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MOL GROUP FINANCE PRIVATE LIMITED COMPANY

INDIVIDUAL FINANCIAL STATEMENTS

31 December 2022

Budapest, 4 May 2023

Angéla Turzó	Rudolf Nagyiván
CEO	CFO

INDIVIDUAL FINANCIAL STATEMENTS

Introduction

General information

MOL Group Finance Zártkörűen Működő Részvénytársaság (hereinafter referred to as MOL Group Finance Zrt or the Company) was established on 2 November 2010 and operated under the name of Olajterv Vagyonkezelő Zrt until 1 November 2014. The Company operates under its current name since 10 February 2021.

The Company's core business is other credit-granting, and its activities are limited to credit-granting outside the banking system, including only joint financial operations between the parent company and MOL Group subsidiaries and between these subsidiaries for liquidity or allocation purposes (group financing).

The registered office of the Company is located at H-1117 Budapest, Dombóvári út 28. The Company's parent company, MOL Nyrt, prepares and publishes consolidated financial statements, and the Company is included in the consolidated financial statements as a fully consolidated subsidiary.

Approval of the report and declaration of conformity

The annual financial statements were approved by the Owner on 4 May 2023.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The notes to the financial statements include disclosures required by Act C of 2000 ("Accounting Act").

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INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 HUF million	2021 HUF million
Interest income recognised using the effective interest method		119 030	8 436
Interest expense		19 936	695
Net interest income	2	**99 094**	**7 741**
Dividend income			27 146
Other operating result, profit/loss (-)		-1 587	-4 755
Other finance result, profit / loss (-)	2	-32 595	-1 906
-of which: realised exchange rate gains		62 430	4 657
-of which: realised exchange rate losses		-114 290	-5 360
-of which: unrealised exchange rate differences, gains/losses (-)		19 265	-1 203
Total operating income		**64 912**	**28 226**
Raw materials and consumables used		3	4
Employee benefits expenses		66	20
Impairment of financial assets		7 675	13 724
Other operating expenses		276	112
Total operating expenses	3	**8 020**	**13 860**
Profit / loss from operations (-)		**56 892**	**14 366**
Profit / loss before tax (-)		**56 892**	**14 366**
Income tax	4	3 514	-1 758
PROFIT / LOSS FOR THE YEAR (-)		**53 378**	**16 124**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**53 378**	**16 124**

INDIVIDUAL STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2022 HUF million	31/12/2021 HUF million	01/01/2021 HUF million
NON-CURRENT ASSETS				
Property, plant and equipment		-	-	4
Loans provided - long-term	7	1 027 748	845 007	2
Deferred tax assets	4	2 146	1 861	18
Total non-current assets		**1 029 894**	**846 868**	**24**
CURRENT ASSETS				
Inventories		-	-	1
Loans provided - short-term		152 553	30 999	668
Income tax receivable		-	-	3
Cash and cash equivalents	9	46 129	22 761	148
Other current assets	5	3 596	3 533	166
Total current assets		**202 278**	**57 293**	**986**
Total assets		**1 232 172**	**904 161**	**1 010**
EQUITY				
Share capital		300	300	85
Reserves		508 439	492 315	16
Profit / loss for the year (-)		53 378	16 124	-
Total equity		**562 117**	**508 739**	**101**
LONG-TERM LIABILITIES				
Loans received - long-term		-	247 479	2
Total long-term liabilities		**-**	**247 479**	**2**
SHORT-TERM LIABILITIES				
Loans received - short-term		658 335	146 547	235
Income tax payable	4	5 113	1 388	-
Provisions for contingent liabilities - short-term	3	6 602	-	-
Other short-term liabilities	6	5	8	672
Total short-term liabilities		**670 055**	**147 943**	**907**
Total liabilities		**670 055**	**395 422**	**909**
Total equity and liabilities		**1 232 172**	**904 161**	**1 010**

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital HUF million	Capital reserve HUF million	Retained earnings HUF million	Total reserves HUF million	Profit / loss for the period (-) HUF million	Total equity HUF million
Opening balance 1 January 2021		**85**	**149**	**-228**	**-79**	**95**	**101**
Profit/loss for the year		-	-	-	-	16 124	**16 124**
Total comprehensive income for the year		-	-	-	-	16 124	**16 124**
Transfer of previous year's result		-	-	95	95	-95	-
Impact of capital increase	8	215	492 299	-	492 299	-	**492 514**
Closing balance 31 December 2021	1	**300**	**492 448**	**-133**	**492 315**	**16 124**	**508 739**
Opening balance January 1 2022		**300**	**492 448**	**-133**	**492 315**	**16 124**	**508 739**
Profit/loss for the year		-	-	-	-	53 378	**53 378**
Total comprehensive income for the year		-	-	-	-	53 378	**53 378**
Transfer of previous year's result		-	-	16 124	16 124	-16 124	-
Closing balance 31 December 2022		**300**	**492 448**	**15 991**	**508 439**	**53 378**	**562 117**

INDIVIDUAL STATEMENT OF CASH FLOWS

	Notes	2022 HUF million	2021 HUF million
Profit before tax		**56 891**	**14 367**
Adjustments to profit before tax for net cash flow from operating activities			
Depreciation, depletion, amortisation and impairment	7	7 675	13 724
Net result on interests expense and interest income (-)	2	-99 094	-7 741
Net result on other finance expense and income (-)	2	34 184	-20 479
Other non-cash items		-	26
Income taxes paid	4	-73	-26
Net cash flows from operating activities before changes in working capital		**-417**	**-130**
Change in working capital:		-7 093	1 895
(Increase) / decrease in trade and other receivables		-	-
Increase / (decrease) in trade and other payables		-	-
(Increase) / decrease in other assets and liabilities		-7 093	1 895
Net cash flow from operating activities		**-7 510**	**1 765**
Capital expenditures	4	6 602	-
Proceeds from the sale of property, plant and equipment, and intangible assets		-	1
Cash received from discontinued investment		-	23 693
Increase / decrease in other financial assets		-284 990	233 474
Interest received and other finance income	2	119 826	8 911
Dividends received		-	27 146
Net cash flow from investing activities		**-158 563**	**293 225**
Proceeds from borrowings		3 385 638	1 107 750
Repayment of borrowings		-3 187 935	-1 376 725
Interest paid and other financial costs	2	-22 326	-4 762
Net cash flow from financing activities		**175 377**	**-273 737**
Exchange differences relating to cash and cash equivalents		14 064	1 359
Increase / decrease in cash and cash equivalents (-)		**23 368**	**22 613**
Cash and cash equivalents at the beginning of the period		22 761	148
Cash and cash equivalents at the end of the period		46 129	22 761
Change in cash and cash equivalents		**23 368**	**22 613**
Increase (+) / decrease (-) in cash and cash equivalents		**23 368**	**22 613**

NOTES - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION

This section describes the basis of preparation of the standalone report and the accounting policies used. The section also summarises the accounting standards, amendments and interpretations that have been applied and those that will be applied or become effective in the future.

1. Key elements of the accounting policy and other explanatory information

Basis of preparation of the financial statement
The annual financial statement as at 31 December 2022 has been prepared in accordance with the current version of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, adopted by the EU. The notes to the financial statements include disclosures required by the Hungarian Accounting Act.
The financial statements have been prepared in accordance with the principles of going concern and evaluation measured at initial cost.

