

MOL Group Finance Zrt

*Financial Statements
and
Independent Auditors' Report*

31 December 2023

INDEPENDENT AUDITOR'S REPORT

To the shareholder of MOL Group Finance Zrt

Opinion

We have audited the financial statements of MOL Group Finance Zrt (the Company), which contain the statement of financial position as at 31 December 2023, comprising a statement of total assets of HUF 1,341,228 million, the profit and loss account for the year then ended, the statement of comprehensive income, comprising a statement of comprehensive income of HUF 179,492 million, a statement of changes in equity and a statement of cash flows for the year then ended, and notes containing significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 IFRS") and, in all material respects, with the provisions of Act C of 2000 on Accounting (the "Accounting Act") applicable in Hungary to entities preparing financial statements in accordance with EU IFRS.

The basis for the opinion

We conducted our audit in accordance with the Hungarian National Auditing Standards and the laws and other regulations applicable to auditing in Hungary. For a more detailed description of our responsibilities under these standards, see the section of our report entitled "*The Auditor's Responsibilities for the Audit of the Financial Statements*".

We are independent of the Company in accordance with the relevant Hungarian legislation and the 'Rules of Conduct (Ethics) and Disciplinary Procedure for the Auditing Profession' issued by the Hungarian Chamber of Auditors, and, with respect to matters not covered by these rules, by the 'International Code of Ethics for Chamber Auditors (Consolidated with International Standards on Independence)' issued by the International Ethics Standards Board of Accountants (in the IESBA Code), and we comply with the additional ethical standards set out in the same standards.

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

Additional information: The annual report

Other information is taken from the Company's Annual Report 2023. Management is responsible for the preparation of the annual report in accordance with the relevant provisions of the Accounting Act or other applicable legislation. Our opinion on the financial statements in the 'Opinion' section of our Independent Auditor's Report does not apply to the annual report.

In relation to the audit of the financial statements conducted by us, our responsibility is to read the annual report and consider whether the annual report is materially consistent with the financial statements or with our knowledge gained during the audit or it otherwise appears to contain any material misstatements.

Under the Accounting Act, we are also responsible for assessing whether the annual report is in accordance with the relevant provisions of the Accounting Act or other applicable legislation and for expressing an opinion on it and on the consistency of the annual report with the financial statements.

In our opinion, the Company's 2023 Annual Report is consistent, in all material respects, with the Company's 2023 financial statements and the applicable requirements of the Accounting Act. As no other legislation imposes additional requirements on the Company in respect of the annual report, we express no opinion in this regard.

In addition to the above, based on our knowledge of the Company and its environment, we are required to report whether we have become aware of any material misstatements (materially erroneous statements) in the annual report and, if so, the nature of the misstatement (erroneous statement). We have nothing to report in this regard.

Responsibility of the management and the persons charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with EU IFRSs and for the preparation of the financial statements in accordance with the requirements of the Accounting Act applicable to entities preparing financial statements in accordance with EU IFRSs, as well as for the internal control that management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing information about continuing operations as appropriate, and applying the going concern basis of accounting in the financial statements unless management intends to liquidate the Company or to cease business operations, or unless there is no other realistic alternative.

The auditor's responsibility for the audit of the financial statements

Our objectives in performing the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an independent auditor's report thereon, which includes our opinion thereon. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and the laws and regulations applicable to audits in Hungary will always detect otherwise material misstatements. Misstatements may arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements in question.

We apply professional judgment and maintain professional scepticism throughout the audit in accordance with the Hungarian National Standards on Auditing and the laws and regulations applicable to auditing in Hungary.

Furthermore:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and implement audit procedures to manage those risks and obtain sufficient appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of detecting a material misstatement due to error because fraud may involve collusion, falsification, intentional omissions, misstatements or overrides of internal controls.
- We obtain an understanding of the internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's application of the going concern basis of accounting and, based on the audit evidence obtained, whether there are any material uncertainties about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our independent auditor's report to the related disclosures in the financial statements or, if the disclosures are inadequate in this respect, qualify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to be unable to continue as a going concern.
- We assess the overall presentation, structure and content of the financial statements, including disclosures in the notes, and whether the financial statements give a true and fair view of the underlying transactions and events.

