the transportation of exclusive and high value products, and the ability to meet high quality expectations.

The strategic aim of our Regional Contract Logistics segment, as Hungary’s largest logistics services provider, is to preserve its current market position as well as the level of client satisfaction, so that we can maintain our long established co-operation with our largest clients - spanning five, ten or fifteen years - to ensure stable performance. The strategic goals of this segment include the regional expansion of its service portfolio in response to the changing needs of existing clients as well as an increased shift towards complex logistical services with more added value which also make a positive impact on obtainable margins.

Most of the Group’s profit from insurance activities is based on insurance services provided to third parties. We wish to maintain a strong market focus of our insurance services unrelated to any intra-group insurance activity, and intend to focus on niche markets where our specific market insights and expertise secure encouraging proceeds.

The Group’s operations strongly rely on technology. We continuously monitor and bear in mind the technological development of our transportation and logistics infrastructure (primarily vehicles and forklifts) and our strategic goals include the continuous replacement of our fleet so that we can ensure cost efficient operations while reducing our ecological footprint at the same time.

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

Business Environment and Results

| Income Statement (EUR mn)

	2020 fully year[1]	2019 full year[1]	Increase (decrease)
Revenue	569.3	696.2	(18.2%)
Direct costs	(458.0)	(578.9)	20.9%
Gross profit (recurring)	111.3	117.3	(5.1%)
OPEX	(56.0)	(59.0)	4.9%
EBITDA (recurring)	55.3	58.4	(5.3%)
Depreciation and Amortisation	(53.2)	(69.4)	23.4%
EBIT (recurring)	2.1	(11.0)	
Financial result	(12.9)	(6.0)	(114.3%)
Taxes	(4.5)	(6.4)	29.8%
Net income (recurring)	(15.2)	(23.4)	34.9%
Non-recurring items	(26.6)	(18.4)	(44.5%)
Gross margin (recurring)	19.6%	16.9%	2.7pp
EBITDA margin (recurring)	9.7%	8.4%	1.3 pp
EBIT margin (recurring)	0.4%	(1.6%)	2.0 pp
Net income margin (recurring)	(2.7%)	(3.4%)	0.6 pp
Average number of active trucks	3 021	4 094	(26.2%)
Average number of employees	7 000	7 657	(8.6%)
Average number of active truck drivers	3 984	5 507	(27.7%)

[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 an extremely hectic picture throughout 2020. As part of the anti-pandemic measures, the lockdowns in spring caused industrial production to plummet to a mere 20-30% along with a sharp decline in retail turnover compared to the same period of 2019. In H2 2020, while retail turnover was already 2% up on the same period of the previous year, industrial production across Europe remained by an average of 4% below the comparative period of 2019.

As for our primary costs, fuel prices were extremely volatile throughout 2020. Fuel prices highly depend on crude oil prices which slumped from nearly USD 70 in early 2020 to under USD 30 in the spring months only to rise above USD 50 by the end of the year. However, due to a 'fuel clause' in our transportation contracts, permanent changes in fuel prices are in part automatically reflected in our service charges.

The significant increase in wages and salaries started in the previous years continued in 2020, and remunerations in our transportation and logistics segments increased by a nationwide average of 8% compared to 2019. In ITS segment, pay conflicts in 2020 remained at a manageable level due to our significantly reduced fleet.

Transformation programme

As part of our fleet reduction programme started in the previous years, nearly 900 vehicles in the ITS segment were stopped by the end of 2020. Concurrently with the optimisation of the fleet size, Trade Lane model based operating strategy was introduced in H2 2020 which fosters more focused, geographically dedicated and more tailored services to key customers with a reduced fleet. As a result of this new strategy, despite a weaker macroeconomic environment, the performance of the ITS segment has shown improvement month by month compared to the similar period of 2019.

Revenue

Revenues fell by 18% to EUR 569.3 million in FY2020. Revenue in the ITS segment was 32.9% lower compared to 2019, mostly due to the fleet reduction, sudden slump in market demand and temporary collapse in spot rates as a result of the lockdown measures taken across Europe in response to the pandemic. At the same time, however, the revenues of RCL segment increased by 17% to EUR 173.5 million in 2020, as this segment weighs more and more each year in the Group's overall performance. The revenues of Other segment, which includes insurance services to third parties, increased by 5.5% to EUR 72.2 million.

Gross margin, EBITDA and EBIT

Following a 5.1% change, group-level gross margin totalled EUR 111.3 million. Gross margin improved by 2.7 %point and showed an improvement both in ITS and RCL segment in 2020.

The Group's recurring EBITDA dropped by 5.3% to EUR 55.3 million, which is a 1.3 %point improvement on EBITDA margin.

As a result of an EUR 13 million improvement in the recurring EBIT, it increased to EUR 2.1 million in 2020 partly due to the improved performance of our core operations and partly to less depreciation cost on the reduced fleet. Despite lease payment moratorium in 2020, D&A calculation was not affected

Net profit or loss

Financial result decreased by EUR 6.9 million to EUR 12.9 loss. Compared to 2019, the non-realized, non-cash FX effect - resulting from the different functional currencies of some of the subsidiaries (HUF and PNL) - worsened by EUR 7.6 million and totalled EUR - 7.8 million.

As a result of a 34.9% improvement, our recurring net income improved to EUR -15.2 million in 2020, while the reported net income for 2020 was EUR -41.8 million. The difference was mostly due to the one-off cost of ITS restructuring (redundancies, vehicle repairs related to disposals, depreciation of vehicles no longer in use for operations but not yet returned) in the value of EUR 10.3 million and also to an EUR 13.9 million impairment of LINK (the Group's Polish subsidiary) to EUR 15.2 million.

Cash flow

| Cash Flow Statement (EUR mn)[1]

	Jan-Dec 2020	Jan-Dec 2019
Net cash flows from operations	77.0	51.5
of which: change in working capital	27.9	(10.8)
Net cash flows from investing and financing activities	(51.7)	(58.2)
Change in cash and cash equivalents	25.2	(6.8)
Free Cash Flow	37.6	11.4
CAPEX	(3.8)	(11.1)

[1] Figures not adjusted for IFRS 16 effects.

Operating cash flows in 2020 totalled EUR 77.0 million as a result of improved results and better working capital management.

Investing and financing cash flows showed a net outflow of EUR 51.7 million in 2020 as opposed to EUR 58.2 million a year earlier. Due to the lease moratorium in 2020, leasing fees had to be paid for the returned vehicles only, therefore cash outflows due to leases declined by EUR 58 million compared to 2019. As a result of our improved liquidity position, net borrowings taken in 2020 showed an EUR 16.2 million decrease as opposed to the EUR 30.7 million increase in 2019.

Free cash flows, which include free operating cash flows, capital expenditures and leased fleet financing totalled EUR 37.6 million in 2020, which is an EUR 26.2 million improvement compared to 2019.

Debt

| Indebtedness figures (EUR mn)

	31 Dec 2020	31 Dec 2019
Net financial indebtedness	119.3	191.1
Net leverage ratio	2.2	3.3

Net financial indebtedness decreased to EUR 119.3 million on 31 December 2020, which is EUR 71.8 million less than at the end of 2019 mainly as a result of a smaller fleet in the ITS segment and an improved cash position.

In addition to the significant decline in net indebtedness as presented above, the decrease in the recurring EBIDTA was much less in 2020 with a drop of only 5.3.%, hence the net leverage ratio, being the multiple of the recurring EBIDTA in the previous 12 months, dropped from 3.3 at 31 December 2019 to 2.2 by the end of 2020.

Sustainability

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

Environmental sustainability

One of the most fundamental means of improving the Group's environmental sustainability is the rationalization of its energy consumption. Our young fleet equipped with EURO 6 engines and the training of drivers, Waberer's strives for the most energy efficient operation possible. Waberer's drivers' regular driving training helps to ensure safe and fuel-efficient work while helping to reduce the environmental footprint of operation. The Group continuously explores the possibility of including alternative fuel and powertrain vehicles in our fleet and it is one of our primary goals to have such vehicles in our fleet in order to reduce our environmental footprint as soon as technological developments and achievements can be used to support our operations.

In our logistics segment, the environmentally friendly and energy efficient operations of our warehouse assets (primarily forklifts) have also gained increasing importance. To this end, most of our forklifts will be replaced during the course of 2021.

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

Social engagement

Based on Waberer's corporate values, the Company continues to provide support to communities and initiatives that serve the education, health and environmental protection of disadvantaged, socially deprived children and young people, so that educational institutions and foundations receive regular funding from the Group. Most of the activities are based on a long-term relationship and years of cooperation. A few examples of how Waberer's contributes to society:

- During the course of 2020, the lockdown measures taken in the wake of the pandemic caused us to send some of our workforce on temporary unpaid leave. As a result of the collective effort of management and many of our staff, we managed to extend a one-off financial support to those employees who were the worst affected.
- With the Group's support, a special cancer screening truck provides regular screening for people with difficulty accessing health services. Waberer's is responsible for the maintenance and upkeep of the truck converted to perform gynaecological screening.
- Waberer's scholarship program launched in 2007 supports well-educated, disadvantaged students with a monthly scholarship. The program was created with the aim of supporting children and young people with excellent results from disadvantaged social background even before they complete their university studies. With the help of the International Child Safety Service, 30 students are now receiving financial support in the 12 months of the year, which is a great help for the families involved in the program.
- The Group provides assistance to children in need: it supports the Dévai Szent Ferenc Foundation in several initiatives, including donations and hospitality and transportation of children

- Waberer’s also supports the “Kézenfogva” Foundation, which is an independent NGO set up to improve the living conditions of children and adults with disabilities and to promote their social inclusion.
- As part of a long-term cooperation, the Company helps the Hungarian Red Cross's blood donor activities. We provide the organization with a suitably adapted truck for donation, at the same time taking over the maintenance and maintenance costs of the vehicle, thus helping the smooth operation of Red Cross’s activities.
- Our local subsidiary, in co-operation with our existing customers, regularly supports healthcare and education institutions bí the way of free deliveries of our partners’ donations.

Human resources

The coronavirus pandemic had a direct impact on human resources, just as on all other functions. For each member of our Group, their key priority was to preserve our most valuable asset: the community of our highly skilled workforce. With this in mind, we took every available opportunity to ease the employment difficulties brought by the pandemic induced changes in our environment and the consequential decline in the volume of orders. We introduced flexible work arrangements and part-time employment solutions in time and we also successfully applied for government aid to keep our people on payroll. When we took these quick and effective measures, we bore two clear goals in mind: to protect the health of our employees by ensuring a safe work environment in this new situation, and to maintain stable business operations for the sake of serving our clients. Our swift, timely and appropriate response to the unexpected effects of the pandemic was critical to the performance of our Company.

In the second half of the year, we introduced a new operating model in our ITS segment and significantly restructured our organisation as a result. Employment stability was maintained due to a structure based on a transparent and logical allocation of duties, while efficiency also increased as a result of internal information sharing, well-defined responsibilities and more intense communication. Our Contract Logistics segment continued to provide seamless high value adding services. As of December 2019, we kicked off one of the segment's most significant projects and successfully took over and continued the internal logistic processes of an automobile industry client. As a result, the number of our employees increased by the thousand while, at the same time, the human resources aspect of the take-over was seamless to the satisfaction of all our new colleagues.

Wáberer's Group remained a secure and attractive employer even in 2020. As Hungary's largest logistics company, we still offer the most stable and reliable employment opportunities for truck drivers who make the vast majority of our workforce. Our white-collar employees can also find an exceptionally wide range of positions in the logistics industry that both require and offer complex specialist knowledge and skills. We offer exceptionally high quality training courses in all staff categories, including dual and vocational training programmes aimed at the inclusion of the new generations. By 2020, our training relationships had been expanded to include nearly 10 prestigious education institutions.

To support the availability and retention of properly skilled and highly motivated employee groups remains a key priority for our HR processes. To this end, we continuously improve our employment environment and seek new opportunities and solutions.

Corporate Governance and Corporate Bodies

Board of Directors

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

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

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

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

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

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

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

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

Considering that there is a two-tier governance system at the Company, the independence of the members of the Board of Directors does not required to be examined, yet the Company strives to comply with the guidelines listed in Sections 2.6. of the CGR. Pursuant to the Relationship agreement between the Company and CEE TRANSPORT HOLDCO S.á r.l., the largest shareholder, the shareholder delegates one or two member into the Board of Directors – depending on the number of the shares it owns in the Company -, while in 2020 the Board had one operational member.

