SUBMISSIONS

TO RÁBA AUTOMOTIVE HOLDING PLC.'S

ANNUAL GENERAL MEETING

TO BE HELD ON APRIL 13, 2022

Győr, March 23, 2022

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Notice of Annual General Meeting of RÁBA Plc.

The Board of Directors of RÁBA Automotive Holding Plc. ("RÁBA Plc. or "Company", Seat of the Company: 9027 Győr, Martin u. 1., registration number: 08-110-001532) **herewith informs the Company's shareholders that the Company holds its annual general meeting** ("General Meeting") **on April 13, 2022.**

Date of the General Meeting:	April 13, 2022, at 10 a.m.
Venue of the General Meeting:	ETO Park Hotel, H-9027 Győr, Nagysándor József u. 31.
Method of holding of the General Meeting:	personal attendance
COAF identifier of the General Meeting:	HU20220311003401

AGENDA OF THE GENERAL MEETING

1. **Assessment of the Company's operation in 2021**
   - **1.a) Report of the Board of Directors on the Company's business operations in the business year 2021;**
   - **1.b) Report on the Company's normal and consolidated annual financial statements of 2021 drawn up as per the International Financial Reporting Standards (IFRS), proposal of the Board of Directors for the approval of the normal and consolidated annual financial statements as well as proposal for the allocation of the total profit for the reporting year and the submission of Corporate Governance Report;**
   - **1.c) Report of the Auditor on the annual financial statements of 2021;**
   - **1.d) Report of the Supervisory Board on the annual financial statements of 2021, on the allocation of the total profit for the reporting year and on the submissions to the General Meeting;**
   - **1.e) Discussion and acceptance of the reports on normal annual financial statements and consolidated annual financial statements drawn up as per the International Financial Reporting Standards (IFRS), approval of the statement of financial position and resolution on the allocation of the total profit for the reporting year; and resolution on the acceptance of the Corporate Governance Report;**
2. **The remuneration report of the Company on the business year 2021;**
3. **Election of the members and the Chairman of the Supervisory Board and Audit Committee and setting the remuneration**
4. **Miscellaneous**

METHOD OF HOLDING OF THE GENERAL MEETING

The General Meeting shall be held by way of physical presence of the shareholders.

RÁBA Plc. considers that the health protection both of the shareholders and the employees are very important, as well as the prevention of the spread of coronavirus infection. At the same time, it is considered as much important to ensure the shareholders' rights, including the shareholders' right to vote in the General Meeting. Therefore, only the shareholders, their corporate or authorized representatives or proxies, the Company's executives, employees and the organizers of the General Meeting may participate in the General Meeting as a non-public event. Shareholders are kindly requested to arrive unaccompanied.

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SUBMISSIONS AND DRAFT RESOLUTIONS TO THE GENERAL MEETING

The submissions and draft resolutions relating to the Items on the Agenda of the General Meeting, the reports of the Supervisory Board (Audit Committee) and that of the Auditor will be published in separate notice by the Board of Directors until March 23, 2022 on the website of BSE (www.bet.hu), on the website of Hungarian National Bank (www.mnb.hu), and on the website of the Company (www.raba.hu).

Subject to presentation of a certificate of their voting rights and indication of the reason for their request, the shareholders representing at least one per cent of the votes, may request the Board of Directors, in writing and in accordance with the statutory requirements to detail the agenda items, to put any item on agenda of the General Meeting, and such shareholders may also submit draft resolutions regarding the items on agenda, within 8 days following the publication of this Notice of General Meeting.

EXERCISING THE SHAREHOLDER'S RIGHTS

Pursuant to the Articles of Association those shareholders or shareholder's proxies are entitled to exercise the shareholder's rights regarding the General Meeting whose names are entered at the closing date in the Register of Shareholders, prepared on the basis of the identification of shareholders initiated by the Company.

The record date of identification of shareholders is: **April 6, 2022**

The closing date of Register of Shareholder is: **April 11, 2022 at 6 p.m.**

The financial institutions keeping the securities account shall arrange for the entering of the shareholders into the Company's Register of Shareholders kept by KELER Zrt, on the basis of the shareholder's instructions. RÁBA Plc. can not assume liability for the shareholders' registration.

The shareholders are requested to check, until the second working day before the closing date of the Register of Shareholders, the latest, at the financial institution keeping their securities account that the arrangements are made in favour of their registration into the Register of Shareholders.

Shareholders may participate in the General Meeting in person, or through their corporate or authorized representatives or proxies.

The shareholders should prove their personal identity by presenting their certificates for identification. The shareholders' organizational or corporate identity and their right of representation should be verified by an authentic document, which certifies the registration and the data in force of the organization or the corporation and their representatives (e.g. certificate of incorporation). In case of a foreign shareholder, the provisions regarding the requirements of documents of foreign origin shall be applied, with regard to the relevant provisions of the international convention being in effect between Hungary and the country of the place of issue of such foreign documents, or the international reciprocity as well. If the documents are not issued in the Hungarian or English language, the shareholders should attach the Hungarian or the English translation.

For the purpose of registration, the shareholders are requested to arrive at the place of the General Meeting from 8.30 a.m, together with their documents necessary for the verification of their personal identity and/or corporate identity and their rights of representation.

Convocation of the Repeated General Meeting due to lack of quorum of General Meeting:
In the event that the General Meeting to be held on April 13, 2022 fails to have a quorum even 30 minutes after its scheduled time, the General Meeting repeated for lack of quorum shall be held at the same place and with the same agenda **on April 26, 2022 at 10.00 a.m.** In the case that repeated General Meeting is to be held, a separate notice will be published thereof by the Company on the date of the original General Meeting.

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The Register of Shareholders prepared on the basis of the identification of shareholders at the record date of April 6, 2022 and closed on April 11, 2022 at 6 p.m. shall be valid for the General Meeting repeated for lack of quorum.

In the event the General Meeting having quorum is suspended, the date of the continued General Meeting will be established parallel to the time of suspension and it will be officially published by RÁBA Plc. in a notice on the next working day after the suspended General Meeting at the latest.

INFORMATION FOR ANY CHANGE IN THE STATE OF EMERGENCY

The Company draws the attention of its honoured shareholders to that the legislation to be enacted in association with the state of emergency or the instructions to be issued by the competent epidemic or public health authorities or institutions may affect the circumstances of the conduct of the General Meeting as set down by this notice.

Should any change occur, the Board of Directors of RÁBA Plc. will issue extraordinary notice for the shareholders about all relevant changes and information.

Győr, March 11, 2022

Board of Directors of RÁBA Plc.

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY'S OPERATION IN 2021

1.a) Report of the Board of Directors on the Company's business operations in the business year 2021

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Report of the Board of Directors of RÁBA Automotive Holding Plc.
to the Annual General Meeting
on Company's business operations in the business year 2021

In the financial year, the previous and the present Board of Directors continuously monitored the operation of the Company, discussed and approved the reports of the management on the Company's activity, on its financial management and on its most significant events at its regular meetings. The Board of Directors defined the business and strategic plans of the Company, provided for the regular keeping of the Company's books and accounts, and for the preparation of the Company's balance sheet and profit and loss statement and decided in its competence defined by the law and the Articles of Associations of the Company.

In spite of the multiple economic constraints, the Company has concluded 2021 with outstanding results and financial indicators, owing to its fast responsiveness and flexible customer service. The Rába Group reacted to the volatility of customer demands and to the difficulties in the supply environment by increasing integrity and flexible adjustment of the operation.

In terms of sales, the considerable demand activity in 2021 can be considered a positive environmental factor. A substantial increase in customer demand was manifest in the commercial vehicle markets of Rába, providing favourable conditions for sales growth. A new economic phenomenon in 2021 was that the disturbances in the supply chains are increasingly manifest in various levels and sectors. Base material supply linked to the stable increase in demand within the heavy vehicle sector was secured through a substantial increase in delivery lead times and upon continuously increasing steel prices. The relaunch of steel manufacturing capacities operated only partially for various company-specific reasons or withdrawn from production during the COVID-19 pandemic, is done in a phased fashion only. The situation was further deteriorated by the fundamental changes in supply and demand relations on the global market and in the Chinese trading position. What seems to be long-term uncertainty on the steel market has led to a steady increase in raw material prices. There was still substantial business activity on the truck and agricultural vehicle markets, the passenger vehicle segment, however, was characterised by a substantial decline due to the disturbances in supply. This substantial increase in costs relating to the base material is passed on by the Rába Group to its trading partners as per the terms of the existing agreements and as a result of negotiations, with a quarterly delay in the case of the majority of the products and with a 6-month delay for more complete products and for products with orders fixed in the longer-term. These two factors, namely that in 2021, base material prices have shown a steadily increasing tendency and that the cost increase can be passed on to the customers with a time lag only, have a negative impact on the profit positions and margins of the group of companies in 2021. The most significant and unexpected environmental change in 2021 was the crisis on the energy market and the drastic price explosion in the fourth quarter, which further exacerbated the burdens of the year already full of challenges and has placed the company under overall inflationary pressures, fundamentally affecting profitability.

With regard to the exchange rate environment, a decrease occurred in the case of the USD, representing a lesser proportion in the FX turnover of the company, whereas for the EUR, representing more substantial weight in the FX turnover, an increase was seen compared to the levels of the previous year.

To improve operating profitability, in addition to increasing the flexibility of the manufacturing activity, the Company implemented controls of the general and overhead costs. All business units made a positive contribution through profitable operation achieved through improving efficiency, to the group-level operating profit.

In spite of the challenges resulting from the economic difficulties caused by the COVID-19 pandemic, the company continued to have stable financial positions, maintaining its earlier strategy focusing on

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offering flexible services to our world-class customers. All of this has helped Rába promptly react to the reviving market demand and allowed the company to restore its profitability.

The key financial figures of the Company in the annual reports on financial statements drawn up as per the International Financial Reporting Standards (th HUF):

Description	2020		2021	
	Rába Plc. IFRS	**consolidated IFRS**	**Rába Plc IFRS**	**consolidated IFRS**
Sales revenue	1 958 941	38 754 451	2 048 593	46 435 609
Operating profit	231 270	226 697	597 039	1 992 357
Profit before taxes	93 360	-669 062	395 481	1 783 341
Total comprehensive profit for the	69 481	-1 030 404	348 331	1 283 188
Issued capital	13 473 446	13 473 446	13 473 446	13 473 446
Own equity	14 982 673	19 897 135	15 331 004	21 180 323
Balance sheet total	22 006 311	42 205 493	21 566 709	45 156 391

In the financial year, the Board of Directors has been in contact with the Company's auditor and with the Supervisory Board and discussed the reports and submissions to the Annual General Meeting.

In agreement with the Supervisory Board and taking the auditor reports into consideration, the Board of Directors determined that the financial statements for the FY 2021 give a true and fair view of the Company's operation. The Board of Directors proposes to the General Meeting to approve the Company's normal and consolidated financial statements for the FY 2021 drawn up as per IFRS.

Based on the current dividend policy of the Company, the Board of Directors made the proposal for the allocation of total profit for the reporting year that it proposes to the General Meeting, in agreement with the Supervisory Board, to place the profit of the FY 2021 into profit reserves.

The Board of Directors reviewed the Report on Corporate Governance of the FY 2021 and proposes to the General Meeting to approve it.

Győr, March 22, 2022

On behalf of the Board of Directors of RÁBA Plc.

Béla Hetzmann
Chairman

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY'S OPERATION IN 2021

1.b) Report on the Company's normal and consolidated annual financial statements of 2021 drawn up as per the International Financial Reporting Standards (IFRS), proposal of the Board of Directors for the approval of the normal and consolidated annual financial statements as well as proposal for the allocation of the total profit for the reporting year and the submission of Corporate Governance Report

1.c) Report of the Auditor on the annual financial statements of 2021

Rába Járműipari Holding Nyrt.
Financial Statements
for the year ended 31 December 2021

Date, Győr, 22 March 2022

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KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

Independent Auditors' Report

To the shareholders of RÁBA Járműipari Holding Nyrt.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the 2021 separate financial statements of RÁBA Járműipari Holding Nyrt. ("the Company") included in the digital files "HOLDING_IFRSBeszámoló_20211231.xhtm"[1], which comprise the separate statement of financial position as at 31 December 2021, with total assets of THUF 21,566,709, the separate statement of profit or loss and other comprehensive income, with profit for the year of THUF 348,331, and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate 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 year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRSs") and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the separate financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the 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.

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[1] 1 digital identification of HOLDING_IFRSBeszámoló_20211231.xhtml separate financial statements with SHA 256 HASH Algorithm: 04D3C5365CC59DA7512BB068DC2430D46AC67F253CB4CCA2381E4A002374EB8B

This is an English translation of the Independent Auditors' Report on the 2021 separate financial statements of the RÁBA Járműipari Holding Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of investments in subsidiaries

As at 31 December 2021, Investments in subsidiaries: THUF 10,567,419.

For more detailed information refer to Note 2 e) vii “Valuation of Investments” and Note 6 “Investments in subsidiaries and other investments” to the separate financial statements.

The key audit matter	*How the matter was addressed in our audit*
The Company acts as a holding entity within RÁBA Group and thus its main assets are investments in unquoted subsidiaries. In the separate financial statements investments in subsidiaries are stated at cost, less any related impairment. On an annual basis, the Company performs an assessment of the existence of impairment for its individual subsidiaries, by reference to the investments' recoverable amounts, determined based on a discounted cash flow model (DCF model). The determination of the recoverable amounts involves significant management judgment and making complex estimates in respect of the model assumptions such as, *inter alia*, growth rates, discount rates and forecasted net operating profit. In the wake of the above-mentioned circumstances, coupled with the significantly higher estimation uncertainty stemming from the general business disruption impact of the COVID-19 global pandemic, satisfying ourselves in respect of the impairment of investments in subsidiaries required our increased attention in the audit and is considered by us to be a key audit matter.	Our procedures in the area, performed with the assistance from our own valuation specialists, included, among others, the following: • We critically evaluated, by reference to the relevant financial reporting standards and market practice, the appropriateness of the Company's method and model applied in its measurement of the recoverable amounts of investments in subsidiaries; • We evaluated the design and implementation of the selected controls within the financial reporting process relating to the impairment testing of investments in subsidiaries, including those over the validation of the key impairment test assumptions and outcomes; • We performed a retrospective assessment of the key assumptions used in the Company's prior year's impairment test to actual current year outcomes; • We inquired of the Company's directors regarding the impact of the COVID-19 pandemic and of related government response programs on the subsidiaries and their results in the current year and going forward; • We assessed the internal consistency and mathematical accuracy of the Company's DCF model and challenged key model assumptions, such as, among other things:

	— growth rates and forecasted net operating profit – by means of inspecting the subsidiaries' financial statements and market reports, making corroborating inquiries of the Company's and subsidiaries' directors regarding the investees' financial performance and analyzing their actual performance against past forecasts; — discount rates – by challenging the cost of equity and cost of debt used given the subsidiaries' industry, country risk and financial position, and by making corroborating inquiries of the Company's and subsidiaries' directors; • We assessed susceptibility of the Company's impairment model and the resulting impairment conclusions to management bias, by challenging the Company's analysis of the model's sensitivity to changes in key underlying assumptions; • We assessed the accuracy and completeness of the Company's disclosures related to the assumptions and significant judgments used in estimating the recoverable amounts of the investments in subsidiaries.

Other Matter

Management is responsible for the presentation of the separate financial statements in a format that complies with the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (the "ESEF Regulation"). Our audit solely covered the human-readable content of the digital file containing the separate financial statements, which is electronically identified in our report. The scope of our audit did not include examining and expressing an opinion on whether the digitized information has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. Accordingly, we do not express such an opinion.

Other Information

The other information comprises the 2021 'Business report and management report' of the Company. Management is responsible for the preparation of the 'Business report and management report' in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the separate financial statements expressed in the Opinion section of our report does not cover the 'Business report and management report'.

In connection with our audit of the separate financial statements, our responsibility is to read the 'Business report and management report' and, in doing so, consider whether the 'Business report and management report' is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements, including the assessment of whether the business report has been prepared in accordance with Section 95/B (2) e) and f) of the Act on Accounting and expressing an opinion on this and whether the business report is consistent with the separate financial statements.

With respect to the business report, based on the Act on Accounting, we are also responsible for checking that the information referred to in Section 95/B (2) a)-d), g) and h), Section 95/C of the Act on Accounting has been provided in the business report.

In our opinion the 2021 'Business report and management report' of the Company is consistent, in all material respects, with its 2021 separate financial statements and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the content of the business report, therefore, we do not express an opinion in this respects.

We confirm that the information referred to in Section 95/B (2) a)-d), g) and h) and Section 95/C of the Act on Accounting has been provided in the 'Business report and management report'.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the 'Business report and management report', and if so, the nature of such misstatement. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing and applicable laws and regulations in Hungary 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 separate financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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 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 separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders' meeting on 20 April 2020 to audit the separate financial statements of the Company for the financial year ended 31 December 2021. Our total uninterrupted period of engagement is two years, covering the periods ending 31 December 2020 to 31 December 2021.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 11 March 2022;

• we have not provided to the Company prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partners on the audit resulting in this independent auditors' report are the signatories of this report.

Budapest, 22 March 2022

KPMG Hungária Kft.

Registration number: 000202

Marcin Ciesielski
Partner

Attila Juhász
Professional Accountant
Registration number: 006065

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Statement of Financial Position

Assets	Note	31 December 2020	31 December 2021
Property, plant and equipment	7	6,975,315	6,559,405
Intangible assets	8	7,897	3,452
Investment property	9	753,952	748,432
Investments in subsidiaries*	6	10,567,419	10,567,419
Other investments	6	49,027	48,864
Deferred tax assets	23	17,193	27,939
Other non-current assets	10	1,456,850	1,293,914
Total non-current assets		**19,827,653**	**19,249,425**
Inventories		9,679	9,850
Trade and other receivables	11	328,505	1,360,654
Other non-financial assets and receivables	11	4,196	28,027
Income tax assets	23	0	0
Cash and cash equivalents	12	1,836,278	928,753
Total current assets		**2,178,658**	**2,327,284**
Total assets		***22,006,311***	***21,576,709***
Equity and liabilities			
Share capital	13	13,473,446	13,473,446
Treasury shares	13	-108,952	-108,952
Retained earnings*	13	1,618,179	1,966,510
Total equity		**14,982,673**	**15,331,004**
Provisions	14	0	0
Non-current financial liabilities	15	23,151	2,392
Deferred tax liabilities	23	0	0
Total non-current liabilities		**23,151**	**2,392**
Provisions	14	138,247	166,857
Trade and other liabilities	16	6,701,584	5,699,751
Other non-financial liabilities	16	158,635	336,127
Income tax liabilities	23	2,021	30,578
Total current liabilities		**7,000,487**	**6,233,313**
Total equity and liabilities		***22,006,311***	***21,566,709***

The Notes on pages 11 to 62 form an integral part of these financial statements.

Statement of Comprehensive Income

	Note	31 December 2020	31 December 2021
Revenue	18	1,958,941	2,048,593
Cost of sales	19	385,303	479,504
Gross profit		**1,573,638**	**1,569,089**
Dividend income	21	53,319	3,405
Gain or loss on investments in subsidiaries	21	0	0
Other operating income	21	54,378	833,506
Total other income		**107,697**	**836,911**
Selling and marketing expenses	19	382	3,210
General and administrative expenses	19	1,241,242	1,607,204
Other expenses	21	208,441	198,547
Total other operating expenses		**1,450,065**	**1,808,961**
Operating profit		***231,270***	***597,039***
Finance income	22	182,745	82,154
Finance costs	22	324,655	283,549
Gain or loss on the acquisition of associates	22	4,000	-163
Profit before tax		**93,360**	**395,481**
Taxation	23	23,879	47,150
Profit for the year		**69,481**	**348,331**
Total comprehensive income for the year		**69,481**	**348,331**

Statement of Changes in Equity

	Share capital	Treasury shares	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2020	**13,473,446**	**-108,952**	**1,818,167**	**0**	**15,182,661**
Profit for the year	0	0	69,481	0	69,481
Dividend payment from retained earnings	0	0	-269,469	0	-269,469
Balance at 31 December 2020	**13,473,446**	**-108,952**	**1,618,179**	**0**	**14,982,673**
Profit for the year	0	0	348,331	0	348,331
Dividend payment from retained earnings	0	0	0	0	0
Balance at 31 December 2021	**13,473,446**	**-108,952**	**1,966,510**	**0**	**15,331,004**

Statement of Cash Flows

	Note	31 December 2020	31 December 2021
Cash flows from operating activities			
Profit before tax		93 360	395 481
Adjustments for non-cash items:			
Revaluation of cash in foreign currencies	22	-49 524	-62 068
Interest income	22	-90	0
Interest expenses	22	32 150	164 330
Depreciation and amortisation	7,8	275 852	279 997
Scrapped property, plant and equipment	7,22	679	9 491
Impairment of intangible assets and property, plant and equipment	7,22	2 069	1 120
Impairment of investment property and reversal thereof	23	54 695	0
Profit or loss of associates	6,22	-4 000	163
Gain or loss on sale of non-current assets		-2 536	-814 960
Changes in provisions	14,21	29 219	28 610
Changes in working capital:			
Changes in receivables	11	2 605 460	-1 045 980
Impairment allowance for receivables	10	0	0
Changes in inventories		-1 576	-171
Changes in liabilities (except for changes in provisions)	16	2 113 100	-860 107
Taxes paid*	23	29 059	17 811
Interest received	22	90	103
Interest paid	22	-32 150	-33 640
Net cash from/used in operating activities		**5 145 857**	**-1 919 820**
Cash flows from investing activities			
Acquisition of property, plant and equipment as well as intangible assets	7,8	-1 553 172	-196 712
Sale of non-current assets		2 798	1 146 939
Increase in investments	6	0	0
Net cash from/used in investing activities		**-1 550 374**	**950 227**
Cash flows from financing activities			
Income from/expenses on sale and purchase of treasury shares	14	0	0
Loans and borrowings	15	-1 983 120	0
Dividends paid to owners		-269 469	0
Net cash from/used in financing activities		**-2 252 589**	**0**
Increase / Decrease of cash and cash equivalents		**1 342 894**	**-969 593**
Cash and cash equivalents opening balance		*443 860*	*1 836 278*
Change of Cash and cash equivalents		1 342 894	-969 593
Revaluation of cash in foreign currencies		49 524	62 068
Cash and cash equivalents closing balance		1 836 278	928 753

Notes to the Financial Statements

Note 1 Reporting entity

Rába Járműipari Holding Nyrt. ("the Company" or "Rába") is a company incorporated under the laws of Hungary. The Company was transformed from a state owned enterprise into a company limited by shares on 1 January 1992.

Address of the Company's registered office: Hungary 9027 Győr, Martin út 1.

The Company performs no production activities, the focus of its activities is business development, corporate governance, professional supervision of companies and asset management.

Shareholders
In 2020 and 2021 the following shareholders were listed in the register of shareholders:

	31 December 2020	31 December 2021
	%	%
Publicly held shares	24.76	24.76
Magyar Nemzeti Vagyonkezelő Zrt.	74.34	0
Nemzeti Védelmi Ipari Innovációs Zrt.	0	54,34
Széchenyi István Egyetemért Alapítvány	0	20
Treasury shares	0.90	0.90
	100.0	100.0

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Note 2 Basis of preparation

a) Statement of compliance

Since 1 January 2017 the Company has met its reporting obligation based on International Financial Reporting Standards (IFRS).

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial statements were authorised for issue by the Board of Directors on 22 March 2022.

In the Notes, the term "balance sheet" shall mean the statement of financial position and the term "income statement" shall mean the statement of comprehensive income.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Hungarian forints ("HUF"), which is the Company's functional currency. All financial information presented in HUF has been rounded to the nearest thousand.

d) Estimation uncertainties

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

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

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

i) Depreciation/Amortisation
Property, plant and equipment as well as intangible asset are recorded at cost and are written down over their useful lives using the straight-line method. Depreciation and amortisation expense is presented in Notes 7 and 8. Useful lives are determined based on previous experience relating to similar assets, expected technological development and changes in broader economic or industry factors. Estimated useful lives are reviewed annually. The residual value of assets is assessed on an item-by-item basis based on the expected value at the end of the useful life.

ii) Deferred tax assets
A deferred tax asset is recognised in the balance sheet only if the future utilisation of the tax loss is ensured. The utilisation of certain amounts of such tax loss that can be carried forward is subject to statutory limitations and is dependent on the amount of future taxable income of the Company. The Company assesses the reported amount of deferred tax asset for tax losses that can be carried forward based on future taxable profit estimated on the basis of its approved strategic business plan. If the future taxable profit of the Company significantly differs from the amounts that were estimated, such differences could impact the amount of deferred tax assets and income tax expense of the Company.

iii) Provisions
The Company considers the accounting estimate related to the determination of the provision a significant accounting estimate; it is presented in Note 14.

iv) Fair values
Fair value measurement is described in Note 4. Fair values as at 31 December 2020 and 2021 are presented in the respective Notes.

v) Impairment test of non-financial assets
Each year the Company assesses whether there are any external or internal indications specified in IAS 36 which would require to perform an impairment test in relation to tangible or intangible assets. Based on the impairment test no impairment was recognised in the reporting year. Furthermore, during inventory taking of tangible assets the Company assesses whether booking of impairment or scrapping is necessary at the level of individual assets; this is included in Notes 7 and 8.

vi) Measurement of investment property

The Company records its investment properties at cost, their fair value is presented in the Notes. The fair value was measured by an independent expert as at 31 December 2020 and 31 December 2021. During estimation the reference values of property of similar nature, location and condition were also taken into account. Principal assumptions and fair values are presented in Notes 4 and 9.

vii) Measurement of interests

In line with the business model of the Rába Group, Rába Nyrt. has long-term strategic interests in its three subsidiaries (100%) and in an associate (24.9%).
Investments in subsidiaries are measured initially and subsequently at cost less accumulated impairment.

An impairment loss is recognised when the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is determined using the discounted cash flow method. The method is in line with market practice.

The Company identified the three subsidiaries as separate CGUs.

The following main assumptions were used in the calculation of recoverable amounts:

	Rába Jármű Kft.		Rába Járműalaktrész Kft.		Rába Futómű Kft.	
	2020	2021	2020	2021	2020	2021
Discount rate	7.8%	9.4%	7.8%	9.4%	7.8%	9.4%
Growth rate	0%	0%	1.7%	2%	1.7%	2%
Average EBITDA margin	5%	14%	8.3%	5.2%	10.5%	14.7%

Both historical data and future expectations are considered in budgeted EBITDA:

- The main inputs are determined based on the approved business plans of the subsidiaries.
- The growth rate is defined based on historical data, future expectations and existing framework contracts.
- The budgeted balance sheets of the subsidiaries are used to assess the net working capital figures.
- The cost of equity and external capital is calculated by adjusting the risk-free interest rate for industry and country risk premiums.
- The basis of future investment projects is determined based on the investment plan of the subsidiaries.

The calculated recoverable amount exceeded significantly the cost of the investment for all three CGUs. The carrying amount of the investment does not exceed the calculated recoverable amount even if the main assumptions change by 20%.

An impairment loss recognised in prior years shall be reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount.

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) New and amended standards and interpretations issued by IASB and adopted by the EU that are not yet effective

A number of new standards are effective for financial years beginning after 1 January 2021 and earlier application is permitted. The Company did not use the option of early adoption.

New or amended standards and interpretations adopted by the EU effective for reporting periods beginning after 1 January 2021

The Group has not early adopted the following new or amended standards and interpretations adopted by the EU, and the Group does not expect these to have a significant impact on its consolidated financial statements:

- Reference to Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 36);
- Amendments to IFRS 16 *Leases* – COVID-19-Related Rent Concessions after 30 June 2021 (Amendments to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020.

b) Standards and interpretations issued by the IASB not yet adopted by the EU

The following new or amended standards and interpretations had not been adopted by the EU at the date of the authorisation of these financial statements for issue. The Company does not expect these standards and interpretations to have a significant impact on the financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosures of Accounting Policies (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

c) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency, i.e. HUF, at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies as at the reporting date (trade receivables, trade liabilities, cash and cash equivalents, borrowings and loans given and received, other debt instruments, etc.) are translated into the functional currency at the exchange rate at the reporting date using the official exchange rate published by MNB.
Items measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

d) Financial instruments

Initial recognition and measurement

The Company recognises financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company applies settlement date accounting for regular-way purchases or sales of financial assets.
At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability.

Classification of financial assets

On initial recognition the Company classifies the financial assets as measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Financial assets that are debt instruments are measured by the Company at amortised cost, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (hereinafter referred to as: SPPI).

Financial assets that are debt instruments are measured by the Company at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As a rule, investments in equity instruments (which relates to all investments in equity instruments which is not considered an equity investment in a subsidiary or associate) shall be measured at fair value through profit or loss; however, on initial recognition the Company may make an election to present subsequent changes in the fair value of the instrument in other comprehensive income rather than in profit or loss. This election shall be made on an instrument-by-instrument basis and is irrevocable; the related decision is made by the Company at initial recognition.

Business model applied to manage financial assets

Upon the initial recognition of a financial asset, the Company assesses whether based on the facts and circumstances that exist at that date it holds the given financial asset in a business model whose objective is to hold assets to collect contractual cash flows, or both to collect contractual cash flows and to sell financial assets.