New and amended standards applied by MOL Group Finance Zrt
The Company adopted the following standards and amendments for the first time in the financial year beginning 1 January 2022:

- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Amendments to the annual development plans for 2018-2020

The adoption of the above standards and amendments has no material impact on the Company's financial statements.

MOL Group Finance Zrt continuously monitors market developments in relation to the IBOR reform, as most of its loan agreements include LIBOR and/or EURIBOR as reference rates. In 2022, MOL Group Finance Zrt continued discussions with banking partners and data providers on possible options and applicable alternative exchange rates. In 2023, the Libor phase-out will take place, in the context of which MOL Group Finance Zrt will introduce the SOFR/term SOFR system into the relevant USD contracts according to the methodology agreed with its external financing partners. The types of contracts concerned are: virtual credits provided and deposits received, bilateral loans and deposits. Loans and deposits denominated in USD at the end of the year were below 10% of the loan and deposit portfolio.

IFRS standards issued but not yet effective
The IFRS standards published but not yet effective can be found in Annex 1.

Summary of significant accounting policies
For a detailed description of the accounting policies, see the relevant Notes.

Presentation and functional currency
Given the substance and circumstances of the underlying transactions, the Company's presentation and functional currency is the Hungarian forint. Financial statement figures are presented in HUF million, rounded to millions of forints in accordance with rounding rules.

Transactions in foreign currency
Transactions in foreign currencies are recorded at the exchange rate between the presentation currency and the foreign currency at the date of the transaction. An exception to this is foreign exchange advances received or paid in respect of a non-monetary asset or non-monetary liability, where the transaction date is the date of initial recognition of the advance. In the event of a difference between the exchange rate prevailing at the time of the financial settlement of the transactions and the original cost rate, the difference is recognised in the statement of income for the period. Financial assets denominated in foreign currencies are translated at the closing rate for the period.

Significant accounting assumptions and estimates
In the process of applying these accounting policies, the Company's management has made certain assumptions that could have a material effect on the amounts reported in the financial statements. These assumptions are explained in detail in the corresponding notes.

Uncertainties in the estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events, but actual results may differ. The estimation uncertainties are explained in detail in the corresponding notes.

Factors influencing operations

Russian-Ukrainian conflict

The economic consequences of the invasion of Ukraine launched by Russia on 24 February 2022 may affect MOL Group Finance Zrt. Management continuously assesses and evaluates the impact of the current geopolitical situation, international sanctions and other potential restrictions on the supply chain and business operations. In its credit policy, MOL Group Finance Zrt has taken decisions to minimise exposure.

MOL Group has exposure to Russia as a minority shareholder in BaiTex Llc, a jointly controlled entity financed by MOL Group Finance Zrt. As at 31 December 2022, MOL Group Finance Zrt classified the loan to the company as Stage 3, and thus fully impaired it. The impairment recognised was HUF 10,155 million at 31 December 2022. At 31 December 2021, the loan was recognised as Stage 1, with an impairment of HUF 1,085 million.

First-time adoption of IFRSs

According to Article 9/A of the Hungarian Accounting Act, the Company could choose to change from the Hungarian Accounting Act to IFRS for its financial statements from the financial year beginning 1 January 2022. Based on the decision of MOL Group Finance Zrt, the financial statement as of 31 December 2022 is the first standalone financial statement of the Company prepared in accordance with IFRS adopted by the EU.

Selected exemptions

In its individual statement of financial position open at 1 January 2021 under IFRS 1 D16(a), the Company uses the same carrying amounts for assets and liabilities (excluding consolidation adjustments) as in its consolidated financial statements.

Equity reconciliation

	Notes	**31/12/2021** HUF million	**01/01/2021** HUF million
Equity under the Accounting Act		**507 601**	**85**
Deferred tax impact	a)	1 861	16
Impact of impairment accounting under IFRS	b)	-723	-
Equity under IFRS		**508 739**	**101**

Reconciliation of comprehensive income

	Notes	**31/12/2021** HUF million
Result for the year under the Accounting Act		**15 003**
Deferred tax impact	a)	1 844
Impact of impairment accounting under IFRS	b)	-723
Result for the year under IFRS		**16 124**
Comprehensive result for the year under IFRS		**16 124**

Reconciliation of cash flow statement

The statement of cash flows does not differ materially from the cash flow statement prepared under Hungarian accounting rules and IFRS, but the cash flow for the year 2021, prepared under the Hungarian Accounting Act, differs in the headings from the cash flow prepared under IFRS. This is due to the fact that the adjustment of the assets acquired in connection with the dissolution of MOL Group Finance S.A. is shown under a line in the cash flow statement prepared in accordance with the Accounting Act, while in the cash flow statement prepared in accordance with IFRS the adjustment is shown in the cash flow line corresponding to the acquired asset. In addition, the amount of borrowings and repayments made by the Company is presented on a net basis in the cash flow statement prepared in accordance with the Accounting Act and on a gross basis in the statements prepared in accordance with IFRS.

The difference in operating cash flow is due to the fact that in the cash flow statement prepared in accordance with IFRS, net interest income and other financial and operating expenses are included in this category.

Notes to reconciliations of equity and comprehensive income

a) Deferred tax

Deferred tax assets or liabilities were not included in the financial statements prepared under previous accounting regulations because they cannot be included in the balance sheet according to the Hungarian Accounting Act. On transition, the Company has recorded a deferred tax asset of HUF 1,861 million on its balance sheet, HUF 421 million related to the losses carried forward from previous years (negative tax base) and HUF 1,440 million related to the impairment.

b) Expected loss on credit granting

IFRS 9 introduces the recognition of expected credit-granting losses for financial assets measured at amortised cost, short and long-term loans provided (Loans provided - short-term, Loans provided - long-term). Under Hungarian accounting rules, impairment is recognised for the amount of the loss difference between the carrying amount of the receivable and the amount expected to be recovered, based on the debtor's rating, if the difference is permanent and substantial. The impairment calculated on the basis of the methodology prescribed by IFRS 9 is HUF 723 million higher than the amount recognised under the Accounting Act.

RESULT FOR THE YEAR

THIS SECTION DESCRIBES THE RESULTS AND PERFORMANCE OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022. THE DISCLOSURES FOLLOW THE STRUCTURE OF THE PROFIT AND LOSS ACCOUNTS ON OPERATING INCOME, OPERATING EXPENSES AND FINANCIAL RESULT. THE STATEMENTS OF FINANCIAL POSITION FOR TAX PURPOSES ARE ALSO BE FOUND BELOW.

2. Total operating income

Accounting policy

Interest income and interest expense

Interest income and interest expense are recognised in profit or loss using the effective interest method. The method for determining amortised cost is the effective interest method, which uses the effective interest rate of the financial asset or liability.

- The effective interest rate is the interest rate that exactly discounts the expected future cash payments over the term to maturity to the present net carrying amount of the financial asset or liability. In many cases, the effective interest rate is equal to the internal rate of return of the financial instrument.
- When calculating the effective interest rate, the economic entity shall estimate the expected cash flows taking into account all contractual terms of the financial instrument (e.g. prepayment, extension, call or similar options), but excluding expected credit losses.
- The calculation includes all fees and charges paid or received between parties to the contract, which form an integral part of the interest rate, as well as transaction costs and any other premiums or discounts.

For bilateral intra-group contracts entered into by the Company, there are no initial fees or charges, hence the effective interest rate and the nominal interest rate are the same.

Dividend income

Dividend income is recognised when the right to receive dividends is established.