We report to those charged with governance, among other matters, on the planned scope and timing of the audit, and the significant audit findings, including any significant deficiencies in the Company's internal control that we identified during our audit.

Budapest, 7 May 2024



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Gábor Molnár

On behalf of Deloitte Könyvvizsgáló és Tanácsadó Kft and as a member of the Chamber of Hungarian Auditors

Deloitte Könyvvizsgáló és Tanácsadó Kft H-1068 Budapest Dózsa György út 84/C
Registration No.: 000083

Registered statutory auditor number: 007239

Statistical number: 23067356-6492-114-01

CRN: 01-10-046880

MOL GROUP FINANCE ZÁRTKÖRŰEN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG

SEPARATE FINANCIAL STATEMENTS

31 December 2023

Budapest, 7 May 2024

Csilla Ildikó Meggyes

CEO

Melinda Fülöp

CFO

SEPARATE 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 financial statements and declaration of conformity

The financial statements were approved by the Owner on 7 May 2024.

The 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 ("Act on Accounting").

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SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 HUF million	2022 HUF million
Interest income recognised using the effective interest method		209,196	119,030
Interest expenses		41,877	19,936
Net interest income	2	167,319	99,094
Dividend income		0	0
Other operating result, profit/loss (-)		-2,191	-1,587
Other finance result, profit / loss (-)	2	19,477	-32,595
<i>-of which: realised exchange rate gains</i>		29,182	62,430
<i>-of which: realised exchange rate losses</i>		-27,049	-114,290
<i>-of which: unrealised exchange rate differences, gains/losses (-)</i>		17,344	19,265
Total operating income		184,605	64,912
Raw materials and consumables used		6	3
Employee benefits expenses		65	66
Depreciation, amortisation and impairment (+) / reversal of impairment (-)		- 3,831	7,675
Other operating expenses		170	276
Change in inventory of finished goods & work in progress		-	-
Work performed by the enterprise and capitalized		-	-
Total operating expenses	3	-3,590	8,020
Total operating profit / loss (-)		188,195	56,892
Profit / loss before tax (-)		188,195	56,892
Income taxes	4	8,703	3,514
PROFIT / LOSS FOR THE PERIOD (-)		179,492	53,378
Other comprehensive income		0	0
Total comprehensive income		179,492	53,378

SEPARATE STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2023 HUF million	31.12.2022 HUF million
NON-CURRENT ASSETS			
Property, plant and equipment		-	-
Loans provided - long-term	7	1,139,901	1,027,748
Deferred tax assets	4	1,801	2,146
Total non-current assets		1,141,702	1,029,894
CURRENT ASSETS			
Inventories		-	-
Loans provided - short-term		150,143	152,553
Cash and cash equivalents	9	44,878	46,129
Other current assets	5	4,505	3,596
Total current assets		199,526	202,278
Total assets		1,341,228	1,232,172
EQUITY			
Share capital		300	300
Reserves		561,817	508,439
Profit / loss for the year (-)		179,492	53,378
Total equity		741,609	562,117
LONG-TERM LIABILITIES			
Long-term debts		222,144	-
Total long-term liabilities		222,144	-
SHORT-TERM LIABILITIES			
Loans received - short-term		366,671	658,335
Income tax payable		9,512	5,113
Provisions- short-term		1,286	6,602
Other short-term liabilities	4	6	5
Total short-term liabilities	3	377,475	670,055
Total liabilities	6	599,619	670,055
Total equity and liabilities		1,341,228	1,232,172

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Retained earnings	Total reserves	Profit / loss for the period (-)	Total equity
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
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
Opening balance						
1 January 2023	300	492,448	15,991	508,439	53,378	562,117
Profit/loss for the year	-	-	-	-	179,492	179,492
Total comprehensive income for the year	-	-	-	-	179,492	179,492
Transfer of previous year's result	-	-	53,378	53,378	-53,378	-
Closing balance						
31 December 2023	300	492,448	69,369	561,817	179,492	741,609

