2022

STANDALONE FINANCIAL STATEMENTS & BUSINESS REPORT

Business Report
for 2021
Waberer's International Nyrt.

Budapest, 16 March 2021

CEO

The purpose of the business report is to present the firm's financial position, income position, main business related risks and uncertainties based on the valuation of its annual report. By including past and expected future data in the analyzis, the report provides a fair and real view of the actual circumstances which affect the company.

The business report must provide a comprehensive analyzis of the developement and the performance of the firm's business which is in line with the company's size and complexity. Accordingly, the business report has to be interpreted together with the company's annual report which is presented on Waberer's International Nyrt.'s and BÉT's website. The two reports meet the requirments of the Hungarian Accounting Standards jointly.

Taking the company's subsidiaries into consideration, Waberer's International Nyrt. is obliged to prepare consolidated annual and business report which includes detailed information and indicators regarding the following topics.

The company's significant financial indicators can be found in the consolidated business report between pages 5 and 9.

There were no significant subsequent events after the company's balance sheet date which could affect the financial reports. The Ukranian-Russian conflict's effects and their mitigation is explained the consolidated notes within the section of going concern.

Waberer's Internatinal Nyrt's potential developement and the expected affects of internal decisions are explained in the consolidated business report between pages 5 and 6.

No research and developement function is included in the company's activity.

Detailed information about employment policy is available the consolidated business report.

Pages 15-17 of the consolidated financial report describe environmental sustainability and our steps taken to protect the environment.

In our supplementary notes' pages of 29 and 30 we write about our lending and liquidity risk management policy and our exchange rate risk managing hedge transactions.

In each case, the notes provide sufficient information to understand the information presented in the annual report.

Between pages 23 and 26 of the consolidated business report and in point 14 of notes detailed presentation can be found about shares, issued capital and authority of senior executives.

The consolidated business report provides information about our internal control processes, our risk management system, the composition and operation of our key governing bodies, and our senior executives. in detail between points 28 and 33.

Presentation of sites and branches:	Company's headquarters: 1239 Budapest, Nagykőrösi út 351. – Corporate governance Company's sites: 1237 Budapest, Nagykőrösi út 349. – Transportation operation 1239 Budapest, Európa utca 3. (parcel num.: 188019/1). – Warehouse operation 1239 Budapest, Európa utca 5-7. (parcel num.: 196386/10). – Warehouse operation 1239 Budapest, Európa utca 8. (parcel num.:196390). – Warehouse operation 1239 Budapest, Európa utca 9-11. (parcel num.:188016/9). – Warehouse operation 1239 Budapest, Európa utca 10. (parcel num.:196380/9). – Warehouse operation Company's branches: 4024 Debrecen, Miklós utca 19. – Commercial office 9200 Mosonmagyaróvár, Kenyérgyári utca 2-4. – Vehicle storage, repair, social work activities 9026 Győr, Egyetem tér 1. – Engineering activities 7632 Pécs, Móra Ferenc utca 131. – Commercial office 2071 Páty, Csonka János utca 1-3. (parcel num.: 4603). – Warehouse operation

WABERER'S
OPTIMUM SOLUTION

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This is a translation of the Hungarian Report

Independent Auditor's Report

To the Shareholders of WABERER'S INTERNATIONAL Nyrt.

Report on the audit of the annual financial statements

Opinion

We have audited the 2021 annual financial statements of WABERER'S INTERNATIONAL Nyrt. ("the Company") included in the accompanying Waberer's International Nyrt. Separate_2022.03.10.xhtml[1] digital file, which comprise the statement of financial position as at 31 December 2021 - showing a balance sheet total of EUR 228,975 thousand and a total comprehensive income for the year of EUR 22,507 thousand -, the related statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

[1] Digital identification of the above referred filename.htxml annual financial statements, using SHA 256 HASH algorithm is 0976EF3A70ECC71D31C735134061B4122D 6008808CE927C06C0DC55BCB577E2D

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

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

Material uncertainty related to going concern

We draw attention to Note 2.a in the notes to the annual financial statements, which indicates uncertainty to meet financial loan covenants and that management estimate of going concern is based on execution of future business plans. Due to the current developments of the economic environment, there is an uncertainty related to meeting the short and mid-term business plans and to obtaining external financing. These facts and circumstances together with other matters which are set forth in Note 2.a represent a material uncertainty related to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Building a better working world

Revenue recognition

The Company's revenue from contracts with customers amounted to EUR 265,728 thousand as at 31 December 2021, thus it is significant to the annual financial statements. Revenue is recognized when all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met. The Company focuses on revenue as a key performance measure which might create an incentive for revenues to be recognized before all the 5 step criteria above met especially for significant customers close to year-end. The Company focuses on revenues as a key performance measure which might create an incentive for revenue to be recognized before all the 5 step criteria above are met. Based on this we consider the recognition of revenue in the correct period significant to our audit and a key audit matter.

Our audit procedures included, among others, understanding of key controls over revenue recognition which are designed to ensure proper timing and recognition of revenues when all the 5 step criteria of IFRS 15 - Revenue from Contracts with Customers are met. We analyzed the Company's revenue through entire population of journal entries of sales transactions including correlations between revenue, accounts receivables, value added tax and cash inflows. On a sample basis we 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 Company's business. We assessed the adequacy of the Company's disclosures in the annual financial statements in respect of revenue in accordance with the EU IFRSs.

The Company's disclosures about revenue are included in Note 3 (l) Revenues and Note 19 Sales revenue, consignment services, cost of goods sold in the notes to the annual financial statements.

Valuation of Investments in Subsidiaries

The Company's investment in subsidiaries amounts to EUR 38,175 thousand as at 31 December 2021 represents 16.7% of the total assets. Valuation of investments in subsidiaries is a significant judgemental area. Management annually or whenever if an impairment indication exists assesses if the investments are impaired in accordance with the EU IFRSs. Based on the impairment tests in 2021 the Company did not record impairment in investments. This is a key audit matter as significant judgement is involved including mainly management estimates.

Our audit procedures included, among others, evaluating assumptions and methodologies used by the Company to assess whether the investments in subsidiaries are impaired. We involved valuation specialists in our audit to support our assessment of the assumptions and methods that were used by the Company during the impairment tests. We assessed the adequacy of the Company's disclosures about investments in subsidiaries in accordance with EU IFRSs including the information how the impairment is evaluated by the Company.

The Company's accounting policy and disclosures about its investments in subsidiaries are included in Note 3 (t) Valuation of investments and Note 7 Investments in subsidiaries in the notes to the annual financial statements.

Other matters

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

Other information

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

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

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

In our opinion, the business report of the Company, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law 8 for 2021 is consistent, in all material respects, with the 2021 annual financial statements of the Company and the relevant requirements of the Hungarian Accounting Law.

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

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

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

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 annual financial statements of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

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

Appointment and Approval of Auditor

We were appointed as the statutory auditor of the Company by the General Assembly of Shareholders of the Company on 9 April 2021. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 11 years.

Consistency with Additional Report to Audit Committee

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

Non-audit Services

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

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

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

Budapest, 16 March 2022

(The original Hungarian language version has been signed.)

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

Nagyváradiné Szépfalvi Zsuzsanna
Registered auditor
Chamber membership No.: 005313

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

Statistical code

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

Registration number

WABERER'S International NyRt.

2021

FINANCIAL STATEMENTS

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

Date: Budapest, 2022. Március 16.