The members of the Board of Directors, their independency status and the date of their appointment in year 2020 (the present members' professional CV is available on the website of the Company):

Name	Independence status	Date of appointment and length of mandate
Gerard van Kesteren	independent, non-operative (external) member / chairman	29/07/2016 – 31/05/2021
dr. Lakatos Péter	independent, non-operative (external) member	29/07/2016 – 31/05/2021
Robert Knorr	non-independent (delegated by the Main shareholder), non-operative (external) member	21/12/2017 – 31/05/2021
Alain Beyens	non-independent (delegated by the Main shareholder), non-operative (external) member	30/04/2020 – 31/05/2021
Dániel Csanád	non-independent (delegated by the Main shareholder), non-operative (external) member	28/08/2018 – 12/02/2020
Erdélyi Barna	non-independent, operative member	21/03/2017 – 31/05/2021
Robert Alexander Ziegler	non-independent, operative member	16/04/2019 – 23/03/2020

Of the members of the Board of Directors, Péter Lakatos via Lakatos, Köves and Partners Law Office, controlled by him, is engaged with the Company other than his board membership. 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 2020 the members of the Board of Directors held the number of shares indicated below:

Gerard van Kesteren	3 049 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 the CFO), 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 1 February 2019 until 23 March 2020. Mr. Barna Erdélyi took over as CEO as of 23 March 2020.

Introduction of the management

The following persons belong to the Key Management of the Company and the Group in the business year of 2020:

- Robert Alexander Ziegler, CEO (between 1 February 2019 and 23 March 2020, the CEO of the Company);
- Barna Erdélyi, CFO until 23 March 2020, then appointed to CEO on 23 March 2020;
- 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 2019, appointed to COO for the Hungary headquartered ITS segment on 1 February 2021.
- Bence Nyilasy, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp.z.o.o.

The curricula vitae of the current members of management employed by the Company are available on the Company website (www.waberers.com/en/about-us/corporate-governance).

Relationship between the Board of Directors and the Management:

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

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

- development of the consolidated profit/loss of the Company and the Group;
- development of the EBITDA 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 consisted of 6 members in 2020. 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 (www.waberers.com/en/investors/policies).

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 are available on the Company website:

Name	Independence status	Date of appointment and length of mandate
Gábor Béla Nagy	independent / chairman	31/05/2017 – 31/05/2021
David William Moffat Thompson	independent	28/08/2018 – 31/05/2021
Sándor Székely, employee delegate	non- independent	11/05/2017 – 31/05/2021
Mária Szalainé Kazuska – employee delegate	non- independent	31/05/2017 – 31/05/2021
Philip Anthony Marshall	independent	31/05/2017 – 31/05/2021
Zoltán György Bodnár dr.	independent	31/05/2017 – 31/05/2021

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
Philip Anthony Marshall	independent	for the length of their mandate in the Supervisory Board
Zoltán György Bodnár dr.	independent	for the length of their mandate in the Supervisory Board

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

Nomination and Remuneration Committee

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

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

Name	Impendence status	Date of appointment
Gerard van Kesteren	independent	from June 15, 2017 for his mandate as a member in the Board of Directors
Gábor Béla Nagy	independent	from June 15, 2017 for his mandate as a member in the Supervisory Board

David William Moffat Thompson	independent	from August 28, 2018 for his mandate as a member in the Supervisory Board

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

Internal controls and risk management

Internal control system

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

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

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

- Allocation of responsibilities. All duties are allocated to at least one function or 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.
- 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.

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

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

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

Risk factors

Waberer's has identified five sets of risk factors that it faces when conducting its business and that are to be considered by stakeholders such as investors, customers, or employees: market risk factors, regulatory risk factors, financial risk factors, operational risk factors, cyber security risk, and insurance-specific risk factors.[2]

Market risk factors

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

- **Macroeconomic risks.** Economic conditions that decrease freight demand or increase the supply of trucks and trailers can exert downward pressure on rates or equipment utilisation, thereby decreasing asset productivity, particularly in the market segments and industries where the Group has concentration of customers (including FMCG, automotive, logistics and electronics sectors) and in regions of Europe where the Group has a significant business operations (including Hungary, Poland, Germany, Italy, France, Spain, the Netherlands, Belgium and the United Kingdom). A number of unique factors may adversely affect such general economic conditions including, but not limited to, the mid-term and long-term impacts of United Kingdom's departure from the EU (the so-called 'Brexit') on our daily operations, as well as any prospective changes in the structure of the UK's economy and their trade relationships with continental Europe also in the middle and long term; the impacts of COVID-19 measures on business and trade processes, consumption and daily operations, as well as the speed and achievements of the European vaccine roll-out process; further unwinding of European integration and increased popularity of anti-EU political movements, or a region-specific deterioration of the economic performance or external trade links of Central and Eastern Europe.
- **Sector-specific risks.** The European transportation sector is exposed to a series of risk factors 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.

[2] 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.

- **Strategy**. The Group's efficiency-driven strategy in the European and regional road transportation sector. To this end, a so called Trade Lane model was introduced in 2020 in order to boost profitability, but this caused a reduction in our international transportation fleet. As a result, the performance of the Group as a whole is now less dependent on the successful operations of our ITS segment.
- **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.** As a result of the fleet reduction in our ITS segment, the number of foreign (i.e. other than Hungarian or Polish) employees significantly declined. Of all employee groups, Waberer's identifies its driver force as the most crucial element of its human resources management model. The typical industry risk of truck driver shortage significantly shrunk in 2020 due on the one hand to a general demand for workforce in the wake of the COVID-19 pandemic and, on the other hand, to the reduced fleet in our ITS segment. As a result of the improving macroeconomic situation, we may once again experience a shortage in drivers which may cause us to change our remuneration package accordingly.
- **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.

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 currently not projectable for the long term. In the shorter term, however, a potential increase in operating costs may prove a risk, 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, but the severity and duration of such measures highly depend on the speed and success of the vaccination processes.

Although the UK has left the EU, the most important post-Brexit regulations are known and Brexit has so far generated operational rather than regulatory risks, changes to the current framework of co-operation in the coming years are a possibility subject to the impacts of the present regulations on the future economic relations between the EU and UK.

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. In an effort to alleviate the difficulties brought to businesses by the pandemic and the ensuing lockdown measures, in 2020, the Hungarian government introduced a moratorium on loans and leases which significantly reduced our liquidity risk throughout 2020. We promised to our financing banks to abandon the moratorium in 2021 as our liquidity position has improved. However, a potential serious economic downturn that may still be triggered by the pandemic could well have a negative effect on the Company's liquidity position.
- **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.). In March 2021, we reached an agreement with our key financing partners as to the long-term availability of such banking solutions, 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 the mid- and long-term.

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
- As an insurer, the Insurance Company is exposed to the risk of catastrophes and severe weather events
- Adverse financial market conditions may significantly affect the Insurance Company's ability to optimise its portfolio selection and realise profits on its investments

Declaration

Undersigned, authorised representative of WABERER'S INTERNATIONAL Nyrt., the issuer of WABERER'S INTERNATIONAL Nyrt. ordinary shares, hereby declare that WABERER'S INTERNATIONAL Nyrt. takes responsibility for the 2020 Annual Report disclosed on 22 April 2020, of WABERER'S Group, which has been prepared to the best of our knowledge in accordance with the applicable financial reporting standards, and give a true and fair view of the assets, liabilities, financial position, and profit of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries and presents a fair review of the position, development and performance of WABERER'S INTERNATIONAL Nyrt. and its subsidiaries together with a description of principal risks and uncertainties.

Budapest, 22 April 2021

Barna Erdélyi
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

WABERER'S INTERNATIONAL Nyrt.

Összevont (konszolidált) éves beszámoló /
Consolidated annual report
2020. December 31 / 31 December 2020

Building a better working world

Ernst & Young Kft.
Ernst & Young Ltd.
H-1132 Budapest Váci út 20.
1399 Budapest 62. Pf.632, Hungary

Tel: +36 1 451 8100
Fax: +36 1 451 8199
www.ey.com/hu
Cg. 01-09-267553

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of WABERER'S INTERNATIONAL Nyrt.

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the accompanying 2020 consolidated annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020 - showing a balance sheet total of EUR 498,961 thousand and a total comprehensive loss for the year of EUR 47,483 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 2020 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all materials respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

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

We are independent of the Group in accordance with the applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board 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 consolidated annual financial statements, which indicates that the Group incurred significant losses in 2019 and 2020 of EUR 41,800 thousand and EUR 41,827 thousand, respectively. The short-term liabilities exceeded the current assets by EUR 43,278 thousand as of 31 December 2020. Subsequent to the balance sheet date the Group prolonged and extended its credit facilities with the financing banks and leasing companies on 3 March 2021, which improved the Group's liquidity position. However, the availability of these credit facilities depends on the Company's ability to meet loan covenants, as disclosed in Note 38. As stated in Note 2.a, these events and conditions, along with other matters as set forth in Note 2.a, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

<u>Revenue recognition</u>

The Group's consolidated third-party revenue from contracts with customers amounted to EUR 569,342 thousand in 2020, thus it is significant to the consolidated financial statements. Revenue is recognized when all the 5 step criteria of IFRS 15 - Revenue from	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

Building a better working world

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.

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) Revenues, Note 5 Segment information and Note 22 Net revenue, consignment services of the consolidated annual financial statements.

Goodwill measurement – annual impairment testing

Goodwill amounting to EUR 17,730 thousand as at 31 December 2020 represents 3.6% 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 2020 the Group recorded an impairment in amount of EUR 13,934 thousand for the goodwill allocated to its Link cash generating unit that resulted in a decrease of the goodwill amount to EUR 17,730 thousand as at 31

We involved valuation specialists in our audit to support our assessment of the assumptions and methods that were used by the Group in the discounted cash flow model. 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

December 2020. 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, which have been further elevated by the COVID-19 crisis.

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 Note 3 (e) Intangible assets and Note 6 (a) Goodwill of the consolidated annual financial statements.

Other information

Other information consists of the 2020 consolidated business report of the Group and consolidated annual report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

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

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

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2020 is consistent, in all material respects, with the 2020 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

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

Building a better working world

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

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

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 WABERER'S INTERNATIONAL Nyrt by the General Assembly of Shareholders of the Company on 16 April 2018. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 10 years.

Consistency with Additional Report to Audit Committee

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

Non-audit Services

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

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

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

Budapest, 17 March 2021

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

Bartha Zsuzsanna Éva
Registered auditor
Chamber membership No.: 005268

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.

2020

CONSOLIDATED FINANCIAL STATEMENTS

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

Date: Budapest, 16 March 2021

Manager of Company
(representative)

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

data in thousand EUR

Description	Note	31 December 2019	31 December 2020
NON-CURRENT ASSETS			
Property	7	69 071	61 173
Fixed assets not yet capitalized	7	322	222
Vehicles	7	154 142	93 136
Other equipment	7	4 852	3 721
Total property, plant and equipment		**228 387**	**158 252**
Intangible assets	6	17 900	16 556
Goodwill	6	31 664	17 730
Other Financial investments - Debt instruments - Long term	10	72 760	85 205
Other Financial investments - Equity instruments - Long term	10	-	-
Other non-current financial assets	9	98	58
Reinsurance amount of technical reserves	20, 26	36 464	43 408
Deferred tax asset	32	1 949	2 821
TOTAL NON-CURRENT ASSETS		**389 222**	**324 030**
CURRENT ASSETS			
Inventories	11	3 799	2 564
Current income taxes	32	1 591	1 865
Trade receivables	12	111 659	72 928
Other current assets and derivatives	13	49 151	21 252
Cash and cash equivalents	15	50 872	76 109
Assets classified as held for sale	14	199	213
TOTAL CURRENT ASSETS		**217 271**	**174 931**
TOTAL ASSETS		**606 493**	**498 961**
SHAREHOLDERS' EQUITY	16		
Share capital		6 147	6 147
Reserves and retained earnings		98 308	56 835
Translation difference		(926)	(6 801)
Total equity attributable to the equity holders of the parent company		**103 529**	**56 181**
Non-controlling interest		**120**	**208**
TOTAL SHAREHOLDERS' EQUITY		**103 649**	**56 389**
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term portion of leasing liabilities	17	128 717	101 531
Deferred tax liability	32	1 671	914
Provisions	18	20 360	21 228
Other long-term liabilities	19	-	3 413
Other insurance technical provision - long term	20	86 110	97 277
TOTAL LONG-TERM LIABILITIES		**236 858**	**224 363**
CURRENT LIABILITIES			
Short-term loans and borrowings	34	48 542	31 815
Short-term portion of leasing liabilities	17	64 713	62 016
Trade payables	34	118 272	81 728
Current income taxes	32	545	2 057
Provisions	18	2 973	6 294
Other current liabilities and derivatives	21	20 924	24 350
Other insurance technical provision - short term	20	10 017	9 949
TOTAL CURRENT LIABILITIES		**265 986**	**218 209**
TOTAL LIABILITIES		**502 844**	**442 572**
TOTAL EQUITY AND LIABILITIES		**606 493**	**498 961**