SEPARATE STATEMENT OF CASH FLOWS

	Notes	2023 HUF million	2022 HUF million
Profit before tax		188,195	56,891
<i>Adjustments to profit before tax for net cash flow from operating activities</i>			
Depreciation, amortisation and impairment	7	-3,831	7,675
Net result on interest expense and interest income (-)	2	-167,319	-99,094
Net result on other finance expense and income (-)	2	-17,286	34,184
Other non-cash items		-	-
Income taxes paid	4	-3,959	-73
Net cash flows from operating activities before changes in working capital		-4,200	-417
<i>Change in working capital:</i>		<i>564</i>	<i>-7,093</i>
(Increase) / decrease in trade and other receivables		-	-
Increase / (decrease) in trade and other payables		-	-
(Increase) / decrease in other assets and liabilities		564	-7,093
Net cash flow from operating activities		-3,636	-7,510
Capital expenditures	4	-	6,602
Proceeds from the sale of property, plant and equipment, and intangible assets		-	-
Cash received from discontinued investment		-	-
Increase / decrease in other financial assets		-114,914	-284,990
Interest received and other finance income	2	209,829	119,826
Dividends received		-	-
Net cash flow from investing activities		94,915	-158,563
Proceeds from borrowings		5,135,744	3,385,638
Repayment of borrowings		-5,180,253	-3,187,935
Interest paid and other financial costs	2	-45,364	-22,326
Net cash flow from financing activities		-89,873	175,377
Exchange differences relating to cash and cash equivalents		-2,657	14,064
Increase / decrease in cash and cash equivalents (-)		-1,251	23,368
Cash and cash equivalents at the beginning of the period		46,129	22,761
Cash and cash equivalents at the end of the period		44,878	46,129
Change in cash and cash equivalents		-1,251	23,368
Increase (+) / decrease (-) in cash and cash equivalents		-1,251	23,368

NOTES - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION

This section describes the basis of preparation of the separate 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 financial statement as at 31 December 2023 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, as adopted by the EU. The notes to the financial statements include disclosures required by the Hungarian Act C of 2000 on Accounting. 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 2023:

- ▶ Amendments to IFRS 17 Insurance Contracts, including amendments.
- ▶ Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2.
- ▶ Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates.
- ▶ Amendments to IAS 12 Income Taxes.

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

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 millions of HUF, 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 profit/loss 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 2023, MOL Group Finance Zrt classified the loan to the company to Stage 3, and thus fully impaired it. The impairment loss recognised was HUF 3,241 million at 31 December 2023, and HUF 10,155 million at 31 December 2022.

PROFIT / (LOSS) FOR THE YEAR

THIS SECTION DESCRIBES THE RESULTS AND PERFORMANCE OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023. THE DISCLOSURES FOLLOW THE STRUCTURE OF THE PROFIT & LOSS ACCOUNTS ON OPERATING INCOME, OPERATING EXPENSES AND FINANCE RESULT. THE STATEMENTS OF FINANCIAL POSITION FOR TAX PURPOSES ARE ALSO DISCUSSED 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 an aggregated basis in the financial statements. Foreign exchange gains and losses on each transaction group are presented in a separate comprehensive income statement under Other finance result. Balances arising from other than exchange rate movements are recorded in absolute terms.

Other operating income is accounted for using the same accounting policies as revenue.

Interest income

	2023	2022
	HUF million	HUF million
Interest income on affiliated loan	31,082	25,830
Interest income on affiliated cash pool	176,441	91,946
Interest received from a financial institution	1,673	1,254
Total interest income	209,196	119,030
Interest expense on affiliated loan	4,286	3,362
Interest expense on affiliated cash pool	32,190	15,327
Interest paid to a financial institution	5,401	1,247
Total interest expense	41,877	19,937
Interest income	167,319	99,094

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, 99% of interest income recognised in FY 2023 and 99% in FY 2022 was interest received from affiliated companies. For interest expenses, this ratio was 87% in FY2023 and 94% in FY2022.

The significant increase in interest income was driven by the fact that interest rates in domestic and major currencies (EUR, USD) reached their highest levels in more than a decade.