Other financial and operating result

Realised and unrealised exchange gains and losses on transactions that are similar in nature are recognised monthly. Unrealised exchange rate differences are presented on a consolidated basis in the financial statements. Foreign exchange gains and losses on each transaction group are presented in a individual comprehensive income statement under Other finance result. Balances arising from other then exchange rate movements are recorded in absolute terms.
Other operating income is accounted for using the same accounting policies as revenue.

Interest income

	2022	2021
	HUF million	HUF million
Interest income on affiliated loan	25 830	2 642
Interest income on affiliated cash pool	91 946	5 778
Interest received from a financial institution	1 254	16
Total interest income	**119 030**	**8 436**
Interest expense on affiliated loan	3 362	73
Interest expense on affiliated cash pool	15 327	622
Interest paid to a financial institution	1 247	
Total interest expense	**19 937**	**695**
Interest income	**99 094**	**7 741**

The activities of MOL Group Finance Zrt include non-banking lending, including joint financial operations between the parent company and affiliated companies for liquidity or allocation purposes. In line with its activities, 97% of interest income recognised in FY 2022 and 99% in FY 2021 was interest received from affiliated companies. For interest expenses, this ratio was 89% in FY2022 and 100% in FY2021.
The significant increase in interest income is due to the fact that MOL Group Finance Zrt recognised interest income and interest expense from October 2021, after the dissolution of MOL Group Finance S.A.

The Company accounts for interest on all types of contracts using the effective interest method on its financial assets and liabilities in accordance with IFRS 9. For contracts concluded by MOL Group Finance Zrt, there are no initial fees and costs that change the effective interest rate. Consequently, the effective interest rate for each contract is equal to the nominal interest rate fixed in the contracts. The Company applies this practice for the interest calculation of all cash-pool contracts.

Other financial and operating result

	2022	2021
	HUF million	HUF million
Dividend income	-	27 146
Finance result		
Exchange rate gains	81 695	4 657
-of which realised exchange rate gains	*62 430*	*4 657*
-of which unrealised exchange gains	*19 265*	
Other finance income	722	414
-of which commitment fee	*722*	*414*
Operating income	1	6
Income from financial transactions	**82 418**	**5 077**
Exchange rate loss	114 290	6 563
-of which realised exchange rate losses	*114 290*	*5 360*
-of which unrealised exchange losses	-	*1 203*
Other finance expenses	2 310	5 175
-of which commitment fee	*1 414*	*339*
-of which contract conclusion fee	*836*	*165*
-other	*60*	*4 671*
Finance expense	**116 600**	**11 738**
Total finance gain / expense (-)	**-34 182**	**-6 661**

The Company's dividend income recognised in 2021 is entirely derived from MOL Group Finance S.A., which will cease to exist on 1 October 2021.

In 2021, a significant part of the company's financial result is due to exchange differences on loans to and from affiliated companies. At 31 December 2021, the realised exchange rate gain recognised was HUF 4,657 million and the unrealised exchange rate loss recognised was HUF 5,360 million. The exchange rate difference recognised increased significantly in 2022, with a recognised exchange rate gain of HUF 81,695 million and a recognised exchange rate loss of HUF 114,290 million. The large increase is due to the significant change in the exchange rate and the fact that the amount of loans granted and received by the Company increased significantly during FY2022. In addition, MOL Group sold its entire Upstream portfolio in the UK in November 2022. The financing contracts and financing positions with the companies sold were closed prior to the transaction. MOL Group Finance Zrt has a net loan liability to the companies sold.

During the year the company entered into forward foreign exchange contracts, which were closed out during the year. The foreign exchange gains and losses on forward foreign exchange transactions are shown in the table below, and the Company reports the result related to closed forward foreign exchange transactions in the income statement under Other financial result, gain / loss.

HUF million	Exchange rate gain	Exchange rate loss
2022	901	563
2021	488	167

In the income from financial operations, the Company has recognised a commitment fee of HUF 723 on credit lines held available for subsidiaries in 2022. The amount accounted for in 2021 was HUF 414 million.

The amount recognised in other financial expenses in 2021 includes the result recognised in relation to the dissolution of MOL Group Finance S.A.

3. Total operating expenses

Accounting policy

Operating expenses

Unless a specific standard provides otherwise, operating expenses are recognised at a given date or over a given period. If a transaction falls within the scope of a specific IFRS, it is accounted for in accordance with that IFRS.

	2022 HUF million	2021 HUF million
Raw materials and consumables used	**3**	**4**
Employee benefits expenses	**66**	**20**
Wages and salaries	51	13
Contributions on wages and salaries	14	5
Other employee benefits expense	2	2
Depreciation, depletion, amortisation and impairment	**7 675**	**13 724**
Other operating expenses	**276**	**112**
Cancelled debts		25
Legal, financial and accounting services	190	14
Auditing	10	5
Bank handling charges and authority fees	64	47
Other expense	12	21
Total operating expenses	**8 020**	**13 860**

Impairment

In 2022, the Company recognised an impairment of HUF 5,722 million on its outstanding bilateral and virtual receivables and unused credit lines held available, and HUF 1,953 million on its other liabilities. The accounting policy and notes on impairment are presented in detail in Section 7 "Financial Risk Management Policy".

4. Income taxes

Accounting policy

Income tax is presented in the statement of income unless it relates to an item that is recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

The current tax expense is determined on the basis of the taxable profit for the year. Taxable profit differs from profit before tax because of temporary differences, non-taxable gains and losses and items that are included in taxable profit in other years. Under the liability method, provisions have been set aside for the full amount of deferred tax. Deferred tax arises when there is a timing difference between the recognition of an item in the annual financial statement and the recognition of an item under the Tax Act. The deferred tax asset and liability are determined using the tax rates enacted or substantively enacted (if enactment is deemed to be equivalent to enactment date) at the balance sheet date or the tax rates for taxable income in the years in which the timing difference is expected to reverse.

Deferred tax assets are recognised when it is probable that the assets will be realised in the future. At each balance sheet date, MOL Group Finance Zrt takes into account deferred tax assets not recognised in the statement of financial position and the carrying amount of recognised tax assets.

Deferred tax assets and liabilities may be offset when the company has a legal right to offset its current tax assets and liabilities with the same tax authority and MOL Group Finance Zrt intends to settle these assets and liabilities on a net basis.

Significant accounting assumptions and estimates

Corporate tax must be estimated in each tax jurisdiction in which the Company operates. The recognition of tax benefits requires management estimates. The actual tax payable may differ from the estimate and therefore adjustments in subsequent periods may have a material impact on the Company's results for that period.

The assessment of the usability of deferred tax assets also requires an estimate of the expected payback period and the taxable income available.

a) Analysis of tax expense in the current year

The composition of income taxes reported in the accounts as at 31 December 2022 and 31 December 2021 is as follows:

	2022 HUF million	**2021** HUF million
Deferred tax	-285	-1 844
Local business tax and innovation contribution	17	
Corporate tax for the year	3 782	86
Income tax expense / income (-)	**3 514**	**-1 758**

b) Income tax payable

The applicable corporate tax rate was 9% in both 2022 and 2021.