Manager of Company
(representative)

WABERER'S International NyRt.
STATEMENT OF FINANCIAL POSITION

data in thousand EUR

Registration number	Note	31 December 2020	31 December 2021
NON-CURRENT ASSETS			
Property	6	5 764	5 555
Fixed assets not yet capitalized	6	14	86
Vehicles	6	24 104	22 083
Other equipment	6	1 435	1 001
Total property, plant and equipment		**31 317**	**28 725**
Intangible assets	5	13 338	12 152
Investment in related companies	7	38 247	38 175
Other non-current financial assets	8	4	6
Deferred tax asset		1 456	3 209
TOTAL NON-CURRENT ASSETS		**84 362**	**82 267**
CURRENT ASSETS			
Inventories	9	784	1 066
Current income taxes		1 025	568
Trade receivables	10	25 531	34 922
Receivables from realted companies	11	78 108	81 458
Other current assets and derivatives	12	3 864	10 410
Cash and cash equivalents	13	41 564	18 284
Assets classified as held for sale		0	0
TOTAL CURRENT ASSETS		**150 876**	**146 708**
TOTAL ASSETS		**235 238**	**228 975**
SHAREHOLDERS' EQUITY	***14***		
Share capital		6 179	6 147
Reserves and retained earnings		2 869	24 975
TOTAL SHAREHOLDERS' EQUITY		**9 048**	**31 122**
LIABILITIES			
LONG-TERM LIABILITIES			
Long-term portion of leasing liabilities	15	29 452	23 203
Long-term loans and borrowings			15 983
Deferred tax liability		0	0
Provisions	16	21	9
Other long-term liabilities		2 533	1 704
TOTAL LONG-TERM LIABILITIES		**32 006**	**40 899**
CURRENT LIABILITIES			
Short-term loans and borrowings	17	29 299	24 465
Short-term portion of leasing liabilities	15	38 128	18 792
Trade payables		24 546	24 707
Liabilities from related companies	11	95 687	83 284
Current income taxes		4	0
Provisions	16	3 344	2 573
Other current liabilities and derivatives	18	3 176	3 133
TOTAL CURRENT LIABILITIES		**194 184**	**156 954**
TOTAL LIABILITIES		**226 190**	**197 853**
TOTAL EQUITY AND LIABILITIES		**235 238**	**228 975**

Date: Budapest, 2022. Március 16.

Waberer's International Nyrt.
STATEMENT OF COMPREHENSIVE INCOME

data in thousand EUR

Description	Note	2020	2021
CONTINUING ACTIVITIES			
Revenue	**19**	268 758	265 728
Cost of Trucking Subcontractors		- 208 775	- 191 842
Cost of goods sold		- 14 428	- 16 048
Direct wages, benefits & allowances	**20**	- 4 698	- 8 337
Fuel cost	**21**	- 2 611	- 1 136
Toll Fees & Transit Costs	**22**	- 11 127	- 11 000
Repair & maintenance	**23**	- 14 662	- 11 557
Insurance costs	**23**	- 1 228	- 618
Direct Rent	**23**	- 47	487
Other contracts	**23**	- 123	- 260
Vehicle weight tax and other transport related taxes	**23**	- 326	- 204
Total direct costs		**- 258 025**	**- 240 515**
Net gain on fleet sales		**- 167**	**744**
Gross Profit		**10 566**	**25 957**
Indirect Wages & Benefits		- 13 235	- 13 854
Other services		- 8 337	- 8 376
Selling, General and Administrative costs	24	**- 21 572**	**- 22 230**
Other operating income	25	**2 543**	**2 442**
Other operating expense	26	**- 3 582**	**- 2 226**
Profit before interest, tax, depreciation and amortization(EBITDA)		**- 12 045**	**3 943**
Depreciation		- 12 662	- 8 495
Profit before interest (EBIT)		**- 24 707**	**- 4 552**
Financial result	27	- 18 900	26 298
Profit(loss) before income tax		**- 43 607**	**21 746**
Income Tax	28	**- 350**	**761**
Profit after Tax		**- 43 957**	**22 507**
DISCOUNTINUED OPERATION **Profit/loss from discountinued operation (decreased with deferred tax)**			
CURRENT YEAR PROFIT/LOSS		**- 43 957**	**22 507**
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		**- 43 957**	**22 507**

Date: Budapest, 2022. Március 16.

WABERER'S International NyRt.
STATEMENT OF CASH FLOWS

adatok ezer EUR-ban

Description	Note	2020	2021
Profit/loss before tax		**-43 607**	**21 746**
received dividend from related companies	27	-10 716	-27 041
Non-realised exchange loss/gain on other FX assets and liabilities (+/-)	27	12 388	274
Fair value difference related to financial istruments	27	-79	668
Booked depreciation and amortisation	5-6	12 662	8 495
Impairment	9-11	11 960	-755
Interest expense	27	1 992	2 114
Interest income	27	-288	-46
Difference between provisions allocated and used	16	2 025	-783
Result from sale of tangible assets		167	-890
Net cash flows from operations before changes in working capital		***-13 496***	***3 782***
Changes in inventories	9	430	-352
Changes in trade receivables	10	22 250	-9 003
Changes in receivables from related companies	11	167 069	-4 372
Changes in other current assets and derivative financial instruments	12	9 963	-5 337
Changes in trade payables	30	-18 172	190
Changes in liabilities from related companies	11	-117 328	-12 403
Changes in other current liabilities and derivative financial instruments	18	-933	-43
Income tax paid	28	-784	-539
I. Net cash flows from operations		***48 999***	***(28 077)***
Tangible asset additions	5	-2 003	-4 505
Income from sale of tangible assets		8 461	4 671
Income from sale of non-current assets held for sale	8	185	69
Received dividend from related companies		10 716	27 041
Additional payment to subsidiaries		-14 370	
Interest income		288	46
II. Net cash flows from investing activities		***3 277***	***27 322***
Borrowings		0	15 984
Loan payment	17	-7 767	-4 834
Lease payment	15	-9 516	-29 288
Lease payment related to sold assets		-5 508	-2 273
Interest paid	27	-1 992	-2 114
III. Net cash flows from financing activities		***(24 783)***	***(22 525)***
IV. Changes in cash and cash equivalents		27 493	-23 280
Cash and cash equivalents as at the beginning of the year	13	14 071	41 564
Cash and cash equivalents as at the end of the year	13	41 564	18 284

Date: Budapest, 2022. Március 16.

WABERER'S International NyRt.
STATEMENT OF CHANGES IN EQUITY

data in thousand EUR

	Note	Share capital	Reserves and reatined earnings	Total shareholders' equity
Opening value as at 1 January 2020		**6 179**	**46 746**	**52 925**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	(43 957)	(43 957)
Total comprehensive income		-	(43 957)	(43 957)
Other movements			80	80
Closing value as at 31 December 2020	14	**6 179**	**2 869**	**9 048**
Other comprehensive income		-	-	-
Profit/Loss for the year		-	22 507	22 507
Total comprehensive income		-	22 507	22 507
Other movements			-	(433)
Closing value as at 31 December 2021	14	**6 179**	**25 376**	**31 122**

Date: Budapest, 2022. Március 16.

1. Reporting entity

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

2. Basis of preparation

a) Going concern

The going concern can be interpreted on a group level. This segment is in accordance with the Waberer's Group's Notes from the financial statement.

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

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

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

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

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

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

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

As disclosed in note 33, subsequent events, the Group is closely monitoring the developments of the economy especially the war in Ukraine and the effects of that conflict on capital markets, industries and supply chains. Although there is no direct information causing doubts regarding the Group's ability to continue as a going concern, the turbulent changing of the political and economic environment in the future might represent an uncertainty related to meeting short and mid-term business plans and external financing requirements. These facts and circumstances combined all together represent a material uncertainty related to the Group's ability to continue as a going concern and thus might cause it to be unable to realize its assets and discharge its liabilities in the normal course of business. However, management believes the successful closure and subscription for the currently ongoing bond issuance which is expected to be completed in early April will improve the liquidity position of the Group significantly and thus the current material uncertainty will cease.

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

3. Significant accounting policies

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

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

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

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

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

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

ii. **IFRS 17: Insurance Contracts**

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both

IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity and will be applied as of 1 January 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.
- Management has assessed the impacts of the amendment and considered them in it financial reports with respect to the measurement items affected by IFRS 16.