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

	2023	2022
	HUF million	HUF million
Dividend income	-	
Finance result		
Exchange rate gains	46,526	81,695
-of which: realised exchange rate gains	29,182	62,430
-of which unrealised exchange gains	17,344	19,265
Other finance income	642	722
-of which commitment fee	642	722
Operating income	80	1
Income from financial transactions	47,248	82,418
Exchange rate loss	27,049	114,290
-of which: realised exchange rate losses	27,049	114,290
-of which unrealised exchange losses	-	-
Other finance expenses	2,912	2,310
-of which commitment fee	1,673	1,414
-of which contract conclusion fee	927	836
-other	313	60
Finance expense	29,962	116,600
Total finance gain / expense (-)	17,286	-34,182

In 2023, a significant part of the company's financial result is due to exchange differences on loans to and from affiliated companies. The exchange rate gain recognised in 2022 was HUF 81,695 million and the exchange rate loss recognised was HUF 114,290 million. The significant

amount of foreign exchange gain is due to the significant change in the exchange rate in 2022 and the significant increase in the amount of loans granted and received by the Company in FY 2022 compared to FY 2021. The exchange rate differences recognised in 2023 decreased in line with the change in exchange rates and the amount of loans granted and received, with a recognised exchange rate gain of HUF 46,525 million and a recognised exchange rate loss of HUF 27,049 million.

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

HUF million	Exchange rate gain	Exchange rate loss
2023	1,060	1,395
2022	901	563

In the income from financial operations, the Company has recognised a commitment fee of HUF 642 on credit lines held available for subsidiaries in 2023. The amount accounted for in 2022 was HUF 723 million.

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.

	2023 HUF million	2022 HUF million
Raw materials and consumables used	6	3
Employee benefits expenses	65	66
Wages and salaries	55	51
Contributions on wages and salaries	8	14
Other employee benefits expense	2	2
Depreciation, amortisation and impairment (+) / reversal of impairment (-)	- 3,831	7,675
Other operating expenses	170	276
Legal, financial and accounting services	115	190
Auditing	11	10
Bank handling charges and authority fees	24	64
Other expense	20	12
Total operating expenses	-3,590	8,020

Impairment

In 2023, the Company recognised an impairment reversal of HUF 5,316 million on its outstanding bilateral and virtual receivables and unused credit lines held available, and an impairment of HUF 1,485 million on its other receivables. 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 profit or loss 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 temporary 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 temporary 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 reporting 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 2023 and 31 December 2022 is as follows:

	2023 HUF million	2022 HUF million
Deferred tax	345	-285
Local business tax and innovation contribution	15	17
Corporate tax for the year	8,343	3,782
Income tax expense / income (-)	8,703	3,514

b) Income tax payable

The applicable corporate tax rate was 9% in both 2023 and 2022.

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 2023 and 2022 consists of the following items:

	31.12.2023 HUF million	31.12.2022 HUF million
Accrued losses from previous years (negative tax base)	-	-
Impairment	1,686	1,552
Provisions	116	594
Net deferred tax asset / tax liability (-)	1,802	2,146
Net deferred tax assets	1,802	2,146

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:

	2023 HUF million	2022 HUF million
Profit / loss before tax (-)	188,195	56,892
Tax calculated at a 9% tax rate	8,297	3,740
Other tax expenses (local business tax, innovation contribution)	15	18
Other	391	-244
Total income tax expense / income for the year (-)	8,703	3,514
Effective tax rate	5%	6%

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.

e) Unrecognised deferred tax assets

The Company has no unrecognised deferred tax assets as at 31 December 2023.

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

	31.12.2023	31.12.2022
	HUF million	HUF million
Accrued fees and commissions on credit lines	4,289	3,204
Revaluation diff. on accrual of fees related to credit line	216	392
Total	4,505	3,596

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

	31.12.2023	31.12.2022
	HUF million	HUF million
Taxes and contributions payable (excluding income taxes)	2	2
Liabilities to employees	4	3
Total	6	5

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 recognition

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 recognition 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 equity instrument. 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
- ▶ A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent measurement

Subsequent measurement 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.

Equity instruments 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 equity instruments 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.e. 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 2023 as the external data source to determine LGD: the unsecured non-senior loan ratio of 26%, 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 with the following formula: $EaD \times LGD \times PD$.