Date: Budapest, 16 March 2021

WABERER'S International NyRt.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

data in thousand EUR

Description	Note	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2019	International Transportation	Regional Contract Logistics	Other	Inter-segment transfers	2020
Continuing activities											
NET REVENUE	22	480 721	147 021	68 445	-	696 186	334 769	177 085	72 234	-14 746	569 342
Cost of Trucking Subcontractors	22	-88 712	-31 734	-	816	-119 630	-69 569	-25 027	-	1 039	-93 557
Cost of goods sold	22	-16 507	-2 785	-	9 599	-9 693	-5 303	-6 448	-	3 452	-8 299
Direct wages, benefits & allowances	23	-94 375	-24 530	-	-	-118 905	-61 068	-41 936	-	22	-102 982
Fuel cost	24	-96 570	-16 736	-	66	-113 240	-55 909	-13 553	-	18	-69 444
Toll Fees & Transit Costs	25	-94 121	-22 091	-	230	-115 982	-61 325	-20 966	-	240	-82 051
Repair & maintenance	27	-18 672	-3 850	-	330	-22 192	-20 150	-5 648	-	268	-25 530
Insurance costs	27	-16 911	-1 451	-29 387	187	-47 562	-10 396	-1 013	-32 428	137	-43 700
Reinsurance Fee	26	-332	-42	-28 941	-	-29 315	-319	-48	-29 561	-	-29 928
Direct Rent	27	-1 377	-841	-	231	-1 987	-944	-2 404	-	485	-2 863
Other contracts	27	-296	-1 848	-	-	-2 144	-262	-1 762	-	-	-2 024
Vehicle weight tax and other transport related taxes	27	-1 746	-467	-1	-	-2 214	-1 338	-483	-1	-	-1 822
Total direct costs		-429 619	-106 375	-58 329	11 459	-582 864	-286 583	-119 288	-61 990	5 661	-462 200
Net gain on fleet sales	14	2 413	21	-	-	2 434	211	269	-	-	58
Gross Profit		65 754	41 776	10 116	-1 890	115 756	44 224	54 444	10 244	-1 713	107 199
In % of Revenue		13,68%	28,41%	14,78%		16,63%	13,21%	30,74%	14,18%		18,83%
Indirect Wages & Benefits	28	-27 445	-8 439	-1 640	-	-37 524	-23 850	-9 833	-1 694	-	-35 377
Other services	28	-16 370	-9 294	-75	1 917	-23 821	-10 837	-11 325	-15	1 728	-20 449
Selling, General and Administrative costs	28	-43 815	-17 733	-1 715	1 917	-61 345	-34 687	-21 158	-1 709	1 728	-55 826
In % of Revenue		-9,11%	-12,06%	-2,51%		-8,81%	-10,36%	-11,95%	-2,37%		-9,81%
Other operating income	29	7 665	878	896	-38	9 401	4 025	1 197	1 406	-14	6 614
Other operating expense	30	-20 057	-3 488	-329	11	-23 863	-19 649	-4 092	-441	-	-24 182
Profit before interest, tax, depreciation and amortization(EBITDA)		9 547	21 433	8 968	-	39 948	-6 087	30 391	9 500	-	33 805
In % of Revenue		1,99%	14,58%	13,10%		5,74%	-1,82%	17,16%	13,15%		5,94%
Depreciation	6,7	-52 012	-17 120	-251	-	-69 383	-41 416	-16 595	-289	-	-58 300
Profit before Interest (EBIT)		-42 466	4 312	8 717	-	-29 434	-47 503	13 796	9 212	-	-24 495
Interest	31	-2 936	-3 306	239	-	-6 002	-4 379	-9 073	589	-	-12 863
Profit(loss) before income tax		-45 402	1 006	8 956	-	-35 437	-51 882	4 723	9 801	-	-37 358
Income Tax	32	-3 625	-1 469	-1 269	-	-6 363	-577	-2 602	-1 290	-	-4 469
Profit after Tax		-49 027	-463	7 687	-	-41 800	-52 459	2 121	8 511	-	-41 827
DISCOUNTINUED OPERATION											
Profit/loss from discountinued operation (decreased with deferred tax)											
CURRENT YEAR PROFIT/LOSS		-49 027	-463	7 687	-	-41 800	-52 459	2 121	8 511	-	-41 827
Attributable to:											
Equity holders of the parent		-49 029	-486	7 689	-	-41 826	-52 461	2 060	8 511	-	-41 890
Non-controlling interest		2	24	-	-	26	1	62	-	-	63
		-49 027	-462	7 689	-	-41 800	-52 460	2 122	8 511	-	-41 827
OTHER COMPREHENSIVE INCOME											
Items to be reclassified subsequently to profit or loss											
Fair-value of cash-flow hedge transaction (fuel and FX) - less deferred tax		-298	-	-	-	-298	-	-	140	-	140
Fair-value of financial instruments		2 069	-	-	-	2 069	80	-	-	-	80
Translation difference from foreign entities		-190	-333	-577	-	-1 100	-64	-1 955	-3 857	-	-5 876
OTHER COMPREHENSIVE INCOME		1 581	-333	-577	-	671	16	-1 955	-3 717	-	-5 656
TOTAL COMPREHENSIVE INCOME		-47 446	-795	7 112	-	-41 129	-52 444	167	4 794	-	-47 483
Attributable to:											
Equity holders of the parent		-33 441	-819	7 112	-	-41 155	-52 306	105	4 794	-	-47 546
Non-controlling interest		2	24	-	-	26	1	62	-	-	63
Earnings per Share											
Number of shares						17 598					17 562
Basic and diluted EPS (EUR/share)						(2,38)					(2 38)

Date: Budapest, 16 March 2021

WABERER'S INTERNATIONAL NyRt.
CONSOLIDATED STATEMENT OF CASH FLOWS

data in thousand EUR

Description	Note	2019	2020
Profit/loss before tax		**(35 437)**	**(37 358)**
Non-realised exchange loss/gain on leases (-)	31	-	-
Non-realised exchange loss/gain on other FX assets and liabilities (-)	31	(509)	7 820
Booked depreciation and amortisation	6, 7	62 126	51 328
Impairment	11,12,13	16 132	15 999
Interest expense	31	5 481	3 173
Interest income	31	(158)	(95)
Difference between provisions allocated and used	18	(1 164)	4 190
Changes of Insurance technical reserves		18 779	4 223
Result from sale of tangible assets		(581)	(138)
Result from sale of non-current assets held for sale		(2 434)	(57)
Net cash flows from operations before changes in working capital		***62 235***	***49 085***
Changes in inventories	11	563	1 236
Changes in trade receivables	12	2 835	38 412
Changes in other current assets and derivative financial instruments	13	1 024	27 045
Changes in trade payables	34	(15 038)	(38 465)
Changes in other current liabilities and derivative financial instruments	21	(1 145)	4 583
Changes in Insurance technical liabilites	21	5 935	(67)
Income tax paid	32	(4 953)	(4 860)
I. Net cash flows from operations		***51 456***	***76 969***
Tangible asset additions	6, 7	(11 113)	(3 839)
Income from sale of tangible assets	7	3 391	236
Income from sale of non-current assets held for sale	14	26 894	9 334
Changes in other non-current financial assets	9	(36)	40
Changes in Financial investments (Equity and Debt istruments)	34	(18 271)	(12 445)
Cash and cash equivalents acquired	15	-	-
Interest income	31	144	95
Borrowing repayement from related company		-	-
Borrowing to related company		-	-
II. Net cash flows from investing activities		***1 009***	***(6 579)***
Borrowings	33	30 680	(16 171)
Repayment of loans, borrowings	34	-	-
Lease payment	34	(64 578)	(18 328)
Lease payment related to sold assets	34	(20 882)	(9 062)
Interest paid	31	(4 473)	(1 569)
Buy back of own shares		-	-
Dividend paid		-	(22)
Buy-out of non-controlling interest		-	-
Capital increase		-	-
Aqisition of related company		-	-
III. Net cash flows from financing activities		***(59 253)***	***(45 152)***
IV. Changes in cash and cash equivalents		***(6 788)***	***25 238***
Cash and cash equivalents as at the beginning of the year	34	57 660	50 872
Cash and cash equivalents as at the end of the year	34	50 872	76 110

Date: Budapest, 16 March 2021

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 2019		**6 184**	**138 620**	**174**	**144 978**	**94**	**145 072**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**21, 29**	0	-298	0	-298	0	-298
Fair-value of financial instruments		0	2 069	0	2 069	0	2 069
Exchange difference on foreign operations			0	-1 100	-1 100	0	-1 100
Other comprehensive income		0	1 771	-1 100	671	0	671
Profit/Loss for the year		0	-41 826	0	-41 826	26	-41 800
Total comprehensive income		0	-40 055	-1 100	-41 155	26	-41 129
Buy back of own shares from ESOP Unit		-37	0	0	-37	0	-37
Bonus shares for Employee benefit program		0	0	0	0	0	0
Buy-out of non-controlling interest		0	0	0	0	0	0
Other movements		0	-257	0	-257	0	-257
Closing value as at 31 December 2019		**6 147**	**98 308**	**926**	**103 529**	**120**	**103 649**
Fair-value of cash-flow hedged transaction (FX) - less deferred tax	**22, 30**	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**

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 2020 comprise the Company and its subsidiaries (hereinafter collectively the "Group", and separately "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. The Group has three business segments: International transportation Services "ITS," comprising operations based in Hungary ("ITS HU") and Poland ("Link"), Regional Contract Logistics ("RCL") and Other (mainly insurance operations).

2. Basis of preparation

(a) Going concern disclosure

The Group incurred significant losses in 2019 and 2020 at EUR 41.800 thousand and EUR 41.827 thousand respectively, which losses include goodwill impairment of EUR 16 million and EUR 14 million, respectively. The short-term liabilities exceeded the current assets by EUR 43.278 thousand as at 31 December 2020.

Subsequent to the balance sheet date the Group prolonged and extended its credit facilities with the financing banks and leasing companies on 3 March 2021 (further 'Financing Agreements'). As a result of these agreements, the majority of the moratorium related unpaid leasing (EUR 21 million) was transformed to a 5-year bullet loan and will be reclassified to long term liabilities from 1Q2021. The overdraft credit line is also available in the next 5 years and will be reclassified to long term liabilities (its balance was EUR 26 million as at 31 December 2020). The current ratio was 80% as at 31 December 2020, but it would have been 102%, if the Financing Agreements had been in force as at 31 December 2020.

IAS 1 determines that "when an entity has a history of profitable operations and ready access to financial resources, that the entity may reach a conclusion that the going concern basis of the accounting is appropriate without detailed analysis." As per the above, the Group currently has ready access to financial resources but does not have a history of profitable operation in the recent years, consequently performed a detailed analysis on its going concern status summarized as below.

When considering the going concern assumption, the management reviewed several factors, including the Group's results and its continued access to sufficient loan facilities as described below:

- The Group achieved successful operation in the second half of 2020, implementing a new operational model. Its one-off costs have been already incurred and it is planned to be continued successfully in the coming years by the future effects of the action plans mentioned above.
- The Group's actual results exceeded its budgets in 2020 and the unaudited management accounts show that this trend continued in January and February 2021.
- Management's business plan shows a positive financing headroom of the Group (and within it ITS HU and RCL segments which form a cash pool group), partly due to the bank loan moratorium declared by the Hungarian government on 18 March 2020, which lasts until 30 June 2021, and partly due to the durable resources provided by the Financing Agreements. The 5-year final repayment scheme and the approximately EUR 23 million additional financial source created by the extension of the available credit facilities in the Financing Agreements, will ensure the financing of the operation in 2021, with a significant reserve.
- Though the bank loan moratorium lasts until 30 June 2021, the Group currently expects to start to repay its lease obligations earlier.
- The Financing Agreements ensure the availability of all working capital financing facilities, with unchanged conditions for 3 and 5 years, with final repayment. The Financing Agreements also provide an opportunity to prolong the financing of leased vehicles expiring in 2021.
- All major partners of the Group and suppliers have extended their framework agreements or signed new agreements, which is a sign of confidence in our financial performance.

Based on the above, the Group's management is confident that the Group's results from operations and liquidity position have been significantly improved comparing to the situation a year ago.

Achieving the current business plans means that the Group can continuously meet the covenants set out in the Financing Agreements, which are disclosed in Note 38. The current business plans expect continuous improving in the Group's profit level. Improving the Group's profitability and liquidity situation is dependent on the outcome of the action plans on revenue and efficiency initiated by the management in 2020. The management is confident in the positive effects of these action plans and accordingly in meeting the Group's budget and the covenants in the Financing Agreement. The positive effects of the action plans have been captured in the last several months. However, currently there is no long-term proven track record on the positive effects of the action plans. Additionally, the Group incurred considerable losses after not meeting its budgets in recent previous years. Also, the COVID-19 crisis and Brexit have had an impact on the cash-flow generation of the Group. Accordingly, there is a potential risk of not meeting the Group's budget and the covenants of the Financing Agreements.