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

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

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

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

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

(a) 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 which is:

a) cash;
b) an equity instrument of another entity;
c) a contractual right:
    (i) to receive cash or another financial asset from another entity; or
    (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Group; or
d) a contract that will or may be settled in the entity's own equity instruments and is:
    (i) 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
    (ii) 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 which is:

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

(ii) 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:

a) 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;
b) 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
c) it is settled at a future date.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value 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 Company'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.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost values of individual assets in the categories of property, plant and equipment were determined on 1 January 2017, when the Company adopted IFRS reporting, based on their fair values as of 1 January 2016.A

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the amount of the depreciable asset value. The depreciable amount of an asset is its cost less any residual value. Right-of-use assets are amortised during the term of the relevant lease classified by the Company in accordance with IFRS 16. Land is not depreciated.

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

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

The average useful life of leased tractors is 4 years, that of semi-trailers is 10 years.
The depreciation methods, useful lives and residual values are revised at each balance sheet date.

(c) Intangible assets

(i) Other intangible assets

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

- software 10 years
- rights and concessions 6 years

(d) Investment property

Investment property is held 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.

(e) Right-of-use assets

Right of use assets are recorded in line with IFRS 16. A more detailed disclosure is presented in Note 3 (Application of new standards) above.

(f) Gain on fleet sales

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

(g) Inventories

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

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

(h) Impairment loss

(i) Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

Uncollectible assets are written off against the related impairment loss 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 Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

(i) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are considered to be non-current assets classified as held for sale. Immediately prior to the classification as held for sale the assets (or components of the disposal group) are re-measured in accordance with the Company'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 Company'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 Company compares the carrying value less impairment of the assets held for sale with the value that would have prevailed if the assets had been depreciated when carried as held for sale, before proceeding to use the lower figure, if this was not higher than the recoverable amount of the asset.

(j) Employee benefits

(i) Defined contribution plans

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

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

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

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

(k) Provisions

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

(l) Revenues

IFRS 15 - 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 Company has generally concluded that:

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

As a result, the application of IFRS 15 - Revenue from Contracts with Customers does not have a material impact on the Company's financial statements.

(m) Non-current assets held for sale

The profit or loss on the disposal of non-current assets held for sale is recognised as other income or other expense, as appropriate.

(n) 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 Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date

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

Foreign exchange gains and losses are recognised net.

(o) Income tax

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

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

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

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

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

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

(s) Fair value hierarchy

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

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

Level 2 inputs

Directly or indirectly observable inputs, other than quoted prices, for and asset or liability and include:

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

Level 3 inputs
These are unobservable inputs for an asset or liability. Where no relevant observable inputs are available, unobservable inputs should be used to determine the fair value. This includes taking into consideration situations in which market activity of the asset or liability at the time of measurement is low, if any. Yet, the purpose of fair value measurement remains unchanged: an exit price at the measurement date from the perspective of the market participant who is the owner of the asset or the obligor of the liability. Therefore, unobservable inputs must reflect the assumptions, including risk assumptions, that market participants would use for pricing the asset or liability.

Based on the above, the Group uses the following basis for the fair value measurement of non-current debt and equity instruments by keeping the below order of measurement procedures:

a. listed fix and variable interest bonds and discounted treasury bonds (except government bonds and discount treasury bonds in the primary dealer system) are measured consistently in the measurement period as the aggregate of the last closing quoted net rate plus any interest accumulated until the reporting date;
b. fix and variable interest rate in the primary dealer system with a remaining term of no more than 3 months and discounted treasury bonds are measured as the aggregate of the arithmetical average of the best net buy and sell rates published by the Sovereign Debt Management Centre (ÁKK) at the reporting date or the preceding working day plus any interest accumulated until the reporting date;
c. government bonds and discounted treasury bonds with fix and variable interest rate with a remaining term of no more than 3 months (including securities with governmental joint and several liability) are measured as the aggregate of the net yield calculated based on the 3-month reference yield published by ÁKK at the reporting date or the preceding working day and any interest accumulated until the reporting date;
d. for listed debt securities (except government bonds in the primary dealer system), if no quoted price over 30 days is available, the fair value is measured based on the last recorded volume weighted average net OTT price published before the reporting date plus any interest accumulated until the reporting date provided that such information is within 30 days. The same measurement method applies to unlisted debt securities;
e. if none of the above measurement methods is practicable, the net acquisition price should be used by adding any interest accumulated since the last interest payment until the reporting date to the acquisition price.

(t) Valuation of investments

The Company measures its subsidiaries at costs and records impairment if the recoverable amount is lower than the carrying amount. Carrying amount is the amount at which the investment is recognised after deducting any accumulated impairment losses thereon. The recoverable amount of the investments is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The Company is reviewing the cash generating operation of the subsidiaries and if loss is generated by the subsidiary a review is performed if the investment value should be impaired. If there is a triggering event (i.e. loss making or actual cash flows significantly lower than expected) the Company prepares a discounted cash flow model to review if the recoverable amount is higher than the carrying amount.

Discount rate is determined to reflect the time value of money industry at entity related risks which are not included in the future cash flow plans.

(u) The Company as a lessor

The Company subleases the vehicles to the franchise companies – from 1 July 2020 Nexways Cargo only. The measurement of the receivables arising from these finance leases equals to the corresponding leasing liability because all the underlying parameter (i.e. net investment, interest rate, contracted period) are the same. In the lease contract there are additional service provided in connection with the navigation, gear service, maintenance and other services related to the operation. These services recorded as revenue in The Company and other operational expense in the franchise companies. In line with the above content the invoiced rental fee consists of lease liability which is recorded as a reduction of the leasing receivables, interest which is recorded in the profit and loss account and the remaining amount is recorded as revenue of the services provided to the franchises.

4. Earnings per share

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

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

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

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

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

Earnings per share	**2020**	**2021**
Net profit after tax kEUR	-43 957	22 507
Weighted average of ordinary shares	17 561 810	17 497 858
Earnings per share EUR	-2,5	1,29
Diluted earnings per share EUR	-2,5	1,29

The weighted average of ordinary shares in 2020: 17 561 810 shares

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

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

5. Intangible assets

Opening 1 Jan 2020	**Intangible assets**

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

Cost	29 334
Cumulative amortisation and impairment	-15 330
Net value	**14 004**
Changes in 2020	
Additions and capitalisations	1 383
Depreciation	-2 049
Closing, net	**13 338**
Closing, 31 Dec 2020	
Cost	30 717
Cumulative amortisation and impairment	-17 379
Net value	**13 338**
Changes in 2021	
Additions and capitalisations	888
Depreciation	-2 074
Disposals	0
Closing, net	**12 152**
Closing, 31 Dec 2021	
Cost	31 605
Cumulative amortisation and impairment	-19 453
Net value	**12 152**

(a) Intangible assets with indefinite useful lives

The Company has no assets with indefinite useful lives recorded under intangible assets.

figures in kEUR unless indicated otherwise

6. Tangible assets

	Properties	Assets in the course of construction	Vehicles	Other equipment	Total
Opening at 1 January 2020					
Gross value	16 504	116	88 584	11 163	116 367
Cumulative depreciation and impairment loss	-9 828		-44 284	-8 942	-63 054
Net value	**6 676**	**116**	**44 300**	**2 221**	**53 313**
Changes in 2020					
Additions and capitalisations	192	-102	8	382	480
Depreciation, impairment	-1 104		-7 366	-1 160	-9 630
Derecognition			-12 839	-7	-12 846
Closing net value	**5 764**	**14**	**24 104**	**1 435**	**31 317**
Closing at 31 December 2020					
Gross value	16 696	14	57 270	11 536	85 516
Cumulative depreciation and impairment loss	-10 932		-33 166	-10 101	-54 199
Net value	**5 764**	**14**	**24 104**	**1 435**	**31 317**
Changes in 2021					
Additions and capitalisations	181	86	5 058	802	6 127
Depreciation, impairment	-374		-3 421	-1 103	-4 898
Adjustment of residual value	-16	-14	-3 773	-18	-3 821
Derecognition	**5 555**	**86**	**21 968**	**1 116**	**28 725**
Closing net value					
Closing at 31 December 2021					
Gross value	16 288	86	51 867	11 815	91 515
Cumulative depreciation and impairment loss	-10 733		-29 898	-10 699	-62 790
Net value	**5 555**	**86**	**21 968**	**1 116**	**28 725**