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, credit risk exposures to affiliated companies developed as follows:

Change in related exposure at default (HUF million)	Closing balance 31/12/2022				Movement				Closing balance 31/12/2023			
	1	2	3	Total	1	2	3	Total	1	2	3	Total
Rating *												
A	586 250			586 250	98 176			98 176	684 426			684 426
B	201 860			201 860	170 927			170 927	372 786			372 786
C					237 303	57 471	800	295 574	237 303	57 471	800	295 574
D	462 539	60 157	6 339	529 034	-368 168	- 43 018	- 5 992	-417 178	94 371	17 139	346	111 856
E	22 311		378	22 689	- 21 487		- 146	- 21 634	824		232	1 055
F			10 155	10 155			- 2 674	- 2 674			7 481	7 481
Total	1 272 960	60 157	16 871	1 349 988	116 750	14 453	- 8 013	123 191	1 389 710	74 610	8 859	1 473 179

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

Credit risk exposure includes short-term and long-term receivables from affiliated companies (principal, interest, fees, etc.) and undrawn credit lines. During 2023, the composition of the credit quality of the portfolio improved, which is basically due to three reasons: (1) exposure to D-rated companies has decreased, (2) newly financed affiliates with better creditworthiness have entered the portfolio (3) the internal credit quality of some companies has improved with similar exposure.

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

Change in expected credit loss of related receivables (HUF million)	Closing balance 31/12/2022				Movement				Closing balance 31/12/2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Rating*												
A	160			160	2			2	162			162
B	108			108	64			64	172			172
C					228	928	401	1 558	228	928	401	1 558
D	981	3 673	6 339	10 993	5 559	-241	-6 019	-701	6 540	3 432	320	10 292
E	134		378	512	-131		-146	-277	3		232	234
F			10 155	10 155			-6 913	-6 913			3 241	3 241
Total	1 383	3 673	16 871	21 928	5 722	687	-12 678	-6 269	7 105	4 360	4 194	15 659

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

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

ECL declined in 2023, largely due to a reduction in exposures to Russia.

The change in Stage 3 impairment mainly relates to the expected credit loss on a linked loan to an investment of the MOL Group in Russia, while the change in Stage 2 impairment relates partly to the expected credit loss on a linked loan to an investment of the MOL Group in Italy and partly to a linked loan to an investment in Hungary.

The gross value of MOL Group Finance Zrt's financial assets and the impairment of receivables were as follows in the financial year 2023:

Financial assets - receivables, HUF million	Long-term loans provided	Short-term loans provided	Other financial assets
GROSS VALUE			
Opening values 01/01/2023	1,038,988	156,592	1,953
Increases/decreases (+/-)	111,839	-	822
Closing values 31/12/2023	1,150,827	153,760	2,775
IMPAIRMENT			
Opening values 01/01/2023	11,241	4,039	1,953
Increases/decreases (+/-)	-	315	422
Closing values 31/12/2023	10,926	3,617	2,775
NET VALUE			
Opening values 01/01/2023	1,027,747	152,553	-
Increases/decreases (+/-)	112,154	-	2,410
Closing values 31/12/2023	1,139,901	150,143	-
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
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	121,555	-
Closing values 31/12/2022	1,027,747	152,553	-

The breakdown of credit risk exposures (Exposure at default) by country is shown in the following table.

Country	Exposure at Default	
	2022	2023
HU	80%	78%
NL	1%	6%
CZ	7%	6%
IT	5%	4%
PL	1%	2%
DE	2%	2%
RO	1%	1%
RU	1%	1%
SK	0,3%	0,5%
HR	1%	0,4%
SI	1%	
AZ	1%	
Total	100%	100%

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 2023 and 2022.

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 Hungarian 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
2023	+5%	-4,351	-3,959
	-5%	4,351	3,959
2022	+5%	-16,454	-14,973
	-5%	16,454	14,973
	USD exchange rate change	Impact on profit or loss before tax	Impact on capital
2023	+5%	-6,856	-6,239
	-5%	6,856	6,239
2022	+5%	-2,417	-2,199
	-5%	2,417	2,199

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 81 days on the asset side and 76 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.

Interest rate sensitivity	31.12.2023		31.12.2022	
	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	-435	+50	-1,645
HUF	+50	4,572	+50	4,119
USD	+50	-686	+50	-242
EUR	-50	435	-50	1,645
HUF	-50	-4,572	-50	-4,119
USD	-50	686	-50	242

Other price risk

As of 31.12.2023, 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 52% of the portfolio (2022: 49%).