Local business tax is a revenue-based tax payable by companies operating in Hungary to the local government in the area where they operate. When calculating the taxable amount, the cost of materials, the cost of goods purchased for resale or the value of services rendered can be deducted from revenues. The tax rate varies between 1-2% per local government depending on local regulations.

c) Deferred tax assets and liabilities

The deferred tax balance in the statement of financial position at 31 December 2022 and 2021 consists of the following items:

	31/12/2022 HUF million	**31/12/2021** HUF million	**01/01/2021** HUF million
Accrued losses from previous years (negative tax base)		421	18
Impairment	1 552	1 440	-
Provisions	594		-
Net deferred tax asset / tax liability (-)	**2 146**	**1 861**	**18**
Net deferred tax assets	2 146	1 861	18

The tax authority conducted a full tax audit of the Company for 2018, which was completed in 2021. The tax authority may at any time within 6 years of the end of the relevant tax year examine the books and records and impose additional taxes or fines. The Company's management is not aware of any circumstance that could give rise to a material liability of the Company in this regard.

d) Deduction of tax liability

The following table shows how the difference between the tax liability calculated on the basis of accounting profit and the actual tax liability is quantified:

	2022 HUF million	2021 HUF million
Profit / loss before tax (-)	**56 892**	**14 366**
Tax calculated at a 9% tax rate	3 740	81
Other tax expenses (local business tax, innovation contribution)	18	-
Other	-244	5
Total income tax expense / income for the year (-)	**3 514**	**-1 758**
Effective tax rate	**6%**	**-12%**

The tax authority conducted a full tax audit of the Company for the year 2018. The tax authority may at any time within 6 years of the end of the relevant tax year examine the books and records and impose additional taxes or fines. The Company's management is not aware of any circumstance that could give rise to a material liability of the Company in this regard.

e) Unrecognised deferred tax assets

The Company has no unrecognised deferred tax assets as at 31 December 2022.

NON-FINANCIAL ASSETS AND LIABILITIES

This section describes the Company's non-financial assets and incurred liabilities that contribute to the performance of MOL Group Finance Zrt.

5. Other current assets

	31/12/2022 HUF million	**31/12/2021** HUF million	**01/01/2021** HUF million
Accrued fees and commissions on credit lines	3 204	3 455	-
Revaluation diff. on accrual of fees related to credit line	392	78	
Total	**3 596**	**3 533**	-

Under other current assets, the Company reports prepaid fees and commissions related to credit lines, which are related to credit facilities provided by credit institutions.

6. Other short-term liabilities

	31/12/2022 HUF million	**31/12/2021** HUF million	**01/01/2021** HUF million
Taxes and contributions payable (excluding income taxes)	2	4	17
Liabilities to employees	3	4	21
Other			634
Total	**5**	**8**	**672**

At 31 December 2020, the Company recognised an advance from an affiliated company under the Other line.

FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT

This section describes the policies and procedures for managing the capital structure and financial risks of MOL Group Finance Zrt. and the financial instruments used by the Company to implement these policies. Also included in this section are policies on hedge accounting and disclosures on financial instruments.

Accounting policy

Initial cost

Financial instruments are recognised at fair value on initial recognition (including transaction costs for assets and liabilities not measured at fair value through profit or loss).

Financial assets - Classification

The Company's financial assets are classified at initial measurement according to their nature and purpose. To determine the financial asset category, it is first necessary to clarify whether the financial asset is a debt instrument or an capital investment. Investments in equity are measured at fair value through profit or loss, but an enterprise may elect on initial recognition to measure investments in equity that are not held for trading at fair value through other comprehensive income. If the financial instrument is a debt instrument, the following points should be taken into account for classification purposes.

Amortised cost

Financial assets shall be measured at amortised cost if they are held under a business model that is designed to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Fair value through other comprehensive income

Assets measured at fair value through other comprehensive income are financial assets that are held under a business model that achieves its objective by collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows at specified dates that are solely payments of principal and interest on the principal outstanding.

Fair value through profit or loss

The category of financial assets measured at fair value through profit or loss includes financial assets that do not fall into either of the above two categories of financial assets or were designated upon initial recognition as at fair value through profit or loss.

Financial liabilities - Classification

Financial liabilities shall normally be measured at amortised cost, except for financial liabilities that are measured at fair value through profit or loss or where the enterprise has elected the fair value option. Financial liabilities held for trading and derivatives are measured at fair value through profit or loss. An entity may irrevocably designate a financial liability as measured at fair value through profit or loss on initial recognition if:

- eliminates or significantly reduces a valuation or presentation inconsistency, or
- manages a group of financial liabilities or a group of financial assets and financial liabilities, and performance is measured on a fair value basis, in accordance with a documented risk management or investment strategy.

Follow-up assessment

The follow-up assessment is based on the classification of the financial instrument.

Evaluation measured at amortised cost

Amortised cost is the original cost of a financial asset or liability less any principal repayments, plus or minus the cumulative amortisation of any difference between the initial cost and the maturity amount, and less any impairment or write-down for uncollectibility. The effective interest rate method is used to determine the interest rate and the interest is recognised in profit or loss. The change in the fair value of an asset is recognised in profit or loss only on derecognition or reclassification of a liability.

Debt instruments measured at fair value through other comprehensive income

The asset are measured at fair value. Interest income, impairment and exchange rate differences are recognised in profit or loss (similar to assets measured at amortised cost). Changes in fair value are recognised in other comprehensive income. On derecognition of the asset, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. On reclassification or derecognition of an asset, changes in fair value previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss with the same effect on profit or loss as if the asset had been measured at amortised cost from initial recognition.

The Company does not have any debt instruments measured at fair value through other comprehensive income.

Capital investments measured at fair value through other comprehensive income

A dividend should be recognised only when the entity's right to receive the dividend has been established, it is probable that economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. Dividends payable are recognised in profit or loss, unless the dividend clearly represents a partial recovery of the cost of the investment, in which case they should be presented in other comprehensive income. The change in fair value is recognised in other comprehensive income. Differences recognised due to changes in fair value are not subsequently recognised in profit or loss, even if the asset is impaired or disposed of.
The Company has no capital investments measured at fair value through other comprehensive income.

Financial instruments measured at fair value through profit or loss

The asset is measured at fair value and changes in fair value are recognised in profit or loss.
The Company has no financial instruments measured at fair value through profit or loss.

Valuation at fair value

The fair value of instruments is determined on the basis of quoted market prices at the balance sheet date, net of transaction costs. The fair value of investments that do not have a quoted market price is determined on the basis of the current market value of other instruments with substantially the same characteristics or the expected cash flows from the net assets underlying the investments. The carrying amount and fair value of financial instruments are the same.

Derecognition of financial instruments

Derecognition of financial assets occurs when the Company no longer has the rights to the financial instrument, usually by sale of the instrument or by an independent transfer of all cash flows from the instrument to a third party. In the event that the Company neither transfers nor retains all the risks and rewards of a financial asset, but retains control of the asset, the retained earnings are recognised as an asset and the potential cash outflows from the retained risk are recognised as a liability.
An entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished - i.ee when the obligation under the contract is discharged or cancelled or expires.

7. Financial risk management policy

Impairment

Impairment of financial assets is recognised on the basis of the expected credit loss model set out in IFRS 9.