	Vehicles	IFRS16 Vehicles
Opening at 1 January 2020		
Gross value	88 584	85 041
Cumulative depreciation and impairment loss	-44 284	-42 513
Net value	**44 300**	**42 528**
Changes in 2020		
Additions and capitalisations	8	0
Depreciation, impairment	-7 366	-7 071
Derecognition	-12 839	-12 196
Closing net value	**24 104**	**23 261**
Closing at 31 December 2020		
Gross value	57 270	53 430
Cumulative depreciation and impairment loss	-33 166	-30 169
Net value	**24 104**	**23 262**
Changes in 2021		
Additions and capitalisations	5 058	3 425
Depreciation, impairment	-3 421	-3 662
Derecognition	-3 773	-3 723
Closing net value	**21 968**	**19 302**
Closing at 31 December 2021		
Gross value	51 867	45 629
Cumulative depreciation and impairment loss	-29 899	-26 327
Net value	**21 968**	**19 302**

(a) Properties

The following table includes the Company's most significant properties as at 31 December 2021.

Property location	Country	Usage	Net value
Budapest, Nagykőrösi út 349-351	Hungary	Head Office	4 395
Mosonmagyaróvár	Hungary	Business site – workshop	1 156

(b) Movements in tangible assets

The cost of properties increased by kEUR 181 in 2021. Development and renovation took place on our existing properties as part of which a driver rest station with a capacity for 71 drivers was constructed at our Nagykőrösi út site and commissioned at the end of 2021.

figures in kEUR unless indicated otherwise

(c) Mortgaged assets

Contract no.	Contract type	Subject matter	Beneficiary	Secured by	Secured amount
11024/K/155/2021/3	Mortgage on property	Waberer's International Nyrt. properties : Mosonmagyaróvár, urban zone, 2478; Mosonmagyaróvár, urban zone, 2484	Raiffeisen Bank Zrt	Waberer's International Nyrt	The maximum amount of liabilities secured by mortgage may not be over EUR 115,000,000
11024/K/155/2021/3	Mortgage on property	Waberer's International Nyrt. properties : Budapest, XXIII. distr., urban zone, 195853/13	Raiffeisen Bank Zrt	Waberer's International Nyrt	
11024/K/155/2021/3	Mortgage on property	Waberer's International Nyrt. properties: Budapest, XXIII. distr., urban zone, 195853/3	Raiffeisen Bank Zrt	Waberer's International Nyrt	
11024/K/155/2021/3	Lien on specified assets	Waberer's International Nyrt. assets other than receivables and VAT receivables	Raiffeisen Bank Zrt	Waberer's International Nyrt	The maximum amount of liabilities secured by mortgage may not be over EUR 115,000,000
D14N10672000IOJZM	Lien on movables	Lien on 292 Schmitz semi-trucks with ban on disposal and encumbrance	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560
D14N10682000JZKOM	Lien and surety agreement	Lien on receivables from a re-purchase agreement with Cargobull AG in relation to the 292 Schmitz semi-trailers	MKB Bank NYrt	Waberer's International Nyrt	up to EUR 4,307,560

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

(d) Leased assets

Tangible assets contain right-of-use assets. Among leased assets the trucks are leased to the Company's subsidiaries with unchanged conditions which causes an intercompany receivable equal to the leasing liability. The Company operated 47 trucks and 2,668 trailers are presented among vehicles against leasing liabilities.

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

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

7. Investments in subsidiaries

Company	Country	Scope of activities	Ownership % 2020	Ownership % 2021	Book value
Waberer's - Szemerey Logisztika Kft.	Hungary	inland transportation, forwarding, logistics	100,00%	100,00%	6 151
Rapid Teherautószerviz	Hungary	vehicle repairs	51,00%	51,00%	26
Waberer's Slovakia	Slovakia	logistics	100,00%	100,00%	62
WSZL Automotív Kft.	Hungary	property rentals	100,00%	100,00%	-

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

Közdűlő Invest Kft.	Hungary	sale-purchase of own properties	100,00%	100,00%	93
KDI Property Kft	Hungary	international transportation	0,00%	100,00%	-
Delta Rent Kft.	Hungary	vehicle trade	100,00%	100,00%	172
Bódi Intertrans Kft.	Hungary	international transportation	100,00%	100,00%	101
Nexways Cargo Kft.	Hungary	international transportation	100,00%	100,00%	43
LINK Sp. z o.o.	Poland	international transportation	100,00%	100,00%	16 247
LINK Services Sp. z o.o.	Poland	workforce agency	100,00%	100,00%	-
Szemerey Plus Kft.	Hungary	domestic transportation	5,00%	0,00%	-
Waberer's Románia SA	Romania	international transportation and forwarding	100,00%	100,00%	2 147
Waberer's Network Kft.	Hungary	international collective transportation	99,00%	99,00%	340
Wáberer Hungária Biztosító Zrt.	Hungary	insurance	100,00%	100,00%	12 793
Total:					**38 175**

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In 2021, the following already dormant subsidiaries were legally wound up and therefore were not included in the consolidation, therefore the entity derecognized their value.

For the investments in subsidiaries an impairment test should be done if any indicative sign arises If an indication of impairment exists, the recoverable amount of the investment should be determined and compared with the net carrying amount of the investment. If the recoverable amount of the investment is significantly or permanently lower than its net carrying amount, an impairment loss is recognised. If the recoverable amount of the investment is significantly or permanently higher than its net carrying amount, the impairment loss is reversed.

Net present value is the portion of the present value of future cash flows attributable to the owner. The calculation of the recoverable amount is based on 5-year plans prepared by management, which are used as the basis for forecasting cash flows in order to establish the value in use.

The impairment tests performed by the Company were based on the following assumptions in accordance with IAS 36:

The value of goodwill for Link at the beginning of the year was EUR 15 153 thousand. In 2020 and 2021, LINK's result was positive. Accordingly, the Parent Company has recalculated the future return on goodwill based on strategic plans developed with the company. In accordance with the plans, it determined the net cash generating capacity of the business unit for the next 5 financial years and discounted at a rate of 8.5%. Thus, no impairment is warranted according to the discounted cash flow plans.

In April 2016, Waberer's International Plc. acquired a controlling stake in Wáberer Hungária Biztosító Zrt. and its subsidiary Közdűlő Invest Kft. The Group's Management has assessed and evaluated the business combination in accordance with IFRS requirements and no goodwill has been identified as a result of the evaluation.

Waberer's Romania SA is expected to generate positive results on a sustained basis in the future, and no impairment is needed based on the rationalisation of costs and the expansion of the transport business.

The book value of goodwill for the domestic freight forwarding business is EUR 2 577 thousand. This segment closed the year 2021 with a profit, future forecasts show a profit in operations. Taking into account the above, management did not see any reason to recognise an impairment. The book value is expected to be recovered in less than one year.

figures in kEUR unless indicated otherwise

Company	Country	Scope of activities	Ownership % 2020	Ownership % 2021
Waberer's Deutschland	Germany	international forwarding	100,00%	ended
Waberer's France	France	international forwarding	100,00%	ended

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

8. Other non-current financial assets

	31 December 2020	31 December 2021
Loan to franchise owners	4	6
Total	**4**	**6**

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

9. Inventories

Inventories	31 December 2020	31 December 2021
Fuel	229	407
Spare parts, tyres, lubricants, other materials	555	649
Other materials	0	9
Total:	**784**	**1065**

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 truck using an estimate based on the data in the route registration system.

Movements in the impairment of inventories are presented below.

	Impairment of inventories
1 Jan 2020	**- 146**
Impairment recognised	
Impairment released	65
31 Dec 2020	**-81**

Impairment recognised	-52
Impairment released	
31 Dec 2021	**-133**

At 31 December 2021, Company management revised the inventories at the repairs workshop based on the technological descriptions obtained in the previous two years. As a result, the Company released the impairment loss on spare parts no longer usable for the Company's vehicles in a total of kEUR 52.