As at 31 December 2020 and 31 December 2021, for all debt instruments the objective of the Company's business model is to hold to maturity and collect the contractual cash flows.

Assessment of contractual cash flows

On initial recognition the Company examines the contractual cash flows of financial assets that are debt instruments, based on which it determines whether the contractual terms of the given financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed) or not (SPPI test not passed).

When assessing whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as profit margin.

The Company analyses the contractual terms of the financial asset to determine whether they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, i.e. whether they are consistent with the terms of a basic loan agreement.

In respect of its debt instruments as at 31 December 2020 and 31 December 2021, the Company deems that the contractual terms of those instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. The latter liabilities, including derivative instruments that are liabilities, shall be measured subsequently at fair value.

Derecognition of financial assets and financial liabilities

The Company derecognises financial assets when its rights to the contractual cash flows cease or expire, or if the contractual rights related to the asset (significant risks and rewards of ownership) are transferred in a transaction in which either:

- substantially all of the risks and rewards of ownership are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

The gain or loss on the derecognition is the difference between the carrying amount and the consideration received, and it is recognised in profit or loss.

The Company derecognises financial liabilities when the contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to a third party and the consideration paid is recognised in profit or loss.

i) Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, contract assets, cash and cash equivalents, loans and borrowings, as well as trade and other liabilities, contract liabilities.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable

on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables, contract assets, other non-current assets
Trade and other financial receivables, contract assets, other non-current financial assets are recognised initially at fair value plus transaction costs, and subsequently they shall be measured at amortised cost using the effective interest method, less accumulated impairment losses. The amount of impairment losses is included in Other expenses.

Other investments
Other investments include the 24.9% interest in Rekard Hajtómű Kft. as an associate. The investment is accounted for using the equity method. The initial cost is adjusted for changes after acquisition in the net asset value of the acquired company.

Loans and borrowings
Loans and borrowings are recognised initially at fair value, less transaction costs. Subsequent to initial recognition, loans and borrowings are recognised at amortised cost using the effective interest method. In the balance sheet the Company recognises loans and borrowings at carrying amount; information on fair values is disclosed in the Notes.
When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in profit or loss.

Other non-derivative financial instruments
Other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.
Other non-derivative financial liabilities (including trade and other financial liabilities) are measured at amortised cost using the effective interest method.

e) Share capital

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

Repurchase of share capital (treasury shares)
When treasury shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

f) Property, plant and equipment

i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs attributable to the acquisition, construction or production of assets are capitalised.

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.

When items of property, plant and equipment are sold or retired from use, the cost and accumulated depreciation is derecognised from the accounting records, and gain or loss on sale is recognised in profit or loss. (On a net basis, in Other income or Other expenses, as appropriate.)

ii) Subsequent expenditure
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the asset 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 amount 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/Amortisation
Depreciation is recognised in profit or loss using the straight-line method, based on the useful lives of each part of an item of property, plant and equipment. Recognition starts in the quarter after the component is available for use. Land is not depreciated. Residual value is determined based on individual assessment. For assets where production output can be measured well, a material difference is expected between production in different years and the depreciation of the asset is more closely related to the units produced, the unit of production method can be used; reasons for the use of this method must be provided.

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

- Buildings	10-50 years
- Plant and equipment	3-25 years

The Company accounts for depreciation on right-of-use assets as described in i) Accounting for leased assets.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

g) Intangible assets

i) Formation and restructuring, Research and development

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- a research/assessment phase; and
- a development phase.

The Company recognises research costs as cost when they arise. An intangible asset arising from development (or from the development phase of an internal project) is recognised and costs can be capitalised if, and only if, the Company can demonstrate that all of the following criteria are satisfied:

- The technical feasibility of completing the intangible asset so that it will be suitable for use or sale.
- The Company's intention to complete the intangible asset, and use it or sell it.
- The Company's ability to use or sell the intangible asset.
- How the intangible asset will generate future economic benefits. Among other things, the Company shall demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company's ability to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

If the Company cannot distinguish the research/assessment phase from the development phase of an internal project to create an intangible asset, it shall account for the expenditure on the project as expense in the period when it is incurred.

During the year the management reviewed the recovery of internally generated intangible assets; no expenditure was capitalised in the reporting year due to failing to meet the criteria. Expenditure on research is recognised as an expense when incurred. Development expenditure on individual projects can be carried forward if future recovery is clearly demonstrated.
The Company did not capitalise any expense related to research and development or formation and restructuring under intangible assets either in the previous year or in the reporting year. These expenses are accounted for within indirect costs in the profit or loss for the year. Development expenditure can be capitalised based on individual assessment if its recovery can be demonstrated.

ii) Other intangible assets
Other intangible assets that are acquired by the Company are measured at cost less accumulated amortisation and any accumulated impairment losses.

iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on brands, is recognised in profit or loss as incurred.

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

- Intellectual property 3-8 years
- Rights and concessions 3-8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is recorded at cost.
Investment property is also presented at fair value in the Notes. The fair value is determined by an expert. The fair value is reviewed annually. Estimation for the fair value of investment property is included in Notes 4 and 9.
When the use of a property changes such that it is reclassified as property, plant and equipment, its net carrying amount at the date of reclassification remains its cost for subsequent accounting.

i) Leased assets

Right-of-use assets, leased assets

A contract that conveys the right to use an underlying asset for an agreed period of time in exchange for consideration is considered a lease.

The right to use the asset identified in the lease contract (underlying asset) is recognised as a right-of-use asset at the lease commencement date (the date on which the lessor makes an underlying asset available for use). The right-of-use asset is initially measured at cost. Subsequently, it is measured at cost less any accumulated depreciation and any accumulated impairment losses.
Depreciation is accounted for from the commencement date over the shorter of the useful life and the lease term.

The Company uses the practical expedient provided in IFRS 16 and it does not apply the above requirements relating to leases to short-term leases and leases for which the underlying asset is of low value, and recognises the lease payments (rentals) on a straight-line basis in profit or loss. The Company considers assets with an individual cost not exceeding HUF 1 million and that are not dependent on, or interrelated with, other assets (computer, telephone, vending machines operated within the Company's premises) low-value underlying assets.

Lease requirements are not applied to leases of intangible assets, if any; those are treated as renting by the Company.

The lease liability is the present value of future lease payments. Lease payments are discounted using the interest rate implicit in the lease, or if this is not readily determinable, then the Company uses to discount lease payments the interest rate of a loan that is based on similar conditions and can be drawn at the date when the lease contract is signed, adjusted for the terms and conditions of the lease and the leased asset.

The Company accounts for lease payments based on the effective interest rate as payment of principal and interest.
If relevant data are available, the Company excludes from the initial cost of the lease the value of other services included in the contract, and still accounts for them as current costs in profit or loss when incurred.

j) Impairment

i) Financial assets
The Company recognises impairment for expected credit losses in the case of financial assets measured at amortised cost (trade and other financial receivables) and contract assets under IFRS 15.

At each reporting date the Company measures loss allowances at an amount equal to lifetime expected credit loss, if the credit risk of the financial asset has risen significantly since initial recognition.

If the credit risk of a financial asset is low as at the reporting date or it has not risen significantly from the initial recognition until the reporting date, the Company measures the loss allowance for the given financial asset at an amount equal to 12-month expected credit loss.

Despite the above rules, the Company always measures the loss allowance for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 which do not contain a significant financing component in line with IFRS 15 at an amount equal to lifetime expected credit loss.

If there are no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, then the Company reduces the gross carrying amount of the financial asset directly. A write-off constitutes a derecognition event.

Individually significant financial assets are tested for impairment on an individual basis. The difference between the cost of a financial asset (cash flows due over the lifetime of the financial asset) and the cash flows expected to be received, discounted using the original effective interest rate, is assessed at each reporting date. The difference shall be established for the lifetime of the asset and for a period not more than 12 months from the reporting date. If credit risk has increased significantly since initial recognition, impairment allowance is modified to be the expected credit loss that results from possible default events over the expected life.

On initial recognition the Company does not consider a receivable credit-impaired and therefore does not recognise impairment, if based on historical and forward-looking information it expects that the whole amount of the given receivable will be settled by the contractual due date.

Receivables with less than 90 days in default are rated low-risk and thus impairment allowance is recognised for them at an amount equal to 12-month credit loss, unless there is an unrebuttable evidence that the customer failed to meet its payment obligation due to its financial difficulties. In the case of a default more than 90 days as at the reporting date a lifetime expected credit loss is recognised, because this is considered by the Company a significant increase in credit risk since initial recognition and it deems the partner non-performing (default).
Trade receivables, contract assets and lease receivables are grouped together into groups with shared credit risk characteristics, which are tested by the Company for impairment on a collective basis. Based on a provision matrix, lifetime expected credit loss is measured and recognised.

Default and increase in credit risk are assessed on a collective basis – by market category –, based on historical statistical data and using loss rates.
When individual large items influence the data and/or an unrebuttable evidence is available indicating that the default is not a significant increase in credit risk, impairment of the receivables is calculated after adjustment for these items to avoid distortions.

As at the reporting date the Company assesses expected credit loss for outstanding receivables based on historical data and forward-looking information using the loss rate related to the given ageing category.

If the credit risk on a financial asset for which a lifetime expected credit loss was recognised later improves so that the recognition criteria for lifetime expected credit loss are no longer met, the loss allowance is measured at an amount equal to 12-month credit losses.

ii) Non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

k) Employee benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonuses 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.

Contributions and taxes are paid at the statutory rates in force during the year. Employer's tax and contribution expenses on wages and other staff benefits are accounted for in profit or loss in the period when the related wages and other staff costs are incurred.

The Company pays social contribution tax to the state budget.

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

l) 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.

Restructuring
A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly or to those affected (that are the representatives of employees if employees are affected).

Future operating costs are not provided for.

m) Revenue

Under the provisions of the related standard (IFRS 15), the Company may recognise revenue when it satisfies a performance obligation by transferring a good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.
A contract is an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by an entity's customary business practices. Irrespective of the form, contracts shall have commercial substance. Further condition is that it shall create rights and obligations that are legally enforceable.
A contract can be accounted for when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Company can identify each party’s rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity’s future cash flows is expected to change as a result of the contract); and
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

In case of contract modifications, the change in the content of the contract shall be examined, because in some cases a contract modification shall be accounted for as a separate contract.
The Company shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

- the contracts are negotiated as a package with a single commercial objective,
- the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- the goods and services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

A contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). A contract is wholly unperformed if both of the following criteria are met:

- the Company has not yet transferred any promised goods or services to the customer; and
- the Company has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A contract modification exists when the Company and its customer(s) approve a modification that either creates new or changes existing contractual enforceable rights and obligations. A contract modification could be approved in writing, by oral agreement or implied by customary business practices. If the parties to the contract have not approved a contract modification, the Company continues to apply the rules included in this section to the existing contract until the contract modification is approved.

In determining whether the rights and obligations that are created or changed by a modification are enforceable, the Company considers all relevant facts and circumstances. If the parties to a contract have approved a change in the scope of the contract but have not yet determined the corresponding change in price, the Company estimates the change to the transaction price arising from the modification in accordance with rules relating to estimating variable consideration and to constraining estimates of variable consideration.
The Company *accounts for* a contract modification *as a separate contract* if both of the following conditions are present:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. (For example, the Company may adjust the stand-alone selling price of an additional good or service for a discount that the customer receives, because it is not necessary for the Company to incur the selling-related costs that it would incur when selling a similar good or service to a new customer.)

If the above criteria are not met and a contract modification is not accounted for as a separate contract, the Company accounts for the promised goods or services not yet transferred at the date of the contract modification (i.e. the remaining promised goods or services) in whichever of the following ways is applicable:

a) It accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract, *if the remaining goods or services are distinct* from the goods or services transferred on or before the date of the contract modification. The amount of consideration to be allocated to the remaining performance obligations (or to the remaining distinct goods or services in a single performance obligation) is the sum of:
    - i. the consideration promised by the customer (including amounts already received from the customer) that was included in the estimate of the transaction price and that had not been recognised as revenue; and
    - ii. the consideration promised as part of the contract modification.

b) It accounts for the contract modification as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Company's measure of the stage of completion of the contract, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis).

If the remaining goods or services are a combination of items (a) and (b), then the Company accounts for the effects of the modification on the unsatisfied (including partially unsatisfied) performance obligations in the modified contract in a manner that is consistent with the objectives of this paragraph.

i) Provision of services

Revenues from the services provided are recognised in the profit or loss, based on performance. As part of its services the Company provides mediated services to its subsidiaries as well as to its external lessees. Property protection, fire protection, IT, caretaker and mobile telephone services account for the majority of such mediated services.

ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Rental derives from renting out a property recognised under investment properties.

n) Finance income and costs

Finance income comprises the following: dividend income from investments in equity instruments, interest income from financial assets measured at amortised cost, interest income related to financial instruments containing a significant financing component. The Company recognises interest income in profit or loss using the effective interest method.

Finance costs comprise the following: interest expenses on loans, costs related to bank documentary transactions, costs of assuming payments risks (e.g. bank guarantee fees, expenses related to letters of credit, etc.), lease-related financing administrative costs, interest expenses related to financial instruments containing a significant financing component, impairment loss recognised for financial assets measured at amortised cost.
Borrowing costs are recognised in the income statement using the effective interest method.

o) Income taxes

Income tax expense includes current tax, deferred tax, business tax and innovation contribution. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, as in such cases the reporting-year tax is also recognised in OCI or directly in equity.

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

Deferred tax is recognized 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 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 liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is only 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 still probable that the related tax benefit will be realised.
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p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.
The Company has no separate component meeting the segment criteria, therefore it does not present segment information.

Note 4 Fair value measurement

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in measuring fair values is disclosed in the Note specific to that asset or liability.

The fair value is based on market values, being the estimated amount for which an asset could be exchanged on the measurement date between a willing buyer and a willing seller in an arm's length transaction after proper marketing, whereby the parties had each acted knowledgeably, prudently and without compulsion.

Investment property
As at 31 December 2021 and in the comparative period the investment property of the Company was valued by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.
During valuation the valuers primarily used the sales comparison approach.

Trade and other receivables
The fair value of trade and other receivables is estimated at the present value of future cash flows discounted using the reporting-date market interest rate.

Loans and borrowings
The fair value of loans and borrowings for disclosure purposes is the present value of future principal and interest cash flows discounted using the reporting-date market interest rate.
For leases, the market interest rate is determined based on similar lease agreements.

Note 5 Financial risk management

a) Overview

The Company is exposed to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk.

This Note presents information about the Company's exposure to the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included in Note 25 to these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.
The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables, receivables from third and related parties and other receivables
The majority of the Company's receivables is from its subsidiaries and relate to cash pool receivables and additional capital contribution, in addition to trade receivables. It has 100% interest in the subsidiaries, thus it has influence over their operations.

Investments
The Company limits its exposure to credit risk by investing only in liquid securities or deposits, and by only maintaining business relations with partners that have good credit ratings. The management does not expect any of its partners to default on its obligations. The Company regards investing in Hungarian

government bonds and in deposits at banks with a credit rating equivalent or similar to that of Hungarian government bonds to be an acceptable risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a prudent liquidity management policy, which is maintained by means of holding sufficient amounts of cash, marketable securities and revolving credit lines that are available for making all operational and debt service related payments when those become due.

The Company reviews its capital structure and the maturity of its liabilities on a regular basis to maintain a capital structure matching its asset structure. The main goal is to finance non-current assets from non-current liabilities.

The Company has a joint account management system (cash pool system), which is a tool facilitating the optimisation of cash management. Liquidity risk within the Group can be reduced to a minimum by aligning short-term surpluses and shortages at the individual companies within the Group.

The management believes that the Company can generate sufficient cash flow to meet its liabilities.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company may buy and sell derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines approved by the Board of Directors.

Currency risk

The cash pool system – which is also operated in currencies other than the HUF – constitutes the currency risk for the Company. In addition to FX currencies, the cash pool system also operates in the functional currency. The different currencies are set off against one another, and receivables and liabilities are recognised on a net basis.

Interest rate risk

The Company's policy ensures that the cash pool system operated by the Company efficiently helps to keep the interest rate risk at a minimum, as Group members with temporary surplus liquidity can finance Group members with temporary liquidity shortages. This way, by exploiting the spread between the bank deposit and credit interest rates, significant amounts can be saved in interest.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There were no changes in the Company's approach to capital management during the year.
Based on the Hungarian Civil Code, shareholders' equity may not fall below 66% of the share capital. At 31 December 2020 and 2021 the Company met these externally imposed capital requirements.

f) Capital position of the Company

As at 31 December 2021 the shareholders' equity of the Company amounted to THUF 15,331,004 (as at 31 December 2020: THUF 14,982,673), while its share capital totalled THUF 13,473,446 (as at 31 December 2020: 13,473,446); the ratio of shareholders' equity to share capital was 114% (as at 31 December 2020: 111%). The Company met the statutory capital requirements in both the reporting year and the previous year.

Note 6 Investments in subsidiaries and other investments

Investments in subsidiaries

31 December 2020

Investments	%	Cost	Impairment	Carrying amount	Equity
Rába Futómű Kft.	100	9,011,795	0	9,011,795	10,895,517
Rába Járműalkatrész Kft.	100	780,000	0	780,000	2,430,264
Rába Jármű Kft.	100	775,624	0	775,624	3,683,347
Diagonal Valor Kft.	100	0	0	0	0
Grand total		**10,567,419**	**0**	**10,567,419**	**17,009,128**

31 December 2021

Investments	%	Cost	Impairment	Carrying amount	Equity
Rába Futómű Kft.	100	9,011,795	0	9,011,795	11,006,372
Rába Járműalkatrész Kft.	100	780,000	0	780,000	2,843,653
Rába Jármű Kft.	100	775,624	0	775,624	3,980,123
Grand total		**10,567,419**	**0**	**10,567,419**	**17,830,148**

The subsidiaries prepare their respective annual financial statements as at 31 December in accordance with the Hungarian Act on Accounting and publish them in line with local regulations. The level of interest in subsidiaries is equivalent to the voting power held.

Other investments

31 December 2020

Investments	**%**	**Cost**	**Profit or loss of associate**	**Carrying amount**	**Equity**
Rekard Hajtómű -és Gépgyártó kft.	24.9	74,700	-25,878	48,822	400,783
Other	0	205	0	205	0
Grand total		**74,905**	**-25,878**	**49,027**	**400,783**

31 December 2021

Investments	**%**	**Cost**	**Profit or loss of associate**	**Carrying amount**	**Equity**
Rekard Hajtómű -és Gépgyártó kft.	24.9	74,700	-26,041	48,659	380,743
Other	0	205	0	205	0
Grand total		**74,905**	**-26,041**	**48,864**	**380,743**

In line with the approval under General Meeting Resolution 5/2019.04.11., on 14 May 2019 the Company signed a purchase contract on the acquisition of 24.9% interest in Rekard Hajtómű- és Gépgyártó Kft. that is a member of the Rekard Group. The purchase price paid for the investment totals THUF 74,700, Rába Nyrt.'s share of the 2021 profit or loss of Rekard Hajtómű- és Gépgyártó Kft. was recognised at the end of the year and as a result, the value of the investment decreased by THUF 163. As at 31 December 2021 the carrying amount of the investment was THUF 48,659. The contract includes a purchase option for Rekard Hajtómű- és Gépgyártó Kft. to purchase the remaining business share; Rába will exercise the option in accordance with the contractual terms.

Impairment of investments in subsidiaries and in other entities

As at the reporting date the Company performed an impairment test.

Rába Futómű Kft., Rába Járműalkatrész Kft. and Rába Jármű Kft. were assessed using the discounted cash flow method, whereby the value of the companies equals the discounted value of expected future cash flows.

The calculation was made based on strategic plans, which were developed with due consideration of the Hungarian and the global economic situation, related risks and the impact thereof on the industry. For every company the assessment substantiated the carrying amount of the investment.

a) Rába Futómű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 9,765,800 as at 31 December 2020 and THUF 9,765,800 as at 31 December 2021. 100% of the registered capital was made available to Rába Futómű Kft. by Rába Járműipari Holding Nyrt.

Rába Futómű Kft. manufactures axles and axle components and parts, for use in medium and heavy trucks, buses and other vehicles. It manufactures a wide range of products, based on its own developments and patents. The company performs its activities in Győr.

b) Rába Járműalkatrész Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital totalled THUF 300,000 as at 31 December 2020 and 2021. 100% of the registered capital was made available to Rába Járműalkatrész Kft. by Rába Járműipari Holding Nyrt.

Rába Járműalkatrész Kft. manufactures vehicles parts, including passenger car seats and parts of seats (e.g. seat frames and covers), parts and components of utility vehicles, as well as machined parts for heavy duty vehicles. The company performs its activities at two sites, in Mór and in Sárvár.

c) Rába Jármű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital as at 31 December 2020 and 31 December 2021 amounted to THUF 835,100. 100% of the registered capital was made available to Rába Jármű Kft. by Rába Járműipari Holding Nyrt.

Rába Jármű Kft. manufactures truck and bus chassis and related parts, other metal structures for vehicles, and assembles vehicles. Since 2021 manufacturing activities have been carried out by Rába Futómű. The company performs its activities in Győr.

d) Rekard Hajtómű-és Gépgyártó Kft.

Registered office: Hungary 9027 Győr, Kandó Kálmán utca 5. Registered capital amounted to THUF 100,000 as at 31 December 2020 and 31 December 2021.
The 24.9% ownership was acquired by Rába Nyrt. through purchase.

Rekard Hajtómű- és Gépgyártó Kft. manufactures bearings and powertrain components.
The company performs its activities in Győr.

Main data of subsidiaries and other investments:

The figures presented are derived from the stand-alone annual financial statements of the subsidiaries prepared in accordance with the Hungarian Act on Accounting.

31 December 2020

Investments	Registered capital	Reserves	Profit or loss after tax	Equity	Total assets	Liabilities	Revenue
Rába Futómű Kft.	9,765,800	1,791,956	-662,239	10,895,517	25,590,342	11,295,766	20,558,096
Rába Járműalkatrész Kft.	300,000	2,289,405	-159,141	2,430,264	5,602,518	2,282,397	12,471,111
Rába Jármű Kft.	835,100	3,231,857	-383,610	3,683,347	7,646,571	3,215,930	6,054,590

31 December 2021

Investments	Registered capital	Reserves	Profit or loss after tax	Equity	Total assets	Liabilities	Revenue
Rába Futómű Kft.	9,765,800	1,129,717	110,855	11,006,372	30,577,459	16,006,992	30,549,376
Rába Járműalkatrész Kft.	300,000	2,130,264	413,389	2,843,653	7,582,914	4,127,573	14,551,780
Rába Jármű Kft.	835,100	2,848,247	296,776	3,980,123	4,447,349	247,579	2,278,082

Note 7 Property, plant and equipment

	Land and buildings	Plant and equipment	Under construction	Total
Gross carrying amount				
Balance at 1 January 2020	9,215,295	726,298	275,556	10,217,149
Additions	0	0	1,245,088	1,245,088
Transfer from under construction	1,141,582	61,921	-1,203,503	0
Disposals	-980	-7,021	0	-8,001
Balance at 31 December 2020	**10,355,897**	**781,198**	**317,141**	**11,454,236**
Accumulated depreciation				
Balance at 1 January 2020	3,683,322	530,135	0	4,213,457
Depreciation	231,219	39,236	0	270,455
Impairment loss	1,525	544	0	2,069
Disposals	-495	-6,564	0	-7,059
Balance at 31 December 2020	**3,915,571**	**563,351**	**0**	**4,478,922**
Net carrying amount as at 1 January 2020	**5,531,973**	**196,163**	**275,556**	**6,003,692**
Net carrying amount as at 31 December 2020	**6,440,326**	**217,847**	**317,141**	**6,975,314**
Gross carrying amount				
Balance at 1 January 2021	10,355,897	781,198	317,141	11,454,236
Additions	250,227	26,145	196,681	473,053
Transfer from under construction	0	544	0	544
Disposals	-588,441	-21,319	-276,371	-886,131
Balance at 31 December 2021	**10,017,683**	**786,568**	**237,451**	**11,041,702**
Accumulated depreciation				
Balance at 1 January 2021	3,915,571	563,351	0	4,478,922
Depreciation	230,079	40,622	0	270,701
Impairment loss	-1,120	544	0	-576
Disposals	-252,052	-14,698	0	-266,750
Balance at 31 December 2021	**3,892,478**	**589,819**	**0**	**4,482,297**
Net carrying amount as at 31 December 2021	**6,125,205**	**196,749**	**237,451**	**6,559,405**

The useful life of an asset and the depreciation method applied shall be reviewed at least at each financial year-end. In the reporting year there were no events that would justify changing depreciation rates materially.

Property, plant and equipment decreased due to scrapping and sale.

Leased assets

This category includes passenger cars.

Changes in right-of-use assets:

	Plant and equipment	Vehicles	Total
Gross carrying amount			
Balance at 1 January 2021	0	52.645	52.645
Additions	0	0	0
Disposals	0	11,665	11,665
Balance at 31 December 2021	**0**	**40,980**	**40,980**
Accumulated depreciation			
Balance at 1 January 2021	0	21,194	21,194
Booked depreciation	0	9,855	9,855
Disposals	0	5,796	5,796
Balance at 31 December 2021	**0**	**25,253**	**25,253**
Net carrying amount as at 31 December 2021	**0**	**15,727**	**15,727**

The Company leases passenger cars under IFRS 16. The right to use the leased assets expires in 2024. Lease liability by term is presented in Note 28.

The Company has the following assets written down to zero. These assets are typically not used.

	Land and buildings			Plant and equipment		
	Gross value	Accumulated depreciation	Carrying amount	Gross value	Accumulated depreciation	Carrying amount
31.12.2020	162,041	162,041	0	416,108	416,108	0
31.12.2021	162,041	162,041	0	432,220	432,220	0

Note 8 Intangible assets

	Intellectual property	Rights and concessions	Total
Gross carrying amount			
Balance at 1 January 2020	48 754	221 474	270 228
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2020	**48 754**	**221 474**	**270 228**
Accumulated amortisation			
Balance at 1 January 2020	48 754	208 180	256 934
Amortisation	0	5 397	5 397
Disposals	0	0	0
Balance at 31 December 2020	**48 754**	**213 577**	**262 331**
Net carrying amount as at 1 January 2020	**0**	**13 294**	**13 294**
Net carrying amount as at 31 December 2020	**0**	**7 897**	**7 897**
Gross carrying amount			
Balance at 1 January 2021	48 754	221 474	270 228
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2021	**48 754**	**221 474**	**270 228**
Accumulated amortisation			
Balance at 1 January 2021	48 754	213 577	262 331
Amortisation	0	4 445	4 445
Disposals	0	0	0
Balance at 31 December 2021	**48 754**	**218 022**	**266 776**
Net carrying amount as at 31 December 2021	**0**	**3 452**	**3 452**

The largest item within rights and concessions is the right to use the external software used.

The Company has the following rights and concessions and intellectual property written down to zero. These are typically not used.

	Rights and concessions			Intellectual property		
	Gross value	Accumulated amortisation	Carrying amount	Gross value	Accumulated amortisation	Carrying amount
31.12.2020	196,473	196,473	0	48,754	48,754	0
31.12.2021	196,473	196,473	0	48,754	48,754	0

Note 9 Investment property

Investment property comprises a land to be sold in several phases. The revenue expected from the sale exceeds significantly the carrying amount of the property.
The fair value of the investment property is THUF 6,186,000 as at 31 December 2021 (31 December 2020: THUF 6,020,000). The Group applies the cost model to investment properties, consequently, these properties are recognised at net carrying amount in the balance sheet, rather than at fair value. The fair value was determined by an external independent appraiser. The appraisal was performed taking prices observable on the market for similar properties into account. No binding period exists as at the date of preparation of the annual financial statements.

The property of Diagonal Valor Kft. purchased in the reporting year is also considered investment property, its fair value is THUF 468,000 (31 December 2020: THUF 437,000).

The table below presents the net carrying amount of investment properties:

	31 December 2020	**31 December 2021**
Investment property – Land for sale	338,217	337,548
Investment property – Property held for renting	415,735	410,884
	753,952	**748,432**

For the Rekard investment property (property held for renting), the Company recognised depreciation of THUF 4,851 over the year. Its gross value is THUF 438,000, accumulated depreciation totals THUF 27,116. Opening accumulated depreciation totals THUF 22,265. Income from rental from the property held for renting totals THUF 108,515 (previous year: THUF 72 363).

Note 10 Other non-current assets

	31 December 2020	31 December 2021
Receivables from sale of assets	0	0
Receivables from additional capital contribution	1,456,850	1,293,914
Total other non-current assets	**1,456,850**	**1,293,914**

Receivables from additional capital contribution

Receivables from additional capital contribution comprise receivables from subsidiaries originated in previous years, which are expected to be repaid in 2026.

	31 December 2020	31 December 2021
Less than one year	0	0
One to five years	1,456,850	1,293,914
More than five years	0	0
Total other non-current assets	1,456,850	1,293,914

Note 11 Trade and other receivables

	31 December 2020	31 December 2021
Trade receivables	82,403	126,988
Receivables from related companies	216,459	1,090,054
Impairment loss on bad and doubtful debts	0	0
Deferred expenses and accrued income	29,643	133,612
Total financial assets	**328,505**	**1,350,654**
Advances	0	24,399
Other	4,196	3,628
Total non-financial assets	**4,196**	**28,027**
Total receivables	**332,701**	**1,378,681**

The amounts in the Advances, Deferred expenses and accrued income, VAT receivables and Other line items are typically HUF-based.