Based on the above facts and circumstances the management believes that the going concern assumption is appropriate for the consolidated financial statements for the year ended 31 December 2020 and accordingly these have been prepared on the basis of accounting principles applicable to a going concern. However, having considered the facts, uncertainties and circumstances described above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

(b) Statement of compliance with International Financial Reporting Standards

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

IFRS comprise accounting standards issued by the International Acounting Standards Board (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 16th of March, 2021.

(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.

Company	2019	2020
Waberer's - Szemerey Logisztika Kft.	HUF	HUF
Waberer's Romania SA	RON	RON
Waberer's UK Limited	GBP	discontinued
Wáberer Hungária Biztosító Zrt.	HUF	HUF
Közdűlő Invest Kft.	HUF	HUF
LINK Sp. z o.o.	PLN	PLN
LINK Services Sp. z o.o.	PLN	PLN

(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 in all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

New and amended standards adopted

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2020:

a) 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 2020:

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

ii. **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Management has assessed the impact of the change and adopted it from 1st of January 2020. The change has no impact on the financial statement of the Group.

iii. **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed the impact of the change and adopted it from 1st of January 2020. The change has no impact on the financial statement of the Group.

iv. **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has assessed the impact of the change and adopted it from 1st of January 2020.

b) Standards issued but not yet effective

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 recognize 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 impact of the changes and will adopt the Standard as soon as it is endorsed by EU.

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

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 impact of the change and adopted it in the preparation of financial statement related to the valuation of IFRS 16.

iii. **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. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. 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. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management has assessed the impact of the change and adopted it from 1st of January 2021.

c) Standards not adopted by EU

i. **IFRS 17: Insurance Contracts**

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

ii. **IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)**

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 January 1, 2023.

The Amendments to IFRS 17 have not yet been endorsed by the EU.

iii. **Amendment 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 Venture**
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 are 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. These Amendments have not yet been endorsed by the EU.

(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 favorable to the Group; or
- a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the Group is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A financial liability is any liability that is:

a contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable 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.

(ii) 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, plant and equipment

(i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the amount of the depreciable asset value. The depreciable amount of an asset is its cost less any residual value. 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 years
- machinery, equipment 7 years
- vehicles 4-5 years
- other equipment and fittings 7 years

For the RCL segment, the 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 the ITS segment, the right of use is presented as asset value in accordance with the useful life set in the lease agreement, and is depreciated on a linear basis in line with the rules of IFRS 16.

(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.

(g) Right-of-use assets

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 applied was the in line with the finance cost of similar assets i.e. 2%. All right of use asset which has a shorter contracted period than 12 months or the net present 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.

(h) Gain on fleet sales

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

(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

(k) 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 and fair value through other comprehensive income (FVOCI). The company recognizes a loss allowance for such losses on a daily basis. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

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

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

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

Uncollectible assets are written off against the related impairment loss 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;
- no significant financing component exists, 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 is presented within the income tax expense.

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

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 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, which 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 an asset or liability including::

- 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. However, the purpose of fair value measurement remains unchanged: to identify 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 was EUR 6,192,807 on 31st of December 2019 and 31st of December 2020, which comprised 17,693,734 dematerialised ordinary shares of nominal value of EUR 0.35 each. The total includes 131,924 treasury shares (total nominal value: EUR 46,173) and this has not changed compared to the prior year.

Net of the treasury shares, the weighted average number of ordinary shares during the year is the same as the quantity at the end of the year, which is 17,561,810.

There was no diluting effect in either 2019 or 2020, therefore the diluted earnings per share is the same as the ordinary earnings per share.

Earnings per share	**2019**	**2020**
Net profit after tax (thousand EUR)	-41 800	-42 826
Weighted average of ordinary shares (number)	17 597 844	17 561 810
Earnings per share (in EUR)	-2,34	-2,38
Diluted earnings per share (in EUR)	-2,34	-2,38

5. Segment information

The operations of the Group are governed by Group management in three segments:

International Transportation Services ("ITS"): International FTL transportation and forwarding, and international collective transportation. The business segment's operations are based in Hungary (ITS HU) and in Poland (Link) and transport goods on behalf of clients across Europe.

Regional contractual logistics ("RCL"): FTL and LTL transportation, warehousing and vehicle repairs to third parties, mainly in Hungary. The principal operating company within this business segment is Waberer's Szemerey

Other: Insurance services

The contributions of the three business segments to the results of the Group, are presented in the Statement of Consolidated Income. Certain additional segment analyses are presented below:

Revenues and key other comprehensive income (OCI) items:

2019

Item	**ITS**	**RCL**	**Other**	**Inter-segment**	**Total**
Revenues – own fleet and services	371 123	66 216	0	-367	**436 972**
Revenues - performed by subcontracors	107 879	35 924	0	-449	**143 354**
Other revenues	13 958	45 990	68 445	-12 532	**115 860**
Inter-segment eliminations (-)	- 12 239	- 1 109		13 348	-
Net revenues	**480 721**	**147 020**	**68 445**	**0**	**696 186**

EBITDA	25 826	21 432	8 969	0	56 227
Depreciation	- 52 042	- 17 120	- 250	-	- 69 412
EBIT	- 26 216	4 312	8 719	0	- 13 185

2020

Item	**ITS**	**RCL**	**Other**	**Inter-segment**	**Total**
Revenues - own fleet and services	247 101	64 178	0	-515	**310 764**
Revenues – performed by subcontractors	83 625	31 217	0	-524	**114 318**
Other revenues	292	78 068	72 234	-6 334	**144 260**
Inter-segment eliminations (-)	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

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

Income tax expense:

Item	2019			2020		
	ITS	**RCL**	**Other**	**ITS**	**RCL**	**Other**
Income tax expense	-3 625	-1 470	-1 269	-577	-2 415	-1 290
- income taxes paid	-2 057	215	- 23	-2 570	- 2 434	-1 327
- deferred tax	-1 720	-1 255	- 1 2646	1 964	19	37

Non-current assets:

Item	31 Dec 2019			31 Dec 2020		
	ITS	**RCL**	**Other**	**Int. transport**	**Regional cont. logistics**	**Other**
Properties	10 981	57 759	331	9 391	51 552	230
Assets in the course of construction	870	382	55	214	7	0
Vehicles	112,209	41,933	-	63 335	29,801	-
Other equipment	2 691	1 745	416	1 688	1 615	418
Intangible assets	13 885	2 515	539	14 023	1 995	538
Goodwill	29 087	2 577	0	15 153	2,577	-
Deferred tax assets	2 457	0	0	2 820	-	-
Other Financial investments - other	57	0	0	53	0	4
Other Financial investments - Debt instruments - Long term	16 567	965	55 344	18 877	1 213	65 115
Reinsurance amount of technical reserves	0	0	36 464	0	0	43 408

Consolidated statement of Cash Flows
Analysis of certain items with no material cash movement:

Item	2019			2020		
	ITS	**RCL**	**Other**	**ITS**	**RCL**	**Other**
Unrealised FX gain or loss on FX assets and liabilities	-844	587	-252	1 752	9 656	878
Impairment loss	16 198	-66	0	763	11	0

Difference between provisions made/used	1 699	342	194	2 561	534	-334

6. Intangible assets

Opening 1 Jan 2019	**Intangible assets**	**Goodwill**	**Total**
Cost	30 590	53 379	83 969
Cumulative amortisation and impairment	-16 911	-5 790	-16 913
Net value	**13 677**	**47 589**	**61 266**
Changes in 2019			
Additions and capitalisations	6 259	0	6 259
FX changes	-71	0	-71
Additions	1 142	0	1 142
Amortisation	-3 036	0	-3 036
Impairment	0	-15 925	-15 925
Disposals	-70	0	-70
Closing, net	**17 900**	**31 664**	**49 564**
Closing, 31 Dec 2019			
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	-318	0	Is-318
Additions from acquisitions	0	0	0
Amortisation	-3 104	0	-3 104
Impairment	0	13 934	0
Disposals	0	0	0
Closing, net	**16 556**	**17 730**	**48 220**
Closing, 31 Dec 2020			
Cost	38 449	53 379	91 828
Cumulative amortisation and impairment	-21 893	-35 694	-43 608
Net value	**16 556**	**17 730**	**48 220**

(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 EUR 29.1 million on 31 December 2019. On 26 April 2013, Waberer's Logisztika Kft.

acquired 60%, and therefore controlling influence, in Szemerey Transport Zrt. in a share swap transaction. In line with the Group's accounting policies goodwill of EUR 2,577 million 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 o., a Polish workforce letting agency. The Group identified a goodwill of EUR 34,877 million on these acquisitions. At 31 December 2018, an impairment loss of EUR 5,790 thousand was recognised as a result of the year-end revaluation of goodwill. No additional impairment loss was recognised in 2019. At 31 December 2020, the Group management considered it appropriate to account for an additional impairment of EUR 13,934 thousand, based on the plans of the business and taking into account the effects of COVID-19 and the BREXIT. Following the recognition of the impairment, the carrying amount of LINK goodwill decreased to EUR 15,153 thousand at 31 December 2020.

The Goodwill of the international transportation segment is related to the 2004 acquisition of Hungarocamion in the amount of EUR 15.9 million. In 2019 this Goodwill was completely impaired, so its book value has been zero EUR since 31 December 2019. Accordingly, the parent does not make an additional return calculation for the related goodwill either in the current year or in the future.

After the merger of Szemerey Transport Zrt and Waberer's Logisztika Kft the separation of the two units for the goodwill impairment test is based on the arithmetic middle point of revenue and asset value. The value of the goodwill is based on multiplication of future cash-flow and the previously determined arithmetic middle point. The goodwill of the LINK business unit, is derived from its future cash flows plans.

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 the long-term 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 the market for an investment with similar risk, cash flow and timing profile. The Group use the following discount rate: 8.5%.

Impairment testing of the goodwill related to the ITS segment

The opening value of the goodwill for LINK at 1 January 2020 was EUR 29,087 thousand. In 2020, the profit after tax was positive, but due to COVID-19 and the several times postponed Brexit the business unit underperformed compared to its plans, which provided the basis of the previously prepared impairment models. In accordance with this, the parent company along with the entity reassessed the recoverability of the goodwill in accordance with the new strategic plans. In line with the plan for the next 5 fiscal years, they determined the cash-generating ability of the business unit based on the terminal value of the fifth year, which was discounted with 8,5% discount rate, as set in point 2 above. Therefore, the discounted cash-flow plan set the recoverability value of the LINK business unit at EUR 15,153 and booked the required impairment of EUR 13,934 thousand.
An increase in the discount factor by 0,1% in the impairment test would result in a decrease of EUR 191 thousand in the recoverability value.
A 1% increase in revenues would result in an increase in net profit of EUR 90 thousand.

Impairment testing of the goodwill related to the RCL segment

The book value of goodwill is EUR 2.577 million. Based on the impairment test the management judged that no impairment was necessary. According to the current plans, the book value will be recovered in less than one year.
A 0.1% increase in the discount factor would decrease the recoverable value by EUR 0.37 million.

A 1% increase in revenues would increase the net profit by EUR 0.16 million.

(b) Intangible assets with indefinite useful lives

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

7. Tangible assets

	Properties	Assets in the course of construction	Vehicles	Other equipment	Total
Opening, 1 Jan 2019					
Cost	94 584	2 721	469 945	21 824	589 074
Cumulative depreciation and impairment loss	23 852	0	148 437	15 580	187 869
Net value	**70 732**	**2 721**	**321 508**	**6 244**	**401 205**

	Properties	Assets in the course of construction	Vehicles	Other equipment	Total
Changes in 2019					
Additions and capitalisations	10 401	- 2 399	18 524	1 692	30 617
FX changes	-266	-1	-898	-54	-1 219
Depreciation, impairment	-9 094	0	-54 506	-2 776	-66 376
Derecognition	-2 702	0	-31 994	-125	-34 831
Closing, net	**69 071**	**322**	**154 142**	**4 852**	**228 387**
Closing at 31 December 2019					
Cost	101 856	322	301 393	12 474	416 045
Cumulative depreciation and impairment loss	-32 785	0	-147 251	-7 622	-187 658
Net value	**69 071**	**322**	**154 142**	**4 852**	**228 387**

	Properties	Assets in the course of construction	Vehicles	Other equipment	Total
Changes in 2020					
Additions and capitalisations	6 379	-43	328	884	7 548
FX changes	- 5 736	-57	-4 925	-204	-10 922
Depreciation, impairment	-8 542	0	-44 173	-2 136	-55 195
Derecognition	0	0	-11 027	-63	-11 090
Reclassification to non-current assets held for sale	0	0	- 1 209	0	-1 209
Closing, net	**61 172**	**222**	**93 136**	**3 721**	**158 252**
Closing at 31 December 2020					
Cost	100 275	222	252 224	12 647	365 368
Cumulative depreciation and impairment loss	-39 103	0	-159 088	-8 926	-207 117
Net value	**61 172**	**222**	**93 136**	**3 721**	**158 252**

(a) Properties

The following table includes the Groups' most significant properties as at 31 December 2020.