General approach

Except for financial assets that are impaired on purchase or issue, an entity shall recognise a recognised loss for expected credit losses using the expected loss model (ECL). In determining the ECL, the exposure at default is first calculated at the level of each obligor at the reporting date, including drawn and unconditional drawdowns, as well as accrued interest and commission income. Then, the Loss Given Default (LGD) is determined, which reflects how much money MOL Group Finance Zrt loses when its borrower defaults, expressed as a percentage of total exposure at the time of default. Given that MOL Group Finance Zrt's debtors are not third parties but affiliates, and its operations do not span several years, it uses Global Credit Data 2021 as the external data source to determine LGD: the unsecured non-senior loan ratio of 27%, instead of historical data. The third element is the Probability of Default (PD) of each debtor, which, based on an internal methodology, indicates somewhat weakened PD values for affiliated companies compared to the external credit rating of MOL Nyrt. The PD of the debtors in the ECL calculation is taken into account as follows for one year or for the whole life of the financial instrument concerned:

- If the credit risk on a financial asset has not increased significantly since initial recognition to the reporting date, an entity shall measure the recognised loss on that financial asset at an amount equal to the 12-month expected credit loss;
- An entity shall measure the loss allowance for a financial asset at each reporting date at an amount equal to the lifetime expected credit loss if the credit risk of that financial asset has increased significantly since initial recognition.

Events that have a significant impact on the debtor's ability to repay the loan are considered to be a significant increase in risk. These are rated one by one by the MGF. Objective evidence includes the following events:

- Contractual payment over 180 days late
- The debtor has breached a contractual obligation
- The debtor becomes insolvent according to the definition of the MOL Group accounting policy
- The claim against the debtor has been waived
- Legal proceedings have been launched against the debtor.

The use of the 180 days past due as a significant risk indicator is considered appropriate by the Company as it deals exclusively with the financing of companies in the MOL Group. Debtors are financed and their liquidity is managed centrally, so the criteria indicating a significant increase in risk may be defined differently for MGF Zrt than for an independent third-party financing company.

The Forward Looking Element is not used in the calculation of ECL for MGF Zrt under the Group Credit Loss policy beyond the above. This is because MGF provides services to affiliated companies within the same group of companies, which as a whole is exposed to the same industry and economic risks.

The expected credit loss is calculated as the product of the three elements: EaD x LGD x PD.

For the purpose of calculating impairment for a given asset/liability, each financial instrument is classified into "stages".

- For performing loans rated Stage 1, impairment is determined as follows: 1 year PD x LGD x EaD. For these loans, revenue is recognised on the basis of the gross carrying amount.
- For underperforming loans rated Stage 2, the impairment is determined as follows: lifecycle PD x LGD x EaD. For these loans, revenue is recognised on the basis of the gross carrying amount.
- For non-performing loans rated Stage 3, the impairment is determined as follows: lifecycle PD x LGD x EaD. For these loans, revenue recognition is based on the net carrying amount.

The MGF classifies its counterparties as underperforming and non-performing based on an individual assessment of objectively increased risks and a qualitative and quantitative analysis of the performance of the debtors.

In the calculation of the MGF impairment:

1. First, it identifies the loans/debtors that are considered to be under-performing or non-performing.
2. In the case of non-performing debtors, impairment is calculated up to the value of the total exposure, while for underperforming debtors, impairment is calculated on the basis of the expected ability of each debtor to repay the loan (the difference between the exposure and the expected return).
3. For underperformers, the ECL is calculated for the remaining counterparty risk exposure (expected return) based on the expected debt service period (lifetime), and for performers, the ECL is calculated based on the first-year PD of their entire exposure.

During the year, the movement in expected credit-granting losses on financial assets measured at amortised cost was as follows:

Change in expected loss (HUF million)	**Closing balance 31/12/2021**				**Movement**				**Closing balance 31/12/2022**			
Rating*	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
A	230	-	-	230	-70	-	-	-70	160	-	-	160
B	80	-	-	80	28	-	-	28	108	-	-	108
C	186	9 140	4 815	14 141	795	-5 467	1524	-3 148	981	3 673	6 339	10 993
D	1 311	-	231	1 542	-1 177	-	147	-1031	134	-	378	512
E		-	-			-	10 155	10 155		-	10 155	10 155
Total	1807	9 140	5 046	15 994	-424	-5 467	11825	5 934	1 383	3 673	16 871	21 928

* Rating "A" is equal to the external credit rating of MOL Nyrt, the other ratings are reduced by one category per step

The Company has no financial assets measured at fair value through other comprehensive income.

The ECL value increased in 2022 due to the application of higher PDs (methodological change: European PD is taken into account instead of global PD) and the calculation of a lifetime ECL for a large debtor.

The change in Stage 3 impairment is mainly related to the increase in the expected credit loss on an affiliated loan granted to MOL Group's investment in Russia, while the change in Stage 2 impairment is related to the decrease in the expected credit loss on an affiliated loan granted to MOL Group's investment in Italy.

The gross value of MOL Group Finance Zrt's financial assets and the impairment of receivables were as follows in the financial year 2022:

Financial assets - receivables, HUF million	**Long-term loans provided**	**Short-term loans provided**	**Other financial assets**
GROSS VALUE			
Opening values 01/01/2022	851 788	40 358	-
Increases/decreases (+/-)	187 200	116 234	1 953
Closing values 31/12/2022	1 038 988	156 592	1 953
IMPAIRMENT			
Opening values 01/01/2022	6 783	9 359	-
Increases/decreases (+/-)	4 458	- 5 321	1 953
Closing values 31/12/2022	11 241	4 039	1 953
NET VALUE			
Opening values 01/01/2022	845 005	30 999	-
Increases/decreases (+/-)	182 742	121 554	-
Closing values 31/12/2022	**1 027 747**	**152 553**	-
GROSS VALUE			
Opening values 01/01/2021	-	-	-
Increases/decreases (+/-)	851 788	40 200	-
Closing values 31/12/2021	851788	40 200	-
IMPAIRMENT			
Opening values 01/01/2021	-	-	-
Increases/decreases (+/-)	6 783	- 5 321	-
Closing values 31/12/2021	6 783	4 039	-
NET VALUE			
Opening values 01/01/2021	-	-	-
Increases/decreases (+/-)	845 005	30 841	-
Closing values 31/12/2021	**845 005**	**30 841**	-

Significant accounting estimates and assumptions

In determining the fair value of financial instruments, management uses estimates of the future development of factors that have a significant effect on fair value (including, among others, yield curves, exchange rates, risk-free rates).

Management judgement is required in assessing the recoverability of loans and receivables and the need for related impairment. Factors taken into account in the judgement include the credit rating of the counterparty, the amount and timing of future expected payments, and any other possible activities that reduce the risk of non-payment.

Financial risk management
MOL Group Finance Zrt is the executor of the Group's internal financing strategy through the financing of MOL Group's affiliated companies and the optimisation of its financial management. MOL Group Finance Zrt's main financial liabilities, excluding derivatives, consist of syndicated loans, related party liabilities (quasi-deposits), trade and other payables. The main purpose of these financial liabilities is the internal management of the MOL Group's liquidity and the financing of the Group's members through loans from financial institutions.
MOL Group Finance Zrt only finances Group members, so its exposure to them is primarily determined by the Group's business interests and the external financing conditions of affiliated companies.
MOL Group Finance Zrt is exposed to market, credit and liquidity risks, which are managed under management supervision. Group Treasury Financial Risk Team and Group Treasury Cash Management Trading support MOL Group Finance Zrt's management in identifying, developing procedures and managing risks.
All derivative transactions are entered into for risk management purposes only by traders with appropriate expertise and experience on behalf of MOL Group Finance Zrt. It is the policy of MOL Group Finance Zrt not to trade derivatives for speculative purposes. The Board of Directors reviews and adopts policies to manage each risk, which are summarised below.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes three types of risk for MOL Group Finance Zrt: exchange rate risk, interest rate risk and other price risk, such as security exchange rate risk. Financial assets exposed to market risk are loans received and provided, securities and derivative financial instruments.