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 long-term 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 2023 and 31 December 2022 is as follows:

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

31.12.2023	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	due in more than 5 years	Total
	HUF million	HUF million	HUF million	HUF million	HUF million
Loans provided - long-term	-	-	1,139,901	-	1,139,901
Loans provided - short-term	103,885	46,258	-	-	150,143
Cash and cash equivalents	44,878	-	-	-	44,878
Total financial assets	148,763	46,258	1,139,901	-	1,334,922

31.12.2022	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	due in more than 5 years	Total
	HUF million	HUF million	HUF million	HUF million	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

The maturity breakdown of MOL Group Finance Zrt's financial liabilities as at 31 December 2023 and 31 December 2022 is as follows:

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

31.12.2023	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	due in more than 5 years	Total
	HUF million	HUF million	HUF million	HUF million	HUF million
Loans received	26,285	340,101	-	-	366,386
Long-term debts	-	-	222,144	-	222,144
Trade and other payables	8	277	-	-	285
Total financial liabilities	26,293	340,378	222,144	-	588,815
Available credit lines	174,545	-	-	-	174,545
Off-balance sheet items	174,545	-	-	-	174,545

31.12.2022	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	due in more than 5 years	Total
	HUF million	HUF million	HUF million	HUF million	HUF million
Loans received	7,024	649,983	-	-	657,007
Trade and other payables	-	1,328	-	-	1,328
Total financial liabilities	7,024	651,311	-	-	658,335
Available credit lines	158,456	-	-	-	158,456
Off-balance sheet items	158,456	-	-	-	158,456

At the end of 2023, MOL Group Finance Zrt had a total of HUF 81,772 million of short-term overdraft facilities and HUF 1,059,581 million of long-term credit facilities available from several financial institutions. At the end of 2023, the Company had HUF 222,012 million of drawn loans from previous contracts, while in 2022 there were no drawdowns at the end of the year.

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 2022 and 2023, 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 FY2023. The Company has not paid dividends from the profit for FY 2022. The total amount of reserves legally available for the payment of dividends based on equity reconciliation is HUF 248,861 million as at 31 December 2023.

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 2023, there was no change in the number of shares issued, and the Company's sole shareholder is MOL Nyrt. As of 31 December 2023 and 31 December 2022, the total nominal value of the issued shares is HUF 300 million, comprising 30,000 ordinary shares with a nominal value of HUF 10.000 each.

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.

9. Cash and cash equivalents

Accounting policy

Cash includes 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.

	31.12.2023	31.12.2022
	HUF million	HUF million
Foreign currency deposit accounts	25,639	42,916
Bank accounts in HUF	19,239	3,213
Total	44,878	46,129

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 2022 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), which amounted to HUF 1,953 million in 2022 and HUF 822 million in 2023.

10. Information on the separate statement of cash flows

	2023		2022
Analysis of changes in other financial assets	HUF million		HUF million
Cash-pool movements	221,292		244,692
Movement of short-term loans	- 12,428		35,227
Movement of long-term loans	- 99,860		23,542
Other movements	5,924	-	18,470
Changes in other financial assets	114,928		284,990

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	2023 HUF million	2022 HUF million
Interest income		141,137	74,585
Interest expense		1,172	1,424
Net interest income		139,965	73,161
Dividend income		-	-
Other financial and operating result, profit / loss (-)		155	-2,023
Total operating income		140,120	71,138
Raw materials and consumables used		10	4
Employee benefit expenses		-	-
Impairment and reversal of impairment on financial assets (-)		2	-70
Other operating expenses		-	-
Change in inventory of finished goods & work in progress		-	-
Work performed by the enterprise and capitalized		-	-
Total operating expenses		12	-66
Profit / loss from operations (-)		140,108	71,204

	Notes	31.12.2023 HUF million	31.12.2022 HUF million
NON-CURRENT ASSETS			
Loans provided - long-term		684,265	586,090
Total non-current assets		684,265	586,090
Total assets		684,265	586,090
SHORT-TERM LIABILITIES			
Loans received - short-term		42	56
Income tax payable		8,279	3,740
Total short-term liabilities		8,321	3,796
Total liabilities		8,321	3,796
Total equity and liabilities		8,321	3,796