Property location	Country	Usage	Net value
Right of use IFRS 16 (RCL)	Hungary	Rented warehouse – business site	42 584
Right of use IFRS 16 (LINK)	Poland	Rented property – business sites	311
Right of use IFRS 16 (Wáberer Hungária)	Hungary	Rented property – headquarters	230
Rights of use under IFRS 16, total			**45 125**
Budapest, Nagykőrösi út 349-351	Hungary	Headquarters	4 607
Miercurea Ciuc Hargita	Romania	Headquarters	1 230
Mosonmagyaróvár	Hungary	Business site – workshop	1 155
PILK (Pestszentlőrinc Logisztika Centrum)	Hungary	Logistics warehouse	2 380
BILK – improvement on rented property	Hungary	Logistics warehouse/Offices	5 143
Páty Geodis – improvement on rented property	Hungary	Logistics warehouse/Offices	734
Győr	Hungary	Logistics warehouse	265
Miskolc	Hungary	Logistics warehouse	264

(b) Movements in tangible assets

Property additions totalled EUR 6.4 million in 2020. EUR 5.3 million of this increase represents the value of a warehouse rented by Waberer's- Szemerey Kft., an entity in the RCL segment, capitalised in accordance with IFRS 16. An additional EUR 0.7 million relates to special reconstruction work and scaffolding on this warehouse and on other rented warehouses. Other increases in 2020 were EUR 0.4 million.

(c) Mortgaged assets

The Group did not have any mortgaged assets at 31st of December 2020 but, as explained in the subsequent event note, Note 38, has subsequently mortgaged its assets as part of its new financing agreements..

(d) Leased assets

At 31 December 2019, the gross value of leased assets totalled EUR 287,049 thousand, with an accumulated depreciation of EUR 82,555 thousand and a book value of EUR 195,494 thousand. At 31 December 2020, the gross value of leased assets totalled EUR 282,198 thousand, with an accumulated depreciation of EUR 132,455 thousand and a book value of EUR 149,743 thousand. These values do not include the lease liabilities in accordance with the right of use of asset related to IFRS 16 contracts, which are detailed in Note 33.

During 2020, the Group reduced its transportation fleet and halted most purchases of trucks. . Some trucks were purchased in the RCL segment in 2020.

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

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

(f) Deemed cost of properties

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

8. Investments in subsidiaries and joint ventures

Company	Country	Scope of activities	Ownership ratio 2019	Ownership ratio 2020
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%
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 România SA	Romania	international transportation and forwarding	100,00%	100,00%
Waberer's Deutschland GmbH	Germany	international forwarding	100,00%	100,00%
Waberer's France	France	trading agency	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%
Szemerey Plus Kft.	Hungary	inland transportation	5,00%	5,00%

In view of the rights and obligations set out in the articles of association, Szemerey Plus Kft. is not fully consolidated but is subject to equity consolidation in accordance with IFRS. Although the Group's ownership is only 5% of the total value of the shares, there are specified contracted terms between the owners which provides the Group with significant influence over the entity, hence it is consolidated with the equity method.

In 2020, the following already dormant subsidiaries were legally wound up.

Company	Country	Scope of activities	Ownership ratio 2019	Ownership ratio 2020
Waberer's Espana	Spain	international forwarding	100,00%	liquidated
Waberer's UK Limited	UK	trading agency	100,00%	liquidated
Waberer's Benelux B.V.	Holland	trading agency	100,00%	liquidated
Waberer's Italia SRL	Italy	trading agency	100,00%	liquidated
WB Station et Services	Belgium	vehicle repairs	100,00%	liquidated

In 2020, Group management changed the business model of the ITS segment and the Group structure was streamlined. As part of the restructuring process, the assets and liabilities of several companies were merged into a single company, Bódi Intertrans Kft., their legal successor. The movements in the ownership ratios of the merged entities are set out in the table below.

Company	Country	Scope of activities	Ownership ratio 2019	Ownership ratio 2020
Szabó Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Kerekes Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Veres Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Zsemlye Intertrans Kft.	Hungary	international forwarding	100,00%	merged
S Tóth Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Vándor Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Transpont Hungária Kft.	Hungary	international forwarding	100,00%	merged
Kanczler Intertrans Kft.	Hungary	international forwarding	100,00%	merged
TT Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Euro-Unió Trans Kft.	Hungary	international forwarding	100,00%	merged
Gervin Trans Kft.	Hungary	international forwarding	100,00%	merged
MIS Transport Kft.	Hungary	international forwarding	100,00%	merged
Crossroad Transport Kft.	Hungary	international forwarding	100,00%	merged
Cosmos-Transport Kft.	Hungary	international forwarding	100,00%	merged
Lean Logistic Kft.	Hungary	international forwarding	100,00%	merged
Del af Europa Transp. Kft.	Hungary	international forwarding	100,00%	merged
PM Intersped Kft.	Hungary	international forwarding	100,00%	merged
Return Transport Kft.	Hungary	international forwarding	100,00%	merged
VB-Transport Kft.	Hungary	international forwarding	100,00%	merged
JIT Euro Trans Kft.	Hungary	international forwarding	100,00%	merged
Tracking Transport Kft.	Hungary	international forwarding	100,00%	merged
SZ-M Cargo Kft.	Hungary	international forwarding	100,00%	merged
SOLID Transport Kft.	Hungary	international forwarding	100,00%	merged
Cargo Hungária Kft.	Hungary	international forwarding	100,00%	merged
Szala Transport Kft.	Hungary	international forwarding	100,00%	merged
WM Log Kft.	Hungary	international forwarding	100,00%	merged
Cseri Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Simon Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Molnár S Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Kovács Á Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Molnár N Intersped Kft.	Hungary	international forwarding	100,00%	merged
Réthi Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Vágenhoffer Intertrans Kft.	Hungary	international forwarding	100,00%	merged
VT Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Pálinkás Intertrans Kft.	Hungary	international forwarding	100,00%	merged
Székely Intertrans Kft.	Hungary	international forwarding	100,00%	merged

9. Other non-current financial assets

	31 December 2019	31 December 2020
Szemerey Plus Kft. quota	61	55
Other	37	5
Total	**98**	**58**

For information on the market value of the other non-current assets, see Note 34.

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

The held-to-maturity investments of the Group's insurance subsidiary, 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 EUR 85,362 thousand at the end of 2020. The term deposits cover the insurance company's technical liabilities (both currency and term). Non-current financial assets are revalued at fair value and the change in values is reported within other comprehensive income. Non-current financial assets are shown below per type, currency and country of origin.

Type	Currency	Country code	Amortised cost	Fair value	Fair value difference
		ES	1 131	1 171	40
		HU	5 267	5 305	38
		IL	1 106	1 120	14
		IT	13 628	13 932	304
		MX	1 027	1 050	23
		PL	1 094	1 098	4
	EUR	SI	2 318	2 407	89
	GBP	GB	13 950	14 051	101
Government bond	HUF	HU	49 060	50 061	1 001
Discounted treasury bond	HUF	HU	8 837	8 843	6
		HU	2 287	2 354	67
		LU	498	505	7
		NL	315	314	- 1
	EUR	PL	2 000	2 011	11
		DE	2 013	2 036	23
		GB	565	577	12
	GBP	US	1 580	1 580	-
Corporate bond	HUF	HU	1 101	1 101	-
Total			**107 776**	**109 518**	**1 742**
Expected Credit Loss – IFRS 9				- 121	
Reclassified to cash and cash equivalents				24 192	
Non-current financial assets – Debt instruments, total				**85 205**	

The expected credit loss for the non-current financial assets is determined in accordance with IFRS 9,.

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. As a result of the valuation EUR 121 thousand were accounted for as expected credit loss for the non-current financial assets.

11. Inventories

Inventories	31 December 2019	31 December 2020
Fuel	3 010	1 880
Spare parts, tyres, lubricants	558	663
Other materials	232	21
Total:	**3 799**	**2 564**

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.

At 31 December 2019 and 2020, 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 2019	**124**
Increase	22
31 December 2019	**146**
Decrease	65
31 December 2020	**81**

12. Receivables

	31 December 2019	**31 December 2020**
Trade receivables	113 378	74 738
Impairment loss on doubtful receivables	- 1 719	- 1 810
Total	**111 659**	**72 928**

The year-end balance of receivables at 31 December 2020 was significantly lower than in the previous year as a result of the changed business strategy and reduced fleet size. Average debtor days outstandings improved by 3% from 59.4 days in 2019 to 57.7 days in 2020.

	Impairment
1 January 2019	**2 642**
Increase	1 015
Decrease	-1 927
FX loss	11
31 December 2019	**1 719**
Increase	970
Decrease	-814
FX loss	-65
31 December 2020	**1 810**

As a result of the Group's rigorous credit rating and collection processes, impairment losses on doubtful debts did not increase on the previous year even amidst the COVID-19 pandemic. The annual impairment ratio was 0.15% of our consolidated revenues, which is the same as in the previous year.

The decrease in the accumulated impairment loss on receivables in 2020 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 2019	31 December 2020
Foreign VAT and excise tax	27 394	9 136
Tax receivables	4 323	3 713
Loans granted	120	137
Receivables from employees	62	-572
Accruals	7 488	765
Other	2 353	1 071
Derivative transactions	1 069	0
Technical insurance receivables	6 318	2 002
Total	**49 151**	**21 252**

Other current assets include principally VAT and excise tax receivables from foreign tax authorities.

Foreign VAT assets totalled EUR 3,599 thousand at 31 December 2020, as opposed to EUR 6,782 thousand at the end of 2019. 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 foreign VAT assets based on whether there was any negative information regarding recovery and recognised an impairment loss of EUR 184 thousand at 31 December 2020 as a result.

Excise tax assets (amounts receivable from both local and foreign tax authorities) totalled EUR 5,537 thousand at 31 December 2020 as compared to EUR 20,612 thousand at the end of 2019. At the year-end, management assessed the future recoverability of excise tax assets and, as a result, recognised an impairment loss of EUR 450 thousand on outstanding assets reported by the financial brokers but not confirmed by the relevant foreign authorities.

The value of derivatives at the reporting date is determined using a measurement technique based solely on market inputs. Accordingly, it is a measurement technique which is based exclusively on market inputs (Level 1). Any gain on the year-end revaluation of open derivative is recognised in Other operating income, while any revaluation loss is recognised in Other operating expense.

Technical insurance receivables include reinsurance receivables from the Hungarian Insurance Association (MABISZ) and other non-client related receivables.

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

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

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

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

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 EUR 240 thousand was recognised upon the fair value remeasurement of derivatives.

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

	Impairment
1 January 2019	**1 933**
Increase	294
Decrease	-267
FX gain	1
31 December 2019	**1 959**
Increase	743
Decrease	- 785
FX gain	-7
31 December 2020	**1 910**

14. Non-current assets held for sale

	31 December 2019	**31 December 2020**
Amount	199	213
Number of assets	11	25

Non-current assets held for sale include vehicles, the lease contract of which has expired, and which the Group intends to sell. The Group acquires the vehicles from the lessor at the residual value specified in the lease contract, then upon the sale realises the difference between the sales price and the carrying value as profit or loss: this resulted in a gain of EUR 2,434 thousand in 2019 and EUR 57 thousand in 2020.

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

1 January 2019	**2 779**
Reclassified from Tangible assets	20 882
Disposals	-23 462
31 December 2019	**199**
Reclassified from Tangible assets	9 320
Disposals	-9 334
31 December 2020	**213**

15. Cash and cash equivalents

Cash and cash equivalents include the Group's petty cash and bank balances and demand and short-term deposits held by the insurance company in excess of the coverage needed for its reserves.

16. Equity

The share capital of WABERER'S INTERNATIONAL Nyrt. at 31 December 2020 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 2020, including 82,775 shares held by the Waberer's ESOP..

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, if any, is disclosed in the statement of changes in equity in the year when the dividend 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 (AA). The register of shareholders is maintained by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság ('KELER') and is updated monthly and before each general meeting.

1. Right to receive dividends

The shareholders are entitled to receive a share from the Group's profit that is available and has been ordered for distribution by the General Meeting in the percentage consistent with the nominal value of their shares. The detailed rules of entitlement to dividends and payments deadlines are set out in section 4.4 of the AA.

2. Right to information and to attend the general meeting

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

Each shareholder is entitled to attend the general meeting, request information, make comments and proposals, and, subject to holding shares with voting right, vote at the general meeting. A letter of proxy must be either a notarial deed or a private deed of conclusive force. Shareholders may also appoint a nominee to exercise shareholder rights on their behalf. Once recorded in the register of shares, such a nominee may act in their own right for the benefit of the shareholder. Only those shareholders or shareholder proxies may attend the General Meeting who were entered into the register of shareholders on the second business day preceding the date of the General Meeting based on the shareholder identification in accordance with KELER's than applicable General Business Conditions. Each share having a nominal value of EUR 0.35 shall carry one vote. Each shareholder may cast one vote only at any one a time.