10. Receivables

	31 December 2020	31 December 2021
Trade receivables	26 120	35 111
Impairment on doubtful debts	- 589	- 189
Total	**25 531**	**34 992**

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

The changes in the impairment of trade receivables are presented below.

	impairment
1 Jan 2020	**-553**
Recognised	-234
Reversed	198
31 December 2020	**- 589**
Recognised	-82
Reversed	482
31 December 2021	**-189**

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, kEUR 8 accounted for as expected credit loss for the receivables on the balance sheet date.

The Company introduced a new impairment model in line with the requirements of IFRS 9. The new model requires the write-off of expected credit losses (ECL), which is different from the previous loss-based approach. The model applies to trade receivables and applies a prospective approach to credit loss.

Expected credit losses are weighted by probability and adjusted to prospective macroeconomic factors estimated by the Company's management.

As IFRS 9 does not allow the extrapolation of past results, the Company applied the ECL measurement method that considers factors such as:

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- the industry in which the customer operates
- whether or not a receivables are secured
- country of operations
- the ageing of unsecured receivables (0-60, 61-180, 181+); in the case of secured receivables, an aged analysis does not affect the significant changes.

The Company's management believes that the model used properly approximates any ECL from possible non-performance.
For the analyses, the model was adjusted with an updated analysis of current and COVID-19 impacted internal and external rick factors.

	ECL				
	Unsecured receivables	**Secured own fund**	**Secured for overstepped limit**	**Total**	**of which attributable to Shell**
WG	13 177	16 508	1 230	30 916	-

11. Related party receivables and liabilities

Receivables from related parties are presented below.

	31 December 2020	31 December 2021
Cash-Pool	34 800	41 807
Sublease receivables	33 294	30 751
Trading type receivables	6 307	5 401
Loans receivable	3 208	0
Capital contributions	498	3 498
Other unspecified receivable	1	1
Total	78 108	81 458

Payables to related parties are presented below.

	31 December 2020	31 December 2021
Cash-Pool payables	45 483	42 009
Creditor type payables	48 519	41 275
Dividend paid in advance	0	0
Other liabilities	1 685	0
Total	95 687	83 284

12. Other current assets and derivative financial instruments

	31 December 2020	31 December 2021
Foreign VAT and excise tax	1 046	1 331
Tax receivables	30	1 983
Loans granted	136	136
Receivables from employees	330	124
Advance payments receivable	0	0
Accruals	2 032	2 756
Other	290	3 401
Derivatives	0	679
Total	**3 864**	**10 410**

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

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

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

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

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

As at 31 December 2020, the Company had the following open derivative contracts (sale EUR):

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

As at 31 December 2021, the Company had the following open derivative contracts (sale EUR):

Partner bank	Contract type	Currency	Amount of trade
ING	Forward	kHUF	11 617 200
MKB	Forward	kHUF	6 896 404
RAIFFEISEN	Forward	kHUF	10 210 222

Information of the market value related to forwards can be found in note 30. Open derivatives indicated above have maturity within a year. At 31 December 2021, the revaluation gain on the fair valuation of derivatives was kEUR 679, and the related revaluation loss was kEUR 1,533.

Changes in the impairment loss on other current assets and derivative financial instruments are presented below:

	impairment
1 January 2020	**- 1 263**
Recognised	-233
Reversed	172
31 December 2020	**-1 324**
Recognised	
Reversed	167
31 December 2021	**-1 157**

Fully impaired items included receivables from former employees totalling kEUR 929 and import VAT and excise tax refunds receivable in a total of kEUR 228 from the Company's former financial representative that went bust and failed to forward these tax refunds it had received as confirmed by the tax authority.

13. Cash and cash equivalents

Cash and cash equivalents include the Company's petty cash and bank balances. Cash and cash equivalent totalled kEUR 18,284 at 31 December 2021.

14. Equity

The share capital of Waberer's International Nyrt. at 31 December 2020 and 2021 totalled EUR 6,192,807 and comprised 17,693,734 dematerialized shares each with a face value of EUR 0,35. The Company held 214,699 treasury shares at the end of 2021 (total face value: EUR 75,144 EUR).

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

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 Company's equity compliance table as required by section 114/B of act C of 2000 on accounting is presented below.

Item	Opening	Closing
Issued Capital as per IFRS	**6 179**	**6 147**
Reserves as per IFRS	**2 869**	**24 975**
Corrections as per accounting law 114/b 4a	**0**	
Corrected capital	**9 048**	**31 122**
a.) Equity	**9 048**	**31 122**
b.) Issued capital as per IFRS	6 179	6 147
c) Issued capital not paid	0	0

d) capital reserve:	68 438	68 438
e) retained earnings/losses	-37 245	-67 233
f) valuation reserve	0	0
g) net loss after tax	-43 957	22 507
h) allocated reserve	1 263	1 263

Matching under section 114/B.(5)a) of the accounting act		
Issued capital as per IFRS	6 179	6 179
Issued capital registered by the companies court	6 193	6 193
Difference:	- 14	-14

Distributable retained earnings as per section 114/B. (5)b) of the accounting act		
Retained earnings/losses including the net profit or loss for the year	-66 704	-44 726
Retained earnings less the accumulated unrealised gains recognised on the fair value increase under IAS 40 Investment Property and plus related accumulated income taxes under IAS 12 Income Taxes	0	0
Distributable retained earnings	0	0

Capital reserve contains the variance between the nominal value and issue value in initial public offering with kEUR 45,800. It also contains the value of a business combination 22 years ago.

The fair value difference on the exchange rate hedges for 2022 in the amount of EUR 557 thousand was recognised as a change in equity.

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

Only those shareholders are entitled to exercise their shareholder rights who are recorded in the register of shareholders. The conditions and method of exercising voting rights at the General Meeting are set out in section 5.6 the Articles of Association. The register of shareholders is maintained by KELER Központi Értéktár Zártkörűen Működő Részvénytársaság (hereafter: KELER) and is updated on a monthly and before each general meeting.

1. Right to receive dividends

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

2. Right to information and to attend the general meeting

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

figures in kEUR unless indicated otherwise

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.

15. Leasing liabilities

The Group acquires the leased vehicles it needs for its basic operations as right of use assets. For trucks, the maturity of the Group's lease contracts increased from 4 years to 5 years, while for trailers it increased to 10 years in 2019. The Group acquires the vehicles directly from the manufacturers, who provide a repurchase guarantee not only for the end of the term but also during the term.

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

	Within 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
31 December 2020						
Lease liabilities, capital	27 082	11 048	13 319	13 660	2 471	67 580
Lease liabilities, interest	1 687	612	915	580	89	3 883
Total	**28 767**	**11 660**	**14 234**	**14 240**	**2 560**	**71 463**
31 December 2021						
Lease liabilities, capital	20 354	19 526	30 734	17 534	3 165	91 313
Lease liabilities, interest	564	415	482	556	31	2 048
Total	**20 918**	**19 941**	**31 216**	**18 090**	**3 196**	**93 361**

The table shows the maturity and interest payments of lease liabilities at the end of 2020 and 2021 but does not reflect the continuously replacement of the assets as the maturing lease agreements are constantly replaced with new ones.

On 1 April 2020, the Hungarian government announced lease and loan payment moratorium until 31 December 2020.

Due to the pandemic, the moratorium was prolonged for another half year. Most of the principal of the lease accumulated since March 2020 (EUR 15.2 million) will be paid in 2021 under the new financing agreement, at the date of disbursement. This happened on 3 March 2021 therefore, this amount was presented among principal payable within 6 months in the aged breakdown. The cumulated interest of approx. EUR 1.1 million will also be paid upon repayment of the principal, but from the Company's own funds.

The interest charges on the lease liabilities are calculated based on the EURIBOR index valid at 31 December of the reporting year plus the increased interest premiums.