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Notes 5 and 25.

The Company has outstanding trade receivables mainly in its functional currency. Other receivables are all HUF-based.

Breakdown of receivables from third parties and receivables from related companies by currency:

	31 December 2020	31 December 2021
Trade receivables from third and related parties		
EUR	48,365	60,397
HUF	250,497	115,104
Total	**298,862**	**175,501**

	31 December 2020	31 December 2021
Cash pool receivables		
EUR	0	296,565
HUF	0	744,976
Total	**0**	**1,041,541**

Note 12 Cash and cash equivalents

	31 December 2020	31 December 2021
Cash	1,836,278	928,753
Total cash and cash equivalents	**1,836,278**	**928,753**

The Company's exposure to interest rate and currency risks related to cash and cash equivalents is described in Note 5.
In the reporting year interest income from cash and cash equivalents is not significant.

	31 December 2020	31 December 2021
HUF	888,786	440,507
EUR	941,240	481,398
USD	6,252	6,848
Total cash	**1,836,278**	**928,753**

Note 13 Equity

Share capital

As at 31 December 2021, the issued share capital consisted of 13,473,446 category ‘A’ ordinary shares listed at the Budapest Stock Exchange (2020: 13,473,446 shares) of HUF 1,000 face value each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Treasury shares

Treasury shares amounted to THUF 108,952 as at 31 December 2021 (120,681 shares) (as at 31 December 2020: THUF 108,952; 120,681 shares). In respect of the Company’s shares that are held by itself (“treasury shares”), all rights are suspended until those shares are reissued.

Other comprehensive income

As at 31 December 2020 and 2021 the Company had no other comprehensive income.

Dividends paid

Dividends are recognised as a liability in the period when they are approved.

Rába Járműipari Holding Nyrt. did not pay dividend in 2021.

Note 14 Provisions

	Non-current liabilities	Current liabilities		
	For trade liabilities	For trade liabilities	For employee-related liabilities	Total
Opening, 1 January 2020	**95,700**	**17,362**	**0**	**113,062**
Provisions recognised during the year	0	14,900	70,847	85,747
Provisions used during the year	0	-1,676	0	-1,676
Provisions released during the year	0	-58,886	0	-58,886
into current	-95,700	95,700	0	0
Closing, 31 December 2020	**0**	**67,400**	**70,847**	**138,247**
Provisions recognised during the year	0	126,857	0	126,857
Provisions used during the year	0	-20,248	0	-20,248
Provisions released during the year	0	-12,500	-65,499	-77,999
Provisions reclassified from non-current int	0	0	0	0
Closing, 31 December 2021	**0**	**161,509**	**5,348**	**166,857**

The provision for trade liabilities is the amount of an estimated outflow of resources – mainly due to findings of authorities – of an obligation resulting from a past event.
Provisions for employee-related liabilities include task-specific and other bonuses.
The amount of provisions recognised approximates the expected outflows of economic benefits. It is expected that the event underlying the provisioning, the outflow of resources will occur in 2022 for the whole of the amount recognised as provision.

Note 15 Financial liabilities

As at 31 December 2020 and 2021 the Company had no loan liabilities or borrowings.

The Company’s lease liabilities amounted to THUF 32,410 as at 31 December 2020 and THUF 15,600 as at 31 December 2021.
Breakdown by maturity is presented in Note 28.

Guarantees were undertaken under the following titles:

31 December 2020

Subsidiary	Title	Amount of guarantee (HUF million)
Rába Futómű Kft.	other guarantee	4

31 December 2021

Subsidiary	Title	Amount of guarantee (HUF million)
Rába Futómű Kft.	other guarantee	4

Note 16 Trade and other liabilities

	31 December 2020	31 December 2021
Trade liabilities	220,859	131,045
Lease liabilities	9,260	13,208
Accrued trade liabilities	32,647	16,108
Liabilities to related companies	6,438,818	5,539,390
Financial liabilities	**6,701,584**	**5,699,751**
Advances received	65	65
Accrued expenses	27,030	155,455
Deferred income	66,440	62,108
Wages and related contributions	28,696	46,701
VAT payment liability	6,688	10,389
Other	29,716	61,409
Non-financial liabilities	**158,635**	**336,127**
Financial and non-financial liabilities	**6,860,219**	**6,035,878**

Deferred income relates to purchase of assets and is released over the useful life of the asset. The amount released in 2021 is THUF 4,332.

Breakdown of trade liabilities and liabilities to related companies by currency:

	31 December 2020	31 December 2021
Trade liabilities:		
EUR	3,330	8,608
HUF	217,529	122,437
USD	0	0
Total	**220,859**	**131,045**

	31 December 2020	31 December 2021
Liabilities to related companies		
EUR	1,693,091	1,986,655
HUF	4,745,727	3,552,735
Total	**6,438,818**	**5,539,390**

The other balances within liabilities are typically HUF-based.

The Company's exposure to currency and liquidity risks related to trade and other liabilities is detailed in Notes 5 and 25.

Note 17 Segment reporting

The Company defined its activity as a single segment, so no separate report is prepared.

Note 18 Revenue

Revenue by geographical region:

	31 December 2020	31 December 2021
Related companies*	1,292,462	1,255,298
Unrelated companies	657,791	784,809
Total domestic	**1,950,253**	**2,040,107**
Total European Union	**8,688**	**8,486**
Total revenue	**1,958,941**	**2,048,593**

Revenue by activity:

	31 December 2020	31 December 2021
Revenue from goods sold	0	88,539
Provision of services	926,572	802,263
Rental income	1,032,369	1,157,791
Total revenue	**1,958,941**	**2,048,593**

* For a more detailed breakdown see Note 24.

The majority of revenue derived from the consolidated entities. Typically services and rentals were invoiced to customers outside the consolidation scope.

Note 19 Operating costs

	31 December 2020	31 December 2021
Material costs	429,496	514,067
Services used and other services	431,322	410,022
Staff costs	490,257	891,935
Depreciation and amortisation	275,852	273,894
Total operating costs	**1,626,927**	**2,089,918**
Cost of sales	385,303	479,504
Selling and marketing costs	382	3,210
General and administrative costs	1,241,242	1,607,204
Total operating costs	**1,626,927**	**2,089,918**

Note 20 Staff costs

	31 December 2020	31 December 2021
Wages and salaries	351,083	606,213
Wage contributions	66,899	125,332
Other staff expenses	72,275	160,390
Total staff costs	**490,257**	**891,935**

In 2021 average headcount was 34 (2020: 23).

Note 21 Other income and expenses

	31 December 2020	31 December 2021
Release of grant	4,332	4,332
Dividend income	53,319	3,405
Proceeds from sale of property, plant and equipment	0	814,959
Other	50,046	14,215
Total other income	**107,697**	**836,911**
Land and building tax	135,489	173,385
Scrapping, impairment	56,987	9,491
Accident compensation	5,643	4,335
Provisions for expected liabilities	14,900	0
Release of provisions	-60,562	-12,500
Other	55,984	23,836
Total other expenses	**208,441**	**198,547**
Net other income/expense	**-100,744**	**638,364**

In the reporting year a property was sold to an unrelated party.

Note 22 Finance income and costs

	31 December 2020	31 December 2021
Interest income received	90	103
Other finance income	182,655	82,051
Total finance income	**182,745**	**82,154**
Interest expenses paid	32,150	33,640
Other finance costs	292,505	249,909
Total finance costs	**324,655**	**283,549**
Net finance cost	**-141,910**	**-201,395**

Interest income for 2020 and 2021 typically relates to cash and cash equivalents.

Other finance income and costs include realised and unrealised exchange gain/loss.

Note 23 Income tax

Composition of income tax expense for the period:

	31 December 2020	31 December 2021
Adjusted current tax	0	28,741
Business tax	24,471	24,552
Innovation contribution	4,588	4,604
Deferred tax	-5,180	-10,747
Total income tax expense	**23,879**	**47,150**

The adjusted current tax includes corporation tax.

The Company is resident for tax purposes in Hungary and it pays corporation tax based on its net profit or loss. In 2021 the corporation tax was 9% of the pre-tax profit. In 2020 reconciling items rendered the Company's tax base negative, so it had no corporation tax liability. In the reporting year corporation tax amounted to THUF 28,741.
It had a local tax liability on revenues less material costs, cost of goods sold and the value of re-invoiced services, the rate of which is 1.6% in Győr.

As at 31 December 2021 the balance of corporation tax, business tax and innovation contribution assets and liabilities is THUF 30,578 income tax liability; as at 31 December 2020 it was THUF 2,021 tax liability.

Deferred taxes were assessed based on the expected time of recovery, using future tax rates that became known in 2021 (which are the same as the above rates).

As at 31 December 2021 deferred tax assets amounted to THUF 27,939 (31 December 2020: THUF 17,193), and deferred tax liabilities to THUF 0 (31 December 2020: THUF 0).

Deferred tax assets relate to the following items:

	31 December 2020	Increase	Decrease	31 December 2021
Provisions	6,066	8,951	0	15,017
Property, plant and equipment	11,040	1,893	0	12,933
Lease liabilities	87	0	98	-11
Gross deferred tax assets (+)	17,193	10,844	98	27,939
Gross deferred tax liabilities (-)	0	0	0	0
Net deferred tax assets (+) liabilities (-)	**17,193**	**10,844**	**98**	**27,939**
Deferred tax assets (+) liabilities (-)	17,193			27,939
Net deferred tay assets (+) liabilities (-)	**17,193**			**27,939**

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is still probable that the related tax benefit will be realised.
No deferred tax to be recognised in other comprehensive income arose.

Calculation of tax expense:

	31 December 2020	31 December 2021
Profit before tax	93,360	395,481
Calculated corporation tax	8,402	28,741
Business tax	24,471	24,552
Innovation contribution	4,588	4,604
Deferred tax	-13,582	-10,747
Total tax expense	**23,879**	**47,150**
Effective tax rate	*26%*	*12%*

The Company has no tax allowance.

Tax losses carried forward from previous years:

As at 31 December 2020 THUF 1,801,351, of which THUF 96,999 expires in 2022, THUF 190,209 expires in 2024 and the remaining THUF 1,514,143 expires in 2030. In the reporting year THUF 141,543 expired.

As at 31 December 2021 THUF 1,534,378, of which THUF 96,999 expires in 2022, THUF 190,209 expires in 2024 and the remaining THUF 1,247,170 expires in 2030.

The Company uses its losses carried forward based on the FIFO method.

The Company does not recognise deferred tax assets for the losses carried forward, because their recovery is uncertain based on the management’s estimates.

Note 24 Related party transactions

i) Transactions with subsidiaries

Other non-current assets from related companies

	31 December 2020	31 December 2021
Rába Futómű Kft. additional capital contribution	873,550	776,348
Rába Járműalkatrész Kft. additional capital contribution	583,300	517,566
Rába Jármű Kft. additional capital contribution	0	0
Total non-current assets	**1,456,850**	**1,293,914**

Current receivables from related companies

	31 December 2020	31 December 2021
Rába Futómű Kft.	164,387	27,177
Rába Járműalkatrész Kft.	30,914	18,411
Rába Jármű Kft.	21,159	2,925
Trade receivables	**216,460**	**48,513**
Rába Futómű Kft.	0	1,041,541
Rába Járműalkatrész Kft.	0	0
Rába Jármű Kft.	0	0
Cash pool receivables	**0**	**1,041,541**
Rába Futómű Kft.	2,655	33,737
Rába Járműalkatrész Kft.	3,735	51,486
Rába Jármű Kft.	702	13,499
Deferred expenses and accrued income	**7,092**	**98,722**
Total receivables from related companies:	**223,552**	**1,188,776**

Trade and other liabilities to related companies

	31 December 2020	31 December 2021
Rába Futómű Kft.	139,885	0
Rába Járműalkatrész Kft.	0	0
Rába Jármű Kft.	567	0
Trade liabilities	**140,452**	**0**
Rába Futómű Kft.	1,162,314	0
Rába Járműalkatrész Kft.	695,076	1,636,494
Rába Jármű Kft.	4,440,976	3,902,896
Cash pool liabilities	**6,298,366**	**5,539,390**
Rába Futómű Kft.	1,073	0
Rába Járműalkatrész Kft.	6,111	2,608
Rába Jármű Kft.	3,210	17,312
Accrued expenses and deferred income	**10,394**	**19,920**
Total trade and other liabilities to related companies:	**6,449,212**	**5,559,310**

Income from related companies and associates

	31 December 2020	31 December 2021
Rába Futómű Kft.	689,304	815,805
of which provision of services	*358,960*	*445,893*
of which rental income	*330,344*	*369,912*
Rába Járműalkatrész Kft.	333,608	388,597
of which provision of services	*333,608*	*300,107*
of which rental income	*0*	*88,490*
Rába Jármű Kft.	269,550	50,896
of which provision of services	*208,552*	*33,241*
of which rental income	*60,998*	*17,655*
Income from related companies	**1,292,462**	**1,255,298**
Rába Jármű Kft. dividend income	48,000	0
Other income from related companies	**48,000**	**0**
Rába Futómű Kft.	0	0
Rába Járműalkatrész Kft.	0	0
Rába Jármű Kft.	0	0
Finance income from related companies	**0**	**0**
Grand total	**1,340,462**	**1,255,298**

Balances with the associate, Rekard Hajtómű-és Gépgyártó Kft.:

	31.12.2020	31.12.2021
Receivables	23,322	51,193
Liabilities	-	-
Income	72,363	108,515
Expenses	1,400	-

The above transactions with related parties and associates were part of the normal course of business, on terms, including interest and collateral, substantially equivalent to those that prevail in comparable transactions with companies in a similar financial position. The transactions do not involve risks in addition to the normal risk of repayment and do not represent any other unfavourable features.

ii) Transactions with key management personnel

Name	Position	BoD	SB	AC	EX
Hetzmann Béla	Chairman of the Board	x			
Jakab László	Board member	x			
dr. Csüllög Nóra	Board member	x			
Lang-Péli Éva	Board member	x			
Dr. Szász Károly Péter	Board member	x			
Majoros Csaba	Board member	x			
Mráz Dániel Emanuel	Board member	x			
Lepsényi István	Chairman of the Supervisory Board		x	x	
dr. Szabó Sándor József	Member of the Supervisory Board		x	x	
Dr. Harmath Zsolt	Member of the Supervisory Board		x	x	
Hetzmann Béla	President-CEO				x
Lang-Péli Éva	Deputy CEO, Finance				x
Steszli Ádám	HR and Controlling Director				x
Deák Attila	Director, Strategic Sourcing and Business Development				x

The aggregate amounts of transactions and existing balances with key management personnel and entities over which they have control or significant influence were as follows:

BoD - Board of Directors
SB - Supervisory Board
AC - Audit Committee
EX - Executive

	Expenses on/income from the transaction		Outstanding balance	
	31.12.2020	**31.12.2021**	**31.12.2020**	**31.12.2021**
Wages paid to key management personnel	208 262	259 644	64 444	79 988
Honorarium paid to the Board of Directors	26 039	34 856	0	0
Honorarium paid to the Supervisory Board	9 693	16 430	0	0

The Company did not disburse loans to key management personnel, and it does not incur post-employment liabilities.

iii) Transactions and current balances with state-owned businesses

The Company has been in majority state ownership since 18 April 2012. The owner rights on behalf of the Hungarian State are exercised by Nemzeti Védelmi Ipari Innovációs Zrt., whose ownership share is 74.34%. The significant balances (over HUF 50 million) between the Company and state-owned entities and budgetary organisations are presented where the state ownership exceeds 50%.

The Company's transactions with state-owned companies were not substantial in either the previous year or the reporting year, they did not exceed the threshold requiring presentation.

Note 25 Financial risks

i) Credit risk

Exposure to credit risk

The majority of the receivables are receivables from related companies; the receivables from third parties expose the Company to credit risk. The carrying amount of cash and cash equivalents as well as trade and other receivables reflects the Company's maximum credit risk exposure.

The Company treats non-current receivables and receivables from sale in accordance with the rights and obligations laid down in individual partner contracts. This involves reviewing at least annually the risks and collateral identifiable based on the relevant contracts that can influence future cash flows from such receivables.

Based on the review, a loss allowance is recognised for the outstanding receivables at the level of the individual transactions to the extent that the future recovery of the given receivable is at risk in spite of the integrated collateral.

Non-current receivables are recognised at a discounted value in line with their term.

Non-current receivables amounted to THUF 0 as at 31 December 2021 (as at 31 December 2020: THUF 0), and current trade receivables totalled THUF 126,988 as at 31 December 2021 (as at 31 December 2020: THUF 82,403).

ii) Liquidity risk

Maturity of liabilities:

31 December 2020

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Provisions	138,247	138,247	138,247	0	-	-	138,247
Trade liabilities	6,701,584	6,701,584	6,701,584				6,701,584
Other non financial liabilities	158,635	158,635	158,635				158,635
Total	**6,860,219**	**6,860,219**	**6,860,219**		**0**	**-**	**6,860,219**

31 December 2021

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Provisions	166 857	166 857	166 857				166 857
Trade and liabilities	5 699 751	5 699 751	5 699 751				5 699 751
Other non financial liabilities	336 127	336 127	336 127	0			336 127
							0
Total	**6 035 878**	**6 035 878**	**6 035 878**	**0**	**-**	**-**	**6 035 878**

iii) Currency risk

The Company operates a part of its cash pool system in foreign currency, with floating EUR interest. Any interest rate risk to which the Company is exposed is charged to the other members of the Group.
The following table presents the amount of receivables and liabilities denominated in foreign currency:

	31 December 2020	31 December 2021
Cash pool receivables		
EUR	0	296,565
Cash pool liabilities		
EUR	1,693,091	1,986,655
Total	**-1,693,091**	**-1,690,090**

Main exchange rates during the year and as at the end of the year were as follows:

	Average rate		Spot rate as at 31 December	
	2020	**2021**	**2020**	**2021**
EUR	351.21	358.52	365.13	369.00
USD	312.57	303.29	297.36	325.71

A 3% appreciation in the HUF at the reporting date vis-à-vis the EUR would have increased (positive amounts) or decreased (negative amounts) equity and profit as shown in the following table in THUF. The analysis was based on exchange rate changes deemed reasonably possible by the Company on the reporting date. The analysis assumes that all other variables remain constant, including interest rates. The analysis is based on the same principles as in the case of comparative information:

Currency	31 December 2020			31 December 2021		
	Rate of strengthening	**Equity**	**Profit or loss**	**Rate of strengthening**	**Equity**	**Profit or loss**
EUR	3%	50,793	50,793	3%	34,707	34,707

iv) Fair values

Fair values of financial assets and financial liabilities and their carrying amount reported in the balance sheet:

	Carrying amount	
	31 December 2020	**31 December 2021**
Other non-current assets	1,456,850	1,293,914
Trade and other receivables	328,505	1,350,654
Cash and cash equivalents	1,836,278	928,753
Trade and other liabilities	6,701,584	5,699,751

The carrying amount of the above financial instruments is a reasonable approximation of fair value, as they typically mature within one year. For non-current assets discounted values are recognised.

Note 26 Earnings per share

The amount of basic earnings per share is disclosed in the consolidated financial statements.

Note 27 Capital commitments and contingencies

As at 31 December 2021 future capital expenditure and other services commitments of the Company amounted to THUF 15 600.
(as at 31 December 2020: THUF 80,555).

The Company does not have any contingent liabilities as at 31 December 2020 and 2021.

Note 28 Lease liabilities

Maturity analysis of lease payments for the lease contracts:

	31 December 2020	31 December 2021
Less than one year	9,259	13,208
One to five years	23,151	2,392
More than five years	0	0
Total leases	32,410	15,600

The Company leases vehicles. The term of the leases is typically between 1 and 5 years. Interest expenses arising from lease liabilities are recognised under finance costs.

Note 29 Off-balance sheet liabilities

Mortgages of the Company:

31 December 2020	Bank	Asset category	Asset value (HUF million)
Rába Nyrt.	CIB	property	3,963
Rába Nyrt.	RAIFFEISEN	property	477
Rába Nyrt.	COMMERZBANK	insurance policy	n/a

31 December 2021	Bank	Asset category	Asset value (HUF million)
Rába Nyrt.	CIB	property	4,057
Rába Nyrt.	RAIFFEISEN	property	483
Rába Nyrt.	COMMERZBANK	insurance policy	n/a

Note 30 Subsequent events

Management and effect on the Company of the Russian-Ukrainian situation:

The Russian-Ukrainian situation affected the Company and its subsidiaries both directly and indirectly. In 2021 turnover of the subsidiaries in relation to the CIS states amounted to HUF 903 million. Trade receivables outstanding as at the reporting date total HUF 250 million. The subsidiaries will assess these trade receivables in FY 2022 and if there is any uncertainty relating to recovery, impairment will be booked as necessary. In the Company's opinion, the current situation has no material impact on operations and the Company is able to continue as a going concern.

Due to growing energy and raw material prices, in order to maintain profitability the Company and its subsidiaries responded by increasing flexibility of production and applying strict cost management. The Company and its subsidiaries continues to improve efficiency of manufacturing processes and technology. A key objective is, after global purchase prices stabilise, to counterbalance negative effects by raising sales prices in line with the increase in costs.

Note 31 Additional disclosures required by the Hungarian Act on Accounting

i) Individuals authorised to sign the annual financial statements:

Béla Hetzmann	President-CEO	2800 Tatabánya, Szent István u.104.A.ép.
Lang-Péli Éva	Deputy CEO, Finance	1135 Budapest, Reitter Ferenc utca 79-81 6.em.5

ii) Website of the Company: www.raba.hu

iii) Bookkeeping services are performed by:

Since 17 July 2020 as the employee of Rába Nyrt.:

Name: Melinda Kelemen Registration no.: 151546

iv) The mandatory audit of the Company is performed by

KPMG Hungária Kft.
1134 Budapest, Váci út 31.

Professional accountant responsible for the audit: Sándor Attila Juhász
Chamber registration number: 006065
For the financial year ended 31 December 2021 the agreed fee for the audit of the annual financial statements is THUF 2,300 + VAT.

In 2021 the Company did not use other assurance, tax advisory or other non-audit services.

v) Proposal on the appropriation of profit after tax:

The Board of Directors does not propose dividend payment to the General Meeting.

vi) Equity correlation

Basis for preparation of equity correlation table

Under Section 114/B of the Hungarian Act on Accounting, the interim financial statements include the calculation of the difference between equity as per the Hungarian Act on Accounting and equity under the reporting framework described above.
The reconciliation of equity under the reporting framework applied to prepare these financial statements and equity as per the Hungarian Act on Accounting includes the balances as at 31 December 2020 and 31 December 2021 of the following equity components:

Equity
- Share capital
- Capital reserve
- Retained earnings
- Valuation reserve
- Profit/Loss after tax
- Allocated reserve

The equity correlation table also includes:
- the reconciliation of the difference between the capital registered by the Court of Registration and the share capital determined based on the reporting framework described above;
- free retained earnings available for dividend payment, which shall be the retained earnings containing the profit or loss after tax for the last financial year closed with financial statements.

Equity correlation table

31 December 2020:

	Equity as per IFRS 31.12.2020	Reclassification of treasury shares	Reclassification of capital reserve	Elimination of additional capital contribution	Transfer of profit/loss after tax	Equity 31.12.2020
Share capital	13,473,446					13,473,446
Treasury shares	-108,952	108,952				0
Share-based payments reserve	0					0
Retained earnings	1,618,179	-108,952	-127,654	-1,456,850	-69,481	-75,277
Capital reserve	0		127,654			127,654
Allocated reserve	0	108,952	0			108,952
Profit/Loss after tax	0				69,481	69,481
Total capital and reserves	**14,982,673**	**108,952**	**0**	**-1,456,850**	**0**	**13,634,775**

31 December 2021:

	Equity as per IFRS 31.12.2021	Reclassification of treasury shares	Reclassification of capital reserve	Elimination of additional capital contribution	Transfer of profit/loss after tax	Equity 31.12.2021
Share capital	13,473,446					13,473,446
Treasury shares	-108,952	108,952				0
Share-based payments reserve	0					0
Retained earnings	1,966,510	-108,952	-127,654	-1,293,914	-348,331	87,659
Capital reserve	0		127,654			127,654
Allocated reserve	0	108,952	0			108,952
Profit/Loss after tax	0				348,331	348,331
Total capital and reserves	**15,331,004**	**108,952**	**0**	**-1,293,914**	**0**	**14,146,042**

Rába Járműipari Holding Nyrt.
Consolidated Financial Statements
for the year ended 31 December 2021

Date, Győr, 22 March 2022

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KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

Independent Auditors' Report

To the shareholders of Rába Járműipari Holding Nyrt.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the 2021 consolidated financial statements of Rába Járműipari Holding Nyrt. and its subsidiaries (collectively, "the Group") included in the digital files „Rába_konszolidált_beszámoló_20211231.zip"[1], which comprise the consolidated statement of financial position as at 31 December 2021, with total assets of THUF 45,156,391, the consolidated statement of profit or loss and other comprehensive income, with profit for the year of THUF 1,283,188, and the consolidated statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRSs") and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing consolidated annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group for the purposes of our audit of the consolidated financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the 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.

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[1] 1 digital identification of „Rába_konszolidált_beszámoló_20211231.zip" consolidated financial statements with SHA 256 HASH Algorithm: 609BBD653444E85BD7A10FC9A16A7DCD9D55D58F0651CB5C3CADEBC12B48E558

This is an English translation of the Independent Auditors' Report on the 2021 consolidated financial statements of the Rába Járműipari Holding Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete consolidated financial statements it refers to.

Key Audit Matters

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

Recognition of revenue in the Axle business segment

Revenue for the year ended 31 December 2021 is THUF 46,435,609. For more detailed information, refer to Note 3. o) "Revenues" and Note 19. "Revenues" to the consolidated financial statements.

The key audit matter	*How the matter was addressed in our audit*
More than half of the Group's revenue of THUF 46,435,609 for the year ended 31 December 2021 is generated within the Axle business segment. Application of revenue recognition principles of EU IFRSs is complex and requires making significant assumptions and judgments. One of the key judgments in the area stems from the requirement to determine when a given performance obligation is satisfied. Under IFRS 15, an entity may only recognise revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. The Group performs an assessment for each performance obligation as to whether it is satisfied over time or at a point in time. The determination requires a thorough consideration of contractual provisions to understand when control of the promised goods or services is transferred to customers. In the process, the shipping terms of the arrangement are a relevant consideration. In that regard, revenues of the Axle business are associated with particular complexity as the segment applies a number of different shipping terms, often within arrangements with one customer, including ex works, FCA and DDU. Given often significant values of the Axle segment's individual sales transactions, contractual terms need to be carefully analyzed for a large number of arrangements on a shipment-	Our audit procedures in the area, performed with the assistance from our own information technology (IT) specialists, included, among others, the following: • We assessed the Group's revenue recognition policy for compliance with relevant provisions of the financial reporting standards and also obtained an understanding of and evaluated the Group's revenue recognition process. • We tested selected manual and IT-based controls within the revenue process, including those over the appropriateness of the delivery and shipping information (including shipping terms), matching invoices with deliveries as well as general IT controls supporting revenue-related application controls; • We obtained confirmations of sales invoices selected from trade receivables outstanding as at 31 December 2021 and from the sales turnover for the year then ended. For non-responses, we performed alternative procedures by examining the related delivery notes, including the proof of the date of the customer's acceptance and/or payment receipt(s); • For a sample of sales transactions close to the end of the current and beginning of the subsequent reporting period, we inspected underlying invoices and delivery notes

by-shipment basis. The risk exists in particular in case of sales recognized at the end of the current or beginning of the subsequent reporting period. Due to the matters described above, we considered revenue recognition in the Axle segment to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.	including the proof of the customer's date of acceptance; • We investigated any significant credit notes issued after the end of the reporting period for any indication that they would be indicative of the sales being recognized in the inappropriate amount or accounting period. • We examined whether the Group's revenue recognition-related disclosures in the consolidated financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Matter

Management is responsible for the presentation of the consolidated financial statements in a format that complies with the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (the "ESEF Regulation"). Our audit solely covered the human-readable content of the digital file containing the consolidated financial statements, which is electronically identified in our report. The scope of our audit did not include examining and expressing an opinion on whether the digitized information has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. Accordingly, we do not express such an opinion.

Other Information

The other information comprises the 2021 'Consolidated business report and management report' of the Group. Management is responsible for the preparation of the 'Consolidated business report and management report' in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the consolidated financial statements expressed in the Opinion section of our report does not cover the 'Consolidated business report and management report'.

In connection with our audit of the consolidated financial statements, our responsibility is to read the 'Consolidated business report and management report' and, in doing so, consider whether the consolidated 'Business report and management report' is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the Act on Accounting, we are also responsible for assessing whether the consolidated business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements, including the assessment of whether the consolidated business report has been prepared in accordance with Section 95/B (2) e) and f) of the Act on Accounting and expressing an opinion on this and whether the consolidated business report is consistent with the consolidated financial statements.