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

The General Meeting adopts its resolutions by a simple majority of the votes considered upon the establishment of a quorum, except for the matters indicated by the law and specified in section 5.9.1(a)-(d) of the articles of association, in respect of which the General Meeting adopts its resolutions by a three-quarter majority of the votes.

3. Non-controlling rights

Those shareholders who control at least 1% of the voting rights may, at any time, request that the General Meeting be convened, may propose new points to be added to the communicated agenda or draft resolutions in accordance with section 4.8 of the AA. All the details of non-controlling rights are set out in section 4.8 of the AA.

17. Leasing liabilities

The Group accounts for vehicles it leases using IFRS16. The Group acquires vehicles directly from the manufacturers, who provide a repurchase guarantee not only at 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 are also accounted for in accordance with IFRS 16. The discounted value of future cash flows under the lease are recognized as a lease liability.

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

31 December 2019	**Within 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
Lease liabilities, capital	30 790	28 219	44 675	59 977	29 769	193 430
Lease liabilities, interest	1 715	1 601	1 953	1 839	1 187	10 871
Total	**32 505**	**29 820**	**46 628**	**61 817**	**30 956**	**201 350**

31 December 2020	**Within 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**T**
Lease liabilities, capital	41 552	20 465	29 639	47 799	24 092	16
Lease liabilities, interest	2 893	1 403	2 238	2 923	1 020	1
Total	**44 445**	**21 868**	**31 877**	**50 722**	**25 112**	**17**

The table shows the maturity and interest payments of lease liabilities at the end of 2019 and 2020 but does not reflect the continuously replacement of assets; 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 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 its financing agreement with its Hungarian banks and leasing institutions in 2020 and the new agreement was signed in 2021. In line with the agreement, the accumulated leasing liability which was subject to the moratorium (and hence not paid in 2020), was replaced by a bullet loan financed by the counterparties to the new loan agreement. All other lease payment obligations of the Hungarian businesses are repayable according to the previous payment schedule, extended by one year and with a new residual value determination.

The Group did not make use of the moratorium for its company cars. The LINK subsidiary did not benefit from a significantly lower level of concessional payment relief arranged by the Polish government.

18. Provisions

	Litigation	Insurance Claims	Other	Bonus	Total
Opening at 1 January 2019	**1 081**	**20 983**	**1 444**	**989**	**24 496**
Allocation and review of previous estimates	518	- 1 574	1 207	1 405	1 556
FX gain/loss	-2	0	-9	4	-7
Released	-369	0	-682	-123	-1 174
Used	-276	0	- 896	-731	-1 904
Closing at 31 December 2019	**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**	**1 268**	**5 178**	**27 522**

	Litigations	Insurance Claims	Other	Bonus	Total
Short-term portion 2019	0	0	1 199	1 409	**2 608**
Long-term portion 2019	951	19 409	0	0	**20 360**
Short-term portion 2020	0	0	1 116	5 178	**6 294**
Long-term portion 2020	1 210	19 848	170	0	**21 228**

At 31 December 2019, the Group held a provision of EUR 951 thousand for contingent liabilities from ongoing litigations. In nearly 50% of the cases settled, the insurance company paid compensation to customers based on a CMR policy. As a result, provisions of EUR 138 thousand were released and EUR 170 thousand was used from the provision made for uninsured claims. The Group reviews the progress of its legal cases on a quarterly basis and a total provision of EUR 600 thousand was made for brought forward and new cases in 2020. Any contingent liability is expected to crystalise after more than one year, therefore these provisions are presented among long-term liabilities in a total of EUR 1,210 thousand.

The Group made an insurance technical provision of EUR 19,848 thousand for damages payable by Wáberer Hungária Biztosító Zrt. as presented among long-term provisions in the Group financial statements. Wáberer Hungária Biztosító Zrt. is the Group's exclusive insurer and offers comprehensive insurance solutions, including indemnity, vehicle, asset and CMR insurance services.

A provision of EUR 965 thousand was made in 2019 for unused vacations. All vacations for 2019 were taken in 2020. According to the payroll records at 31 December 2020, unused vacations plus related taxes totalled EUR 1,116 thousand, for which the Group made a provision.

Other provisions at 31 December 2019 included EUR 242 thousand for a penalty expected to be imposed by the National Bank of Hungary (MNB) as a result of its comprehensive audit at the Group's insurance company in the year of 2019. The MNB's report was issued after last year's balance sheet preparation date. The imposed penalties totalled HUF 10 million which was much less than the related provision.

The principal shareholder of the Group established an Employee Share Option Program ("ESOP") in 2017 with the aim of handling the financial instruments according to the remuneration policy framework following the acquisition of the leading influence in the acquired subsidiary. An ESOP is a form of employee remuneration program in Hungary introduced by the State, which ensures a favourable taxation for employers and/or employees. Although the ESOP is an independent legal entity duly registered by the Company Registry, it does not qualify a business enterprise as its existence does not serve a tangible economic purpose and, in this particular case, acts merely as an "intermediary" between Waberer's and its employees under Waberer's Compensation and Rewards Policy. The concept of an ESOP is out of the scope of IFRS 10 but within the scope of IAS 19 as it is a long-term employee benefit plan. Based on the definition in IAS 19, any reward extended by the ESOP qualifies as other long-term employee benefit. All employee benefits in the ESOP organization are considered fringe benefits, except for short-term employee benefits, post-employment benefits or termination benefits. The ESOP is for the Group's top and middle management.

Group management will review the ESOP programme which matured on 31 December 2020 at its forthcoming meeting in March 2021. As the goals set by the programme had not been achieved, it is certain, irrespective of any assessment, that the future cash outflow will be zero.

The Group suffered significant losses in the current year due to COVID-19, but the reorganization and restoration of profitability of the ITS led to a significantly better result than expected by the crisis plan set in March. The incentive tasks related to the change of ownership were also complied. A total of kEUR 5,178 of bonus payments will be paid in 2021, for which the Group has established a provision in the current year.

19. Insurance technical provisions

Insurance technical provisions total EUR 97,277 thousand 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 received in 2020 in respect of cover provided during 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 reported but not yet settled in or before 2020. 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 ('IBNR').

- Other reserves

The insurance company has created cancellation reserves for liabilities relating to policyholders based on first the age of outstanding premium receivables, and second, historical data on lapse of interest.

In order to reduce the risks of its insurance contracts, the company also enters into reinsurance contracts. Based on the reinsurance contracts, the proportionate amounts of technical reserves reinsured have been presented among long-term financial assets.

The technical provisions and the portions allocated to reinsurers are summarised in the table below.

Description	Reserve	Reinsurer 's share
Item-dependent pendant damage	62 514	30 275
No service served	13 098	6 326
IBNR	20 801	6 468
Deletion	687	0
Annuity	1 164	315
Accrued acquisition cost	-1 527	0
Other	539	24
Total	**97 276**	**43 408**

20. Short-term loans and borrowings

	31 December 2019	31 December 2020
Borrowings from third parties	7 374	1 434
Asset loans	6 000	2 045
Overdrafts	34 795	27 151
ESOP bond interest payable	373	373
Total	**48 542**	**31 303**

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 2021 is presented by the Group among short-term loans and borrowings in a total of EUR 1,368. The amounts payable in 2022 through 2024 are presented as other long-term loans in a total of EUR 3,721. The related fees are built into 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%, the interest charge is not broken out separately from the service fee.

21. Other current liabilities and derivative financial instruments

	31 December 2019	31 December 2020
Payments to personnel	12 413	11 618
Taxes	253	5 696
Accruals	51	1 725
Other liabilities	5 839	4 028
Derivative contracts	1 397	241
Insurance technical liabilities	971	1 043
Total	**20 925**	**24 351**

Payments to personnel include unpaid wages due to employees and related taxes. The increase in payments to personnel was due to the net effect of the reduced headcount as a result of the reduced fleet and a significant increase in headcount due to a new contract won by the RCL segment.

Other liabilities include factored debtors of LINK totalling approximately EUR 3.9 million. Receivables are factored with recourse. Accordingly, the debts and the corresponding factoring liabilities are presented gross until collection.

Insurance technical liabilities include prepayments by policyholders, other amounts paid in advance, other outstanding amounts payable for repairs and replacements and amounts payable to insurance brokers.

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

22. Net revenue, consignment services

2019

Item	ITS	RCL	Other	Inter-segment setoffs	Total
Own fleet transportation revenues	371 123	66 216	0	-367	**436 972**
Subcontractor revenues	107 879	35 924	0	-449	**143 354**
Other revenues	13 958	45 990	68 445	-12 532	**115 860**
Inter-segment setoffs (-)	- 12 239	- 1 109		13 348	-
Revenues, net	**480 721**	**147 020**	**68 445**	**0**	**696 186**

2020

Item	ITS	RCL	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**

International transportation segment (ITS)

Revenues from international transportation with own fleet significantly fell, by 33.42% mostly as a result of reducing the Group's oversized capacity which was unable to raise adequate profits and a plunge in turnover in the wake of the COVID 19 pandemic. After an assessment of the challenges in the reporting year, the Group changed its operating model as of 1 July 2020.

The international transportation segment previously 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 that focuses on recurring orders and the main trading routes within Europe. In line with the changed model, the international transportation segment shifted its 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 31.3% compared to the previous year. During 2020, the average load dropped by 0.9%, while the higher quality service to contractual clients resulted in an approximately 2% higher income per kilometre.

Revenues from transportation fell by 22.5% compared to the previous year, mainly as a result of the pandemic.

Group entities supply various auxiliary services, such as selling fuel, managing road toll payments or vehicle repairs, to its domestic transport subcontractors. These services are typically supplied and charged on an 'as is' basis and the related revenues are presented as other revenue.

Regional contract logistics segment (RCL)

The Group''s own fleet revenue decreased by 3.08% compared to the previous year, mostly as a result of the decrease in activity due to the pandemic. Fleet mileage decreased slightly by 1.22%, while sales per unit run also declined slightly by 1%. Despite the decline in revenues, the profitability of the business improved significantly, mainly due to a significant 12% drop in fuel prices, one of the main cost elements.

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 75% higher than in the previous year. 95% of the increase in warehousing sales can be attributed to inhouse logistics services, which started in 2019. 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.

Other segment

Insurance revenues include the revenues of Wáberer Hungária Biztosító Zrt. earned from third party insurance policies (revenues earned from providing insurance services to other group segments are shown in Note 5 but are eliminated in presenting the total group revenue and costs).. 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 Group's revenues from insurance services increased by EUR 4 million on the previous year, a 5.5% increase as reported in the functional currency of these consolidated financial statements, and a 15% increase when reported in the insurance company's stand-alone financial statements.

23. Direct payroll costs, benefits and payroll taxes

International transportation segment

Item	2019	2020
Direct payroll costs and related taxes	**38 024**	**24 808**
Salaries and related taxes	29 535	19 239
Variable wages and related taxes	8 488	5 569
Benefits	**56 351**	**36 260**
Direct payroll costs and related taxes	**94 375**	**61 068**

Direct payroll costs, benefits and payroll taxes include the payroll costs and related taxes of international drivers, service colleagues, and domestic storage workers.

Salaries and related payroll taxes include the gross fixed salaries of drivers and other direct staff, 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 fell by 34.85% on the previous year, and variable payroll costs and taxes by 35.01% on the previous year, as a result of the reduced fleet as detailed in the note on revenues.

Regional contractual logistics segment

Item	2019	2020
Direct payroll costs and related taxes	**18 291**	**36 241**
Salaries and related taxes	10 188	16 723
Variable wages and taxes	8 103	19 518
Benefits	**6 239**	**5 695**
Direct payroll costs and related taxes	**24 530**	**41 936**

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 due almost exclusively to the inhouse logistic services launched in 2019.

24. Fuel costs

	2019	2020
Fuel used for international transportation	96 570	55 909
Fuel used for domestic transportation	16 736	13 553
Inter-segment setoffs	-66	-17
Fuel costs	**113 240**	**69 445**

The fuel cost of international transportation decreased by EUR 40.7 million (42.1%) compared to the previous year primarily as a result of the reduced fleet as referred to in the revenues note (29.5%). A 12.5% drop in fuel prices and fuel savings of 1.2% as a result of special driver training and fuel monitoring also contributed to the decrease.

The fuel cost of domestic transport decreased by 19%, which was caused by a significant decrease in fuel prices of almost 12%, a decrease of 1.22% in running costs and a 6% improvement in consumption per unit kilometer of freight.

25. Motorway & transit costs

	2019	2020
Transit cost of international transportation	**94 121**	**61 325**
of which: motorway	62 347	39 613
ferry	25 058	16 267
services used	928	836
other transit costs	5 788	4 609
Transit cost of domestic transportation	**22 091**	**20 966**
of which: motorway	9 679	9 231
ferry	0	60
services used	11 802	11 079
other transit costs	610	655
Inter-segment setoffs	-230	-240
Road tolls and transit costs	**115 982**	**82 051**

International forwarding transit costs fell by 34.84% compared to the previous year due mainly to the reduction in international vehicle journeys due to the pandemic.