16. Provisions

	Litigations	Other	Bonus	Total
Opening at 1 January 2020	**28**	**103**	**1 209**	**1 340**
Allocation and review of previous estimates		94	3 249	3 344
Release	- 1		- 527	- 528
Use	- 6	- 103	- 681	- 791
Closing at 31 December 2020	**21**	**94**	**3 249**	**3 365**
Allocation and review of previous estimates	- 2	215	3 170	3 382
Release	- 6		- 919	- 925
Use	- 4	- 94	- 3 141	- 3 239
Closing at 31 December 2021	**9**	**215**	**2 359**	**2 583**
Short-term portion 2020	0	94	3 249	**3 343**
Long-term portion 2020	21	0	0	**21**
Short-term portion 2021	0	215	2 359	**2 574**
Long-term portion 2021	9	0	0	**9**

At 31 December 2021, the Company presented a provision of kEUR 91 for contingent liabilities from ongoing litigations. As these contingent liabilities are expected to incur after more than one year, they are presented among long-term liabilities.

The Company made a provision of kEUR 215 for untaken employee holidays plus related taxes.

The Company suffered substantial losses because of COVID-19, but the restructuring of the international forwarding business and its restored profit generating potential brought significantly better results than expected in the crisis plan drawn up in March 2020 and the incentives devised in connection with the change in owners were also completed. As a result, management estimates a total bonus payment of kEUR 2,359 in 2022, for which a provision was made in 2021.

17. Short-term loans and borrowings

	31 December 2020	31 December 2021
Borrowings from third parties	822	823
Asset loans	2 045	953

figures in kEUR unless indicated otherwise

Overdrafts	26 432	22 689
Total	**29 299**	**24 465**

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. 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 in the lender's regular monthly service charge as the EURIBOR interest rate, which determines the basis for the interest calculation, is negative and, together with the interest premium on similar loans, does not reach 0.5%, we have not separated it from the service fee.

18. Other current liabilities and derivative financial instruments

	31 December 2020	31 December 2021
Payments to personnel	1 142	1 554
Taxes	87	35
Accruals	1 319	0
Other liabilities	387	11
Derivative contracts	241	1 533
Total	**4 109**	**3 133**

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

Liabilities from derivative contracts include revaluation losses as presented in Note 12.

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

	2020	2021
Own fleet transportation revenues	12 722	17 569
Subcontractor revenues	214 027	207 389
Other revenues	42 009	40 770
Total sales revenue	**268 758**	**265 728**

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

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

Item	2020	2021
Vehicle rental revenue	15 533	10 008
Revenues from fuel sold	11 473	13 284

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

Revenues from AdBlue sold	147	192
Repair services	7 732	6 217
Revenue from goods sold	1 537	1 343
Financial services	1 664	1 296
IT services	1 061	1 445

The revenues from vehicle rentals and fuel sales are linked to the significant reduction of the forwarding operations of the franchise companies.

The slight decrease in repair service revenues was due to savings.

20. Direct payroll costs and related taxes

Item	2020	2021
Direct payroll costs and related taxes	**3 108**	**4 893**
Salaries and related taxes	2 240	3 435
Variable wages and related taxes	868	1 458
Benefits	**1 590**	**3 444**
Direct payroll costs and related taxes	**4 698**	**8 337**

Payroll costs and related taxes reflect the wages, salaries and fringe benefits paid to the Company's domestic drivers, servicing personnel, and warehouse staff, and the related taxes and social security contributions. The main reason for the rise in direct payroll costs the implemented wage and staff number increase.

21. Fuel costs

	2020	2021
fuel costs	2 611	1 136

Fuel costs declined because of the drop in fuel prices.

22. Motorway & transit costs

	2020	2021
road tolls	1 711	715
ferry	8 093	7 673
services used	790	1 758
other transit costs	533	854
Road tolls and transit costs	**11 127**	**11 000**

Within road tolls, the Company presents the own fleet road toll fee net of rebates. The drop in road tolls was due to lower mileage as a result of a reduced fleet.

Within crossing costs, the Company presents the cost of ferry and ferry fees incurred at the own fleet and the subsidiaries.

figures in kEUR unless indicated otherwise

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

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

23. Other costs

	2020	2021
Repair, installation costs	14 662	11 557
Insurance costs and expenses	1 228	618
Direct rental costs	47	-487
Other services	123	260
Vehicle weight tax and other transportation taxes	326	204
Other costs, total	**16 386**	**12 152**

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

The lower insurance cost was due to an reduced fleet. The operator of the trailers is the Company and not the subsidiaries. The subsidiaries have been renting the trailers on a daily basis from the Company since 1 January 2016.

24. Selling, general and administrative cost

The details of indirect costs are as follows:

	2020	2021
Indirect wages and payments	**13 235**	**13 854**
Other services	**8 337**	**8 376**
Property maintenance, utilities and rent	1 049	1 030
Specialists	2 581	1 988
IT costs	2 371	3 075
Communication costs	106	112
Company cars	750	660
Marketing costs	37	96
Other costs	1 443	1 415
Selling, general and administrative costs	**21 572**	**22 230**

figures in kEUR unless indicated otherwise

25. Other income

	2020	2021
Provisions released	21	10
Damage compensation received	918	545
Fines, penalties, default interest	58	17
Employee refunds	94	161
Subsidies received	74	63
Reversed impairment loss on debtors/inventories	555	713
Other miscellaneous income	823	933
Total	**2 543**	**2 442**

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

26. Other expenses

	2020	2021
Damages paid	1 139	1 023
Provisions	15	-2
Impairment on debtors	1 695	147
Penalties, fines	194	303
Impairment on inventories	0	52
Credit loss	137	291
Other miscellaneous expenses	363	412
Total:	**3 543**	**2 226**

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

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

	2020	2021
Penalties, late payment interest and fines to third parties	162	301
Penalties to subsidiaries	32	2
Penalties, late payment interest and fines total	**194**	**303**

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

27. Financial result

	2020	2021
Interest received	520	1 733
Interest paid, leases	-1 796	-1 020
Interest paid, other	-196	-657
Realised FX gain or loss	1 200	-330
Unrealised FX gain or loss	-11 624	-275
Realised gain or loss on derivatives	-5 714	0
Gain or loss on investments disposed of	- 173	-194
Impairment loss on investments recognised and reversed	-11 833	
Dividends received	10 716	27 041
Total	**-18 900**	**26 298**

The interest on assets assigned to the subsidiaries equals the interest paid after the original leases. As no interest was paid in 2020 as a result of the loan moratorium, no unpaid interest was recharged to the subsidiaries.

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

The Company received dividends from its subsidiaries totalling kEUR 27,041 in 2021.

Foreign exchange assets and liabilities are presented in note 30. c).

28. Income tax expense

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

	2020	2021
Current income tax expense	566	914
Deferred taxes	- 216	- 1 675
Total income tax expense	**350**	**-761**

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

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

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

figures in kEUR unless indicated otherwise

	2020	2021
Profit before taxation under IFRS	- 43 957	22 507
Income tax expense	350	761
Expected tax (11.3% of the pre-tax profit)	-4 967	2 543
Difference	**5 317**	**-1 782**

	2020	2021
Impact of different tax bases (local business tax)	2 292	993
Effects of permanent differences (penalties, levies)	3	2
Development tax allowance (permanent difference)	2 342	-2 685
Losses carried forward (used, written off)	-20	-92
Other	**5 317**	**-1 782**

29. Management of financial risks

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

- credit risk
- liquidity risk
- market risk.

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

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

(a) Credit risk

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

Trade and other receivables

There is no high concentration of credit risks within the Company. In 2020, the 10 largest customers accounted for 29.68% of the total revenues. In 2021, this ratio was 43.37%.