The amount of the cumulative impairment recognised on the loan to the parent company was HUF 162 million at 31 December 2023 and HUF 160 million at 31 December 2022.

b) Transactions with affiliated companies

	Notes	2023 HUF million	2022 HUF million
Interest income		65,861	43,191
Interest expense		35,297	17,242
Net interest income		30,564	25,950
Dividend income		-	
Other financial and operating result, profit / loss (-)		29,945	-14,086
Total operating income		60,509	11,863
Raw materials and consumables used		-	
Employee benefit expenses		-	
Impairment and reversal of impairment on financial assets (-)		-4,664	5,808
Other operating expenses		75	154
Change in inventory of finished goods & work in progress		-	
Work performed by the enterprise and capitalized		-	
Total operating expenses		-4,589	5,962
Profit / loss from operations (-)		65,098	5,902

	Notes	31.12.2023 HUF million	31.12.2022 HUF million
NON-CURRENT ASSETS			
Loans provided - long-term		455,636	441,644
Total non-current assets		455,636	441,644
CURRENT ASSETS			
Loans provided - short-term		150,102	151,449
Other current assets		-	-
Total current assets		150,102	151,449
Total assets		605,738	593,092
LONG-TERM LIABILITIES			
Loans received - long-term		-	-
SHORT-TERM LIABILITIES			
Loans received - short-term		366,149	656,832
Income tax payable		-	1
Other provisions - short-term		1,286	6,602
Other short-term liabilities		-	-
Total short-term liabilities		367,435	663,435
Total liabilities		367,435	663,435
Total equity and liabilities		367,435	663,435

The cumulative impairment and provision for loans to affiliated companies amounted to HUF 15,499 million and HUF 21,768 million at 31 December 2023 and 2022, respectively.

c) Benefits for senior and middle managers in key positions

In 2023, the Company has not granted any loans or advances or guarantees to its Board members or senior executives, 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 174,545 million as at 31 December 2023.

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:

- ▶ IFRS 16 Leases: Standard amendments to the lease obligation on sale and leaseback (effective for annual periods beginning on or after 1 January 2024, not yet approved by the EU)
- ▶ IAS 1 Presentation of Financial Statements: modifications related to the classification of current and non-current liabilities (effective for annual periods beginning on or after 1 January 2024 and approved by the EU, not yet approved by the EU)
- ▶ IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: amendments to supplier financing agreements (effective for annual periods beginning on or after 1 January 2024 and approved by the EU, not yet approved by the EU)
- ▶ IAS 21 The Effects of Changes in Foreign Exchange Rates - Non-convertibility (effective for annual periods beginning on or after 1 January 2025 and approved by the EU, not yet approved by the EU)

The above mentioned standards and amendments are not expected to have a material impact on the Company's profits.

Annex II: 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: Csilla Meggyes

Address: H-2051 Biatorbágy, Deák Ferenc utca 23/b

Name: Melinda Fülöp

Address: H-1125 Budapest, Diana utca 24/2

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 7,000,000 + VAT in 2023.

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 2023 and 31 December 2022:

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.

	31.12.2023	31.12.2022
	HUF million	HUF million
Equity reconciliation		
Equity under IFRSs (Article 114/B (4))		
Share capital	300	300
Reserves	561,817	508,439
Profit / loss for the year (-)	179,492	53,378
Total equity	741,609	562,117
Equity (Article 114/B (4))		
Equity under IFRSs	741,609	562,117
Total equity	741,609	562,117
Share capital under IFRSs (Article 114/B (4))	300	300
Share capital under IFRSs (Article 114/B (4))	300	300
Capital reserve (Article 114/B (4) (e))	492,448	492,448
Total capital reserve:	492,448	492,448
Retained earnings (Article 114/B (4) (e))	69,369	15,991
Total retained earnings	69,369	15,991
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 (-)	179,492	53,378
Profit for the year	179,492	53,378
(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
Share capital under IFRSs (Article 114/B (4))	300	300
Difference (capital increase not yet registered)	0	0
Uncommitted retained earnings available for the payment of dividends	248,861	69,369