Road tolls fell by 36.46% compared to the previous year as a combined result of lower mileage by 29.5% and the inclusion of cheaper alternative routes in the route planner program.

Other transit costs include parking costs and road tolls, which have been reduced by the same effects.

Transit costs in the domestic segment decreased by EUR 1,1 million in the reporting year. The decrease was partly caused by the lower toll costs due to the reduction in transportation activity, and to a greater extent due to the improvement in the efficiency of packaging and warehouse management services per unit of sales revenue used for warehousing activities.

26. Reinsurance costs

	2019	2020
Reinsurance costs	29 315	29 928

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 increase in reinsurance costs was that the insurance company's large risk exposure was minimised in view of a sustainable profit ratio.

27. Other costs

	2019	2020
Repair, installation costs	22 193	25 519
Insurance costs and expenses	47 562	43 700
Direct rental costs	1 987	2 863
Other services	2 144	2 024
Vehicle weight tax and other transportation taxes	2 214	1 822
Other costs, total	**76 100**	**75 928**

The increase in repair and fitting costs was mainly due to increased tyre costs caused by the change in the contractual terms of short-term loans as set out in the short-term loans and borrowings note. This change resulted in an extra cost of EUR 1.2 million in 2020.

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 Group members and third parties. Insurance costs dropped as a result of fewer damage events due to a smaller international fleet and lower levels of activity. The Other segment reflects damages paid in proportion to the increased third party insurance revenues of Wáberer Hungária Insurance.

	2019	2020
International forwarding	16 911	10 396
Regional contractual logistics	1 451	1 013
Other	29 387	32 428
Inter-segment setoffs	-187	-137
Total	**47 562**	**43 700**

28. Indirect costs

The details of indirect costs are as follows:

	2019	2020
Indirect wages and payments	**38 325**	**35 377**
Other services	**23 821**	**20 449**
Property maintenance, utilities and rent	5 736	5 716
Specialists	8 385	4 100
IT costs	3 992	3 866
Communication costs	642	590
Company cars	890	670
Marketing costs	350	243
Other costs	3 826	5 264
Selling, general and administrative costs	**62 146**	**55 826**

The significant decrease in specialist costs reflects the termination in 2020 of contracts signed with advisers engaged to assist improve the efficiency of operations. The specialists contributed to the strategy plans and developed the blueprint of the restructuring process implemented in 2019 and 2020.

The significant increase in Other costs was due to an increase in client acquisition bonuses.

29. Other income

	2019	2020
Provisions released	660	583
Damage compensation received	1 231	1 330
Fines, penalties, default interest	511	222
Employee refunds	642	574
Reversed impairment loss on debtors	950	839
Return on deposits for insurance claim reserves	1 085	1 486
Gains on other fixed asset disposals	582	174
Warranty claim compensation received	2 500	0
Cost reimbursement subsidy	0	137
Other miscellaneous income	1 240	1 268
Total	**9 401**	**6 614**

Provisions for impairment losses on debtors are recognised as other expense and releases of provisions are recognised as other income..

Waberer's International Plc. and LINK Sp. Z.o.o. closeed a warranty claim procedure against LINK's previous owner in February 2019. By agreement of the two parties, the purchase price specified in the sale and purchase agreement was reduced by EUR 2.5 million. As the relevant IFRS standards only permit adjustments to be recorded against the purchase cost for one year following the completion of a purchase, this receipt was recognized under other income in 2019.

The following table shows the analysis of other expenses by segment:

Years	ITS	RCL	Other	Inter-segment offsetting	Total
2019	7 665	878	896	- 38	**9 401**
2020	4 025	1 198	1 405	-14	**6 614**

30. Other expenses

	2019	2020
Damages paid	2 521	2 659
Provisions	736	759
Impairment of debtors	1 157	1 838
Penalties, fines	2 177	2 794
Impairment of inventories	22	0
Credit loss	607	419
Provisions for insurance events	-1 574	439
Impairment of tangible assets	0	1 076
Goodwill impairment	15 925	13 934
Other miscellaneous expenses	2 292	265
Total:	**23 863**	**24 183**

Income and expenses related to claims comprise damage to 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	ITS	RCL	Other	Inter-segment offsetting	Total
2019	20 057	3 488	329	-11	**23 863**
2020	19 649	4 092	341	0	**24 183**

31. Interest and other financial expenses, net

	2019	2020
Interest income	158	95
Interest paid	-4 436	-3 173
Interest paid IFRS 16	-1 044	-914
Realised FX gain or loss	-533	153
Unrealised FX gain or loss	-174	-7 820
Realised gain or loss on derivatives	51	-996
Other	-24	-209
Total	**-6 002**	**12 864**

The Group had interest expenses on leases of EUR 3,742 thousand in 2020, a slight decrease compared to the EUR 4,591 thousand expense in 2019 The average lease interest rate in 2020 was 1.34% as opposed to 1.53% in 2019.

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 not affected by foreign exchange exposure as, except for three Hungarian entities, 100% of revenues and 70% of costs incur in HUF.

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.

The year-end revaluation of subsidiaries whose functional currency is not the EUR, principally LINK Sp. z o.o.(PLN) and Waberer's-Szemerey Logisztika Kft's (HUF), caused the Group to record an unrealised foreign exchange loss of EUR 8,385 thousand in 2020 as opposed to an unrealised foreign exchange loss of EUR 2,133 thousand in 2019.

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

The following table shows the analysis of net financial expense by segment:

2019

Item	Int. transport	Regional cont. logistics	Other	Inter-segment offsetting	Total
Interest income	232	192	0	-93	**158**
Interest paid	-3 851	-1 722	0	93	**- 5 480**
Other financial costs, net	684	-1 603	239	0	**-680**
Interest	**-2 935**	**-3 306**	**239**	**0**	**-6 002**

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 costs, net	-1 888	-7 573	589	0	**8 872**
Interest	**-4 379**	**- 9 073**	**589**	**0**	**12 864**

32. Income tax expense

The Group's income tax expense as at 31 December 2019 and 2020 comprised the following components:

	2019	**2020**
Current income tax expense	4 785	6 301
Deferred taxes	1 424	-1 833
Total income tax expense	**6 209**	**4 468**

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 analysis below of the difference between the expected tax and the recognised income tax.

In 2019, the Group had an effective tax rate of 11.3% - which remained unchanged in 2020. 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 2020 financial statements, the Group reviewed the recoverability of deferred tax assets from the Group's deferred tax loss based on the strategic plans for 2021-2025. 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.

Deferred tax details:

	31 December 2019	**31 December 2020**
Waberer's-Szemerey Logisztika Kft.	671	767
Bódi Intertrans (legal successor to 36 merged franchise companies)	845	0
Közdülő Invest Kft.	11	14
Delta Rent Kft.	143	117
Wáberer Hungária Biztosító Zrt.	103	16
Deferred tax liability in the Balance Sheet	**1 671**	**914**

	31 December 2019	**31 December 2020**
Waberer's International Nyrt. and franchise companies	1 248	1 545
WSZL Automotív Kft.	0	1
Nexways Cargo Kft.	0	41
LINK Sp. z o.o.	565	935
Deferred tax assets in the Balance Sheet	**1 918**	**2 820**

The „Deferred tax on cash-flow hedges" line reflects the deferred tax on the fair value difference on the Group's derivatives recognised directly in equity in a total of kEUR -7 at 31 December 2020.

The difference between the tax payment liability based on the accounting profit and the actual tax liability is analysed in the following tables:

	2019	2020
Profit before taxation under IFRS	-35 437	-37 358
Income tax expense	6 363	4 468
Expected tax (11.3% of the pre-tax profit)	-4 004	-4 221
Difference	**10 367**	**8 689**

	2019	2020
Impact of different tax bases (local business tax)	10 497	7 192
Effects of permanent differences (penalties, levies)	95	33
Development tax allowance (permanent difference)	- 15	- 66
Losses carried forward (used, written off)	42	1 318
Other	-252	212
Total	**10 367**	**8 689**

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.

Description	**Right of use IFRS 16 (Wáberer's Logistics)**	**Right of use IFRS 16 (LINK)**	**Right of use IFRS 16 (Waberer's Hungaria)**
Country	Hungary	Poland	Hungary
Functionality	Leased warehouse site	Bérelt ingatlan – telephelyek	Leased property - central location
	Property	Property	Property
IFRS 16 53. (a) depreciation of usufruct assets by category of underlying assets	6 183	788	95
IFRS 16 53. (b) interest expense on a lease liability	854	59	5
IFRS 16 53. (c) expenditure on short-term leases recognized in accordance with paragraph 6. It is not necessary to include in these expenses expenses related to leases with a term of up to 1 month.	372	58	-
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).	-	-	-
IFRS 16 53. (e) expenditure on variable lease payments that is not included in the measurement of lease liabilities	-	-	-
IFRS 16 53. (f) revenue from the subleasing of property, plant and equipment	-	-	-
IFRS 16 53. (g) total cash outflows from leases	7 204	844	99

IFRS 16 53. (h) increases in the value of rights-of-use assets	5 333	-	-
IFRS 16 53. (i) gains or losses on leaseback transactions	-	-	-
IFRS 16 53. (j) the carrying amount of property, plant and equipment at the end of the reporting period	42 584	2 311	230

For vehicles, the value of the rights of use according to IFRS 16 is disclosed in Note 7, Property, plant 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 is centralised in 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 what risks the Group is exposed to. The Board of Directors is also responsible for regularly reviewing risk management policies and strategies, as well as updating and modifying these if market circumstances change.

(a) Credit loss

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 risk of non-payment by clients.

Trade and other receivables

There is no high concentration of credit risks within the Group. The 10 largest clients account for 18.16% of the total revenue in 2019 and 19.2% of the total revenue in 2020.

The Group has 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 external and internal evaluations. The Group does not ask for any collateral to secure individual trade receivables.

The Group seeks to develop 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. Individual exposures are grouped according to the number of days in default and the legal status of the unpaid invoices.

External services and service-providers are used to assist mitigate future risks. One segment of customers is covered by insurance contracts, while a service-provider has been brought in to assist in rating 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 placed on proactive client management.

The calculation of impairment reflects an estimate of the extent of the likely loss for the Group from exposures to clients. The majority of the impairment charge results 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 uses factoring contracts in order to manage any liquidity shortage and also enable the pre-funding of trade receivables and trade payables. The Group has a number of overdraft agreements with various banks in order to mitigate liquidity risk.

Calculation of financial covenants for 2019 and 2020:

Interest coverage	**2019.12.31**	**2020.12.31**
Total interest coverage	10,26	8,24
EBITDA (EUR million)	56,2	33,8
Net of the full interest (EUR million)	5,5	4,1
Minimum amount:	4,00	4,00
Compliance:	**Met**	**Met**

Debt service	**2019.12.31**	**2020.12.31**
Debt service ratio	0,74	3,5
Free Cash-flow (EUR million)	51,1	78,8
Full debt repayment (EUR million)	68,7	22,5
Minimum amount:	1,05	1,05
Compliance:	**Not met**	**Met**

Net debt service	**2019.12.31**	**2020.12.31**
Debt coverage ratio	4,56	3,46
Net debt (EUR million)	256,1	116,8
EBITDA (EUR million)	56,2	33,8
Maximum amount:	5,00	5,00
Compliance:	**Met**	**Met**

(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 prices. The Group is exposed to substantial market risks in performing its activities. Actual figures generally differ from the exchange rates, interest rates, share, other security and commodity prices used during 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.

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 were 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 and in the insurance 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 are incurred in foreign currencies and are not covered with corresponding revenues (natural cover) represent an open FX position, the value of which changes along with the relevant FX rate fluctuations. Such FX expenses related to FX rate fluctuations represent uncertainty to the Group's cash flows and are therefore addressed with FX hedges that qualify for hedge accounting (cash flow hedges) under IFRS.

(ii) Interest cash flow risk

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

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

(d) Equity management

The Group aims to establish a strong equity position to retain the confidence of investors, creditors and the market and support the future development of its business activities and the payment of dividends to its 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 2019 or in 2020.

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."

From the Group, Bódi Intertrans Kft. And Nexways Cargo Kft. do not meet the minimum capital requirement of the Hungarian Civil Code. Group management intends to compensate for the lost equity of the affected Group entities. LINK S.p.z.o.o. complies with local regulatory requirements.

In accordance with government decree 261/2011. (XIII.7.) Korm.concerning 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. 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 obligations.