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

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

figures in kEUR unless indicated otherwise

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

(b) Liquidity risk

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

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

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

Key terms of the agreement:

- Overdraft facility in the next 5+2 years;
- Supply Chain factoring facility and Debtor factoring facility in the next 3 years;
- Deferred repayment of the lease principal suspended because of the loan moratorium in 2020 after the fifth year;
- Continued availability of vehicle funds, including the prolongation of trailer financing to 10 years;
- The funding costs of the above loan products remain unchanged;
- As part of the agreement, the Company agreed to pay dividends or other forms of profit sharing (including advance dividends) during the validity of the agreement, only subject to prior written consent of the financing banks.
- Disbursement is subject to presenting mortgage confirmations on all the Group's properties
- Mortgage for Waberer's-Szemerey Logisztika Kft. business line, LINK Sp. Z.o.o shares, shares collateral agreement for the shares of Wáberer Hungaria Biztosító Zrt. and Trevelin Holding Zrt.

- Mortgage receivables for the receivables of Waberer's International Plc. and Waberer's-Szemerey Logisztika Kft., except for the VAT receivables and circular mortgage contract for the asset and receivables (except VAT receivables) of the Waberer International Plc.

- the contract will be replaced by new commitments instead of the financial covenants previously used, which are as follows
    - quarterly cumulated regular EBITDA (LMT regular EBITDA) for the Hungarian subsidiaries of the International Transportation segment and the regional contract logistics segments on a consolidated basis

	LTM Ebitda covenants
2021 q1	16 065
2021 q2	26 041
2021 q3	35 556

	LTM Ebitda covenants
2023 q3	61 867
2023 q4	62 227
2024 q1	62 374

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2021 q4	47 402	**2024 q2**	62 542
2022 q1	54 593	**2024 q3**	62 694
2022 q2	57 850	**2024 q4**	62 823
2022 q3	59 312	**2025 q1**	63 123
2022 q4	60 710	**2025 q2**	63 446
2023 q1	61 086	**2025 q3**	63 751
2023 q2	61 485	**2025 q4**	64 034

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

- net debt 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 depend on the Group ability to meet the above covenants.

- net debt and LMT's regular EBITDA ratio

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

The calculation of financial covenants for 2020 and 2021 under our loan agreements are set our below.

€th	31 Dec 2021 Actual	
	Actual	Target / Limit
2021 Q1 LTM rec. ITS HU + RCL EBITDA	35 552	16 065
2021 Q2 LTM rec. ITS HU + RCL EBITDA	43 457	26 041
2021 Q3 LTM rec. ITS HU + RCL EBITDA	47 466	35 556
2021 Q4 LTM rec. ITS HU + RCL EBITDA	48 794	47 402
2021 Q4 Net debt / LTM rec. ITS HU + RCL EBITDA	2,27	4,64

Explanation of the above figures:

The Net loan portfolio / LTM regular EBITDA is the ratio of the net loan portfolio at the end of a quarter and the cumulated regular EBIDTA for the preceding 4 quarters and should be assessed quarterly (based on quarterly unaudited figures reviewed by the Trustee's auditor) and annually (based on annual audited figures) based on the following:

(total non-consolidated debt less cash, including any amount in the cash collateral account held with the Trustee) / EBITDA

Where:

(i) Total non-consolidated debt means: based on the consolidated IFRS financial statements for the following balance sheet items in the scope of consolidation:
1) non-current part of long-term loans,
2) current part of long-term loans,
3) non-current part of lease liabilities,
4) short-term loans and borrowings,
5) current part of lease liabilities,

less any outstanding or otherwise payable amounts of the following:

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

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

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

(c) Market risk

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

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

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

(i) Foreign exchange risk

Of all the market risks, the Company was less affected by exchange rate risk in 2021 as most of the Company's revenues and expenses incurred in its functional currency (EUR).

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

(ii) Interest cash flow risk

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

The Company does not enter into speculative derivative contracts, but hedge accounting is not applied for any of the concluded contracts either given that it has yet to elaborate the related necessary documentation requirements and hedge effectiveness testing system. As the rule of thumb, transactions may not focus on one partner and must be diversified.

(d) Equity management

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

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

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

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

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

The Company meets the above statutory capitalisation requirements.

In accordance with government decree 261/2011. (XIII.7.) Korm. the professional conditions and licensing procedures of domestic and international goods transportation, such activities may only be carried out in Hungary with a licence for transporting goods by road, which is subject to the Company verifying its reputation, professional suitability and appropriate financial background.

The financial position is appropriate if the business entity has the necessary equity to start and pursue its activities without any problems:

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

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

30. Financial instruments

(a) Credit risk

figures in kEUR unless indicated otherwise

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

	31 December 2020	31 December 2021
Other financial investments	4	7
Trade receivables	25 531	34 922
Intercompany receivables	78 108	81 458
Other current assets and derivative financial instruments	2 788	10 410
Cash and cash equivalents	41 564	18 284
Maximum credit risk exposure	**147 995**	**145 081**

Impairment loss on trade receivables broken down by maturity:

	31 December 2020		31 December 2021	
	Initial cost	**Impairment**	**Initial cost**	**Impairment**
Not yet due	25 409	39	32 275	18
overdue 0-90 days	31	5	2 728	14
overdue 91-180 days	82	22	31	9
overdue 181-360 days	85	39	31	23
overdue 360 days	513	484	46	125
Trade receivables	**26 120**	**589**	**35 111**	**189**

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

(b) Liquidity risk

Financial liabilities broken down by maturity:

	31 December 2020				
EUR	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	27 082	11 048	13 319	13 660	2 471
Short term loans	29 299	0	0	0	0
Trade payables	24 546	0	0	0	0
Other current liabilities and derivative financial instruments	3 176	0	0	0	0
Total	84 103	11 048	13 316	13 660	2 471

figures in kEUR unless indicated otherwise

31 December 2021

EU	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Lease liabilities	7 761	6 672	10 810	10 675	6 077
Short term loans	24 465				
Trade payables	24 707	0	0	0	0
Other current liabilities and derivative financial instruments	3 133	0	0	0	0
Total	32 226	6 672	10 810	10 675	1 032

(c) Foreign exchange risk

Exposures of the Company broken down by currency:

31 December 2020

	EUR	HUF	other	total
Trade receivables	24 388	957	225	25 570
Leases payable	-67 580	0	0	-67 580
Short-term loans and borrowings	-29 299	0	0	-29 299
Trade payables	-23 067	-1 447	-32	-24 546
Net position	**-95 558**	**-490**	**193**	**-95 855**

31 December 2021

	EUR	HUF	other	total
Trade receivables	32 674	478	1 770	34 922
Leases payable	-41 995	0	0	-41 995
Short-term loans and borrowings	-24 465	0	0	-24 465
Trade payables	-20 461	-4 219	-27	-24 707
Net position	**-54 247**	**-3 741**	**1 743**	**-56 245**

The Company's receivables and liabilities in were translated at the following year-end rates: 369 HUF/EUR. The business plan for 2022 was based on a projected rate of 360 HUF/EUR.

(d) Fair value of financial instruments

The following table presents the fair values and carrying values of financial instruments for 2020 and 2021:

	2020		2021	
	Fair Value	**Book value**	**Fair Value**	**Book value**
Other non-current financial assets	4	4	7	7
Trade receivables	25 570	25 570	34 922	34 922
Intercompany receivables	78 108	78 108	81 458	81 458
Other current assets and derivative financial instruments	2 788	2 788	10 410	10 410
Cash and cash equivalents	41 564	41 564	18 284	18 284
Total financial assets	**148 034**	**148 034**	**145 081**	**145 081**

	2020		2021	
	Fair Value	**Book value**	**Fair Value**	**Book value**
Finance lease liabilities	67 580	67 580	41 995	41 995
Short-term loans	29 299	29 299	24 465	24 465
Trade payables	24 546	24 546	24 707	24 707
Intercompany liabilities	95 687	95 687	83 284	83 284
Other current liabilities and derivative financial instruments	3 089	3 089	3 133	3 133
Total financial liabilities	**220 201**	**220 201**	**177 584**	**177 584**

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 Company 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 Company's profit or loss at the reporting date.