The table below shows the sensitivity analyses for the position as at 31 December 2022 and 2021.

Foreign exchange risk management
Foreign exchange exposure arises from the pool of foreign currency loans and borrowings granted by the MGF, as the MGF Zrt finances the Group members in their functional currency. MGF management decides how to manage the risk arising from price movements.
The sensitivity analysis below shows the impact of a 5% weakening or strengthening of the EUR or USD exchange rate against the forint, assuming an unchanged portfolio size and currency composition, on the pre-tax profit. The methodology does not examine the impact of EUR/HUF or USD/HUF exchange rate movements with other currency pairs and also assumes that interest rates remain unchanged.

Exchange rate sensitivity (HUF million)

	EUR exchange rate change	Impact on profit or loss before tax	Impact on capital
2022	+5%	-16 454	-14 973
	-5%	16 454	14 973
2021	+5%	-4 466	-4 064
	-5%	4 466	4 064
	USD exchange rate change	**Impact on profit or loss before tax**	**Impact on capital**
2022	+5%	-2 417	-2 199
	-5%	2 417	2 199
2021	+5%	-5 296	-4 820
	-5%	5 296	4 820

Interest rate risk management
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. MOL Group Finance Zrt hedges its exposure to interest rate risk by having both assets and liabilities with floating interest rates, with an average repricing maturity of 80 days on the asset side and 77 days on the liability side. MOL Group Finance Zrt did not provide any fixed-interest loans to affiliated companies at the reporting date.

The interest rate risk sensitivity below examines the impact on profit before tax if the interest rate in a given currency increases or decreases by 50 basis points. The methodology assumes unchanged annual currency structure and exchange rate.

	31/12/2022		31/12/2021	
Interest rate sensitivity	Increase/decrease (in basis points)	Impact on profit or loss (before tax, HUF million)	Increase/decrease (in basis points)	Impact on profit or loss (before tax, HUF million)
EUR	+50	-1 645	+50	-447
HUF	+50	4 119	+50	3 112
USD	+50	-242	+50	-530
EUR	-50	1645	-50	447
HUF	-50	-4 119	-50	-3 112
USD	-50	242	-50	530

Other price risk
As of 31.12.2022, MOL Group Finance Zrt had no price risk exposure.

CREDIT RISK
Credit risk is the risk that a debtor will default on its obligations under a financial instrument or other contract. MOL Group Finance Zrt is exposed to credit risk on the following asset classes:

1) Long and short-term loans to affiliated companies
When providing financing to affiliated companies, MOL Group Finance Zrt evaluates the creditworthiness of the partners along predefined processes, taking into account individual characteristics, and regularly monitors the debtor's performance throughout the year to continuously assess risk taking. Affiliated companies are not required to provide collateral, as the majority of them are majority-owned by MOL Nyrt. At year-end 2022, none of MGF Zrt's debtors had provided collateral to mitigate the risk of affiliate financing. The portfolio of debtors is relatively concentrated due to MGF's activities, as MGF only finances companies belonging to the MOL Group. The exposure to the parent company is 49% of the portfolio (2021: 60%).

2) **Cash and cash equivalents**
The credit risk arising from balances with banks and financial institutions is managed by the Group Treasury Cash Management Team, based on limits set by the Group Treasury Financial Risk Team, in line with the MOL Group's investment policy. Investments are only made with approved counterparties within the limits assigned to each counterparty. The limits on deposits with counterparties are regularly reviewed by the Financial Risk Team to minimise the concentration of risks and thereby mitigate financial losses in the event of a bank default. The utilisation of limits, and the escalation process that may be required, is managed and monitored on an ongoing basis by the Cash Management areas of the MOL Group. 60% of our cash allocation partners are rated "A" or better by Standard&Poor's, with no partner bank rated below "BBB".

Liquidity risk
MOL Group Finance Zrt uses its treasury management system to monitor expected cash inflows and outflows using a liquidity planner to plan the funds to be obtained. MOL Group Finance Zrt's funding options are diversified: it can raise funds immediately from three different overdraft facilities and has several syndicated contracts with multi-year maturities that can be drawn down for different maturities as required. MOL Group Finance Zrt considers the refinancing risk on its liabilities to be low. MOL Group Finance Zrt's contracts with financial institutions are backed by MOL parent company guarantee.

The maturity breakdown of MOL Group Finance Zrt's financial assets as at 31 December 2020, 31 December 2021 and 31 December 2022 is as follows:

Breakdown of financial assets by maturity, based on contractual undiscounted payments

31/12/2022	**due within 1 month** HUF million	**due between 1 and 12 months** HUF million	**due between 1 and 5 years** HUF million	**due in more than 5 years** HUF million	**Total** HUF million
Loans provided - long-term	-	-	1 027 748	-	1 027 748
Loans provided - short-term	95 554	56 999	-	-	152 553
Cash and cash equivalents	46 129	-	-	-	46 129
Total financial assets	**141 683**	**56 999**	**1 027 748**	**-**	**1 226 430**

31/12/2021	**Due within 1 month** HUF million	**Due between 1 and 12 months** HUF million	**due between 1 and 5 years** HUF million	**due in more than 5 years** HUF million	**Total** HUF million
Loans provided - long-term	-	-	845 007	-	845 007
Loans provided - short-term	11 064	19 935	-	-	30 999
Cash and cash equivalents	22 761	-	-	-	22 761
Total financial assets	**33 825**	**19 935**	**845 007**	**-**	**898 767**

01/01/2021	**Due within 1 month** HUF million	**Due between 1 and 12 months** HUF million	**due between 1 and 5 years** HUF million	**due in more than 5 years** HUF million	**Total** HUF million
Loans provided - long-term	-	-	2	-	2
Loans provided - short-term	668	-	-	-	668
Cash and cash equivalents	148	-	-	-	148
Total financial assets	**816**	**-**	**2**	**-**	**818**

The maturity breakdown of MOL Group Finance Zrt's financial liabilities as at 31 December 2020, 31 December 2021 and 31 December 2022 is as follows:

Breakdown of financial liabilities by maturity, based on contractual undiscounted payments

31/12/2022	due within 1 month HUF million	Due between 1 and 12 months HUF million	Due between 1 and 5 years HUF million	due in more than 5 years HUF million	Total HUF million
Loans received - short-term	7 024	649 983	-	-	657 007
Trade and other payables	-	1 328	-	-	1 328
Total financial liabilities	**7 024**	**651311**	**-**	**-**	**658 335**
Available credit lines	158 456	-	-	-	158 456
Off-balance sheet items	**158 456**	-	-	-	**158 456**

31/12/2021	due within 1 month HUF million	Due between 1 and 12 months HUF million	Due between 1 and 5 years HUF million	due in more than 5 years HUF million	Total HUF million
Loans received - long-term	-	-	-	247 479	247 479
Loans received - short-term	16 842	129 503	-	-	146 345
Trade and other payables	202	-	-	-	202
Total financial liabilities	**17 044**	**129 503**	**-**	**247 479**	**394 026**
Available credit lines	356 730	-	-	-	356 730
Off-balance sheet items	**356 730**	**-**	**-**	**-**	**356 730**

01/01/2021	due within 1 month HUF million	Due between 1 and 12 months HUF million	Due between 1 and 5 years HUF million	due in more than 5 years HUF million	Total HUF million
Loans received - long-term	-	2	-	-	2
Loans received - short-term	-	6	-	-	6
Trade and other payables	229	-	-	-	229
Total financial liabilities	**229**	**8**	**-**	**-**	**237**

At the end of 2022, MOL Group Finance Zrt had a total of HUF 74,400 million of short-term overdraft facilities and HUF 838,878 million of long-term credit facilities available from several financial institutions. At the end of 2021 and 2022, the Company had no drawn down loans under the previous contracts.