With respect to the consolidated business report, based on the Act on Accounting, we are also responsible for checking that the information referred to in Section 95/B (2) a)-d), g) and h), Section 95/C and Section 134 (5) of the Act on Accounting has been provided in the consolidated business report.

In our opinion the 2021 'Consolidated business report and management report' of the Group is consistent, in all material respects, with its 2021 consolidated financial statements and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the content of the consolidated business report , therefore, we do not express an opinion in this respects.

We confirm that the information referred to in Section 95/B (2) a)-d), g) and h), Section 95/C and Section 134 (5) of the Act on Accounting has been provided in the 'Consolidated 'business report and management report'.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the 'Consolidated business report and management report', and if so, the nature of such misstatement. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with EU IFRSs and for the preparation of the financial statements in accordance with provisions applicable to entities preparing consolidated annual financial statements in accordance with EU IFRSs of the Act on Accounting and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders' meeting on 30 April 2020 to audit the consolidated financial statements of the Group for the financial year ended 31 December 2021. Our total uninterrupted period of engagement is two years, covering the periods ending 31 December 2020 to 31 December 2021.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Group dated 11 March 2022;

• we have not provided to the Group prohibited non-audit services (NASs) as set out by Article 5(1) of Regulation (EU) No 537/2014 and in terms of the member state derogations by the Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors in force in Hungary. We also remained independent of the audited entity in conducting the audit.

The engagement partners on the audit resulting in this independent auditors' report are the signatories of this report.

Budapest, 22 March 2022

KPMG Hungária Kft.

Registration number: 000202

Marcin Ciesielski
Partner

Attila Juhász
Professional Accountant
Registration number: 006065

Consolidated Statement of Financial Position

Assets	Notes	1 January 2020 Restated	31 December 2020 Restated	31 December 2021
Property, plant and equipment	7	25 394 003	25 985 667	25 417 345
Intangible assets	8	147 709	88 858	41 320
Investment property	9	815 632	753 952	748 431
Other investments	10.a	45 027	49 027	48 864
Other non-current assets	10.b	148 859	76 071	631
Deferred tax assets	24	12 012	25 835	27 939
Total non-current assets		**26 563 242**	**26 979 410**	**26 284 530**
Inventories	11	7 651 242	5 862 553	9 942 314
Trade and other receivables	12	4 706 425	5 146 457	6 315 742
Other non financial assets	12	1 781 249	801 771	1 367 306
Income tax assets	24	62 489	111 882	0
Cash and cah equivalents	13	804 510	3 303 420	1 246 499
Total current assets		**15 005 915**	**15 226 083**	**18 871 861**
Total assets		***41 569 157***	***42 205 493***	***45 156 391***
Equity and liabilities				
Share capital	14	13 473 446	13 473 446	13 473 446
Treasury shares	14	-108 952	-108 952	-108 952
Retained earnings	14	7 832 514	6 532 641	7 815 829
Total equity		**21 197 008**	**19 897 135**	**21 180 323**
Provisions	15	237 208	40 062	0
Non-current financial liabilities	16,29	3 566 784	6 355 919	8 290 141
Deferred tax liabilities	24	113 276	143 795	226 278
Other long term liabilities*	17	3 178 272	3 405 368	3 164 833
Total long term liabilities		**7 095 540**	**9 945 144**	**11 681 252**
Provisions	15	171 367	347 368	390 262
Current portion of loans and borrowings	16	5 354 424	3 505 248	2 127 900
Trade and other liabilities	17,29	5 933 920	6 079 187	7 247 922
Other non financial liabilities*	17	1 816 898	2 431 411	2 528 732
Total current liabilities		**13 276 609**	**12 363 214**	**12 294 816**
Total equity and liabilities		***41 569 157***	***42 205 493***	***45 156 391***

*Restated due to correction of error: see Note 17

Consolidated Statement of Comprehensive Income

	Note	31 December 2020	31 December 2021
Revenue	19	38,754,451	46,435,609
Cost of sales	20	-30,722,086	-37,892,907
Gross profit		**8,032,365**	**8,542,702**
Selling and marketing expenses	20	-420,743	-426,292
General and administrative expenses	20	-6,833,877	-7,048,730
Other income	22	684,209	1,513,799
Other expenses	22	-1,235,257	-589,122
Total other operating expenses		**-7,805,668**	**-6,550,345**
Operating profit		***226,697***	***1,992,357***
Finance income	23	580,345	129,955
Finance costs	23	-1,480,104	-338,808
Profit/Loss of associate		4,000	-163
Profit/Loss before tax		**-669,062**	**1,783,341**
Taxation	24	-361,342	-500,153
Profit/Loss for the year		**-1,030,404**	**1,283,188**
Total comprehensive income/expense for the year		**-1,030,404**	**1,283,188**
Basic earnings per share (HUF)	27	-77	96
Diluted earnings per share (HUF)	27	-77	96

Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2020	**13,473,446**	**-108,952**	**7,832,514**	**0**	**21,197,008**
Loss for the year	0	0	-1,030,404	0	-1,030,404
Dividend payment from retained earnings	0	0	-269,469	0	-269,469
Balance at 31 December 2020	**13,473,446**	**-108,952**	**6,532,641**	**0**	**19,897,135**
Profit for the year	0	0	1,283,188	0	1,283,188
Dividend payment from retained earnings	0	0	0	0	0
Balance at 31 December 2021	**13,473,446**	**-108,952**	**7,815,829**	**0**	**21,180,323**

Consolidated Statement of Cash Flows

	Note	31 December 2020	31 December 2021
Cash flows from operating activities			
Loss before tax		-669,062	1,783,341
Adjustments for non-cash items:			
Revaluation of cash in foreign currency	23	-29,847	-57,596
Interest income	23	-8,824	-2,153
Interest expenses	23	90,539	30,701
Depreciation and amortisation	7,8	2,333,885	2,399,738
Impairment and scrapping of intangible assets, property, plant and equipment	22	231,498	38,760
Impairment allowance for bad and doubtful debts	10, 26	12,760	48,615
Impairment of inventories carried at net realisable value;	22	425,717	273,396
Impairment of investment property	9	54,694	0
Scrapped inventories	22	94,299	155,834
Changes in provisions	15	-21,145	2,832
Gain on sale of property, plant and equipment and intangible assets	22	-8,181	-823,026
Gain or loss on acquisition of subsidiaries, share of profit or loss of associate		-4,000	163
Period-end revaluation of loans	16	660,531	197,222
Changes in working capital:			
Changes in trade and other receivables	12	526,686	-1,783,435
Changes in inventories	11	1,268,673	-4,508,991
Changes in trade and other liabilities and other long term liabilities	18	1,005,425	1,110,453
Taxes paid		-394,038	-307,893
Interest paid	23	-58,820	-40,192
Net cash from operating activities		**5,510,790**	**-1,482,231**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	7,8	-3,091,472	-4,051,495
Proceeds from sale of property, plant and equipment and intangible assets	22	8,443	3,057,404
Increase in investments	6, 10	0	0
Interest received	23	8,824	2,153
Net cash used in investing activities		**-3,074,205**	**-991,938**
Cash flows from financing activities			
Loans and borrowings	16	5,012,922	6,765,000
Repayment of loans and borrowings	16	-4,710,975	-6,405,348
Dividends paid	14	-269,469	0
Net cash from financing activities		**32,478**	**359,652**
Net increase/decrease in cash and cash equivalents		**2,469,063**	**-2,114,517**
Cash and cash equivalents opening balance		*821,510*	*3,303,420*
Change of Cash and cash equivalents		*2,469,063*	*-2,114,517*
Revaluation of cash in foreign currencies		*29,847*	*57,596*
Cash and cash equivalents closing balance		*3,303,420*	*1,246,499*

Notes to the Consolidated Financial Statements

Figures in the Notes are in thousands of forints unless otherwise indicated.

In the Notes, the term "balance sheet" shall mean the statement of financial position and the term "income statement" shall mean the statement of comprehensive income.

Note 1 Reporting entity

Rába Járműipari Holding Nyrt. ("the Company" or "Rába") is a company incorporated under the laws of Hungary. The Company was transformed from a state owned enterprise into a company limited by shares on 1 January 1992.

Address of the Company's registered office: Hungary 9027 Győr, Martin út 1.

The consolidated financial statements as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (Note 6) (together referred to as the "Group"). The Group's core activity is the manufacture of vehicle components, mainly axles and chassis.

Shareholders
As at 31 December 2020 and 2021 the following shareholders were listed in the register of shareholders:

	31 December 2020	31 December 2021
	%	%
Publicly held shares	24.76	24.76
Magyar Nemzeti Vagyonkezelő Zrt.	74.34	0
Nemzeti Védelmi Ipari Innovációs Zrt.	0	54.34
Széchenyi István Egyetemért Alapítvány	0	20.00
Treasury shares	0.90	0.90
	100.00	100.00

Note 2 Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as with the provisions of Act C of 2000 on Accounting in effect in Hungary relating to entities preparing IFRS annual financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 March 2022.

b) Basis of measurement

Except for the items listed in Note 4, the consolidated financial statements have been prepared on a historical cost basis.

The methods used to measure fair values are detailed in Note 4.

c) Functional and presentation currency

These consolidated financial statements are presented in Hungarian forints ("HUF"), which is the Group's functional currency. All financial information presented in HUF has been rounded to the nearest thousand.

d) Estimation uncertainties

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

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

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

i) Deferred tax assets
A deferred tax asset is recognised in the consolidated balance sheet only if the future utilisation of the tax loss is ensured. The recognition of such deferred tax assets is subject to the utilisation of tax loss carry forwards. The utilisation of certain amounts of such tax loss that can be carried forward is subject to statutory limitations and is dependent on the amount of future taxable income of the Group companies (can be used up to 50% of it). The Group assessed the reported amount of deferred tax asset for tax losses that can be carried forward based on future taxable profit estimated on the basis of the approved strategic business plans of the relevant entities. If the future taxable profit of the Group significantly differs from the amounts that were estimated, such differences could impact the amount of deferred tax assets and income tax expense of the Group.

ii) Allowance for bad and doubtful debts
The Group recognises impairment allowance for bad and doubtful debts to cover losses arising from inability of customers to pay. Impairment allowance for bad and doubtful debts amounted to THUF 48,616. Estimates used to assess the appropriateness of impairment allowance for bad and doubtful debts are based on ageing of receivables, the country risk of the customer's country of origin, forward-looking information, creditworthiness of the customer, changes in customer payment terms. In the case of trade receivables the Group applies the simplified approach under IFRS 9 5.5.15 and always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that result from transactions that are within the scope of IFRS 15 and that do not contain a significant financing component, using a provision matrix.

iii) Depreciation/Amortisation
Property, plant and equipment as well as intangible asset are recorded at cost and are written down over their useful lives using the straight-line method, or effective from 1 January 2019, using the unit of production method in the case of assets initially recorded after 1 January 2019. Depreciation and amortisation charge for the year ended 31 December 2020 amounted to THUF 2,340,850 and for the year ended 31 December 2021 THUF 2,394,887. Useful lives are determined based on previous experience relating to similar assets, expected technological development and changes in broader economic or industry factors. Estimated useful lives are reviewed annually. The residual value of assets is assessed on an item-by-item basis based on the expected value at the end of the useful life.

iv) Recovery of internally generated intangible assets
Expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

v) Warranty provisions
The Group considers that the accounting estimate related to the determination of the provisions is a significant accounting estimate since it involves assumptions about future warranty claims. The Group recognised warranty provision in an amount of THUF 86,159 for the year ended 31 December 2020 and THUF 40,062 for the year ended 31 December 2021.
General provisions for warranties are recognised based on historical experience. Provisions for special cases are recognised based on the claims received and the expected cost of repair. The appropriateness of the provisions is reviewed quarterly.

vi) Fair values
Fair value measurement is described in Note 4. Fair values as at 31 December 2020 and 2021 are presented in the respective Notes.

vii) Impairment test of non-financial assets

Each year the Group assesses whether there are any external or internal indications specified in IAS 36 which would require to perform an impairment test in relation to tangible or intangible assets. Based on the impairment test no impairment was recognised in the reporting year. Furthermore, during inventory taking of tangible assets the Group assesses whether booking of impairment or scrapping is necessary at the level of individual assets; in 2021 THUF 38,760 impairment was accounted for under this title.

viii) Impairment of inventories and estimation of the realisable value

Inventories are stated in the balance sheet at the lower of cost and net realisable value.

The Group estimates the net realisable value as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ix) Measurement of investment property

The Group records its investment properties at cost, their fair value is presented in the Notes. The fair value was measured by an independent expert as at 31 December 2021. During estimation the reference values of property of similar nature, location and condition were also taken into account. Principal assumptions and fair values are presented in Note 9.

x) Government grants

The Group has government grants awarded by tenders that typically relate to construction of property, plant and equipment, which are accounted for in income in proportion to the depreciation of the related asset. These are publicly available tenders, therefore the Group treats these as government grants received as a public-sector entity.

Note 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 consistently applied by Group entities. The amended standards that became effective in the reporting year had no material impact on the financial statements.

a) New and amended standards and interpretations issued by IASB and adopted by the EU that are not yet effective

A number of new standards are effective for financial years beginning after 1 January 2021 and earlier application is permitted. The Group did not use the option of early adoption.

New or amended standards and interpretations adopted by the EU effective for reporting periods beginning after 1 January 2021

The Group has not early adopted the following new or amended standards and interpretations adopted by the EU, and the Group does not expect these to have a significant impact on its consolidated financial statements:

- Reference to Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 36);
- Amendments to IFRS 16 *Leases* – COVID-19-Related Rent Concessions after 30 June 2021 (Amendments to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020.

b) Standards and interpretations issued by the IASB not yet adopted by the EU
The following new or amended standards and interpretations had not been adopted by the EU at the date of the authorisation of these financial statements for issue. The Group does not expect these standards and interpretations to have a significant impact on the consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosures of Accounting Policies (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

c) Basis of consolidation

i) The consolidated annual financial statements comprise the Company and the subsidiaries controlled by it.
The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities of the investee. Relevant activities are activities of the investee that significantly affect the investee's returns.
Subsidiaries are presented in Note 6 (Rába Futómű Kft., Rába Jármű Kft., Rába Járműalkatrész Kft.)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. In 2019 the Company purchased 24.9% interest in Rekard Hajtómű- és Gépgyártó Kft. with a purchase option for the whole business share.

Associates and joint ventures are accounted for using the equity method (equity-accounted investees), and are recognised initially at cost; afterwards the Group increases or decreases the carrying amount to recognise the Group‘s share of profit or loss of the investee after the date of acquisition.

When the Group acquires control over another entity (aquiree) (business combination), the transaction is recognised as follows. The acquisition date is the date on which the Group effectively obtains control of the acquiree. Prior to this, advances for investments are recognised within trade and other receivables. Goodwill – which is the excess of the consideration paid for the acquiree over the Group’s interest in the acquisition-date value of the acquired identifiable assets, liabilities and contingent liabilities – is recognised within intangible assets in the consolidated financial statements at cost less accumulated impairment. Goodwill acquired is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

iii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated during consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

d) Foreign currency transactions

Transactions in foreign currencies are translated into HUF, which is the functional currency of all Group entities, at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated using the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the consolidated income statement.

e) Financial instruments

Initial recognition and measurement
The Group recognises financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group applies settlement date accounting for regular-way purchases or sales of financial assets.
At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability.

Classification of financial assets

On initial recognition the Group classifies the financial assets as measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Financial assets that are debt instruments are measured by the Group at amortised cost, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (hereinafter referred to as: SPPI).

Financial assets that are debt instruments are measured by the Group at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As a rule, investments in equity instruments (which relates to all investments in equity instruments which is not considered an equity investment in a subsidiary, joint venture or associate) shall be measured at fair value through profit or loss; however, on initial recognition the Group may make an election to present subsequent changes in the fair value of the instrument in other comprehensive income rather than in profit or loss. This election shall be made on an instrument-by-instrument basis and is irrevocable; the related decision is made by the Group at initial recognition.

Business model applied to manage financial assets

Upon the initial recognition of a financial asset, the Group assesses whether based on the facts and circumstances that exist at that date it holds the given financial asset in a business model whose objective is to hold assets to collect contractual cash flows, or both to collect contractual cash flows and to sell financial assets.

As at 31 December 2020 and 31 December 2021, for all debt instruments the objective of the Group's business model is to hold to maturity and collect the contractual cash flows.

Assessment of contractual cash flows

On initial recognition the Group examines the contractual cash flows of financial assets that are debt instruments, based on which it determines whether the contractual terms of the given financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed) or not (SPPI test not passed).

When assessing whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as profit margin.

The Group analyses the contractual terms of the financial asset to determine whether they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, i.e. whether they are consistent with the terms of a basic loan agreement.

In respect of its debt instruments as at 31 December 2020 and 31 December 2021, the Group deems that the contractual terms of those instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. The latter liabilities, including derivative instruments that are liabilities, shall be measured subsequently at fair value.

Derecognition of financial assets and financial liabilities

The Group derecognises financial assets when its rights to the contractual cash flows cease or expire, or if the contractual rights related to the asset are transferred in a transaction in which either:

- substantially all of the risks and rewards of ownership are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

The gain or loss on the derecognition is the difference between the carrying amount and the consideration received, and it is recognised in profit or loss.

The Group derecognises financial liabilities when the contractual obligations are discharged, cancelled or expire. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to a third party and the consideration paid is recognised in profit or loss.

i) Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other financial receivables, cash and cash equivalents, loans and borrowings, as well as trade and other financial liabilities.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other financial receivables, other non-current financial assets
Trade and other financial receivables, other non-current financial assets are recognised initially at fair value plus transaction costs, and subsequently they shall be measured at amortised cost using the effective interest method, less accumulated impairment losses. The amount of impairment losses is included in Other expenses.

Other investments
Other investments include the 24.9% interest in Rekard Hajtómű Kft. as an associate. It is recognised using the equity method.

Loans and borrowings
Loans and borrowings are recognised initially at fair value, less transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method. Information on fair values is disclosed in the Notes. The fair value of loans and borrowings for disclosure

purposes is the present value of future principal and interest cash flows discounted using the reporting-date market interest rate.

When borrowings are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in profit or loss.

Other non-derivative financial instruments
Other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.
Other non-derivative financial liabilities (including trade and other financial liabilities) are measured at amortised cost using the effective interest method.

f) Share capital

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

Repurchase of share capital (treasury shares)
When treasury shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity.

g) Property, plant and equipment

i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs attributable to the acquisition, construction or production of assets are capitalised.

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.

Any gain or loss on sale of an item of property, plant and equipment is recognised in the income statement on a net basis within other income or other expenses.

ii) Subsequent expenditure
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the asset if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount 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/Amortisation
Depreciation is recognised in the income statement using the straight-line method, based on the useful lives of each part of an item of property, plant and equipment. Land is not depreciated. For assets where production output can be measured well, a material difference is expected between production in different years and the depreciation of the asset is more closely related to the units produced, the unit of production method can be used; reasons for the use of this method must be provided.

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

- Buildings	10-50 years
- Plant and equipment	3-25 years

The Group accounts for depreciation on right-of-use assets as described in l) Accounting for leased assets.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

h) Intangible assets

i) Formation and restructuring, Research and development

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the generation of the asset into:

- a research/assessment phase; and
- a development phase.

The Group recognises research costs as cost when they arise. An intangible asset arising from development (or from the development phase of an internal project) is recognised and costs can be capitalised if, and only if, the Group can demonstrate that all of the following criteria are satisfied:

- The technical feasibility of completing the intangible asset so that it will be suitable for use or sale.
- The Group's intention to complete the intangible asset, and use it or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate future economic benefits. Among other things, the Group shall demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

If the Group cannot distinguish the research/assessment phase from the development phase of an internal project to create an intangible asset, it shall account for the expenditure on the project as expense in the period when it is incurred.

During the year the management reviewed the recovery of internally generated intangible assets; no expenditure was capitalised in the reporting year due to failing to meet the criteria. Expenditure on research is recognised as an expense when incurred. Development expenditure on individual projects can be carried forward if future recovery is clearly demonstrated.
The Group did not capitalise any expense related to research and development or formation and restructuring under intangible assets either in the previous year or in the reporting year. These expenses are accounted for within indirect costs in the profit or loss for the year. Development expenditure can be capitalised based on individual assessment if its recovery can be demonstrated.

ii) Other intangible assets
Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. The cost includes costs directly attributable individually to the intangible asset which arose until such was ready for use, including taxes and duties.

iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on brands, is recognised in profit or loss as incurred.

iv) Amortisation
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the reporting period and the comparative period are as follows:

- Intellectual property 3-8 years
- Rights and concessions 3-8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date.

i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.
When the use of a property changes such that it is reclassified as property, plant and equipment, its net carrying amount at the date of reclassification remains its cost for subsequent accounting.

Estimation for the fair value of investment property is included in Notes 4 and 9.

j) Leased assets

Right-of-use assets, leased assets

A contract that conveys the right to use an underlying asset for an agreed period of time in exchange for consideration is considered a lease.

The right to use the asset identified in the lease contract (underlying asset) is recognised as a right-of-use asset at the lease commencement date (the date on which the lessor makes an underlying asset available for use). The right-of-use asset is initially measured at cost.Subsequently, it is measured at cost less any accumulated depreciation and any accumulated impairment losses.
Depreciation is accounted for from the commencement date over the shorter of the useful life and the lease term.

The Group uses the practical expedient provided in IFRS 16 and it does not apply the above requirements relating to leases to short-term leases and leases for which the underlying asset is of low value, and recognises the lease payments (rentals) on a straight-line basis in profit or loss. The Group considers assets with an individual cost not exceeding HUF 1 million and that are not dependent on, or interrelated with, other assets (computer, telephone, vending machines operated within the Group's premises) low-value underlying assets .

Lease requirements are not applied to leases of intangible assets, if any; those are treated as renting by the Group.

The lease liability is the present value of future lease payments. Lease payments are discounted using the interest rate implicit in the lease, or if this is not readily determinable, then the Group uses to discount lease payments the interest rate of a loan that is based on similar conditions and can be drawn at the date when the lease contract is signed, adjusted for the terms and conditions of the lease and the leased asset. The Group accounts for lease payments based on the effective interest rate as payment of principal and interest.
If relevant data are available, the Group excludes from the initial cost of the lease the value of other services included in the contract, and still accounts for them as current costs in profit or loss when incurred.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of self-manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

l) Impairment

i) Financial assets

The Group recognises impairment for expected credit losses in the case of financial assets measured at amortised cost (trade and other financial receivables) and contract assets under IFRS 15.

At each reporting date the Group measures loss allowances at an amount equal to lifetime expected credit loss, if the credit risk of the financial asset has risen significantly since initial recognition.

If the credit risk of a financial asset is low as at the reporting date or it has not risen significantly from the initial recognition until the reporting date, the Group measures the loss allowance for the given financial asset at an amount equal to 12-month expected credit loss.

Despite the above rules, the Group always measures the loss allowance for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 which do not contain a significant financing component in line with IFRS 15 at an amount equal to lifetime expected credit loss.

If there are no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, then the Group reduces the gross carrying amount of the financial asset directly. A write-off constitutes a derecognition event.

Individually significant financial assets are tested for impairment on an individual basis. The difference between the cost of a financial asset (cash flows due over the lifetime of the financial asset) and the cash flows expected to be received, discounted using the original effective interest rate, is assessed at each reporting date. The difference shall be established for the lifetime of the asset and for a period not more than 12 months from the reporting date. If credit risk has increased significantly since initial recognition, impairment allowance is modified to be the expected credit loss that results from possible default events over the expected life.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

On initial recognition the Group does not consider a receivable credit-impaired and therefore does not recognise impairment, if based on historical and forward-looking information it expects that the whole amount of the given receivable will be settled by the contractual due date.

Receivables with less than 30 days in default are rated low-risk and thus impairment allowance is recognised for them at an amount equal to 12-month credit loss, unless there is an unrebuttable evidence that the customer failed to meet its payment obligation due to its financial difficulties. A default more than 30 days is considered by the Group a significant increase in credit risk and a lifetime expected credit loss is recognised. In the case of a default more than 90 days as at the reporting date also a lifetime expected credit loss is recognised, because the Group deems the partner non-performing (default).

Trade receivables, contract assets and lease receivables are grouped together into groups with shared credit risk characteristics, which are tested by the Group for impairment on a collective basis. Based on a provision matrix, lifetime expected credit loss is measured and recognised.

Default and increase in credit risk are assessed on a collective basis – by market category – , based on historical statistic data and using loss rates.
When individual large items influence the data and/or an unrebuttable evidence is available indicating that the default is not a significant increase in credit risk, impairment of the receivables is calculated after adjustment for these items to avoid distortions.

As at the reporting date the Group assesses expected credit loss for outstanding receivables based on historical information using the loss rate related to the given ageing category, then adjusts it based on forward-looking information.

If the credit risk on a financial asset for which a lifetime expected credit loss was recognised later improves so that the recognition criteria for lifetime expected credit loss are no longer met, the loss allowance is measured at an amount equal to 12-month credit losses.

ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit").

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

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, if no impairment loss had been recognised.

m) Employee benefits

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

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

Contributions and taxes are paid at the statutory rates in force during the year. Employer's tax and contribution expenses on wages and other staff benefits are accounted for in profit or loss in the period when the related wages and other staff costs are incurred.

The Group pays social contribution tax to the state budget.

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

n) Provisions

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

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provisions are based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

Provisions for environmental protection liabilities
A provision for an obligation relating to elimination of pollution is recognised when the pollution occurs. In the case of pollution caused by commissioning of property, plant and equipment that is to be eliminated upon decommissioning, environmental protection costs are capitalised in the value of the asset. Environmental protection costs arising during production of inventories are capitalised in the cost of inventories or recognised as costs, depending on their nature.

o) Revenue

The three strategic divisions of the Group manufacture
- axles developed for commercial utility vehicles, agricultural power machines and earthwork machines (axle segment)
- axle main components and parts, parts for commercial utility vehicles and passenger cars (parts segment), and
- special vehicles (vehicles segment).

Under the provisions of the related standard (IFRS 15), the Group may recognise revenue when it satisfies a performance obligation by transferring a good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.
A contract is an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by an entity's customary business practices. Irrespective of the form, contracts shall have commercial substance. Further condition is that it shall create rights and obligations that are legally enforceable.
A contract can be accounted for when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

In case of contract modifications, the change in the content of the contract shall be examined, because in some cases a contract modification shall be accounted for as a separate contract.
The Group shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

- the contracts are negotiated as a package with a single commercial objective,
- the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- the goods and services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

A contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). A contract is wholly unperformed if both of the following criteria are met:

- the Group has not yet transferred any promised goods or services to the customer; and
- the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

The companies of the Group apply guarantees, payment deadlines and quality guarantees typical for the industry.

Prices in contracts are typically determined in USD or in EUR, which is in line with industry practice.

The framework contracts that determine the unit prices of products to be delivered for several years in advance, based on the information and the economic environment known at the time when the agreement is concluded, regardless of the expected volume, always have a clause ensuring a separate negotiation/consulting process to manage unexpected, significant and occurred/predictable changes between the parties in an amicable way. For such supplementary contracts in general we can state that they apply for and regulate the situation between the parties as long as the considerably changed circumstances prevail, and they do not become integral parts of the underlying framework contract. In such supplementary contracts the parties also agree on the date the agreed price changes/additional provisions shall apply from. In the case of such contracts as well the revenues from product sales are recognised at a point in time. These contracts cover only sale of goods and include no other services. In the case of framework agreements, the individual orders are considered performance obligations, as in the framework agreements neither party has an obligation to perform or to order; in the case of other contracts, the Group assesses on a contract-by-contract basis whether the contract or the related order is considered a performance obligation, depending on whether the parties to the contract have any obligation to deliver or to order under the contract.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A contract modification exists when the Group and its customer(s) approve a modification that either creates new or changes existing contractual enforceable rights and obligations. If the parties to the contract have not approved a contract modification, the Group continues to apply the rules included in this section to the existing contract until the contract modification is approved.

In determining whether the rights and obligations that are created or changed by a modification are enforceable, the Group considers all relevant facts and circumstances. If the parties to a contract have approved a change in the scope of the contract but have not yet determined the corresponding change in price, the Group estimates the change to the transaction price arising from the modification in accordance with rules relating to estimating variable consideration and to constraining estimates of variable consideration.
The Group *accounts for* a contract modification *as a separate contract* if both of the following conditions are present:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If the above criteria are not met and a contract modification is not accounted for as a separate contract, the Group accounts for the promised goods or services not yet transferred at the date of the contract modification (i.e. the remaining promised goods or services) in whichever of the following ways is applicable:

a) It accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract, *if the remaining goods or services are distinct* from the goods or services transferred on or before the date of the contract modification. The amount of consideration to be allocated to the remaining performance obligations (or to the remaining distinct goods or services in a single performance obligation) is the sum of:
   - i. the consideration promised by the customer (including amounts already received from the customer) that was included in the estimate of the transaction price and that had not been recognised as revenue; and
   - ii. the consideration promised as part of the contract modification.

b) It accounts for the contract modification as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Group's measure of the stage of completion of the contract, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis).

c) If the remaining goods or services are a combination of items (a) and (b), then the Group accounts for the effects of the modification on the unsatisfied (including partially unsatisfied) performance obligations in the modified contract in a manner that is consistent with the objectives of this paragraph.