Cash flow sensitivity review for floating interest financial instruments
Based on our analyses a 10-bp change in the EURIBOR would change the interest on leasing liabilities by kEUR 97. This change would not affect the Company's equity. This analysis assumed that all other factors (such as foreign exchange rates) remained unchanged.

31. Provisions, contingent liabilities and contingent assets

figures in kEUR unless indicated otherwise

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

Litigations

The following table shows the provisions allocated for legal actions against the Company, broken down by years, and the litigated amount from the legal actions for which the Comapny 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.

	2020		2021	
	Litigated principal amount		Litigated principal amount	
	Provision presented	Contingent liability	Provision presented	Contingent liability
Total:	21	37	9	63

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. The case is not closed and is still under discussion.

32. Transactions with related parties

Members of the Company's management at 31 December 2021:

- Barna Zsolt – executive director of Waberer's-Szemerey Kft. and head of the RCL segment. Besides, as of 1 February 2021, he was also deputy COO of ITS HU and CEO as of 1 September 2021.

- Erdélyi Barna – CEO from 23 March 2020 until 31 August 2021, then Director of Key Corporate Affairs as of 1 September 2021.

- Tóth Szabolcs Gábor, director of business and strategy since 23 June 2020, the Hungarian description of his position changed to "gazdasági és stratégiai vezérigazgató-helyettes" (equivalent of CFO) as of 1 February 2021.

Members of the Board of Directors:

Name	**Status**	**Date and duration of appointment**
Gerard van Kesteren	independent non-operational (external) member	29/07/2016 – 19/04/2021
Alain Beyens	non independent non-operational (external) member	29/07/2016 – 09/04/2021

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

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

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

Members of the Supervisory Board:

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

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

dr. Szivek Norbert	independent	20/04/2021 – 31/05/2024, or the date of AGM, if earlier
dr. Végh Attila	independent	20/04/2021 – 31/05/2024, or the date of AGM, if earlier

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

Székely Sándor	548 shares
Szalainé Kazuska Mária	692 shares

Transactions with management and with those exercising ultimate control

The remuneration of key senior officers are presented below:

	2020	2021
Payroll	1 341	1 739
Total:		

Further to the resolutions of the shareholders' meeting of 19 April 2021, the chairman and the members of the Board of Directors are not remunerated for their contribution. The members of the Supervisory Board may receive an honorary compensation of up to HUF 300,000 (gross) per month, subject to their underlying engagement agreement; the chairman is entitled to a remuneration of not more than HUF 450,000 (gross) per month. The chairman of the Audit Committee may receive a monthly remuneration of up to HUF 100,000 (gross) subject to the terms of their underlying engagement agreement; the members of the Audit Committee are not remunerated for their contribution. The members of other boards or committees do not receive any remuneration for their contribution.

Transactions with companies governed by the ultimate parent

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

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

	2020	2021
LAKATOS, KÖVES ÉS TÁRSAI ÜGYVÉDI IRODA	251	368
Total	**251**	**368**

Transactions with related parties within the Group:

Transactions with intra-group related parties are presented below. Revenues are positive, expenses are negative numbers.

figures in kEUR unless indicated otherwise

Item	2020	2021
Delta-Rent Kft.	**118**	**14 435**
Materials and goods sold	22	31
Cash-pool interest	- 3	- 3
Company car rental	- 489	- 437
Other activity	548	826
Business services	61	61
Property rentals	16	16
IT services	4	4
Vehicle repairs	- 86	19
Dividends received		13 876
Intermediary services	-	
Fuel sold	45	42
Forwarding franchise companies	**- 26 053**	**33**
Subcontractors	- 35 136	
Materials and goods sold	118	1
Compensation for damaged goods	68	13
Cash-pool interest	98	
Other activity	492	3
Forwarding services	-	
Business services	145	
IC Leasing interest received	81	
Property rental	147	4
IT services	141	
Vehicle rentals	3 812	
Vehicle repairs	1 184	2
Intermediary service	338	10
Transport services	-	
Road toll	- 54	
Fuel sold	2 513	
Közdűlő-Invest Kft.	**14**	**36**
Materials and goods sold	1	1
Cash-pool interest	- 2	- 2
Other activity	5	2
Business services	-	3
Vehicle repairs	10	32
LINK Sp. Z.o.o.	**- 2 173**	**- 1 283**
Subcontractors	- 2 175	- 1 536
Materials and goods sold	-	
Compensation for damaged goods	-	
Other activity	- 5	- 6
Forwarding services	2	1
Vehicle repairs	-	
IT services		90
Transport services	5	168
Nexways Cargo Kft.	**- 112 829**	**- 127 285**
Subcontractors	- 142 890	- 160 299
Materials and goods sold	375	453
Compensation for damaged goods	61	217
Cash-pool interest	17	43
Other activity	401	404

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

Business services	616	648
IC Lease interest received	150	1 687
Property rentals	15	15
IT services	598	630
Vehicle rentals	11 266	8 863
Vehicle repairs	5 702	5 440
Intermediary services	1 146	1 419
Road tolls	- 6	- 201
Fuel sold	8 984	13 396
Rapid Teherautószerviz Kft.	**-**	**1 361**
Materials and goods sold	620	691
Cash-pool interest	- 1	- 2
Other activity	- 39	19
Business services	67	67
Property rentals	42	42
IT services	10	10
Vehicle repairs	13	325
Intermediary services	7	117
Dividends received	-	71
Fuel sold	17	21
S.C Waberer's Romani S.A	**- 219**	**- 146**
Subcontractors	- 519	- 472
Materials and goods sold	-	
Other activity	- 41	- 41
Forwarding services	11	
Business services	18	18
Credit loss	-	
IT services	30	26
Transport services	282	323
Wáberer Hungária Biztosító Zrt.	**9 526**	**- 475**
Subcontractors	-	
Compensation for damaged goods	23	8
Insurance services	- 1 190	- 428
Other activity	164	- 55
Dividends received	10 529	
Waberer's trade offices abroad	**- 152**	**9**
Interest on loans granted	-	
Subcontractors	-	
Other activity	- 15	34
Dividends received	- 137	- 25
Waberer's Network Kft.	**690**	**952**
Subcontractors	- 53	- 31
Materials and goods sold	-	
Cash-pool interest	1	1
Other activity	- 4	- 85
Forwarding services	15	18
Business services	124	124
IT services	29	29
Dividends received	-	93
Transport services	578	803
Road tolls	-	

figures in kEUR unless indicated otherwise

Waberer's Slovakia	**188**	
Dividends received	188	
Waberer's-Szemerey Logisztika Kft.	**2 441**	**19 011**
Interest on loans granted	76	- 30
Subcontractors	- 227	- 129
Materials and goods sold	-	7
Cash-pool interest	- 7	6
Other activity	906	2 867
Forwarding services	457	925
Business services	651	373
Property rentals	-	297
Property rent	- 29	- 68
IT services	278	625
Vehicle rentals	454	1 143
Vehicle repairs	10	123
Intermediary services	-	
Transport services	-	
Road toll	- 124	- 125
Dividends received		13 000
Fuel sold	- 4	- 3
WSZL Automotív Kft.		**- 725**
Materials and goods sold		13
Other activity		- 742
Property rent		1
IT services		26
Vehicle repairs		- 23
Total	**- 128 448**	**- 94 077**

33. Subsequent events

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

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

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

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

34. Auditor independence – non-audit services

The Company's management engaged companies related to Erns&Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.) with the following non-audit services in the reporting year. The total of such non-audit services was kEUR 82, which is within the limit approved by the Supervisory Board (i.e. the total of non-audit services may not exceed the audit fee).

The signing statutory auditor responsible for the audit is Nagyváradiné Szépfalvi Zsuzsanna (HCA registration No.: 005313).

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

The Company's annual financial statements are signed by Barna Zsolt , CEO (domicile: 2011 Budakalász, Csapás utca 22/a) and Tóth Szabolcs Gábor, CFO (domicile: 1039 Budapest, Aradi utca 14-16.).