Management has assessed that the fair value of cash and short-term and long-term receivables, bank overdrafts and payables approximate their carrying amounts as they typically have variable interest rates.

Hedging transactions

MOL Group Finance Zrt provides loans and receives deposits denominated in foreign currencies, which are linked to aggregate or individual cash flows by forward foreign exchange contracts, typically with maturities of 3 months. At the end of 2021 and 2022, MOL Group Finance Zrt had no open forward contracts. MOL Group Finance Zrt does not enter into embedded derivatives and has no hedge accounting transactions.

a) Loans

Accounting policy

All credits and loans are taken at fair value, which is the value of the consideration received less issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

b) Equity

Accounting policy

The amount of reserves and other reserves presented in the statements is not the same as the amount of reserves available for dividends to shareholders. In accordance with the provisions of the Hungarian Accounting Act, the amount of dividend is determined on the basis of Equity Reconciliation (Annex II (j)).

Dividend

The shareholders have decided not to pay a dividend from the profit for FY2022. The Company has not paid dividends from the profit for the year 2021. The total amount of reserves legally available for the payment of dividends based on equity reconciliation is HUF 69,369 million as at 31 December 2022.

8. Capital management

MOL Group Finance Zrt adapts its capital structure to the prevailing economic conditions and adjusts it as necessary. MOL Group Finance Zrt monitors the capital structure using the net debt ratio, which is the ratio of net debt to net debt plus equity.

Share capital and reserves

In 2022, there was no change in the number of shares issued, and the Company's sole shareholder is MOL Nyrt. As of 31 December 2022 and 31 December 2021, the total nominal value of the issued shares is HUF 300 million, comprising 30,000 ordinary shares with a nominal value of HUF 10.00 each. As of 31 December 2020, the Company's share capital amounted to HUF 85 million.

At the start of the Group Financing activity, the Company's owner, MOL Nyrt, increased the Company's capital by HUF 492,514 million with effect from 1 June 2021, which was fully satisfied by the contribution of MOL Group Finance S.A., a wholly owned Luxembourg-based company, which exclusively performed group financing activities for MOL Group. During the contribution, the Company issued 21,500 ordinary shares with a nominal value of HUF 10,000 each.

The transaction has been accounted for at fair value based on the Group's accounting policy choice. The share recorded in MOL Nyrt's books (related to MOL Group Finance SA) was HUF 387,704 million, while the fair value was HUF 492,514 million, MOL Nyrt recognised a gain of HUF 104,810 million on the transaction. The fair value of the equity interest transferred was equal to the fair value of the net assets of MOL Group Finance SA.

MOL Group Finance S.A. ceased its activities at the initiative of the owner and was liquidated with effect from 30 September 2021. The Company as a single owner and general successor, received all assets, claims and liabilities of MOL Group Finance S.A. and became the executor of the MOL Group's financing, at the discretion of the owner.

MOL Group Finance Zrt took over short-term and long-term related loan receivables (gross value HUF 1,120,128 million) and short-term and long-term related loan liabilities (HUF 654,060 million) from MOL Group Finance S.A. on the date of termination. The breakdown of the assets and liabilities acquired is detailed in the table below. The Company recognised a loss of HUF 4,650 million on the dissolution of MOL Group Finance S.A.

Assets	
Loans provided - long-term	1 107 318
Loans provided - short-term	12 809
Impairment on loans provided	- 2 280
Cash and cash equivalents	23 693
Other current assets	2 019
Total assets acquired	**1 143 560**

Liabilities	
Loans received - long-term	578 044
Loans received - short-term	76 333
Income tax payable	1 331
Total liabilities acquired	**655 708**

9. Cash and cash equivalents

Accounting policy

Funds include cash and bank deposits. Cash equivalents are short-term, highly liquid forms of investment that carry minimal risk of change in value and can be converted immediately into cash. The definition of "minimal risk of change in value" is not limited by the Company to a period of three months.

	31/12/2022 HUF million	**31/12/2021** HUF million	**01/01/2021** HUF million
Foreign currency deposit accounts	42 916	13 917	1
Bank accounts in HUF	3 213	8 844	144
Card accounts	-	-	3
Total	**46 129**	**22 761**	**148**

MGF's Ruble account with OTP Russia is restricted in cash and therefore the amount of the available balance in the bank account has been transferred to financial assets. There is only an administrative condition for the transfer of the account money to the European Union, therefore an impairment of HUF 1,953 million was indirectly recognised on the claim up to the Probability of Default calculated from the increased country risk premium (since spring 2022 there is no credit rating available for Russia).

10. Information on the individual statement of cash flows

Analysis of changes in other financial assets	**2022** HUF million	**2021** HUF million
Cash-pool movements	244 692	607 402
Short-term loans movements	35 227	31 083
Long-term loans movements	23 542	253 185
Adjustment of items transferred from a company that will cease to	-	- 1 117 618
Other movements	- 18 470	- 7 525
Changes in other financial assets	**284 990**	**- 233 474**

OTHER FINANCIAL INFORMATION

This section describes other financial information that is either required by applicable accounting standards or considered by management to be material.

11. Transactions with related parties

a) Transactions with the parent company

	Notes	2022 HUF million	2021 HUF million
Interest income		74 585	4 707
Interest expense		1 424	-
Net interest income		**73 161**	**4 707**
Other financial and operating result, profit / loss (-)		-2 023	2 057
Total operating income		**71 138**	**6 764**
Raw materials and consumables used		4	-
Impairment and reversal of impairment of financial assets (-)		-70	230
Total operating expenses		**-66**	**230**
Profit / loss from operations (-)		**71 204**	**6 534**

	Notes	31/12/2022 HUF million	31/12/2021 HUF million	01/01/2021 HUF million
NON-CURRENT ASSETS				
Loans provided - long-term		586 090	533 438	-
Total non-current assets		**586 090**	**533 438**	**-**
Total assets		**586 090**	**533 438**	**-**
SHORT-TERM LIABILITIES				
Loans received - short-term		56		-
Income tax payable		3 740		-
Total short-term liabilities		**3 796**	**-**	**4**
Total liabilities		**3 796**	**-**	**4**
Total equity and liabilities		**3 796**	**-**	**4**

The amount of the cumulative impairment recognised on the loan to the parent company was HUF 230 million at 31 December 2021 and and HUF 160 million at 31 December 2022.

b) Transactions with affiliated companies

	Notes	2022 HUF million	2021 HUF million
Interest income		43 191	3 687
Interest expense		17 242	686
Net interest income		**25 950**	**3 001**
Other financial and operating result, profit / loss (-)		-14 086	-5 095
Total operating income		**11 863**	**-2 094**
Impairment and reversal of impairment of financial assets (-)		5 808	15 295
Other operating expenses		154	
Total operating expenses		**5 962**	**15 295**
Profit / loss from operations (-)		**5 902**	**-17 389**