35. Financial instruments

(a) Credit risk

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

	31 December 2019	31 December 2020
Other investments	98	57
Trade receivables	111 659	72 928
Other current assets and derivative financial instruments	17 434	8 844
Cash and cash equivalents	50 871	76 109
Other Financial investments - Debt instruments - Long term	70 723	85 205
Maximum credit risk exposure	**250 785**	**243 143**

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

	31 December 2019	31 December 2020
Domestic	49 082	34 884
EU countries	62 521	38 014
Non-EU countries	56	30
Maximum credit risk exposure	**111 659**	**72 928**

The highest possible exposure affected by credit risk is the balance sheet value of debtors which fell from 2019 to 2020 in proportion to the fleet reduction.

Trade receivables by maturity:

	31 December 2019		31 December 2020	
	Initial cost	**Impairment**	**Initial cost**	**Impairment**
Not yet due	102 180	0	68 139	96
overdue by 0-90 days	9 082	361	4 619	15
overdue by 91-180 days	631	224	194	69
overdue by 181-360 days	410	314	385	270
over due 360 days	1 075	820	1 4101	1 360
Trade receivables	**113 377**	**1 719**	**74 738**	**1 810**

Based on historic loss figures, the Group does not consider it necessary to record impairment losses on trade receivables that are not overdue or are overdue by less than 90 days, unless the given receivable is already subject to collection or the client is under liquidation. The majority of the trade receivables balance is from financially sound clients.

(b) Liquidity risk

Financial liabilities by maturity:

31 December 2019

EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	32 505	29 820	46 628	61 817	30 956
Short-term loans	48 542	0	0	0	0
Trade payables	118 272	0	0	0	0
Other current liabilities and derivative financial instruments	20 854	0	0	0	0
Total	**220 173**	**29 820**	**46 628**	**61 817**	**30 956**

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**	**25 112**

(c) Foreign exchange risk

Group exposures by currency:

31 December 2019

	EUR	HUF	other	total
Trade receivables	74 500	32 833	4 326	111 659
Loans and borrowing	-48 542	0	0	-48 542
Leases	-188 995	-4 435	0	-193 430
Trade payables	-83 230	-24 834	-10 208	-118 272
Other financial instruments - Debt	0	-20 854	0	-20 854
Net position	**-246 267**	**-17 290**	**-5 882**	**-269 439**

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**

The Group's receivables and liabilities in foreign currencies were translated at the following year-end rates: 365.13 HUF/EUR, 4.86905 RON/EUR, and 4.60499 PLN/EUR. The business plan for 2020 was based on a projected rate of 340 HUF/EUR.

The net position of open HUF balances on the balance sheet date would result an exchnge rate loss of EUR 69 thousand (HU 25.1 million), calculated and estimated on the basis of the probable change in the exchange rate from historical data (2.76%).

The Group enters into derivative contracts to mitigate its exchange-rate risk. As at 31 December 2020, the negative fair value of derivative transactions based on remeasurements on the reporting date was EUR 241 thousand. At 31 December 2019, the Group presented a total EUR 1,069 thousand net positive fair value difference and EUR 1,397 thousand negative fair value difference in its consolidated financial statements.

(d) Fair value of financial instruments

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

	2019		2020	
	Fair value	**Book value**	**Fair value**	**Book value**
Non-current assets – Debt instruments	70 723	69 029	85 205	83 584
Other non-current financial assets	98	98	57	57
Trade receivables	111 659	111 659	72 928	72 928
Other current assets and derivative financial instruments	17 434	17 434	8 844	8 844
Cash and cash equivalents	50 871	50 871	76 109	76 109
Total financial assets	**250 784**	**249 086**	**243 086**	**414 522**
Long-term loans	0	0	3 478	3 478
Short-term loans	48 542	48 542	30 937	30 937
Trade payables	118 271	118 271	81 118	81 118
Other current liabilities and derivative financial instruments	20 601	20 601	18 651	18 651
Other insurance technical provisions	10 017	10 017	9 949	9 949
Total financial liabilities	**197 431**	**197 431**	**144 133**	**144 133**

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-basis point change in the EURIBOR rate 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 net assets. 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 the movements in provisions are presented in Note 16.

Litigations
The following table shows the provisions allocated for legal actions against the Group, at the 2019 and 2020 year ends, 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.

	2019		**2020**	
	Litigated principal amount		Litigated principal amount	
	Provision presented	Contingent liability	Provision presented	Contingent liability
Total:	**838**	**116**	**1 210**	**44**

A number of long protracted significant legal cases ended in 2020 as a result of agreements with the injured persons. The related expenses are presented among other expenses and the related provisions were concurrently released.

On 19 July 2018, the Company lodged a claim with the local court of Munich by reference to a decision of the European Commission of 19 July 2017 against certain vehicle manufacturers (MAN, Volvo/Renault, Daimler (Mercedes), Iveco and DAF). Further to the decision of the EC, the above vehicle manufacturers formed a cartel between 17 January 1997 and 18 January 2011 (in the case of MAN until 20 September 2010) and violated section 101(1) of the Treaty on the Functioning of the European Union when they synchronised their wholesale list prices, the timing of the introduction of new emission technologies and the recharge mechanism of the related costs onto their customers, and standardised the method of sharing other sensitive commercial information about vans, lorries and trucks across the EEC. On 5 February 2019, the Company upgraded the initial claim to an integral action for a total compensation EUR 39.3 million, supplemented by an amount of EUR 16.5 million 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 cartel.

37. Transactions with related parties

Members of the management at 31 December 2020:

- Barna Erdélyi, Waberer's International Nyrt. CEO
- Szabolcs Tóth, Waberer's International Nyrt. CFO;
- Zsolt Barna, Managing Director of Waberer's-Szemerey Kft. and head of the regional contracted logistics business line;
- Bence Nyilasy, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp. z o.o.

Members of the Board of Directors:

Name	**Status**	**Date and duration of appointment**
Gerard van Kesteren	independent non-operational (external) member	2016.07.29. - 2021.05.31.
Alain Beyens	non independent non-operational (external) member	2020.04.30. – 2023.05.31
Dániel Csanád	non independent non-operational (external) member	2018.08.28 - 2020.02.12.
Erdélyi Barna	non independent operational member	2017.03.21.- 2021.05.31.
Dr. Lakatos Péter	independent non-operational (external) member	2016.07.29. - 2021.05.31.
Robert Knorr	non independent non-operational (external) member	2017.12.21. – 2020.04.30
Robert Ziegler	non independent operational member	2019.04.16. – 2020. 03. 23.

Robert Ziegler was a Board member and CEO from 1 February 2019 until his resignation on 23 March 2020. On 23 March 2023, the Board appointed Barna Erdélyi, the Company's former CFO, as the new CEO.

The following changes took place affecting key senior officers: Olivier Van Houtte was the leader of the international operating business between 1 February 2020 and 1 February 2021. Effective as of 23 June 2020, Szabolcs Tóth was appointed financial and strategic director by the Board. Effective as of 1 February 2021, Zsolt Barna became the COO for the international transportation business headquartered in Hungary, replacing Olivier Van Houtte. Effective as of 1 February 2021, the Hungarian designation the position of Szabolcs Tóth changed to „gazdasági vezérigazgató-helyettes" (CFO).

At 31 December 2020, the Board members held the following numbers of shares:

Gerard van Kesteren	3,049 shares

Members of the Supervisory Board:

Name	**Status**	**Date and duration of appointment**
David William Moffat Thompson (Audit Committee chair)	independent	28/8/2018 – 31/5/2021
Székely Sándor	non independent (employees' delegate)	11/5/2017 – 31/5/2021
Szalainé Kazuska Mária	non independent (employees' delegate)	31/5/2017 – 31/5/2021
Philip Anthony Marshall (Audit Committee member)	independent	31/5/2017 – 31/5/2021
Nagy Gábor Béla (Supervisory Board chair)	independent	31/5/2017 – 31/5/2021
Dr Bodnár Zoltán György (Audit Committee member)	independent	31/5/2017 – 31/5/2021

Transactions with the management and those exercising ultimate control

The remuneration of key senior officers is presented below:

	2019	**2020**
Payroll	1 191	1 341
Total:	1 191	1 341

The independent members of the Board of Directors are each paid EUR 50 thousand, the Head of the Board of Directors is paid EUR 100 thousand, the members of Supervisory Board are each paid EUR 10 thousand, the Head of Supervisory Board is paid EUR 15 thousand, the members of the Audit Committee are each paid EUR 5 thousand, and the Head of Audit Committee is paid EUR 10 thousand per annum for their contribution. The remuneration of the members of the Nomination and Remuneration Committee is EUR 5 thousand per year, which is increased by an additional EUR 5 thousand in the case of the Chairman. The independent members of the Board of Directors, the Supervisory Board, the Audit Committee and the Nomination and Remuneration Committee waived 25% of their benefits due to the difficult situation of the Company.

Transactions with related parties

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 of the Group:

	2019	**2020**
Mid Europa Partners	6	0
Lakatos, Koves and Co. Law Firm	61	251
Total	**67**	**251**

38. Subsequent events

On 3 March 2021, Group management issued an Investor's Announcement in relation to the execution of a consortium financing agreement for WABERER'S INTERNATIONAL Nyrt. According to the announcement, a long-term financing agreement revealed in their Investor's Announcement of 5 November 2020 and in the Q3 2020 financial reporting package was signed on 3 March 2021 by the Company and other Group member debtors (collectively, "Waberer's Group") and by the key funders (banks and leasing companies), as well as by Trevelin Holding (the prospective owner of 30.99% of the Company). As a result of the agreement, the banks will continue making available to the Company all the funds necessary for Waberer's Group's operations based on a levelled collateral portfolio and usual market covenants.

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 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 (Last Twleve Months / LTM regular EBITDA) for the Hungarian subsidiaries of the International Transportation segment and the regional contract logistics segments on a consolidated basis

	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 availability of the credit facilities is dependent on the Group's ability to meet the above covenants.

On 22 December 2020, Group management issued an Investor's Announcement with regard to future changes in Waberer's International Nyrt's ownership structure.
The Company's management had received the following information from Trevelin Holding (member of IndotekGroup; hereafter: Trevelin), MHB Optimum Zrt. (seat: 1037 Budapest, Montevideo utca 5.; company reg. No.: 01 10 141073; sole shareholder: Mike Ferenc, hereafter: MHB) and from HIGH YIELD Vagyonkezelő Zrt. (seat: 1055 Budapest, Kossuth Lajos tér 18. A. lház. 4. em; company reg. No.: 01 10 047626; sole shareholder: Wáberer György, hereafter: HIGH YIELD):
As previously announced by Waberer's International Nyrt. in October 2020, a share sale-purchase agreement (SPA) was signed by CEE TRANSPORT HOLDCO S.á.r.l. (majority shareholder of Waberer's International Nyrt., hereafter: CEE Transport Holdco), as seller, and Trevelin, as buyer. In accordance with the terms of this agreement, (i) CEE Transport Holdco, as seller, and Trevelin, as buyer, agreed upon the sale-purchase of 24% of the shares issued by Waberer's International Nyrt., (ii) CEE Transport Holdco established a freely transferable buy option for Trevelin on 47.99% of Waberer's International Nyrt's shares (Option Shares), and (iii) CEE Transport Holdco and Trevelin established a sell option on the Option Shares for CEE Transport Holdco.
On 20 December 2020, Trevelin exercised its buy option in addition to the previously announced 24% of the shares (4,246,496 shares) for further 6.99% (1,236,865 shares) of Waberer's shares and, as a result, increased its prospective ownership stake to 30.99% (5,483,361 shares). At the same time, Trevelin transferred its buy option for 21% of Waberer's shares (3,715,684 shares) to MHB and transferred its buy option for 20% of Waberer's shares (3,538,746 shares) to HIGH YIELD. Upon transferring the buy options, MHB and HIGH YIELD exercised their acquired buy options. The transactions are expected to be concluded after due endorsement by the relevant authorities by the end of Q1 2021.
After a successful conclusion of the transaction, Waberer's ownership structure will be as follows: (1) Trevelin: 30.99%, (2) MHB: 21%, (3) HIGH YIELD: 20% (4) Other institutional and private investors, treasury shares: 28.01%.

39. Other statutory disclosures required by the accounting act

Group management engaged companies related to Ernst&Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.) to provide the following non-audit services in 2020. The total of such non-audit services was EUR 136 thousand, which is within the limit approved by the Supervisory Board (i.e. the total of non-audit services may not exceed the audit fee).

Type of service	Service	Invoiced amount in 2020
Transactions advisory	M&A due diligence	100
Total		**100**

Non-audit services	100
Group audit fees	251
Ratio	39,8%

The signing statutory auditor responsible for the audit is Zsuzsanna Éva Bartha (HCA registration No.: 005268).

The person responsible for the compilation of the consolidated IFRS financial statements is Péter Szalona (registration No.: 190255).

The loss for the year will be posted to retained earnings/losses. No dividend payment is recommended by the Board of Directors.

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 Barna Erdélyi, CEO, 1039 Budapest Nyár u 10., and Szabolcs Gábor Tóth, CFO, 1039 Budapest, Aradi u 14-16.

WABERER'S
OPTIMUM SOLUTION