The table below summarises the main sources of revenue of the Group and the features considered in connection with the recognition of revenue:

Product / service / type of contract	**Nature of goods or service promised to transfer*** Performance obligation***	**Payment terms****	**Discount, rebate, reimbursement, credit, price discount, incentive, performance commissions, penalties or similar related titles**	**Return, reimbursement and other similar obligations**
Manufacture of axles and axle components and	<u>Goods promised to transfer:</u>	Fixed consideration. There is no significant financing component. The	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the

parts, for use in medium and heavy trucks, buses and other vehicles.	Axles for use in various motor vehicles. <u>Performance obligation is satisfied:</u> When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	payment deadline is typically between 30 and 60 days.		contracts except for return due to quality complaints.
Manufacture and sale of vehicles parts, including passenger car seats and parts of seats, parts and components of utility vehicles, as well as machined parts for heavy duty vehicles.	<u>Goods promised to transfer:</u> Parts for use in various items. <u>Performance obligation is satisfied:</u> When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.
Manufacture of truck and bus chassis and related parts, other metal structures for vehicles, and assembly of vehicles.	<u>Goods promised to transfer:</u> Chassis, related parts, metal structures. <u>Performance obligation is satisfied:</u> When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.
Service of military vehicles	<u>Goods promised to transfer:</u> Completed service on the vehicle <u>Performance obligation is satisfied:</u> Upon completing the certificate	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.

a) financing obligation

The average payment deadline at the Group is normally 30 to 90 days after performance.

In general, when satisfying its obligations the Group does not identify a financing obligation to be treated separately in cases where its partners have to meet their payment liability by no later than one year after the contractual obligation is satisfied.
If the payment deadline of a partner is more than one year after the performance, the Group applies a discount rate when recognising the revenue that is equivalent to the stand-alone price of an independent financing obligation.

b) warranty obligations connected to sale

For its products the Group provides warranties typical in the given industry. The Group recognises such warranties in its books in accordance with IAS 37.

c) costs of obtaining a contract and costs incurred to fulfil a contract

Incremental costs of obtaining a contract that are expected to be recovered during the performance of the contract are not typical for the Group; it does not recognise such costs as assets.

d) initial recognition of receivables

The Group monitors its markets and partners on a continuous basis, performs risk analysis and develops its receivables management and delivery policies accordingly to minimise its losses arising from non-payment.

e) Advances from customers

Cash amounts received by the Group from its customers before it satisfies its obligations are presented as a contract liability until the related obligations are satisfied.

Sale of assets/goods and services
Revenue is recognised when performance obligations under the identified contract with a customer are satisfied. If the identification criteria are not met for a contract, revenue is recognised when the obligation was satisfied, or the contract was terminated or suspended and a substantial part of the consideration payable by the customer was received and is non-refundable.

As a practical expedient, the Group does not disclose the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the reporting date, if the original expected duration of the contract is one year or less.

p) Government grants

Government grants are recognised initially when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognized in the income statement on a systematic basis over the useful life of the asset.
Grants are accounted for and presented on a gross basis in the income statement.
A grant may not be recognised directly as a change in equity.

q) Finance income and costs
Finance income comprises the following: dividend income from investments in equity instruments, interest income from financial assets measured at amortised cost, interest income related to financial instruments containing a significant financing component. The Group recognises interest income in the income statement using the effective interest method.

Finance costs comprise the following: interest expenses on loans, costs related to bank documentary transactions, costs of assuming payments risks (e.g. bank guarantee fees, expenses related to letters of credit, etc.), lease-related financing administrative costs, interest expenses on financial instruments containing a significant financing component, impairment loss recognised for financial assets measured at amortised cost. Borrowing costs are recognised in the income statement using the effective interest method.

Exchange gains and losses by title (trade receivable, trade liability and FX cash) are presented on a net basis.

r) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity.
Current tax is the expected corporation tax payable on the taxable income for the reporting year, the business tax and the innovation contribution using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized 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 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 liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is only 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 still probable that the related tax benefit will be realised.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Segment information is presented by division. The business segments are determined based on the Group’s management and internal reporting structure.

Inter-segment pricing is determined on an arm’s length basis.

Segment profit or loss, segment assets and segment liabilities include items directly attributable to a segment. Unallocated items include income, expenses, assets and liabilities of the holding centre.
Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Note 4 Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in measuring fair values is disclosed in the Note specific to that asset or liability.
The fair value is based on market values, being the estimated amount for which an asset could be exchanged on the measurement date between a willing buyer and a willing seller in an arm's length transaction after proper marketing, whereby the parties had each acted knowledgeably, prudently and without compulsion.

Investment property
As at 31 December 2021 and in the comparative period the investment property of the Group was valued by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.
During valuation the valuer primarily used the sales comparison approach.

Trade and other receivables
The fair value of trade and other receivables is estimated at the present value of future cash flows discounted using the reporting-date market interest rate.

Loans and borrowings
The fair value of loans and borrowings for disclosure purposes is the present value of future principal and interest cash flows discounted using the reporting-date market interest rate. For leases, the market interest rate is determined based on similar lease agreements.

Note 5 Financial risk management

a) Overview

The Group is exposed to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk.

This Note presents information about the Group's exposure to the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in Note 26 to these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by geographical segment, previous experience and individual characteristics of individual customers.

The demographics of the Group's customer base, including the default risk of the industry and countries in which customers operate, has an influence on credit risk. The credit risk is concentrated mainly by geographical segment.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. For each major customer a purchase limit or payment collateral is determined, which constitutes the maximum debt amount. Such limits and collateral are reviewed on a continuous basis. Customers are rated and approved in an electronic system that manages customer risks in a uniform format at Rába Group level. The limits are determined based on the geographical region, volume of turnover, and the customer's individual credit rating. The Group only accepts orders from customers in regions with a higher credit risk in return for an advance payment or collateral. Most of the Group's customers have been purchasing goods from the Group for years.

In addition to the customer rating/limit system, the company has a customer credit insurance policy covering its customer portfolio including key customers in markets deemed to carry an above-average risk. The insurance company also rates these customers individually, and insures them up to their individual customer limits.

The Group recognised THUF 114,603 impairment on trade receivables as at 31 December 2021 and THUF 73,825 as at 31 December 2020. Besides the risk on receivables the maximum exposure to credit risk is represented by the carrying amount of financial assets, including derivative financial instruments, in the consolidated balance sheet. The COVID-19 situation did not significantly affect the collection of receivables, and the proportion of overdue receivables and late payments did not grow as a result either. The Group continues to treat the collection of receivables as a priority, and goods are delivered only after payment to customers who have been late with payments in the past. The above had no impact on the impairment calculation method either.

Investments
The Group limits its exposure to credit risk by investing in liquid securities or deposits, and by only maintaining business relations with partners that have good credit ratings. The management does not expect any of its partners to default on its obligations. The Group regards investing in Hungarian government bonds and in deposits at banks with a credit rating equivalent or similar to that of Hungarian government bonds to be an acceptable risk.

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group has a prudent liquidity management policy, which is maintained by means of holding sufficient amounts of cash, marketable securities and revolving credit lines that are available for making all operational and debt service related payments when those become due.

The Group reviews its capital structure and the maturity of its liabilities on a regular basis to maintain a capital structure matching its asset structure. The main goal is to finance non-current assets from non-current liabilities.

The Group has a joint account management system (cash pool system), which is a tool facilitating the optimisation of cash management. Liquidity risk within the Group can be reduced to a minimum by aligning short-term surpluses and shortages at the individual companies within the Group.

The management believes that the Group can generate sufficient cash flow to meet its liabilities.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group may buy and sell derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines approved by the Board of Directors.
Currency risk
The Group is exposed to currency risk mainly on sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EUR) and the U.S. Dollars (USD).
The primary tool of mitigating currency risk is natural hedge, whereby the Group seeks to align the foreign currency structure of its expenses with the foreign currency composition of income as much as possible.

Foreign exchange risks are hedged in accordance with the current exchange rate hedging strategy approved by the Board of Directors of RÁBA Nyrt.
As at the end of 2020 and 2021 the Group had no forward FX transactions.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term balances.

In the year ended 31 December 2021 90% of the Group's revenue was realised in EUR and 1% in USD (2020: EUR: 90%, USD: 4%).

Interest bearing borrowings are denominated in currencies that match the cash flows generated by the underlying activities of the Group, primarily in EUR and USD.

Interest rate risk

The Group adopts a policy that ensures that more than 50 percent of its exposure to changes in interest rates on loans is on a fixed rate basis. This is achieved by entering into loan agreements with a fixed interest rate for the whole term. 100% of the loans and borrowings outstanding as at 31 December 2020 bear fixed interest. As at 31 December 2021 the Group's outstanding loans comprised medium-term, amortising loans for export financing and covid-related loss mitigation purposes, all of them bear fixed interest. The cash pool system operated by the Group efficiently helps to keep the interest rate risk at a minimum, as Group members with temporary surplus liquidity can finance Group members with temporary liquidity shortages. This way, by exploiting the spread between the bank deposit and credit interest rates, significant amounts can be saved in interest.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There were no changes in the Group's approach to capital management during the year.
Based on the Hungarian Civil Code, shareholders' equity may not fall below 66% of the share capital, and for limited liability companies the required minimum of the ratio of equity to registered capital is 50%. As at 31 December 2020 and 2021 the Group met these externally imposed capital requirements.

f) Capital position of the Group

As at 31 December 2021 the equity of the Group amounted to THUF 21,180,323 (as at 31 December 2020: THUF 19,897,135), while its share capital totalled THUF 13,473,446 (as at 31 December 2020: 13,473,446); the ratio of equity to share capital was 157% (as at 31 December 2020: 148%). The ratio of equity improved because of the profit generating operation of the Group. Each company met the statutory capital requirements both in the reporting year and the previous year.

Note 6 Consolidated companies

	Interest 2020	Interest 2021
	%	%
Rába Futómű Kft.	100.0	100.0
Rába Járműalkatrész Kft.	100.0	100.0
Rába Jármű Kft.	100.0	100.0
Diagonal Valor Kft.	-	-

The level of interest in consolidated companies is equivalent to the voting power held.

a) Rába Futómű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 9,765,800 as at 1 January 2020, as at 31 December 2020 and as at 31 December 2021. 100% of the registered capital was made available to Rába Futómű Kft. by Rába Járműipari Holding Nyrt.

Rába Futómű Kft. manufactures axles and axle components and parts, for use in medium and heavy trucks, buses and other vehicles. It manufactures a wide range of products, based on its own developments and patents. The company performs its activities in Győr.

b) Rába Járműalkatrész Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 300,000 as at 1 January 2020, as at 31 December 2020 and as at 31 December 2021. 100% of the registered capital was made available to Rába Járműalkatrész Kft. by Rába Járműipari Holding Nyrt.

Rába Járműalkatrész Kft. manufactures vehicles parts, including passenger car seats and parts of seats (e.g. seat frames and covers), parts and components of utility vehicles, as well as machined parts for heavy duty vehicles. The company performs its activities at two sites, in Mór and in Sárvár.

c) Rába Jármű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 835,100 as at 1 January 2020, as at 31 December 2020 and 31 December 2021. 100% of the registered capital was made available to Rába Jármű Kft. by Rába Járműipari Holding Nyrt.

Rába Jármű Kft. manufactures truck and bus chassis and related parts, other metal structures for vehicles, and assembles vehicles. Since 2021 manufacturing activities have been carried out by Rába Futómű. Since 2021 Rába Jármű Kft. has been performing servicing. The company performs its activities in Győr.

d) Diagonal Valor Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital totalled THUF 3,000 as at 1 January 2020, as at 31 December 2019 and as at 30 September 2020. Rába Járműipari Holding Nyrt. acquired 100% interest in Diagonal Valor Kft. on 14 May 2019. On 1 October 2020 the company merged into Rába Futómű Kft.
The core activity of Diagonal Valor Kft. includes leasing out own properties.

Note 7 Property, plant and equipment

	Land and buildings	Plant and equipment	Under construction	Total
Gross carrying amount				
Balance at 1 January 2020	14 587 947	45 837 440	1 274 428	61 699 815
Additions	420 224	3 172 386	3 196 819	6 789 429
Disposals	-661 614	-696 017	-3 513 975	-4 871 606
Balance at 31 December 2020	**14 346 557**	**48 313 809**	**957 272**	**63 617 638**
Accumulated depreciation				
Balance at 1 January 2020	4 464 793	31 841 019	0	36 305 812
Depreciation	414 552	1 861 350	0	2 275 902
Impairment	217 582	0	0	217 582
Disposals	-487 134	-680 191	0	-1 167 325
Balance at 31 December 2020	**4 609 793**	**33 022 178**	**0**	**37 631 971**
Net carrying amount as at 1 January 2020	**10 123 154**	**13 996 421**	**1 274 428**	**25 394 003**
Net carrying amount as at 31 December 2020	**9 736 764**	**15 291 631**	**957 272**	**25 985 667**
Gross carrying amount				
Balance at 1 January 2021	14 346 557	48 313 809	957 272	63 617 638
Additions	1 081 697	3 113 698	4 018 399	8 213 794
Disposals	-1 492 417	-5 449 172	-4 183 401	-11 124 990
Balance at 31 December 2021	**13 935 837**	**45 978 335**	**792 270**	**60 706 442**
Accumulated depreciation				
Balance at 1 January 2021	4 609 793	33 022 178	0	37 631 971
Depreciation	359 595	1 990 754	0	2 350 349
Impairment	-5 545	0	0	-5 545
Disposals	-369 173	-4 318 505	0	-4 687 678
Balance at 31 December 2021	**4 594 670**	**30 694 427**	**0**	**35 289 097**
Net carrying amount as at 31 December 2021	**9 341 167**	**15 283 908**	**792 270**	**25 417 345**

The useful life of an asset and the depreciation method applied shall be reviewed at least at each financial year-end. The Group uses the unit of production method for production machinery which only manufactures a given product.

Leased assets

This category includes passenger cars and trolleys.

Changes in right-of-use assets:

	Plant and equipment	Total
Gross carrying amount		
Balance at 1 January 2020	356,708	356,708
Additions	71,067	71,067
Disposals	-3,218	-3,218
Balance at 31 December 2020	**424,557**	**424,557**
Accumulated depreciation		
Balance at 1 January 2020	82,475	82,475
Depreciations	96,079	96,079
Disposals	-1,518	-1,518
Balance at 31 December 2020	**177,036**	**177,036**
Net carrying amount as at 31 December 2020	**247,521**	**247,521**
Gross carrying amount		
Balance at 1 January 2021	424,557	424,557
Additions	0	0
Disposals	-11,665	-11,665
Balance at 31 December 2021	**412,892**	**412,892**
Accumulated depreciation		
Balance at 1 January 2021	177,036	177,036
Depreciation	85,751	85,751
Disposals	-5,796	-5,796
Balance at 31 December 2021	**256,991**	**256,991**
Net carrying amount as at 31 December 2021	**155,901**	**155,901**

Rights to use expire in 2024 at the latest. Lease liability by term is presented in Note 29.

Collateral

As at 31 December 2021 properties with a value of HUF 8,346 million (2020: HUF 8,122 million) are mortgaged as collateral for bank loans.

The Group has the following assets written down to zero. These assets are typically not used and are scrapped on a continuous basis:

	Land and buildings	**Plant and equipment**	**Total**
1 January 2020			
Gross value	180,784	16,059,164	**16,239,948**
Accumulated depreciation	180,784	16,059,164	**16,239,948**
Net carrying amount	0	0	**0**
31 December 2020			
Gross value	168,149	16,480,210	**16,648,359**
Accumulated depraciation	168,149	16,480,210	**16,648,359**
Net carrying amount	0	0	**0**
31 December 2021			
Gross value	165,156	13,274,185	**13,439,341**
Accumulated depraciation	165,156	13,274,185	**13,439,341**
Net carrying amount	0	0	**0**

Note 8 Intangible assets

	Development	Intellectual property	Rights and concessions	Total
Gross carrying amount				
Balance at 1 January 2020	1,067,561	410,737	1,486,017	2,964,315
Additions - internally developed	2,712	0	0	2,712
Additions - acquisition	-708	0	0	-708
Disposals	-2,872	-1,137	-759	-4,768
Balance at 31 December 2020	**1,066,693**	**409,600**	**1,485,258**	**2,961,551**
Accumulated amortisation				
Balance at 1 January 2020	1,053,338	410,376	1,352,892	2,816,606
Amortisation	8,829	0	49,154	57,983
Impairment loss	0	0	0	0
Disposals	0	-1,137	-759	-1,896
Balance at 31 December 2020	**1,062,167**	**409,239**	**1,401,287**	**2,872,693**
Net carrying amount as at 1 January 2020	**14,223**	**361**	**133,125**	**147,709**
Net carrying amount as at 31 December 2020	**4,526**	**361**	**83,971**	**88,858**
Gross carrying amount				
Balance at 1 January 2021	1,066,693	409,600	1,485,258	2,961,551
Additions - acquisition	0	0	24,893	24,893
Disposals	-53,375	-37,736	-75,146	-166,257
Balance at 31 December 2021	**1,013,318**	**371,864**	**1,435,005**	**2,820,187**
Accumulated amortisation				
Balance at 1 January 2021	1,062,167	409,239	1,401,287	2,872,693
Amortisation	484	0	44,054	44,538
Disposals	-49,511	-37,736	-51,117	-138,364
Balance at 31 December 2021	**1,013,140**	**371,503**	**1,394,224**	**2,778,867**
Net carrying amount as at 31 December 2021	**178**	**361**	**40,781**	**41,320**

Development recognised under intangible assets include the costs expected to be recovered of developing and further developing the product development process of axle parts designed by the Group as well as the manufacturing process of customer-designed products (preparation of prefabrication drawings, design and technological documents, manufacturing of prototypes, test manufacturing, and delivery of prototypes).

In the reporting year the Group carried out no research and development.
Intellectual property includes technical software (design, technology control and development programmes, rating systems and documentation).

The main item within rights and concessions is the right to use external software used by the Group.

The Group has the following intangible assets written down to zero. These assets are not used regularly:

	Development	Rights and concessions	Intellectual property	Total
1 January 2020				
Gross value	1 007 618	1 196 594	409 376	**2 613 588**
Accumulated amortisation	1 007 618	1 196 594	409 376	**2 613 588**
Net carrying amount	0	0	0	**0**
31 December 2020				
Gross value	1 007 618	1 206 896	409 376	**2 623 890**
Accumulated amortisation	1 007 618	1 206 896	409 376	**2 623 890**
Net carrying amount	0	0	0	**0**
31 December 2021				
Gross value	1 010 867	1 240 575	371 503	**2 622 945**
Accumulated amortisation	1 010 867	1 240 575	371 503	**2 622 945**
Net carrying amount	0	0	0	**0**

Note 9 Investment property

Investment property comprises a land to be sold in several phases. The revenue expected from the sale exceeds significantly the carrying amount of the property.

The fair value of the investment property is THUF 6,186,000 as at 31 December 2021 (31 December 2020: THUF 6,020,000). The Group applies the cost model to investment properties, consequently, these properties are recognised at net carrying amount in the balance sheet, rather than at fair value. The fair value was determined by an external independent appraiser. The appraisal was performed taking prices observable on the market for similar properties into account. No binding period exists as at the date of preparation of the annual financial statements.

The property held for renting is also considered investment property, its fair value is THUF 468,000 (at 31 December 2020 THUF 437,000).

The table below presents the carrying amounts of investment properties:

	31 December 2020	31 December 2021
Városrét investment property	338,217	337,547
Rekard investment property	415,735	410,884
Total investment properties	**753,952**	**748,431**

The land is not depreciated.

For investment property (property held for renting), the Company recognised depreciation of THUF 4,851 over the year. Its gross value is THUF 438,000, accumulated depreciation totals THUF 27,116. Opening accumulated depreciation totals THUF 22,265. Income from rental from the property held for renting totals THUF 108,515 (previous year: THUF 72 363).

Note 10.a Other investments

In line with the approval under General Meeting Resolution 5/2019.04.11., on 14 May 2019 the Company signed a purchase contract on the acquisition of 24.9% interest in Rekard Hajtómű- és Gépgyártó Kft. that is a member of the Rekard Group. The purchase price paid for the investment totals THUF 74,700. Accumulated share of profit or loss of associate is THUF -25,878. Rába Nyrt.'s share of the 2021 profit or loss of Rekard Hajtómű- és Gépgyártó Kft. was recognised at the end of the year and as a result, the value of the investment decreased by THUF 163. As at 31 December 2021 the carrying amount of the investment was THUF 48,864. The contract includes a purchase option for Rekard Hajtómű- és Gépgyártó Kft. to purchase the remaining business share; Rába will exercise the option in accordance with the contractual terms.

Note 10.b Other non-current assets

	31 December 2020	31 December 2021
Non-current advances given	70,717	0
Non-current receivables	5,354	631
Receivables from sale of assets	0	0
Total other non-current assets	**76,071**	**631**

Non-current advances given
The closing balance as at 31 December 2021 of non-current advances given is HUF 0 million (31 December 2020: HUF 71 million). This receivable is an advance relating to long-term (10-year) operating services which expires in 2022. The advance payment bears no interest. The advance was discounted based on expected cash outflows that are of the same amount each year.

Non-current receivables
This item includes loans provided to employees.

Note 11 Inventories

	31 December 2020	31 December 2021
Raw materials	2,770,447	5,643,853
Semi-finished goods	2,218,642	2,976,401
Finished goods	696,342	1,191,620
Goods	177,122	130,440
Total inventories	**5,862,553**	**9,942,314**

Changes in impairment:

	2020	2021
Opening balance at 1 January	682,784	939,910
Reporting-year impairment	425,716	273,397
Reversal of impairment	-51,014	0
Derecognition due to sale, scrapped items and use	-117,576	-249,113
Total inventories	**939,910**	**964,194**

Collateral
As at 31 December 2021 mortgages are registered on inventories with a value of HUF 7,729 million (2020: HUF 3,978 million) as collateral for bank loans.

Note 12 Trade and other receivables

	31 December 2020	31 December 2021
Trade receivables	5,220,283	6,430,345
Allowance for bad and doubtful debts	-73,826	-114,603
Net trade receivables	5,146,457	6,315,742
Total financial assets	**5,146,457**	**6,315,742**
Deferred expenses and accrued income	27,969	40,714
Advances	104,385	25,526
VAT receivable	387,512	1,067,201
Other	281,905	233,865
Total non-financial assets	**801,771**	**1,367,306**
Total receivables	**5,948,228**	**7,683,048**

Trade receivables are denominated in the following currencies:

Trade receivables	31 December 2020	31 December 2021
HUF	80,881	297,421
EUR	4,828,088	5,748,344
USD	237,488	269,977
GBP	0	0
Total	**5,146,457**	**6,315,742**

Non-financial assets are all HUF-based.

The Group’s exposure to credit and currency risks as well as impairment losses related to trade and other receivables is disclosed in Notes 5 and 26.

Note 13 Cash and cash equivalents

	31 December 2020	31 December 2021
Bank	3,303,420	1,246,499
Petty cash	0	0
Total cash and cash equivalents	**3,303,420**	**1,246,499**

Cash and cash equivalents are denominated in the following currencies:

	31 December 2020	31 December 2021
HUF	1,027,498	441,584
EUR	1,555,041	753,036
USD	720,587	51,560
GBP	294	319
Total cash and cash equivalents in HUF	**3,303,420**	**1,246,499**

The average interest rate on cash and cash equivalents was 0.0094% as at 31 December 2021 and 0.0037% as at 31 December 2020.
The Group's exposure to interest rate and currency risks related to cash and cash equivalents is described in Note 5.
In the reporting year interest income from cash and cash equivalents amounted to THUF 2,153 (in the previous year THUF 8,824).

Note 14 Equity

Share capital
As at 31 December 2021, the issued share capital consisted of 13,473,446 category 'A' ordinary shares listed at the Budapest Stock Exchange (2020: 13,473,446 shares) of HUF 1,000 face value each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares
Treasury shares amounted to THUF 108,952 as at 31 December 2021 (120,681 shares) (as at 31 December 2020: THUF 108,952; 120,681 shares). In respect of the Company's shares that are held by the Group ("treasury shares"), all rights are suspended until those shares are reissued.

Other comprehensive income
The Group had no other comprehensive income either as at 31 December 2021 or as at 31 December 2020.

Dividends paid

Dividends are recognised as a liability in the period when they are approved.

In General Meeting Resolution 3/2021.04.08. adopted and published on 8 April 2021, the annual general meeting of Rába Nyrt. decided not to pay dividend in 2021 but transfer the stated loss into retained earnings.

Note 15 Provisions

	Warranties	Related to employees	Other	Total
Opening, 1 January 2020	**147,901**	**114,277**	**146,397**	**408,575**
Provisions recognised during the year	0	171,669	65,591	237,260
Provisions used during the ye	-3,635	-120,391	-15,898	-139,924
Provisions released during the year	-58,107	0	-60,374	-118,481
Closing, 31 December 2020	**86,159**	**165,555**	**135,716**	**387,430**
Provisions recognised during the year	0	43,500	130,067	173,567
Provisions used during the ye	-5,743	-30,270	-61,836	-97,849
Provisions released during the year	-34,687	-6,205	-31,994	-72,886
Closing, 31 December 2021	**45,729**	**172,580**	**171,953**	**390,262**

	Warranties	Related to employees	Other	Total
Non-current provisions	40,062	0	0	40,062
Current provisions	46,097	165,555	135,716	347,368
31 December 2020	**86,159**	**165,555**	**135,716**	**387,430**
Non-current provisions	0	0	0	0
Current provisions	45,729	172,580	171,953	390,262
31 December 2021	**45,729**	**172,580**	**171,953**	**390,262**

Warranties

The provision for warranties relates to trucks, chassis sold. The provision is based on estimates determined on the basis of historical warranty data relating to similar products and services, and its amount is also affected by new products, changed designs and other events influencing product quality.

Liabilities related to employees

Liabilities arising due to expected termination of employment were provided for as at 31 December 2021 in accordance with the provisions of the Hungarian Labour Code and obligations under the Collective Agreement in force.

Other

The 'Other' provision is the amount of an estimated outflow of resources – mainly due to findings of authorities – of other obligations resulting from a past event.

The amount of provisions recognised approximates the expected outflows of economic benefits. It is expected that the event underlying the provisioning, the outflow of resources will occur in 2022 for 90% of the amount recognised as provision, its amount totals THUF 390,262.

Note 16 Loans, borrowings and leases

This Note provides information on the terms and conditions of the Group's interest-bearing loans and borrowings, as well as on the lease liability. Loans and borrowings are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 5 and Note 26.

Reporting-year interest expense on loans and borrowings amounted to HUF 31 million (previous year HUF 91 million), while exchange loss arising from changes in foreign exchange rates totalled HUF 177 million (previous year HUF 938 million).

Carrying amount of liabilities by current/non-current category:

	31 December 2020	31 December 2021
Current (loan)	3 505 248	2 127 900
Current (lease)	105 094	123 261
Non-current	6 355 919	8 290 141
- One to five years	*6 355 919*	*8 290 141*
from this lease	*148 709*	*36 841*
Total non-current and current financial liabilities	**9 966 261**	**10 541 302**

Existing bank credit lines provide an appropriate basis for the financing of the Group; furthermore, HUF 6,326 million undrawn credit line is available for the Group.

Loans, borrowings and leases:

Type	Currency	Year of maturity	31 December 2020	31 December 2021
Bank loan G3M-078125	EUR	2021	2,190,780	0
Bank loan G3M-080047	EUR	2024	1,752,624	1,328,400
Bank loan TCF-DK-26/2018	EUR	2025	1,752,624	1,377,600
Bank loan TCF-DK-8/2020	EUR	2023	2,008,215	1,623,600
Bank loan GYŐR-20-0087/1	EUR	2023	2,008,215	1,992,600
Bank loan G3M-0181352	EUR	2024	0	2,029,500
Bank loan 2021/002	EUR	2024	0	2,029,500
Lease liability	EUR		253,803	160,102
Total non-current and current financial liabilities			**9,966,261**	**10,541,302**

Weighted average interest rate of loans in 2021 was 0.5% (in 2020 0.7%).

Current lease liabilities are not disclosed as a separate line item but are included in trade and other liabilities.

The bank loans of the Group are secured by collateral.

The Group's loans bear fixed interest and are medium-term, amortising loans for export financing and covid-related loss mitigating purposes.

Breakdown by term is included in Note 29.