	Notes	31/12/2022 HUF million	31/12/2021 HUF million	01/01/2021 HUF million
NON-CURRENT ASSETS				
Loans provided - long-term		441 644	311 784	-
Total non-current assets		**441 644**	**311 784**	**-**
CURRENT ASSETS				
Loans provided - short-term		151 449	22 178	9
Other current assets		-	-	37
Total current assets		**151 449**	**22 178**	**46**
Total assets		**593 092**	**333 962**	**46**
LONG-TERM LIABILITIES		**-**	**247 749**	**-**
Loans received - long-term		-	247 749	-
SHORT-TERM LIABILITIES				
Loans received - short-term		656 832	146 214	34
Income tax payable		1	-	-
Other provisions - short-term		6 602	-	-
Other short-term liabilities		-	-	634
Total short-term liabilities		**663 435**	**146 214**	**668**
Total liabilities		**663 435**	**393 963**	**668**
Total equity and liabilities		**663 435**	**393 963**	**668**

The cumulative impairment and provisions for loans to affiliated companies amounted to HUF 21,768 million and HUF 15,295 million, respectively, at 31 December 2022.

c) Benefits for senior and middle managers in key positions

In 2022, the Company has not granted any loans or advances or guarantees to its Board members or responsible officers, and has no pension payment obligations. Senior executives do not receive an allowance for their activities.

d) Available credit lines

The Company does not provide guarantees or sureties to its related parties. Undrawn credit lines available to affiliated companies amounted to HUF 158,456 million as at 31 December 2022.

12. Off-balance sheet liabilities

Accounting policy

Off-balance sheet liabilities are not included in the individual financial statements. They are presented in the notes, unless the likelihood of an outflow of resources embodying economic benefits is minimal. Off-balance-sheet receivables are not included in the individual financial statements, but are disclosed in the notes if an inflow of economic benefits is probable.

13. Events after the balance sheet date

There were no events in the Company's operations after the balance sheet date that would have a material effect on its financial statements.

14. Annexes

Annex I: International Financial Reporting Standards issued but not yet effective

At the date of adoption of the financial statements, the following standards and interpretations have been issued but are not yet effective:

- Amendments to IFRS 17 Insurance Contracts, including changes to IFRS 17 (effective for financial years starting on or after 1 January 2023, this amendment has already been approved by the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current and non-current (effective for financial years starting on or after 1 January 2023, this amendment has not yet been approved by the EU)
- IAS 1 Presentation of Financial Statements and Amendments 2 to IFRS Practice Statement 2: Disclosure of accounting policies (effective for financial years starting on or after 1 January 2023, this amendment has not yet been approved by the EU)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimate (effective for financial years starting on or after 1 January 2023, this amendment has not yet been approved by the EU)
- Amendments to IAS 12 Income Taxes: Deferred tax relating to assets and liabilities arising from the same transaction (effective for financial years starting on or after 1 January 2023, this amendment has not yet been approved by the EU)
- Amendments to IFRS 17 Insurance Contracts: First-time adoption of IFRS 17 and IFRS 9 (effective for financial years starting on or after 1 January 2023, this amendment has not yet been approved by the EU)
- Amendments to IFRS 3 Business Combinations (effective for financial years starting on or after 1 January 2022, this amendment has already been approved by the EU)
- Amendments to IAS 16 Property, Plant and Equipment (effective for financial years starting on or after 1 January 2022, this amendment has already been approved by the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial years starting on or after 1 January 2022, this amendment has already been approved by the EU)
- Amendments to Annual Improvements to IFRS Standards, 2018-2020 (effective for financial years starting on or after 1 January 2022, this amendment has already been approved by the EU)

The above-mentioned standards and amendments are not expected to have a material impact on the Company's results, financial position or financial statements.

I. Annex: Disclosures required by the Hungarian Accounting Act

e) Person responsible for overseeing transaction accounting and preparing IFRS statement

Ervin Berki
NGM registration number in the register of persons authorised to provide accounting services: 195106

f) Persons responsible for signing the annual financial statement

Name: Éva Angéla Turzó
Place of residence: H-1173 Budapest, Uszoda utca 9/C

Name: Rudolf Nagyiván
Place of residence: H-1107 Budapest, Gém utca 4 Building C 2nd Floor 1.

g) Contact

Company name: MOL Group Finance Zrt
Registered address: H-1117 Budapest, Dombóvári út 28

h) Presentation of ownership structure

Pursuant to Article 89 of the Hungarian Accounting Act, the notes to the financial statement shall contain the itemised list of the name, registered office, the amount of share capital, voting percentage of all business associations in which the company has majority control or qualified majority according to the provisions of the Civil Code applicable to companies

The Company is a fully owned subsidiary of MOL Nyrt. Registered address: H-1117 Budapest, Dombóvári út 28

i) Audit fees

The Company is required to be audited pursuant to Article 155 (2) of the Accounting Act.
Pursuant to Section 88 of the Hungarian Accounting Act, the fees for the financial year charged by the auditor for the audit of the financial statements must be presented, which is HUF 6,892,260 + VAT in 2022.

j) Equity reconciliation

Basis for the preparation of an equity reconciliation table
In accordance with Paragraph 114/B of the Hungarian Accounting Act, the financial statements include a reconciliation of the difference between the equity under the Hungarian Accounting Act and the equity under the accounting policies detailed above.
The derivation of the difference between the equity under the accounting principles applied in the compilation and the equity under the Hungarian Accounting Act includes the balances of the following capital items as at 31 December 2022, 31 December 2021 and 31 December 2020:

Equity

- Share capital
- Capital reserve
- Retained earnings
- Profit or loss for the year

The equity reconciliation table also includes:

- the derivation of the difference between the capital registered by the registry court and the share capital determined on the basis of the principles of preparation described above,
- the uncommitted retained earnings available for the payment of dividends, which are the retained earnings including the profit after tax of the last financial year for which the accounts have been closed.

Equity reconciliation	**31/12/2022** HUF million	**31/12/2021** HUF million	**01/01/2021** HUF million
Equity under IFRSs (Article 114/B (4))			
Share capital	300	300	85
Reserves	508 439	492 315	16
Profit / loss for the year (-)	53 378	16 124	-
Total equity	**562 117**	**508 739**	**101**
Equity (Article 114/B (4))			
Equity under IFRSs	562 117	508 739	101
Total equity	**562 117**	**508 739**	**101**
Share capital under IFRSs (Article 114/B (4))	300	300	85
Share capital under IFRSs (Article 114/B (4))	**300**	**300**	**85**
Capital reserve (Article 114/B (4) (e))	492 448	492 448	149
Total capital reserve:	**492 448**	**492 448**	**149**
Retained earnings (Article 114/B (4) (e))	15 991	-133	-228
Total retained earnings	**15 991**	**-133**	**-228**
Profit / loss for the year (Article 114/B (4) (g))			
Profit / loss for the year presented in the profit or loss section of the statement of comprehensive income or in the separate income statement for continuing operations (-)	53 378	16 124	-
Profit for the year	**53 378**	**16 124**	**-**
(Article 114/B (5) (a)) reconciliation of the capital registered by the registry court and the amount of share capital under IFRS:			
Capital registered by the court of registry	300	300	85
Share capital under IFRSs (Article 114/B (4))	300	300	85
Difference (capital increase not yet registered)	**-**	-	-
Uncommitted retained earnings available for the payment of dividends	**69 369**	**15 991**	**-**