Mortgages as at 31 December 2020

Company	**Bank**	**Asset category**	**Asset value* (HUF million)**
Rába Nyrt.	CIB	property	3,963
Rába Nyrt.	RAIFFEISEN	property	477
Rába Nyrt.	COMMERZBANK	insurance policy	n.a.
Rába Futómű Kft.	RAIFFEISEN	inventories	3,978
Rába Futómű Kft.	CIB	trade receivables	100
Rába Futómű Kft.	RAIFFEISEN	trade receivables	966
Rába Futómű Kft.	K&H Bank Zrt.	trade receivables	161
Rába Járműalkatrész Kft.	COMMERZBANK	property	3,222
Rába Járműalkatrész Kft.	K&H Bank Zrt.	trade receivables	73
Rába Jármű Kft.	CIB	trade receivables	82
Diagonal Valor Kft.	MKB	property	460

Mortgages as at 31 December 2021

Company	**Bank**	**Assets category**	**Asset value* (HUF million)**
Rába Nyrt.	CIB	property	4,057
Rába Nyrt.	RAIFFEISEN	property	483
Rába Nyrt.	MKB BANK	property	468
Rába Nyrt.	COMMERZBANK	insurance policy	n.a
Rába Futómű Kft.	RAIFFEISEN	inventories	7,729
Rába Futómű Kft.	CIB	trade receivables	365
Rába Futómű Kft.	RAIFFEISEN	trade receivables	1,356
Rába Futómű Kft.	K&H Bank Zrt.	trade receivables	1,011
Rába Járműalkatrész Kft.	COMMERZBANK	property	3,338

* For properties the appraised value of the property, while for inventories the carrying amount of the inventories

These assets serve as collateral for the above loans as well as for current account overdrafts and cash pool loans. The cash pool and other loan facilities are backed by the property mortgage of the Nyrt.

Note 17 Trade and other liabilities

	31 December 2020 (restated)	31 December 2021
Trade liabilities	5,588,749	6,998,270
Lease liabilities	105,094	123,261
Accrued supplier costs	385,344	126,391
Financial Liabilities	**6,079,187**	**7,247,922**
Other accrued expenses	710,398	382,017
Advances received	75,391	277,592
Deferred income	279,550	498,767
Deferred income from government grants*	0	0
Wages and related contributions	808,396	1,012,294
VAT liability	100,185	10,389
Other	457,491	347,673
Non-financial liabilities	**2,431,411**	**2,528,732**
Total trade and other liabilities	**8,510,598**	**9,776,654**

Financial liabilities by currency:

	31 December 2020	31 December 2021
HUF	1,386,615	1,552,190
EUR	4,662,559	5,666,977
USD	27,584	28,690
GBP	2,150	0
SEK	279	65
Total	**6,079,187**	**7,247,922**

The Group's exposure to currency and liquidity risks related to trade and other liabilities is described in Notes 5 and 26. All non-financial liabilities are HUF-based.

Other long term liabilities

	31 December 2020	31 December 2021
Deferred income from government grants long term	3 405 368	3 164 833
Total	**3 405 368**	**3 164 833**

Deferred income from government grants:

	Grant received	**Amount used in previous years**	**Opening balance**	**Grant received in the reporting year**	**Amount used during the year**	**Closing balance**
Rába Futómű Kft.	4,152,591	1,486,893	2,665,698	384,038	216,797	2,832,939
Rába Járműalkatrész Kft.	623,552	270,777	352,775	0	20,881	331,894
Rába Jármű Kft.	839,784	452,889	386,895	0	386,895	0
Grand total	**5,615,927**	**2,210,559**	**3,405,368**	**384,038**	**624,573**	**3,164,833**

Government grants primarily relate to acquisition of assets and are accounted for over the useful life of the asset financed from the grant.
In the management's opinion no circumstances exist as at 31 December 2021 that would impose an obligation on the Companies to repay the grants.

***Correction of error from the prior year**

The entire amount of the deferred income from government grants was shown as other non-financial liabilities among short term liabilities instead of long term liability in the 31 December 2020 consolidated financial statement.

The Group corrected the error in accordance with IAS 8 and restated the 1 January 2020 and 31 December 2020 amounts. The impact of the correction of errors on the consolidated financial statements is described in the table below:

	1 January 2020 As previously reported	**Adjustments**	**1 January 2020 Restated**	**31 December 2020 As previously reported**	**Adjustments**	**31 December 2020 Restated**
Total non-current assets	**26 563 242**	**0**	**26 563 242**	**26 979 410**	**0**	**26 979 410**
Total current assets	**15 005 915**	**0**	**15 005 915**	**15 226 083**	**0**	**15 226 083**
Total assets	***41 569 157***		***41 569 157***	***42 205 493***	***0***	***42 205 493***
Total equity	**21 197 008**	**0**	**21 197 008**	**19 897 135**	**0**	**19 897 135**
Provisions	237 208	0	237 208	40 062	0	40 062
Non-current financial liabilities	3 566 784	0	3 566 784	6 355 919	0	6 355 919
Deferred tax liabilities	113 276	0	113 276	143 795	0	143 795
Other long term liabilities*	0	3 178 272	3 178 272	0	3 405 368	3 405 368
Total long term liabilities	**3 917 268**	**3 178 272**	**7 095 540**	**6 539 776**	**3 405 368**	**9 945 144**
Provisions	171 367	0	171 367	347 368	0	347 368
Current portion of loans and borrowings	5 354 424	0	5 354 424	3 505 248	0	3 505 248
Trade and other liabilities	5 933 920	0	5 933 920	6 079 187	0	6 079 187
Other non financial liabilities*	4 995 170	-3 178 272	1 816 898	5 836 779	-3 405 368	2 431 411
Total current liabilities	**16 454 881**	**-3 178 272**	**13 276 609**	**15 768 582**	**-3 405 368**	**12 363 214**
Total equity and liabilities	***41 569 157***	***0***	***41 569 157***	***42 205 493***	***0***	***42 205 493***

Note 18 Segment reporting

Segment information is presented by business segment, in accordance with the internal reporting structure of the Group. Segment income and expenses, segment assets and segment liabilities include items directly attributable to a segment.
From a business perspective the Group has three main segments: Segment information is prepared by the Group for the management based on this business segmentation. The management is responsible for allocating business resources to the segments and for assessing performance.
Main segments of the Group:

- Axle
- Vehicles
- Parts.

The Axle segment includes manufacture and sale of axles, axle components and axle parts; the Vehicles segment includes manufacture of truck and bus chassis and related parts, as well as assembly and sale of vehicles; the Parts segment includes manufacture of vehicle parts, seat frames, pressed components and truck chassis, sewing of seat covers as well as sale of these products. In addition, the Company has revenue from renting, which is less than 1 % of the total revenue of the Group.

The 2020 segment reporting data was restated as the activity that was transferred from Vehicles to Axle was shown among the Axle segment.

31 December 2020	**Axle**	**Vehicles**	**Parts**	**Unallocated**	**Total separate**	**Intersegment eliminations**	**Consolidated**
External revenue	25 195 819	871 552	12 020 602	666 478	38 754 451		38 754 451
Intersegment revenue	342 096	194 271	449 984	1 292 462	2 278 813	-2 278 813	0
Total sales revenue	**25 537 915**	**1 065 823**	**12 470 586**	**1 958 940**	**41 033 264**	**-2 278 813**	**38 754 451**
Cost of sales	**-21 083 276**	**-713 799**	**-10 116 936**	**-385 302**	**-32 299 313**	**1 577 227**	-30 722 086
Gross profit	**4 454 639**	**352 024**	**2 353 650**	**1 573 638**	**8 733 951**	**-701 586**	**8 032 365**
Selling and marketing expenses	-277 256	-129 676	-145 302	-382	**-552 616**	131 873	-420 743
General and administrative expenses	-4 313 124	-107 781	-1 744 330	-1 241 243	**-7 406 478**	572 601	-6 833 877
Other income	293 291	122 953	43 247	258 302	**717 793**	-33 584	684 209
Other expenses	-336 306	-277 470	-398 624	-208 442	**-1 220 842**	-14 415	-1 235 257
Total other operating expenses	**-4 633 395**	**-391 974**	**-2 245 009**	**-1 191 765**	**-8 462 143**	**656 475**	**-7 805 668**
Operating profit/loss	**-178 756**	**-39 950**	**108 641**	**381 873**	**271 808**	**-45 111**	**226 697**
Interest income	8 703	18 807	5 871	12 643	46 024	-37 200	8 824
Interest expenses	-48 809	-19 560	-14 667	-44 704	-127 740	37 200	-90 540
Tax expense	-195 217	-27 031	-115 216	-23 878	-361 342	0	-361 342
Assets							
Property, plant and equipment	16 732 019	59 546	2 198 543	6 975 315	25 965 423	20 244	25 985 667
Intangible assets	48 733	26 590	5 637	7 898	88 858	0	88 858
Investment property	0	0	0	753 952	753 952	0	753 952
Other non-current assets	66 512	5 596	3 963	1 414 417	1 490 488	-1 414 417	76 071
Inventories	4 645 430	69 493	1 161 307	9 679	5 885 909	-23 356	5 862 553
Trade and other receivables	5 330 589	4 774 237	2 247 673	322 700	12 675 199	-6 736 971	5 938 228
Cash and cash equivalents	1 409 776	17 092	40 274	1 836 278	3 303 420	0	3 303 420
Liabilities							
Other long term liabilities	3 052 593	0	352 775	0	3 405 368	0	3 405 368
Provisions	66 996	91 274	161 760	67 400	387 430	0	387 430
Trade and other liabilities	4 856 386	830 293	2 681 202	6 931 067	15 298 948	-6 788 350	8 510 598
Capital expenditure	2 959 969	0	266 266	1 458 254	4 684 489	0	4 684 489
Depreciation and amortisation	1 575 449	20 815	467 007	275 852	2 339 123	1 727	2 340 850

31 December 2021	**Axle**	**Vehicles**	**Parts**	**Unallocated**	**Total separate**	**Intersegment eliminations**	**Consolidated**
External revenue	30 157 749	1 525 159	13 959 406	793 295	46 435 609		46 435 609
Intersegment revenue	381 091	752 250	627 533	1 255 298	3 016 172	-3 016 172	0
Total sales revenue	**30 538 840**	**2 277 409**	**14 586 939**	**2 048 593**	**49 451 781**	**-3 016 172**	**46 435 609**
Cost of sales	**-25 848 838**	**-1 817 076**	**-11 996 548**	**-479 504**	**-40 141 966**	**2 249 059**	-37 892 907
Gross profit	**4 690 002**	**460 333**	**2 590 391**	**1 569 089**	**9 309 815**	**-767 113**	**8 542 702**
Selling and marketing expenses	-375 547	-22 612	-166 356	-3 210	**-567 725**	141 433	-426 292
General and administrative expenses	-4 036 606	-100 172	-1 686 733	-1 607 204	**-7 430 715**	381 985	-7 048 730
Other income	652 807	68 321	52 697	836 912	**1 610 737**	-96 938	1 513 799
Other expenses	-435 504	-136 591	-183 029	-198 547	**-953 671**	364 549	-589 122
Total other operating expenses	**-4 194 850**	**-191 054**	**-1 983 421**	**-972 049**	**-7 341 374**	**791 029**	**-6 550 345**
Operating profit	**495 152**	**269 279**	**606 970**	**597 040**	**1 968 441**	**23 916**	**1 992 357**
Interest income	4 300	32 903	5 190	39 072	81 465	-79 312	2 153
Interest expenses	-42 653	-8 767	-15 984	-72 609	-140 013	79 312	-60 701
Tax expense	-227 674	-39 776	-185 553	-47 150	-500 153	0	-500 153
Assets							
Property, plant and equipment	16 429 555	30 933	2 376 655	6 559 405	25 396 548	20 797	25 417 345
Intangible assets	34 216	1 820	1 832	3 452	41 320	0	41 320
Investment property	0	0	0	748 431	748 431	0	748 431
Other non-current assets	619	0	12	1 293 914	1 294 545	-1 293 914	631
Inventories	7 728 804	21 499	2 182 154	9 851	9 942 308	6	9 942 314
Trade and other receivables	6 323 585	4 227 276	2 939 940	1 378 681	14 869 482	-7 186 434	7 683 048
Cash and cash equivalents	146 896	25 867	144 984	928 752	1 246 499	0	1 246 499
Liabilities							
Other long term liabilities	2 832 939	0	331 894	0	3 164 833	0	3 164 833
Provisions	43 500	50 843	129 061	166 857	390 261	0	390 261
Trade and other liabilities	7 916 866	388 274	2 439 384	6 325 125	17 069 649	-7 292 995	9 776 654
Capital expenditure	3 028 868	48 291	467 347	178 780	3 723 286	0	3 723 286
Depreciation and amortisation	1 666 077	23 774	437 480	273 894	2 401 225	-6 338	2 394 887

Note 19 Revenue

Revenue by geographical region:

	31 December 2020	31 December 2021
Europe	34,789,146	41,872,363
"-of which: Hungary	11,560,089	13,578,313
America	2,806,931	2,657,199
Asia	1,153,957	1,894,370
Australia	4,417	11,677
Total revenue	**38,754,451**	**46,435,609**

Revenue by activity:

	31 December 2020	31 December 2021
Sale of products	36,578,958	44,188,542
Provision of services	1,611,064	1,654,687
Rental income	564,429	592,380
Total revenue	**38,754,451**	**46,435,609**

Note 20 Operating costs

	31 December 2020	31 December 2021
Raw materials and consumable goods	21,884,004	30,127,371
Services used	4,780,115	5,475,349
Staff costs	8,434,804	8,769,198
Depreciation and amortisation	2,340,850	2,394,887
Own performance capitalised	536,933	-1,398,876
Total operating costs	**37,976,706**	**45,367,929**
Cost of sales	30,722,086	37,892,907
Selling and marketing expenses	420,743	426,292
General and administrative expenses	6,833,877	7,048,730
Total operating costs	**37,976,706**	**45,367,929**

Note 21 Staff costs

	31 December 2020	31 December 2021
Wages and salaries	6,499,235	6,803,054
Wage contributions	1,248,488	1,226,326
Other staff costs	687,081	739,818
Total staff costs	**8,434,804**	**8,769,198**

In 2021 average headcount was 1,237 (2020: 1,259).

Note 22 Other income and expenses

	31 December 2020	31 December 2021
Gain on sale of property, plant and equipment	8 181	823 026
Damage compensations and penalties received	58 622	44 100
Government grants	300 459	493 373
Expired liabilities	298	36
Other	316 649	153 264
Total other income	**684 209**	**1 513 799**
Taxes	-175 215	-186 831
Impairment loss on inventories	-425 717	0
Scrapped inventory items	-94 299	-155 834
Impairment, scrapping of property, plant and equipment as well as intangible assets	-231 498	-38 760
Impairment of trade receivables	-12 760	-48 616
Provisions	-237 260	0
Provisions reversal	118 481	31 994
Fines, damage compensation, loss events	-51 022	-74 199
Other	-125 967	-116 876
Total other expenses	**-1 235 257**	**-589 122**
Total net other income/expense	**-551 048**	**924 677**

Impairment booked on inventories is recognised under cost of sales.

Note 23 Finance income and costs

	31 December 2020	31 December 2021
Interest income	8,824	2,153
Exchange gain on trade receivables	389,064	120,577
Other	182,457	7,225
Total finance income	**580,345**	**129,955**
Interest expenses	-90,539	-30,701
Exchange loss on trade liabilities	-331,725	-67,472
loans	-1,007,032	-210,635
Other	-50,808	-30,000
Total finance costs	**-1,480,104**	**-338,808**
Net finance cost	**-899,759**	**-208,853**

Interest income for 2020 and 2021 typically relates to cash and cash equivalents. Other contain realised exchange differences arising from foreign exchange conversions on and between bank accounts.

Note 24 Income tax

Composition of income tax expense for the period:

	31 December 2020	31 December 2021
Corporation tax	2,993	84,567
Business tax	291,246	285,882
Innovation contribution	50,407	49,326
Deferred tax	16,696	80,378
Total income tax expense	**361,342**	**500,153**

All subsidiaries of Rába are subject to the Hungarian corporation tax and local business tax.

Rába is resident for tax purposes in Hungary and it pays corporation tax based on its net profit or loss. In 2021 the corporation tax was 9% of the adjusted non-consolidated pre-tax profit. It has a local tax liability on revenues less material costs, cost of goods sold and the value of re-invoiced services, the rate of which is 1.6% in Győr and 2% at the other sites.

As at 31 December 2021 the balance of corporation tax and business tax assets and liabilities is THUF 37,655 income tax liability, while as at 31 December 2020 THUF 111,882 income tax asset for the Group, which includes transfer of the innovation contribution in the previous year.

Deferred taxes were assessed based on the expected time of recovery, using future tax rates that became known in 2021 (the same as the above rates).

As at 31 December 2021 deferred tax assets amounted to THUF 27,939 (in 2020: THUF 25,835) and deferred tax liabilities to THUF 226,278 (in 2020: THUF 143,795).

The net balance of deferred tax assets and liabilities relates to the following items:

	31 December 2020	Increase in profit	Decrease in profit	31 December 2021
Tax loss carried forward	**249,404**	**0**	**-20,247**	**229,157**
Rába Futómű Kft.	183,564	0	0	183,564
Rába Járműalkatrész Kft.	65,840	0	-20,247	45,593
Lease	**565**	**83**		**377**
Rába Nyrt.	87	0	-98	-11
Rába Futómű Kft.	164	63	0	227
Rába Jármű Kft.	193	0	-173	20
Rába Járműalkatrész Kft.	121	20	0	141
Non-current receivables	**27**	**0**	**0**	**27**
Rába Futómű Kft.	24	0	0	24
Rába Jármű Kft.	2	0	0	2
Rába Járműalkatrész Kft.	1	0	0	1
Trade and other receivables	**6,643**	**8,066**	**0**	**14,709**
Rába Futómű Kft.	5,519	7,592	0	13,111
Rába Jármű Kft.	380	327	0	707
Rába Járműalkatrész Kft.	744	147	0	891
Provisions	**45,219**	**8,951**	**-8,698**	**45,472**
Rába Nyrt.	6,066	8,951	0	15,017
Rába Futómű Kft.	6,028	0	-2,114	3,914
Rába Jármű Kft.	18,565	0	-3,639	14,926
Rába Járműalkatrész Kft.	14,560	0	-2,945	11,615
Property, plant and equipment	**-189,145**	**1,893**	**-116,950**	**-304,202**
Rába Nyrt.	11,040	1,893	0	12,933
Rába Futómű Kft.	-219,244	0	-94,242	-313,486
Rába Jármű Kft.	21,765	0	-16,617	5,148
Rába Járműalkatrész Kft.	-2,706	0	-6,091	-8,797
Development reserve	**-230,673**	**46,794**	**0**	**-183,879**
Rába Nyrt.	0	0	0	0
Rába Futómű Kft.	-81,731	20,913	0	-60,818
Rába Jármű Kft.	-79,024	14,149	0	-64,875
Rába Járműalkatrész Kft.	-69,918	11,732	0	-58,186
Total net deferred tax	**-118,525**	**65,704**	**-145,895**	**-198,716**
Rába Nyrt.	**17,193**	**10,844**	**-98**	**27,939**
Rába Futómű Kft.	**-105,676**	**28,568**	**-96,356**	**-173,464**
Rába Jármű Kft.	**-38,119**	**14,476**	**-20,429**	**-44,072**
Rába Járműalkatrész Kft.	**8,642**	**11,752**	**-29,283**	**-8,742**
Deferred tax assets (+) liabilities (-)	**-143,795**			**-226,278**
Deferred tax assets (+) liabilities (-)	**25,835**			**27,939**

Tax losses of the Group carried forward, for which no deferred tax asset is recognised, amounted to THUF 16,368,053 as at 31 December 2021, of which THUF 96,999 can be used until 2022, THUF 416,473 until 2024, THUF 844,532 until 2025, THUF 498,009 until 2026 and the remaining amount until 2030 (as at 31 December 2020 THUF 15,901,067 of which THUF 96,999 can be used until 2022). The Group uses its losses carried forward based on the FIFO method.
No deferred tax to be recognised in other comprehensive income arose.

A deferred tax asset is only 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 still probable that the related tax benefit will be realised. Accordingly, as at 31 December 2021 the Group recognised THUF 229,157 deferred tax assets for THUF 2,546,189 tax loss (as at 31 December 2020 THUF 249,404 deferred tax assets for THUF 2,771,157 tax loss).

	31 December 2020	**31 December 2021**
Loss before tax	-669,062	1,783,341
Calculated corporation tax	0	160,501
Other tax expenses	310,904	305,039
Permanent differences for which no deferred tax is recognised	0	33,906
Deferred tax not recognized on loss carried forward	30,749	707
Under- and over-recognition in previous years	19,689	0
Total tax expenses	361,342	500,153
Effective tax rate	*54%*	*28%*

In 2021 the corporation tax rate applicable to the tax base of the Rába Group calculated under Hungarian tax laws was 9%, therefore a 9% tax rate was also used to calculate effective tax.

Note 25 Related party transactions

i) Transactions with key management personnel

The aggregate amounts of transactions and existing balances with key management personnel and entities over which they have control or significant influence were as follows:

	Expense on the transaction		Outstanding liability	
	31 December		**31 December**	
	2020	**2021**	**2020**	**2021**
Staff benefits for key management personnel	264,014	321,994	82,847	165,756
Honorarium paid to the Board of Directors	26,039	34,856	0	0
Honorarium paid to the Supervisory Board	15,741	22,320	0	0

Senior executives of the Group as at 31 December 2021:

Name	**Position**	**BoD**	SB	AC	Mgm
Hetzmann Béla	Chairman of the Board	x			
dr. Szász Károly	Board member	x			
dr. Csüllög Nóra	Board member	x			
Lang-Péli Éva	Board member	x			
Jakab László	Board member	x			
Majoros Csaba	Board member	x			
Mráz Dániel Emanuel	Board member	x			
Lepsényi István	Chairman of the Supervisory Board		x	x	
dr. Szabó Sándor József	Member of the Supervisory Board		x	x	
Dr. Harmath Zsolt	Member of the Supervisory Board		x	x	
Hetzmann Béla	President-CEO				x
Lang-Péli Éva	Deputy CEO, Finance				x
Steszli Ádám	HR and Controlling Director				x
Urbányi László	Rába Járműalkatrész Kft. Managing Director				x
Torma János	Rába Jármű Kft. Managing Director				x
Závori Péter	Rába Futómű Kft. Supervisory Board member	x			
Zoltán Csaba	Rába Futómű Kft. Chairman of the Supervisory Boar	x			
dr. Frank József	Rába Futómű Kft. Supervisory Board member	x			
Lang-Péli Éva	Rába Járműalkatrész Kft. Chairwoman of the Supervisory Board	x			
Steszli Ádám	Rába Járműalkatrész Kft. Supervisory Board membe	x			
Steiner Gábor	Rába Járműalkatrész Kft. Supervisory Board membe	x			
Steszli Ádám	Rába Jármű Kft. Supervisory Board member	x			
Farkas Ákos	Rába Jármű Kft. Chairman of the Supervisory Board	x			
Boldis Géza	Rába Jármű Kft. Supervisory Board member	x			

BoD - Board of Directors
SB - Supervisory Board
AC - Audit Committee
Mgm – Management

ii) Transactions and current balances with state-owned businesses

The Company has been in majority state ownership since 18 April 2012. The owner rights on behalf of the Hungarian State are exercised by Nemzeti Védelmi Ipari Innovációs Zrt., whose ownership share is 54.34%.
The following table presents the significant balances (over HUF 50 million) between the Company and state-owned entities and budgetary organisations where the state ownership exceeds 50%. A significant part of the revenue derives from sale of products and services to the Ministry of Defence.
The data include revenues, costs invoiced by these related companies, outstanding year-end balances from invoicing and loans granted.
Trade liabilities arise from a transaction before 2019.

	2020	**2021**
Revenue	922,892	1,100,076

	31 December 2020	**31 December 2021**
Trade and other receivables	0	0
Trade liabilities	115,000	115,000

iii) Transactions and current balances with associates

Rekard Hajtómű Kft.és Gépgyártó Kft.:

	2020	2021
Receivables	12,082	174,272
Liabilities	5,883	27,504
Income	440,726	376,943
Expenses	8,226	1,832

The above transactions with related parties and associates were part of the normal course of business, on terms, including interest and collateral, substantially equivalent to those that prevail in comparable transactions with companies in a similar financial position. The transactions do not involve risks in addition to the normal risk of repayment and do not represent any other unfavourable features.

Note 26 Financial risks

i) Credit risk

Exposure to credit risk

The carrying amount of financial assets and current non-financial assets represents the maximum credit exposure. The Group has no non-current financial assets. Maximum exposure to credit risk as at the reporting date:

	31 December 2020	**31 December 2021**
Trade receivables	5,146,457	6,315,742
Other receivables	801,771	1,367,306
Cash and cash equivalents	3,303,420	1,246,499

Net trade receivables by geographical segment as at 31 December 2020 and 2021:

	31 December 2020	**31 December 2021**
Europe	4,425,704	5,346,739
"-of which: Hungary	852,484	1,053,278
America	585,387	752,898
Asia	135,366	210,372
Australia	0	5,733
Total receivables	**5,146,457**	**6,315,742**

Ageing of net trade receivables as at 31 December 2020 and 2021:

	31 December 2020	**31 December 2021**
Receivables not past due	*4,063,353*	*5,371,113*
1-90 days past due	861,833	759,062
91-180 days past due	62,163	135,745
181-365 days past due	74,703	49,325
More than 365 days past due	84,405	497
Total past due	*1,083,104*	*944,629*
Total past due	**5,146,457**	**6,315,742**

Gross trade receivables amounted to THUF 6,430,345 as at 31 December 2021 (0-90 days past due: THUF 6,130,175; more than 90 days past due: THUF 300,170). The THUF 114,603 impairment booked relates to receivables more than 90 days past due. Expected credit loss is assessed by analysing the figures of the past 3 years, also adjusted for forward-looking information. On this basis, expected credit loss is 0.05% for receivables less than 90 days past due, and the loss rate is 0.1% for receivables 91-180 days past due, 181-365 days past due and more than 365 days past due. Previous year 0.03% and 0.1% respectively.

Changes in impairment allowance for uncertain and doubtful debts:

	Impairment allowance for uncertain and doubtful debts
1 January 2020	**155,400**
reversed impairment	-31,624
impairment booked	12,760
impairment attributable to derecognised items	-62,711
31 December 2020	**73,825**
reversed impairment	-7,838
impairment booked	48,616
impairment attributable to derecognised items	0
31 December 2021	**114,603**

The Group treats receivables from sale in accordance with the rights and obligations laid down in individual partner contracts. This involves reviewing at least annually the risks and collateral identifiable based on the relevant contracts that can influence future cash flows from such receivables. Based on the review, a loss allowance is recognised for the outstanding receivables at the level of the individual transactions to the extent that the future recovery of the given receivable is at risk in spite of the integrated collateral.
The Group has no receivables that were previously written off but would be subject to enforcement procedure.

ii) Liquidity risk

Contractual maturity analysis of loans including estimated interest payments:

31 December 2020

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Bank loan TCF-DK-26/2018	1,752,624	1,775,627	448,891	445,824	880,913	0	1,740,220
Bank loan G3M-080047	1,752,624	1,775,627	448,891	445,824	880,913	0	1,740,220
Bank loan G3M-078125	2,008,215	2,053,500	421,524	417,106	1,214,870	0	2,009,015
Bank loan TCF-DK-8/2020	2,008,215	2,039,269	50,443	814,276	1,174,550	0	1,992,868
Bank loan GYŐR-20-0087/1	2,190,780	2,199,543	2,199,543	0	0	0	2,183,386
Lease liabilities	253,803	253,803	105,094	21,847	26,862	0	253,803
Total loans and borrowings	**9,966,261**	**10,097,370**	**3,674,386**	**2,144,877**	**4,178,107**	**0**	**9,919,512**

31 December 2021

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Bank loan G3M-080047	1,328,400	1,343,123	450,549	447,449	445,125	0	1,320,338
Bank loan TCF-DK-26/2018	1,377,600	1,397,059	401,866	399,110	596,083	0	1,370,953
Bank loan TCF-DK-8/2020	1,623,600	1,637,604	415,702	1,221,901	0	0	1,616,665
Bank loan GYŐR-20-0087/1	1,992,600	2,007,622	822,748	1,184,874	0	0	1,984,235
Bank loan G3M-0181352	2,029,500	2,050,380	40,721	822,748	1,186,911	0	2,003,567
Bank loan 2021/002	2,029,500	2,058,398	50,776	822,748	1,184,874	0	2,011,570
Lease liabilities	160,102	160,102	123,261	36,841	0	0	160,102
Total loans, borrowings and leases	**10,541,302**	**10,654,288**	**2,305,623**	**4,935,671**	**3,412,993**	**0**	**10,467,430**

The bank loans of the Group are secured by collateral.

Maturity analysis of trade and other liabilities:

31 December 2020

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	5 588 749	5 588 749	5 588 749	-	-	-	5 588 749
Accrued trade liabilities	105 094	105 094	105 094				105 094
Lease liability	385 344	385 344	385 344	-	-	-	385 344
Total	**6 079 187**	**6 079 187**	**6 079 187**	**0**	**0**	**0**	**6 079 187**

31 December 2021

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	6 998 270	6 998 270	6 998 270	-	-	-	6 998 270
Accrued liabilities	123 261	123 261	123 261				123 261
Lease liabilities	126 391	126 391	126 391	-	-	-	126 391
Total	**7 247 922**	**7 247 922**	**7 247 922**	**0**	**0**	**0**	**7 247 922**

iii) Currency risk

Main exchange rates during the year and as at the end of the year were as follows:

	Average rate		**Spot rate as at 31 December**	
	2020	**2021**	**2020**	**2021**
EUR	351.21	358.52	365.13	369.00
USD	312.57	303.29	297.36	325.71

A 3% appreciation in the HUF at the reporting date vis-à-vis the EUR would have increased (positive amounts) or decreased (negative amounts) equity and profit as shown in the following table in THUF. The analysis was based on exchange rate changes deemed reasonably possible by the Group on the reporting date. The analysis assumes that all other variables remain constant, including interest rates. The analysis is based on the same principles as in the case of comparative information:

Currency	**31 December 2020**			**31 December 2020**		
	Rate of strengthening	**Equity**	**Profit or loss**	**Rate of strengthening**	**Equity**	**Profit or loss**
EUR	3%	-37,356	-37,356	3%	121,368	121,368
USD	3%	-27,914	-27,914	3%	-8,785	-8,785

iv) Interest rate risk

As at the reporting date all of the Group’s interest bearing financial instruments were fixed-rate loans, see Note 16.

Weighted average interest rate of loans in 2021 was 0.5% (in 2020 0.7%).

As the Group does not measure financial instruments with fixed interest at fair value through profit or loss and it has no derivative transactions (interest rate swaps) designated as hedging instruments in a fair value hedge, changes in the interest rate as at the reporting date would not have any impact on profit or loss or on equity.

v) Fair values
Fair values of financial assets and financial liabilities and their carrying amount reported in the consolidated balance sheet:

	Carrying amount	
	31 December 2020	**31 December 2021**
Trade and other receivables	5 146 457	6 315 742
Cash and cash equivalents	3 303 420	1 246 499
Non-current financial liabilities*	9 966 261	10 541 302
Trade and other liabilities	6 079 187	7 247 922

*it also includes the amount of financial liabilities falling due within one year.

Except for non-current financial liabilities, the carrying amount of financial instruments is a reasonable approximation of fair value, as they typically mature within one year.
As at 31 December 2021 the fair value of non-current financial liabilities amounted to THUF 10,467,430 and their carrying amount totalled THUF 10,541,302 (as at 2020 December 31: fair value THUF 9,919,512, carrying amount THUF 9,966,261). The Group calculates the fair value of these liabilities using the discounted cash flow method, the discount rate used is 0.55%. Fair value measurement is classified at Level 3 of the fair value hierarchy.

Note 27 Earnings per share

i) Basic earnings per share

The basic earnings per share amount as at 31 December 2021 was calculated based on the THUF 1,283,188 profit for the year (2020: THUF -1,030,404 loss) and the weighted average number of ordinary shares outstanding: 13,352,765 shares (2020: 13,352,765 shares), as follows:

	2020	**2021**
Issued ordinary shares at 1 January	13,473,446	13,473,446
Effect of treasury shares held	-120,681	-120,681
Effect of share options exercised	0	0
Weighted average number of ordinary shares at 31 December	**13,352,765**	**13,352,765**
Profit/Loss for the year	-1,030,404	1,283,188
Basic earnings per share (HUF/share)	-77	96

ii) Diluted earnings per share

	2020	2021
Weighted average number of ordinary shares	13,352,765	13,352,765
Number of exercisable share options	0	0
Diluted weighted average number of ordinary shares	**13,352,765**	**13,352,765**
Profit/Loss for the year	-1,030,404	1,283,188
Diluted earnings per share (HUF/share)	-77	96

During 2016 the share option plan was terminated, no exercisable options remained, thus the share option has no dilutive effect. In 2021 there were no changes in the treasury shares.

Note 28 Capital commitments and contingencies

As at 31 December 2021 future capital expenditure, other services and ordered inventories commitments of the Group amounted to THUF 6,125,168, of which THUF 326,492 relates to capital expenditure, THUF 5,638,574 to purchase of inventory and THUF 160,102 to services. (In 2020 in total THUF 8,741,275, of which THUF 2,289,072 relates to capital expenditure, THUF 6,139,821 to purchase of inventory and THUF 312,382 to services).

The Group does not have any contingent liabilities as at 31 December 2020 and 2021.

Note 29 Lease liabilities

Maturity analysis of lease payments for the lease contracts:

	31 December 2020	31 December 2021
Less than one year	105,094	123,261
Between one and five years	148,709	36,841
More than five years	-	-
Total leases	**253,803**	**160,102**

The Group typically leases vehicles and trolleys. The term of the leases is typically between 1 and 5 years.
Interest expenses arising from lease liabilities are recognised under finance costs and amounted to THUF 4,488 in 2021 (2020: THUF 8,292).

Note 30 Subsequent events

Management and effect on the Group of the Russian-Ukrainian situation:

The Russian-Ukrainian situation affected the Group both directly and indirectly. In 2021 turnover in relation to the CIS states amounted to HUF 903 million. Trade receivables outstanding as at the reporting date total HUF 250 million. The Group will assess these trade receivables in FY 2022 and if there is any uncertainty relating to recovery, impairment will be booked as necessary. In the Group's opinion, the current situation has no material impact on operations and the Group is able to continue as a going concern.
Due to growing energy and raw material prices, in order to maintain profitability the Group responded by increasing flexibility of production and applying strict cost management. The Group continues to improve efficiency of manufacturing processes and technology. A key objective is, after global purchase prices stabilise, to counterbalance negative effects by raising sales prices in line with the increase in costs.

Note 31 Disclosures required by the Hungarian Act on Accounting

i) Persons authorised to sign the consolidated annual financial statements:

Béla Hetzmann	President-CEO	2800 Tatabánya, Szent István utca 104. A ép.
Éva Lang-Péli	Deputy CEO, Finance	1135 Budapest, Reitter Ferenc utca 79-81. 6. em. 605

Website of the Company: www.raba.hu

ii) Company providing bookkeeping services:

Until 16 July 2020:

T-Systems Magyarország Zrt.
9024 Győr, Hunyadi út 14.

Person responsible for managing bookkeeping-related tasks and for preparing the IFRS annual financial statements:
Name: Melinda Kelemen Registration no.: 151546

Since 17 July 2020 as the employee of Rába Nyrt.:

Name: Melinda Kelemen Registration no.: 151546

iii) Under the Act on Accounting the consolidated financial statements of the Rába Group have to be audited. The audit is performed by
KPMG Hungária Kft.
1134 Budapest, Váci út 31.

Professional accountant responsible for the audit: Sándor Attila Juhász
Chamber registration number: 006065
For the financial year ended 31 December 2021 the fee for the audit of the consolidated financial statements is THUF 3,700 + VAT.

In 2021 the Group did not use other assurance, tax advisory or other non-audit services.

iv) Proposal on the appropriation of profit after tax:

The Board of Directors does not propose dividend payment to the General Meeting.

Rába Automotive Holding Plc.

We engineer, you drive

CORPORATE GOVERNANCE REPORT

2021

We engineer, you drive

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Introduction

The Company

Rába Plc. is registered as a public limited company in Hungary by Győr Court of Justice as Court of Registration. The main market of Rába shares is the Hungarian Stock Exchange (BSE); so according to this, Rába takes into consideration the Hungarian Corporate Governance Policy and the obligatory legal regulations concerning to it.

RÁBA Plc. has always endeavoured to implement the highest standards of corporate governance structures and practices regarding to the national and international expectations. The main goal of the corporate governance system is to consider the interests of the shareholders of RÁBA Plc. and the broader group of stakeholders. Thereby it is ensured that the company enhances major value for its owners and people.

The Code of Corporate Governance introducing the corporate governance principles of RÁBA Plc. was approved at first in 2008. The Code of Corporate Governance is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Code_of_Corporate_Governance_2014.pdf

Rába Plc. and its subsidiaries are committed to the increasing business profit achieved according to the company directives and in an ethical way. The basic target is to ensure a stable, permanent positive business. This target determinates also the desired attitudes, which are fixed in the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Code_of_Ethics_2022.pdf

Rába Group

Rába Plc. controls the Rába Group, which is one of the biggest automotive groups of Hungary. The main point of the effective integration of Rába Group is the successful coordination of the activity of the subsidiaries. Rába Group consists of Rába Plc. as parent company and Rába Axle Ltd, Rába Automotive Components Ltd, Rába Vehicle Ltd. as wholly-owned subsidiaries.

1.1. A brief presentation of the operation of the Board of Directors and the distribution of responsibilities and tasks between the Board of Directors and the management

1.1.1. Short description of the Board of Directors' activity

The number of board members is between 3 and 7 persons. The chairman and the members of the Board of Directors are elected by the General Meeting of Shareholders for a definite period of time not exceeding five (5) years. Members of the Board of Directors can be recalled from office at any time without any cause and can be re-elected upon expiry of their mandate. The Board of Directors consists of 7 (seven) members at present. The term of the individual board members ends at the date stipulated in the resolution of the general meeting of shareholders adopted about the election of the board members.

Members of the Board of Directors or the members of the Supervisory Board may not (apart from the acquisition of shares or positions in public limited companies) acquire shareholding and may not be a chief executive officer or supervisory board member in business organisations conducting a main activity identical to that of the Company, except the GM grants approval to such acquisition or position.

Executives and the SB members of the Company shall inform the companies about their new executive or SB positions within 15 days from the acceptance of such positions.

Unless the GM gives approval, the members of the Board of Directors and the Members of the Supervisory Board and their relatives may not conclude on their own behalf or in their own favour contracts falling within the scope of activities of the Company except for contracts which are usually concluded as part of the every-day life.

Pursuant to Act CLII of 2007, the Members of the Board of Directors are required to declare their assets.

1.1.2. Authority and tasks of the Board of Directors

The Board of Directors shall be the executive organ of the Company. The Board of Directors is not an operative management body, it is not involved in the Company's daily business. It makes decisions, it is responsible for all matters relating to the Company's management and course of business not fell under the exclusive competence of the General Meeting or other corporate bodies by the Articles of Association of the Company or by the law.

The detailed rules for the tasks, the authority and operation of the Board of Directors are contained in the Articles 19-21 of the Articles of Association of Rába Plc and in the Rules of Procedure of the Board of Directors, that are available at the web site of the Company:

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

https://raba.hu/investors/?lang=en

1.1.3. Management

The management is responsible for the operative control of the Company. The management consists of 3 persons besides the Chief Executive Officer: the Chief Financial Officer, Human resources and Controlling Director and Commercial Director.

1.1.3.1. Chief Executive Officer

The Chief Executive Officer shall be elected by the Board of Directors for an indefinite time-period.

The Board of Directors exercises the fundamental employer's rights (establishing, terminating employment relations, amendment of employment contracts, establishment of remuneration, severance pay), establishes the performance requirements and the related benefits (performance based wages or other benefits) and the other employer's rights (especially vacation, foreign visit permits) in relation to the Chief Executive Officer.

Pursuant to Act CLII of 2007, the CEO is required to make declaration of assets.

The detailed rules for the tasks and the authority of the Chief executive Officer are contained in the Article 22 of the Articles of Association of Rába Plc, which is available at the web site of the Company:

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

1.1.3.2. Chief Financial Officer

The Chief Financial Officer is the deputy of the employer's number one chief. After the amendment of the Articles of Association as of September 30, 2021, the Chief Executive Officer exercises the fundamental employer's rights (establishing, terminating employment relations, amendment of employment contracts, establishment of remuneration, severance pay) and the other employer's rights, establishes the performance requirements and the related benefits (performance based wages or other benefits) in relation to the Chief Financial Officer.

Management of the financial, accounting, business planning tasks of the Group, monitoring of the operation of the Group's companies, financial analysis thereof, preparation of the guidelines, coordination of the sale and leasing of assets fall within the Chief Financial Officer's activity.

1.1.3.3. Human resources and Controlling Director

After the amendment of the Articles of Association as of September 30, 2021, the Chief Executive Officer exercises the fundamental employer's rights (establishing, terminating employment relations, amendment of employment contracts, establishment of remuneration, severance pay) and the other employer's rights, establishes the performance requirements and the related benefits (performance based wages or other benefits) in relation to the Human resources and Controlling Director.

Planning, organization, managing, coordination and controlling of the human resources management, preparation and implementation of the human resources development (human strategy) fitting into the business plan, creation of management information systems, planning systems, analysing methods, construction of "Make or buy" standards and the controlling of the current process for efficiency, managing of the activity for optimization of product portfolio (evaluation based on analysis, working out of proposals), definition, measuring and evaluation of KPIs fall within the Human resources and Controlling Director's activity.

1.1.3.4. Commercial Director

After the amendment of the Articles of Association as of September 30, 2021, the Chief Executive Officer exercises the fundamental employer's rights (establishing, terminating employment relations, amendment of employment contracts, establishment of remuneration, severance pay) and the other employer's rights, establishes the performance requirements and the related benefits (performance based wages or other benefits) in relation to the Commercial Director.

Managing of the strategic sourcing process of the Company, determination of the sourcing strategy and signing of the related strategic contracts, preparation and approval of the frame agreement for strategic services on Group level, searching of the market, business possibilities, determination of the business development directions, managing of the exploration process of the new business opportunities, establishment of new relations, identification of new businesses (product/client), managing of the introduction projects of new product/client, the management of the process of preparing offers, the support of the pricing activity, the preparation of the sales plan, as well as overseeing the process of customer relations and the development of the sales and marketing strategy fall within the Commercial Director's activity.

1.1.4. Relationship between the Board of Directors and the Management

The members of the management attended the normal and extraordinary meeting of the Board of Directors.

The management reports to the members of the Board of Directors quarterly. They are informed on the operation of the Company and the Group, introduced the efficiency's difference from the base period and the business plan.

The management prepares ad hoc analysis about the significant changes of the operation of the Company and the Group, and about the projects different from the business plan for the Board of Directors.

1.2. An introduction of the Board of Directors, Supervisory Board (and Audit Committee) and management members, a presentation of the boards' structures

1.2.1. Members of Board of Directors

Hetzmann, Béla, Chairman of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (not independent)

Bánócziné Dr. Csernák, Ibolya Virág, Member of the Board of Directors, mandate from 12.04.2019 till 19.05.2021 (independent)

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dr. Csüllög, Nóra, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Jakab, László, Member of the Board of Directors, mandate from 30.09.2021 till 19.05.2026 (not independent)

Lang-Péli, Éva, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (not independent)

Major, János, Member of the Board of Directors, mandate from 12.04.2019 till 19.05.2021 (independent)

Majoros, Csaba, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Mráz, Dániel Emánuel, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Dr. Szász, Károly, Member of the Board of Directors, mandate from 30.09.2021 till 19.05.2026 (independent)

CV of the members of Board of Directors is available at the web site of Rába Plc: https://raba.hu/company/?lang=en

1.2.2. Members of Supervisory Board (and Audit Committee)

Lepsényi, István, Chairman of the Supervisory Board (and Audit Committee), mandate from 04.12.2020 till 30.04.2022 (independent)

dr. Pafféri, Zoltán Lajos, Chairman of the Supervisory Board (and Audit Committee), mandate from 12.07.2018 till 03.12.2020 (independent)

Dr. Harmath, Zsolt, Member of the Supervisory Board (and Audit Committee), mandate from 17.04.2016 till 30.04.2022 (independent)

dr. Kanta, Tünde, Member of the Supervisory Board (and Audit Committee), mandate from 14.04.2017 till 03.12.2020 (independent)

dr. Szabó, Sándor József, Member of the Supervisory Board (and Audit Committee), mandate from 04.12.2020 till 30.04.2022 (independent)

CV of the members of Supervisory Board (and Audit Committee is available at the web site of Rába Plc: https://raba.hu/company/?lang=en

1.2.3. Members of management

Hetzmann, Béla, Chief Executive Officer

Lang-Péli, Éva, Chief Financial Officer

Steszli, Ádám, Human Resources and Controlling Director

Deák, Attila, Commercial Director

CV of members of management is available at the web site of Rába Plc: https://raba.hu/company/?lang=en

1.2.4. Structure of Supervisory Board and Audit Committee

Supervisory Board

Supervision of the Company's executive management is performed by the Supervisory Board elected by the General Meeting of Shareholders. The Supervisory Board of the Company is made up of three members. The task of the Supervisory Board is to supervise the management of the Company in favour of the supreme body and with the purpose of protecting the Company's interest.

The chairman and the members of the Supervisory Board are elected by the General Meeting of Shareholders.

The members of the Supervisory Board are elected for a definite period of time, no longer than five years. Members of the Supervisory Board can be re-elected or recalled, without cause. The term of a member of the Supervisory Board elected through interim election, shall expire when the term of the other members of the Supervisory Board expire.

Audit Committee

From among the independent members of the Supervisory Board the general meeting of shareholders shall elect a three-member Audit Committee.

If the Supervisory Board has three members, and all are independent pursuant to the law, they are automatically elected by the General Meeting of Shareholders to become members of the Audit Committee. The chairman of the Audit Committee is elected by the members from among themselves. The termination of the membership in the Audit Committee is governed by the rules for the termination of the membership in the Supervisory Board. The membership in the Audit Committee is also terminated if the membership in the Supervisory Board is terminated.

1.3. Meetings of the Board of Directors, Supervisory Board (and Audit Committee) held in the given period

The Board of Directors of Rába Plc. had got 8 times meeting held by personal attendance or by means of telecommunication and 7 times written voting in 2021, with an average attendance of 95.55 per cent. The Board of Directors discussed the submissions to the General Meeting, the main events concerning the Group and their effects, the periodical and expected results, the plans and prospects of the companies, among others on its meetings.

The regulations relating to the state of emergency declared because of coronavirus pandemic (Covid-19) did not allow to hold the annual general meeting convened for April 8, 2021 with the personal attendance of the shareholders. So according to the legal authorization the Board of Directors passed, in its competence of General Meeting, the resolutions related to the agenda items of the General Meeting.

The Supervisory Board (and Audit Committee) had got 5 times meeting held by personal attendance or by means of telecommunication and 1 time written voting in 2021, always with an attendance of 100%. The Committees discussed the main events of the Company, its economic, financial situation and the reports of the internal auditor on their meetings.

1.4. Presentation of the work done by the Board of Directors, the Supervisory Board and the management as well as the considerations for assessing their individual members

The base of the evaluation of the Board of Directors' and Management' work is the strategy and the business plan.

The Board of Directors makes a detailed on analysis based strategy plan generally for 4 years. This plan will be controlled every year and does the necessary updates. With the evaluation of the work done for realizing the plan the Committee qualify the correctness of the strategy and evaluate itself work. The Board of Directors generally prepares a report on the Company's business operations in the last business year for the annual general meeting.

The work of the Chief Executive Officer is evaluated through the fulfilment of the business plan. This evaluation will take place formally at the last Board of Directors' Meeting after the Annual General Meeting, when they determine the payable amount of annual bonus for the Chief Executive Officer.

The Supervisory Board expresses the opinion previously on evaluation of the performance of the Chief Executive Officer, the Chief Financial Officer, the Human Resources and Controlling Director and the Commercial Director.

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The annual work of the Chief Financial Officer, the Human resources and controlling director and the Commercial director was evaluated by the Chief Executive Officer in framework of the „annual personal efficiency evaluation" (APEE). The payable amount of the bonus is determinated by fulfilment of business and personal targets.

The evaluation of the work of the Chief Executive Officer will be documented in the records of the Board of Directors' Meeting, and the evaluation of the work of the Chief Financial Officer, the Human Resources and Controlling Director and the Commercial director will be documented on the personal efficiency evaluation sheet.

Performance requirements and premium objectives for 2020 were not determined for the members of the management.

The Supervisory Board reviews its activity in the previous year yearly. The annual general meeting discusses the Report of the Supervisory Board under the approval of the annual financial statements.

The assessment of the work done in 2020, carried out in 2021 did not result in any personal changes.

1.5. Operation and tasks of the Supervisory Board and Audit Committee

Considering that the professional introduction of the Committee members is presented in Item 1.2 and the Item 1.3 gives information on the meetings held, this Item is about the operation and tasks of the committees.

1.5.1. Supervisory Board

Supervision of the Company's executive management is performed by the Supervisory Board elected by the General Meeting of Shareholders. The Supervisory Board of the Company is made up of three members. The task of the Supervisory Board is to supervise the management of the Company in favour of the supreme body and with the purpose of protecting the Company's interest.

The chairman and the members of the Supervisory Board are elected by the General Meeting of Shareholders.

The members of the Supervisory Board are elected for a definite period of time, no longer than five years. Members of the Supervisory Board can be re-elected or recalled, without cause. The term of a member of the Supervisory Board elected through interim election, shall expire when the term of the other members of the Supervisory Board expire.

Pursuant to Act CLII of 2007, the Members of the Supervisory Board and Audit Committee are required to declare their assets.

The detailed rules for the tasks, the authority and operation of the Supervisory Board are contained in the Articles 23-24 of the Articles of Association of Rába Plc and in the Rules of Procedure of the Supervisory Board, that are available at the web site of the Company:

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Rules_of_Procedure_SB_2016.pdf

1.5.2. Audit Committee

From among the independent members of the Supervisory Board the general meeting of shareholders shall elect a three-member Audit Committee.

If the Supervisory Board has three members, and all are independent pursuant to the law, they are automatically elected by the General Meeting of Shareholders to become members of the Audit Committee. The chairman of the Audit Committee is elected by the members from among themselves. The termination of the membership in the Audit Committee is governed by the rules for the termination of the membership in the Supervisory Board. The membership in the Audit Committee is also terminated if the membership in the Supervisory Board is terminated.

The Audit Committee shall – unless it is composed automatically of the members of the Supervisory Board – prepare its own procedures. If it is composed automatically of the members of the Supervisory Board, its procedures are identical with those of the Supervisory Board.

Pursuant to Act CLII of 2007, the Members of the Audit Committee are required to declare their assets.

Furthermore, the Audit Committee is governed by the special provisions concerning the of public-interest entities of Act CXX of 2001 on the Capital Market.

The detailed rules for the tasks, the authority and operation of the Audit Committee are contained in the Article 24.5 of the Articles of Association of Rába Plc and in the Rules of Procedure of the Supervisory Board, that are available at the web site of the Company:

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Rules_of_Procedure_SB_2016.pdf

1.6. System of internal controls, evaluation of the activities performed in the given period, efficiency and effectiveness of the risk management procedures

The elements of the internal controlling system function as a group of closely interrelated mechanisms and cover all activities of the organisation, namely**:**

- the regulatory environment and internal rules regulating the activities of the company *(controlling environment*),
- the survey, analysis, evaluation and management of the factors threatening the regular and efficient performance of activities (*integrated risk management system*),
- the adoption of measures ensuring regular operation (*controlling activities*),
- the ongoing communications tasks related to the above activities (*information and communication system*),
- the continuous monitoring and controlling of activities (*monitoring activity*).

The compliance function and the risk control function form part of the internal controlling system, performing the key task of ensuring the integrity of the organisation and of its operation.

The Company is committed to business profitability achieved through ethical means, in accordance with corporate guidelines and views long-term, positive business as its key objective. This defines the desirable forms of conduct outlined in the Code of Ethics and Business Conduct.
The Company has developed a general procedure for the receipt and review of breaches, irregularities, as well as of claims regarding integrity and corruption risks to thus ensure the effective management of corruption risks within the organisation and to improve the resilience of the organisation in the face of corruption.
The Company has set its strategic objectives, longer-term directions and the order of precedence of its goals in the strategic plan and the short-term goals in its business plans and has developed the organisational structure best suited to achieve our goals and to carry out our tasks in the most efficient manner. The Company has devised a financial plan that ensures that any situation threatening with insolvency can be avoided, i.e. the company's liquidity position remains positive throughout the financial year. All our employees are expected to take an active part in the efficient implementation of the Company's strategic objectives. For this management has provided the employees with clearly formulated information regarding the strategic goals and the operational objectives broken down by

organisational units, to ensure they can identify with and pay special attention to such goals and objectives when performing their tasks.

The Company's organisational structure nurtures financially viable, efficient and profitable work, facilitates the implementation of interrelated processes and the flow of work-related information and has a logically built reporting route. The corporate management system and internal controlling operating within the Company ensure the transparent, regular, regulated, economical, efficient and profitable use of available funds.

The Company operates an integrated risk management system, within which risks inherent to the operation of the Company and associated with the organisational targets are identified and analysed in a comprehensive manner to be managed in the interest of efficient and profitable operation and identifies the measures necessary to reduce the individual risks to the level below the tolerance threshold, as well as the sphere of organisational units effected by the measure, the method and procedural order of continuous monitoring of such measures.

The flowchart prepared in the course of establishing the controlling environment serves at the same time as the risk universe that defines the basis and the structure of risk management.

All elements of the risk management process (methodology, risk assessment, analysis, management) are subjected to regular review by the Company, upon new activities and organisational changes risks are assessed and evaluated.

Controlling activities, i.e. procedures supplementing the controlling environment (tools, procedures, mechanisms) have been developed by the management in order to manage risks and facilitate the fulfilment of Company goals in terms of operating effectiveness and efficiency, the reliability of financial reporting and compliance with the applicable regulations, requirements and guidelines. Controls are developed by the management subject to the complexity and significance of the process at hand, in consideration of Company goals and of risks identified.

The Company has developed its information and communication system in such a way that it can provide objective information to management, executive bodies and partners. On the other hand, it ensures that through the appropriate communication channels, external information reaches the organisational unit where such information can be utilised. In view of the importance of the reliability of information, internal rules make sure that in an official form only verified information can be circulated within or in justified cases leave the Company, and that confidential information is not released to unauthorised parties.

In accordance with the provisions of the Hungarian and European Union data protection regulations (GDPR), the Data protection and data security regulations of the Company regulate the records kept on the internal data management processes of the Company, as well as the range of personal data managed, the definition of the way of data management, as well as the rights of those involved.

The acting internal control organization works under the supervision of the Supervisory Board. It does its activity based on and according to the approved yearly internal control plan, which will be completed with ad-hoc monitoring.

The internal controls done during 2021 didn't found any deficiency dangerous for the operation of the company or for the interests of shareholders. There was any offence against law. All the deficiencies written in the internal control reports are solved or under way and all the proposals of these reports are launched.

The Company's shareholders are informed about the operation of the internal control system by the Company's publications.

1.7. Activity of the auditor

In 2021 the audit of Rába Group was done by KPMG Hungária Kft. Mr. Attila Sándor Juhász was the auditor in charge. The company does not provided other professional services different from the audit in 2021.

1.8. Publication policy, insider people

In its publication policy Rába Plc. uses statutory and required rules according to the publicize rules and regulations of law, the rules of Budapest Stock Exchange and the rules of its own Articles of Associations. The places of publicize are: the website of the company (www.raba.hu) and the official website of Budapest Stock Exchange according to the articles of associations; and the capital market publication system operating by the Central Bank of Hungary.

According to 199§ of Capital Market Act, based on Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse Rába Plc. ensures that the records concerning persons with access to insider information, working for Rába in labour relation or in other quasi contract, are kept in accordance with the provisions of the law. Directives of Capital Market Law are valid to the insider people.

1.9. Exercising shareholders' rights

The shareholders may exercise shareholders' rights in relation to the Company provided that they are registered in the Company's Register of Shareholders and their ownership of shares is certified by a shareholding certificate.

The shareholding certificate is not required for exercising shareholders' rights if the Register of Shareholders is compiled by way of shareholder's identification initiated by the Company,

Shareholders shall be entitled to participate in the General Meetings and to vote if they hold shares with voting rights. To exercise shareholders' rights at the General Meeting of Shareholders, either in person, or through the authorised representative, the shareholder's name has to be shown in the Register of Shareholders at 6 p.m., on the second working day preceding the starting day of the General Meeting of Shareholders, based on the shareholder's identification initiated by the Company for the period between the 7th and the 5th working day preceding the General Meeting of Shareholders.

The Register of Shareholders shall be kept by the Board of Directors of the Company or by the person contracted with the Board of Directors for keeping the Register of Shareholders. The Register of Shareholders shall contain for each shareholder: the company/name of the shareholder (proxy holder); seat/address of the shareholder (proxy holder); number, nominal value of shares, amount paid for the individual shares, as well as the ownership ratio of the shareholder (proxy holder) per share series and the date of entry into the Register of Shareholders.

Shareholders have the right to a pro-rata portion of the net profit to be distributed according to the resolution of the General Meeting of Shareholders (dividend).

Shareholders recorded in the Register of Shareholders on the day as defined by the General Meeting of Shareholders deciding about the dividend payment are entitled to a dividend. The right to claim an uncollected dividend shall lapse after five years from when the dividend was due.

The detailed rules for exercising of shareholders' rights are contained in the Articles of Association of Rába Plc, which is available at the web site of the Company:

https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

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1.10. Rules for the settlement of the General Meeting

The supreme organ of the Company is the General Meeting of Shareholders, composed of the totality of the shareholders. The General Meeting of Shareholders has the right to decide matters under the competence of the Board of Directors, including those of the Chief Executive Officer, as well.

The Annual General Meeting is held once a year, by the deadline stipulated by the relevant legal regulation. If it is necessary, the Company may hold extraordinary general meeting, beside the annual general meeting, at any time as specified in the Articles of Association.

The detailed rules for tasks, authority and settlement of the General Meeting are contained in the Articles13-18 of the Articles of Association of Rába Plc, which is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20210930.pdf

1.11. Remuneration policy, remuneration report

Pursuant to Act LXVII of 2019 on Encouraging long-term shareholder engagement and amendments of certain laws for harmonisation purposes, the Company has drafted its Remuneration Policy for the first time in 2020. The Remuneration rules and policy now in force is approved through the resolution No. 6/2021.09.30. passed by the general meeting of shareholders. In line with the provisions of the regulation, the Remuneration Policy is applicable from the 2021 business year.

Subsequently, the Company shall draft a remuneration report annually, to be published on the webpage following the voting of the general meeting of shareholders called to express its position. The Company issues its first Remuneration Report on the business year 2021, pursuant to the Remuneration Policy and Rules in effect and to the relevant legal regulations. The report is submitted to the 2022 annual general meeting of shareholders for an opinion vote. The purpose of the Remuneration Report is to provide a comprehensive overview of any and all remuneration awarded during or due on the basis of the results of the business year 2021 to company executives and officials as stipulated by the law (members of the Board of Directors, members of the Supervisory Board, CEO, Deputy CEO), as set forth in the Remuneration Policy and Rules. The remuneration of company executives and officials in 2021 was paid in line with the provisions of the Remuneration Policy and Rules and its amount, according to the position of the Board of Directors, served the long-term interests and performance of the Company, provided an incentive for efficient operation and promoted the successful implementation of the 2021 business policy, economic and strategic objectives of the Company.

The Remuneration policy is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Remuneration_rules_and_policy_20210930.pdf

Győr, March 2022

Corporate Governance Report
on Compliance with the Corporate Governance Recommendations

LEVEL OF COMPLIANCE WITH THE RECOMMENDATIONS

1. Shareholders' rights and the General Meeting

1.1. General Principles

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

1.2. Convening the General Meeting

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting.

Yes

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes

1.3. Conducting the General Meeting

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended.

Yes

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

Yes

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

Yes

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members.

Yes

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

Explanation: Yes, the Company disclosed the identity of the nominating shareholder(s).

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

No

Explanation: According to the practices until now, the General Meeting passed one resolution on the amendment of the Articles of Association proposed by the Company and resolutions on each amendment of the Articles of Association proposed by shareholder motion separated, except when the General Meeting required differently, then passed a separate resolution on setting of the consolidated memorandum of the Articles of Association according to the amendments and submitting thereof to the Court of Registry.

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

Explanation: The Company published the draft resolutions of the General Meeting, then the resolutions of the General Meeting. Since there is not any legal obligation on publishing of the Minutes of the General Meeting, the Company met its commitments on deposition of the Minutes of the General Meeting on the Court of Registry according to the current prescriptions of the Civil Code.

1.6. Transparency and Publication

1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

1.6.1.2. Does the Company design its by considering the aspects of disclosure and the information of investors?

Yes

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

Yes

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

1.6.2.3. Did the Board of Directors assess the efficiency of the publication processes?

Yes

Explanation: The management assesses the efficiency of the publication processes at the Company.

1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?

No

Explanation: The Company assesses the efficiency of the publication processes by an internal analysis. It is not required to publish its findings, so the Company does not considered necessary to publish it.

1.6.3. Did the Company publish its annual company event calendar?

Yes

1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes

Explanation: The strategic guidelines were not fully published because of business policy.

1.6.5. Did the Company publish the career information of Board of Directors, Supervisory Board and management members in its annual report or on the company website?

Yes

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

Explanation: The Company is requested to set up the internal control system as of January 1, 2021.

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

No

Explanation: The Company enforces the legal provisions.

1.6.9.2. Did the Company disclose the share of the Board of Directors, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the equity-based incentive system in the annual report or in some other way?

Yes

1.6.10. Did the Company publish the relationship of Board of Directors, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

2. Governance, Control, Risk Management

2.1. Distribution of responsibilities and competences within the Company

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors?

Yes

2.2. Board of Directors

2.2.1. Does the Board of Directors have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors?

Yes

2.2.2. Does the Company publish the procedure used for nominating Board of Directors members and the principles for determining their remuneration?

No

Explanation: The Company does not publish the procedure used for nominating the members of the Board of Directors; they are nominated pursuant to shareholder motion on the General Meeting.

2.3. Supervisory Board

2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes

2.4. Meetings of the Board of Directors and the Supervisory Board

2.4.1.1. Did the Board of Directors and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

2.4.1.2. Did the rules of procedure of the Board of Directors and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors and the Supervisory Board?

Yes

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

2.5. Members of the Board of Directors and the Supervisory Board

2.5.1. Were the members of the Board of Directors and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes

Explanation: The members of the Board of Directors and of the Supervisory Board are nominated and elected pursuant to shareholder motion. The Company do not have any influence, when and what information gives the shareholder in its motion referring to the candidates.

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

2.5.3. Did the Company ensure that the newly elected Board of Directors and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes

2.6. Independence of Supervisory Board members

2.6.1. Did the Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors assesses objectively the management's activities?

Yes

2.6.3. Did the Company publish its guidelines concerning the independence of its Supervisory Board members and the applied independence criteria on its website?

No

Explanation: The Company enforces the legal provisions.

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

No

Explanation: Dr. Zsolt Harmath resigned from his position at the Board of Directors as of 14.04.2016 and he is a member of the Supervisory Board from 17.04.2016.

2.7. Conflict of interest of Board of Directors and Supervisory Board members – insider trading

2.7.1. Did members of the Board of Directors inform the Board of Directors and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the

Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

2.7.4. Did the Board of Directors develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

Explanation: The management developed and monitor the internal rules for the flow of information and the management of insider information within the Company.

2.8. Internal control systems and risk management

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes

Explanation: The Company is requested to set up the internal control system as of January 1, 2021.

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

Yes

Explanation: The Company is requested to set up a compliance department as of January 1, 2021. Before that, the tasks were not performed by one department.

2.8.5.1. Is the Board of Directors or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

Yes

2.8.6. With the involvement of the relevant areas, did the Board of Directors develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

2.8.7. Did the Board of Directors define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

Explanation: According to legal regulations it is the duty of the Chief Executive Director to set up and operate the internal control system at the publicly owned companies as of January 1, 2021.

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

2.9. External Advisor, Auditor

2.9.2. Did the Board of Directors invite the Company's auditor in an advisory capacity to the meetings on financial reports?

Yes

Level of compliance with the Proposals

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

1.3.1.1. Were the Board of Directors and the Supervisory Board represented at the General Meeting?

Yes

Explanation: At the General Meeting, the Board of Directors was represented by the Chairman of the Board of Directors, nobody represented the Supervisory Board because of COVID-19 pandemic.

1.3.1.2. In the event the Board of Directors and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.

Yes

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there.

Yes

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes

Győr, March 2022

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY'S OPERATION IN 2021

1.d) Report of the Supervisory Board on the annual financial statements of 2021, on the allocation of the total profit for the reporting year and on the submissions to the General Meeting

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Report of the Supervisory Board of RÁBA Automotive Holding Plc.
to the Annual General Meeting on the annual financial statements of 2021,
on the allocation of the total profit for the reporting year and
on the submissions to the General Meeting

At its regular meetings held quarterly in the financial year, the Supervisory Board – also in its capacity as Audit Committee - discussed and approved the reports of the Board of Directors on the Company's quarterly activity, its financial management as well as on its most significant events.

The Supervisory Board continuously monitored the operation of the internal control organization, had its leader reports and discussed the reports on internal revisions as well as on follow-up revisions. The Supervisory Board set the internal control plan for the year, and in some cases gave instructions with regard to further monitoring considerations and fields to be monitored.

The Supervisory Board has been in contact with the Company's auditor and they jointly discussed the reports of the Board of Directors to be submitted to the Annual General Meeting.

The key financial figures of the Company in the annual reports on financial statements drawn up as per the International Financial Reporting Standards (th HUF):

Description	**2020**		**2021**	
	Rába Plc. IFRS	**consolidated IFRS**	**Rába Plc. IFRS**	**consolidated IFRS**
Sales revenue	1 958 941	38 754 451	2 048 593	46 435 609
Operating profit	231 270	226 697	597 039	1 992 357
Profit before taxes	93 360	-669 062	395 481	1 783 341
Total comprehensive profit for the year	69 481	-1 030 404	348 331	1 283 188
Issued capital	13 473 446	13 473 446	13 473 446	13 473 446
Own equity	14 982 673	19 897 135	15 331 004	21 180 323
Balance sheet total	22 006 311	42 205 493	21 566 709	45 156 391

The Supervisory Board – in agreement with the Audit Committee and taking the auditor reports into consideration - determined that the financial statements give a true and fair view of the Company's operation.

The Supervisory Board proposes to the General Meeting to approve the Company's normal and consolidated financial statements for the FY 2021 drawn up as per IFRS as well as the proposal of the Board of Directors for the allocation of total profit for the reporting year and the Report on Corporate Governance.

Based on the executive statement of the Company's CEO on the operation of the internal controlling system, the Supervisory Board of the Company has established that an adequate controlling environment has been developed within the Company, management set annual goals in line with the organisational strategy and the processes necessary to implement the goals have been devised, risks threatening the goals have been assessed and managed and the appropriate controls have been put in place for the various processes, ensuring monitoring, supervision and feedback.

The Supervisory Board inspected all the submissions and draft resolutions of the Board of Directors to be proposed to the General Meeting, and it supports them and proposes to the General Meeting to approve them.

Annex: Executive statement on the operation of the internal controlling system

Győr, March 22, 2022

On behalf of the Supervisory Board of Rába Plc.

István Lepsényi
Chairman

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Executive Statement on the Operation of the Internal Controlling System

I the undersigned, Béla Hetzmann, as the top executive of RÁBA Automotive Holding Plc., (hereinafter: Company) hereby declare that in the context of the internal controlling system of the Company under my management, in 2021, I acted in accordance with the provisions of act CXCVI of 2011 on national assets, in consideration of the principles of responsible management of the national assets.

I furthermore declare that I took the following measures to ensure compliance with the provisions of paragraph 7/J. § of act CXXII of 2009 on the more efficient operation of publicly owned enterprises and with the provisions of the Government Decree No. 339/2019. (XII. 23.) on the internal controlling system of publicly owned companies.

Controlling environment

The Company is committed to business profitability achieved through ethical means, in accordance with corporate guidelines and views long-term, positive business as its key objective. This defines the desirable forms of conduct outlined in the Code of Ethics and Business Conduct. It is important for all employees to become familiar with these expectations and to be able to identify with their internal contents and to enforce these in their everyday work. Both management and employees have been supportive towards the Company's continuous internal control. Management has acted in an exemplary fashion towards employees throughout the year by developing ethical values, nurturing integrity and in terms of enforcing the ethical norms in the course of their everyday work.

The Company has developed a general procedure for the receipt and review of breaches, irregularities, as well as of claims regarding integrity and corruption risks to thus ensure the effective management of corruption risks within the organisation and to improve the resilience of the organisation in the face of corruption.

The Company has set its strategic objectives, longer-term directions and the order of precedence of its goals in the strategic plan and the short-term goals in its business plans and has developed the organisational structure best suited to achieve our goals and to carry out our tasks in the most efficient manner. The Company has devised a financial plan that ensures that any situation threatening with insolvency can be avoided, i.e. the company's liquidity position remains positive throughout the financial year. All our employees are expected to take an active part in the efficient implementation of the Company's strategic objectives. For this management has provided the employees with clearly formulated information regarding the strategic goals and the operational objectives broken down by organisational units, to ensure they can identify with and pay special attention to such goals and objectives when performing their tasks. In addition to a general overview of the set of goals, employees are informed in writing, complete with performance indicators set regarding the requirements relevant to their individual goals. Employees accepted the individually set goals and tasks, as well as the related responsibility in the course of the annual performance review and understood how the set goals are connected to the fundamental goals of the Company.

Through carefully conceived human resource policy, the management makes continuous and conscious efforts of staff recruitment, to motivate employees to achieve the goals and to identify with the goals of the management, as well as to familiarize and have all employees accept the requirements and to ensure the practical implementation of ethical and financial incentives, as well as to offer a nurturing a positive work atmosphere, fostering good employees relations, developing the skills, expertise and competences of employees in a targeted fashion, including where needed school and professional training and upskilling.

The Company's organisational structure nurtures financially viable, efficient and profitable work, facilitates the implementation of interrelated processes and the flow of work-related information and has a logically built reporting route. The corporate management system and internal controlling operating within the Company ensure the transparent, regular, regulated, economical, efficient and profitable use of available funds.

As part of the internal controlling system, the Company records processes in order to ensure that all employees are familiar with the process, as well as with their own role within. The process description, together with the general information, flowcharts and control routes together form the documentation of any given process.

The regulations adopted within the framework of the complex system of rules developed in order to ensure the proper operation of the Company, lay the foundation for the economical, efficient and profitable operation and facilitate the implementation of interrelated processes. The Basic Rules of Rába Plc. define the basic tasks necessary to fulfil organisational targets and stipulate the spheres of activities. The Company's Organisational Rules and Procedures define the fundamental modus operandi of the Company, as well as its organisational structure, tasks, responsibilities and competences and the rights and obligations of its employees. The personalised tasks, as well as areas of responsibility and authority of the employees are set forth in their job descriptions.

The Company expects its employees, regardless of their position, to be aware of the legal regulations directly affecting their job, as well as of the contents of the internal regulations based on such legal regulations. Employees need to be familiar with the goals and organisational structure of the Company in order to see and understand their role within the Company, as well as the relations of their operating level both in both a vertical (up and down) and a horizontal (with other organisational units) sense.

The Company has drafted its internal regulations required by law and subjects these to regular revisions and updating as necessary.

The management of the Company has established risk tolerance thresholds for the entire Company, and within that in consideration of the specific characteristics of the various processes. The purpose of risk management is to mitigate and reduce to below the tolerance threshold the impacts of risks and/or the probability of their occurrence.

Integrated risk management system

The Company operates an integrated risk management system, within which risks inherent to the operation of the Company and associated with the organisational targets are identified and analysed in a comprehensive manner to be managed in the interest of efficient and profitable operation and identifies the measures necessary to reduce the individual risks to the level below the tolerance threshold, as well as the sphere of organisational units effected by the measure, the method and procedural order of continuous monitoring of such measures.

The flowchart prepared in the course of establishing the controlling environment serves at the same time as the risk universe that defines the basis and the structure of risk management.

All elements of the risk management process (methodology, risk assessment, analysis, management) are subjected to regular review by the Company, upon new activities and organisational changes risks are assessed and evaluated.

Controlling activities

Controlling activities, i.e. procedures supplementing the controlling environment (tools, procedures, mechanisms) have been developed by the management in order to manage risks and facilitate the fulfilment of Company goals in terms of operating effectiveness and efficiency, the reliability of financial reporting and compliance with the applicable regulations, requirements and guidelines. Controls are developed by the management subject to the complexity and significance of the process at hand, in consideration of Company goals and of risks identified.

As part of the controlling activity, the Company ensures that controls are developed for all activities, especially the preparation of decision-making documents, viability, feasibility, efficiency and profitability assessment of decisions and the approval and countersigning of decisions from a compliance point of view, as well as for accounting related to business events.

Through the use of preventive, corrective, directive and detective controls, and by developing the detailed rules of application, the Company facilitates the appropriate operation of controlling activities. The rules are spelt out in various regulating documents (Rules of Operation and Procedures, operating order, internal rules, guidelines, instructions, manuals, roadmaps, process descriptions, control routes, job descriptions, mandatory certificates, reports, sample documents, forms). In view of the characteristics of its operation, the Company endeavours to strike a balance between the preventive and exploratory controlling activities.

By establishing individual (executive, organisational, authority, operational, accounting, approval, access, interruption, nominal and physical) controls and control points to suit the nature of the process at hand, and incorporating them into the process, the Company ensures regular and efficient process operation and the management of risks threatening the operation (prevention, correction, ignoring).

All controlling activities developed are described accurately and in detail in the process descriptions and control routes. As part of this, it is indicated whether the control is incorporated into the process or is of an executive nature, whether general, systemic or individual IT controls have been built into the process flow.

Information and communication system

Information and communication are indispensable for the operation of the Company and its internal controlling system. The primary aim of the internal flow of information within the Company is to ensure that employees are provided with adequate guidance to achieve the goals set by management and to provide reliable feedback to the management of the implementation and the performance of tasks, based on which the necessary corrective measures can be taken.

In the interest of suitable controls, the Company regulates access rights to the various information, ensuring that confidential information, qualified and personal data are protected.

The Company has developed its information and communication system in such a way that it can provide objective information to management, executive bodies and partners. On the other hand, it ensures that through the appropriate communication channels, external information reaches the organisational unit where such information can be utilised. In view of the importance of the reliability of information, internal rules make sure that in an official form only verified information can be circulated within or in justified cases leave the Company, and that confidential information is not released to unauthorised parties.

The access authorisation system of the Company's document management system ensures that only information and data essentially needed to make prudent and justified decisions and actions reach each level.

In accordance with the provisions of the Hungarian and European Union data protection regulations (GDPR), the Data protection and data security regulations of the Company regulate the records kept on the internal data management processes of the Company, as well as the range of personal data managed, the definition of the way of data management, as well as the rights of those involved.

Monitoring system

In the course of monitoring, the Company continuously follows and evaluates key objectives, external/internal characteristics, as well as other elements of the internal controlling system. Within this, the process of implementing the organisational goals at various levels are monitored, ensuring that as a result, structured information on relevant events and activities supporting the decision making can be gathered regularly.

The monitoring system built and operated by the management encompasses the entirety of the organisation, focusing on the processes that influence the fulfilment of objectives to the greatest extent and is continuously renewed in line with the changing circumstances.

The most important task of the Company's internal controlling is the examination and evaluation of the operation of the internal controlling system in order to increase its effectiveness and efficiency.

Compliance support is an integral part of the Company's internal controlling system. The primary aim of the compliance support function is to ensure that in terms of its external and internal activities, the Company should comply with the provisions of the relevant regulations and the internal rules adopted by the Company, as well as with ethical, moral and social norms.

While the internal controlling of the 3rd line of defence carries out ex-post controls, the compliance support within the 2nd line of defence means continuous controls in the operation of the organisation by supporting compliance with the regulations, forming a proactive part of the operating activities and making proposals to the management.

Internal controls have not revealed any breaches or shortcomings threatening the operation of the Company and damaging shareholder interests. Measures aimed at eliminating the defaults detailed in the internal controlling reports have been taken or are in progress, the proposals formulated have been implemented.

An appropriate controlling environment has been developed within the Company, management has, in line with the organisational strategy, defined annual goals and the processes necessary to implement those goals have been put in place. Risks threatening the objectives have been assessed and managed, appropriate controls have been developed for the processes and monitoring, review and feedback are ensured.

Győr, 22 March, 2022

Béla Hetzmann
Chairman-CEO

Discussed by the Supervisory Board: 22.03.2022

By its resolution No 6/2022. (III.22.), the Supervisory Board approved the Executive Statement on the Operation of the Internal Controlling System.

Győr, 22 March, 2022

István Lepsényi
Chairman of the Supervisory Board

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY'S OPERATION IN 2021

1.e) Discussion and acceptance of the reports on normal annual financial statements and consolidated annual financial statements drawn up as per the International Financial Reporting Standards (IFRS), approval of the statement of financial position and resolution on the allocation of the total profit for the reporting year; and resolution on the acceptance of the Corporate Governance Report

DRAFT RESOLUTIONS OF THE GENERAL MEETING

(Draft) **resolution 1/2022.04.13. of the General Meeting:**

The General Meeting approves the report of the Board of Directors on the Company's business operations in the financial year 2021 as set forth in the proposal.

(Draft) **resolution 2/2022.04.13. of the General Meeting:**

Based on the figures in the reports on normal and consolidated annual financial statements drawn up as per the International Financial Reporting Standards, on the review by the Supervisory Board and on the report of the auditor, the General Meeting approves the normal and consolidated statement of financial position of Rába Plc. for 2021 as set forth in the proposal and as follows:

A./ the report on normal annual financial statements drawn up as per the International Financial Reporting Standards, as at December 31, 2021, with a corresponding total of assets and liabilities of HUF 21,566,709 thousand and a total comprehensive profit for the year of HUF 348,331 thousand in the statement of financial position;

B./ the report on consolidated annual financial statements drawn up as per the International Financial Reporting Standards, as at December 31, 2021, with a corresponding total of assets and liabilities of HUF 45,156,391 thousand and a total comprehensive profit for the year of HUF 1.283.188 thousand in the statement of financial position.

(Draft) **resolution 3/2022.04.13. of the General Meeting:**

Based on the proposal of the Board of Directors, considering the opinion of the Supervisory Board, the General Meeting resolves that the Company does not pay dividend, and places the profit after taxation into profit reserves.

(Draft) **resolution 4/2022.04.13. of the General Meeting:**

With regard to the preliminary approval by the Supervisory Board, the General Meeting approves the Corporate Governance Report as per the proposal.

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ITEM 2 ON AGENDA OF GENERAL MEETING

THE RENUMERATION REPORT OF THE COMPANY ON THE BUSINESS YEAR 2021

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Remuneration Report of RÁBA Automotive Holding Plc. for the 2021 business year

RÁBA Automotive Holding Plc. (“RÁBA Plc.” or “Company”, registered seat: 9027 Győr, Martin u. 1., registration No.: 08-10-001532) had the present Remuneration report drafted in accordance with the provisions of the Remuneration Code and Policy, adopted through the resolution of the general meeting of shareholders of the Company No. 6/2021.09.30. and of the provisions of act LXVII of 2019 on Encouraging long-term shareholder engagement and amendments of further regulations for harmonization purposes (the “Law”).

The purpose of the Remuneration Report is to provide a comprehensive view of all of the remuneration established for the executives and managers (members of the Board of Directors, members of the Supervisory Board, CEO, deputy CEO) as defined in the Law and established in the 2021 business year or due on the basis of the results of that year, in accordance with the Remuneration Code and Policy in any form.

Remuneration of Company executives

Members of the Board of Directors of the Company received only and exclusively the monthly remuneration of the fixed amount determined by the resolution of the general meeting of shareholders no. 9/2020.04.30., approved without modifications by the resolution of the general meeting of shareholders no. 9/2020.09.10. and by the resolution of the general meeting of shareholders no. 1/2021.09.30. Members of the Board of Directors received no cost reimbursement for travel, accommodation, communications or meal costs incurred in connection with their position on the board or in the interest of the Company.

Members of the Board of the Supervisory Board of the Company received only and exclusively the monthly remuneration of the fixed amount determined by the resolution of the general meeting of shareholders no. 13/2020.04.30., approved without modifications by the resolution of the general meeting of shareholders no. 13/2020.09.10. and by the resolution of the general meeting of shareholders no. 1/2021.09.30. Members of the Supervisory Board received no separate remuneration for their membership in the Audit Committee. Members of the Supervisory Board received no cost reimbursement for travel, accommodation, communications or meal costs incurred in connection with their position on the board or in the interest of the Company.

Remuneration of executives employed by the Company, pursuant to paragraph 208 (1) of the Labour Code

Executives of the Company as per paragraph 208 (1) of the Labour Code, received no share options or other share-based remuneration.

No performance requirements or bonus targets have been set for executives for 2020, thus the Company paid no bonuses to its executives in 2021.

Executives were paid cost reimbursement and other benefits in accordance with the provisions of the Remuneration Code and Policy and the provisions of the individual employment contracts.

For termination of employment of an indefinite term, in relation to the notice period and severance pay of executives, the Company acted in accordance with the provisions of act I. of 2012 on the Labour Code, other relevant regulations and of the Company’s Remuneration Code and Policy.

It is for the first time that the Company is preparing a Remuneration report pursuant to the Law, thus this report does not contain any data for and comparison to the previous four years.

Implementation of the Remuneration Code and Policy occurred fully in line with its provisions.

The remuneration of Company executives and officials was paid in line with the provisions of the adopted Remuneration Code and Policy and its amount and extent, according to the Board of Directors, served the long-term interests and performance of the Company, provided an incentive for efficient operation and contributed to the successful implementation of the Company’s business policy, economic and strategic objectives for 2021.

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Name	Position	Term		Gross salary (HUF)	Remuneration (HUF)	Other elective fringe benefits (HUF)	Voluntary pension fund contribution (HUF)	Bonus (HUF)	Absence fee for duration of discharge (HUF)	Severance pay (HUF)
		beginning	end / termination							
Béla Hetzmann	Chairman of the Board of Directors	04. 12. 2020.	05. 19. 2026.	-	6 854 667	-	-	-	-	-
	CEO, Rába Plc.	08. 05. 2021.	indefinite	38 809 523	-	-	400 000	0	-	-
Ibolya Virág Bánócziné Dr. Csernák	Member of the Board of Directors	12. 04. 2019.	19. 05. 2021.	-	*	-	-	-	-	-
Dr. Nóra Csüllög	Member of the Board of Directors	04. 12. 2020.	05. 19. 2026.	-	2 905 000**	-	-	-	-	-
Éva Lang-Péli	Member of the Board of Directors	04. 12. 2020.	05. 19. 2026.	-	5 261 667	-	-	-	-	-
	CFO, Rába Plc. Finance Director, Rába Axle Ltd.	15. 11. 2021.	Indefinite	3 863 636	-	-	-	0	-	-
	Member of the Supervisory Board, Rába Automotive Components Ltd.	15. 11. 2021.	28. 12. 2023.	-	76 667	-	-	-	-	-
János Major	Member of the Board of Directors	12. 04. 2019.	19. 05. 2021..	-	*	-	-	-	-	-
Csaba Majoros	Member of the Board of Directors	04. 12. 2020.	05. 19. 2026.	-	5 261 667	-	-	-	-	-
Dániel Emanuel Mráz	Member of the Board of Directors	04. 12. 2020.	05. 19. 2026.	-	5 261 667	-	-	-	-	-
László Jakab	Member of the Board of Directors	09. 30. 2021.	05. 19. 2026.	-	2 123 333	-	-	-	-	-
Dr. Károly Szász	Member of the Board of Directors	09. 30. 2021.	05. 19. 2026.	-	2 123 333	-	-	-	-	-
István Lepsényi	Chairman of the Supervisory Board	04. 12. 2020.	30. 04. 2022.	-	5 261 667	-	-	-	-	-
Dr. Zsolt Harmath	Member of the Supervisory Board	17. 04. 2016.	30. 04. 2022.	-	3 982 500	-	-	-	-	-
Dr. József Szabó Sándor	Member of the Supervisory Board	04. 12. 2020.	30. 04. 2022.	-	3 982 500	-	-	-	-	-
István Pintér	CEO, Rába Plc., Managing Director, Rába Axle Ltd.	23. 04. 2003. 01. 01. 2004.	07. 05. 2021. 07. 05. 2021.	26 009 750	-	147 000	8 299 581	0	79 287 012	51 219 000
Béla Balog	CFO, Rába Plc. Finance Director, Rába Axle Ltd.	16. 08. 2004. 16. 08. 2004.	17. 06. 2021. 17. 06. 2021	11 700 818	-	147 000	2 947 025	0	26 271 000	7 920 000
	Member of the Supervisory Board, Rába Automotive Components Ltd.	02. 11. 2004.	17. 06. 2021	-	278 333	-	-	-	-	-
Zoltán Váradi	CFO, Rába Plc. Finance Director, Rába Axle Ltd.	18. 06. 2021. 18. 06. 2021	14. 11. 2021. 14. 11. 2021.	12 159 090	-	-	-	0	-	-
	Member of the Supervisory Board, Rába Automotive Components Ltd.	18. 06. 2021	14. 11. 2021.	-	196 000	-	-	-	-	-

* Chose, pursuant to the provisions of paragraph 6. § (4) of act CXXII of 2009. to receive remuneration for positions held other than at Rába Plc.
** As from 09. 09. 2021. have given up their remuneration due for position held at Rába Plc.

Győr, 22 March, 2022

On behalf of the Board of Directors of Rába Plc. Béla Hetzmann, Chairman

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ITEM 2 ON AGENDA OF GENERAL MEETING

THE RENUMERATION REPORT OF THE COMPANY ON THE BUSINESS YEAR 2021

DRAFT RESOLUTIONS OF THE GENERAL MEETING

(Draft) resolution 5/2022.04.13. of the AGM:

The General Meeting approves the Remuneration report as per the proposal.

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ITEM 3 ON AGENDA OF GENERAL MEETING

ELECTION OF THE MEMBERS AND THE CHAIRMAN OF THE SUPERVISORY BOARD AND AUDIT COMMITTEE AND SETTING THE REMUNERATION

The mandate of the Chairman and the Members of the Supervisory Board expires on April 30, 2022.

The new members and the Chairman of the Supervisory Board will be elected pursuant to shareholder motion.

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ITEM 4 ON AGENDA OF GENERAL MEETING

MISCELLANEOUS

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Number of voting rights at RÁBA Automotive Holding Plc. at the date of the convocation of the General Meeting to be held on April 13, 2022, on March 11, 2022

RÁBA Automotive Holding Plc. informs the participants of capital markets pursuant to the provisions of Paragraph a) of Subsection (3) of Section 3:272 of Act V of 2013 on the Civil Code about the number of shares and voting rights, as well as about the amount of the Company's share capital at the date of the convocation of the General Meeting.

Composition of the Company's share capital:

Series of shares	Nominal value (HUF/share)	Number of shares issued	Total nominal value (HUF)
	1.000	13,473,446	13,473,446,000
Size of equity		13,473,446	13,473,446,000

Number of voting rights attached to the shares (17.03.2021):

Share series	Number of shares issued	Number of voting shares	Voting right per share	Total number of voting rights	Number of treasury shares
	13,473,446	13,473,446	1	13,473,446	120,681
Total	13,473,446	13,473,446	1	13,473,446	120,681

Győr, March 23, 2022

RÁBA Automotive Holding Plc.