

# **MOL HUNGARIAN OIL AND GAS PLC.**

**CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN  
ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING  
STANDARDS TOGETHER WITH THE INDEPENDENT AUDITOR'S  
REPORT**

**31 December 2021**

Budapest, 22 March 2022

# CONSOLIDATED FINANCIAL STATEMENTS

## Introduction

### General information

MOL Hungarian Oil and Gas Public Limited Company (hereinafter referred to as MOL Plc., MOL or the parent company) was incorporated on 1 October 1991 in Hungary. MOL Plc. and its subsidiaries (hereinafter referred to as the Group or MOL Group) is an integrated, international oil and gas, petrochemicals and consumer retail company, active in over 30 countries with a dynamic international workforce of 24,000 people and a track record of more than 100 years in the industry with its legal predecessor. MOL Group has over 80 years of experience in exploration and production and its diverse portfolio includes active oil and gas presence in 12 countries, with production activity in 9 countries. MOL Group's Downstream division operates three refineries and two petrochemicals plants in Hungary, Slovakia and Croatia, and is made up of different business activities that are part of an integrated value chain and MOL Group's retail network is composed of around 2,000 service stations in 9 countries.

The registered office address of the Company is 1117 – Budapest, Október huszonharmadika u. 18, Hungary.

The shares of the Company are listed on the Budapest and the Warsaw Stock Exchange. Depositary Receipts (DRs) are traded Over The Counter (OTC) market in the USA. There is no single ultimate controlling party of MOL Group.

### Authorisation and Statement of Compliance

These consolidated financial statements have been approved and authorised for issue by the Board of Directors on 22 March 2022.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and all applicable IFRSs that have been adopted by the European Union (EU). IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee.

The Mol Group complies with the requirements of European Securities and Markets Authority (ESMA) and publishes its annual financial statements in XHTML format from 1 January 2021 and provide the consolidated financial statements prepared in accordance with IFRS with Inline XBRL to make the consolidated data machine-readable.

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## INDEPENDENT AUDITOR'S REPORT

The Mol Group complies with the requirements of European Securities and Markets Authority (ESMA) and publishes its annual financial statements in XHTML format **from 1 January 2021** and provide the consolidated financial statements prepared in accordance with IFRS with Inline XBRL to make the consolidated data machine-readable. The independent auditor's report is a separate document.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2021 HUF million	2020 Restated HUF million
Net sales		5,959,307	4,011,022
Other operating income		32,771	55,687
<b>Total operating income</b>	3	<b>5,992,078</b>	<b>4,066,709</b>
Raw materials and consumables used		4,431,441	2,954,666
Employee benefits expense		300,006	275,522
Depreciation, depletion, amortisation and impairment		507,437	514,395
Other operating expenses		399,390	248,250
Change in inventory of finished goods and work in progress		(170,694)	80,800
Work performed by the enterprise and capitalised		(88,387)	(71,918)
<b>Total operating expenses</b>	4	<b>5,379,193</b>	<b>4,001,715</b>
<b>Profit from operation</b>		<b>612,885</b>	<b>64,994</b>
Finance income		106,998	168,825
Finance expense		149,268	280,161
<b>Total finance expense, net</b>	5	<b>(42,270)</b>	<b>(111,336)</b>
Share of after-tax results of associates and joint ventures	6	21,515	2,506
<b>Profit/(Loss) before tax</b>		<b>592,130</b>	<b>(43,836)</b>
Income tax expense	7	42,539	10,261
<b>Profit/(Loss) for the year</b>		<b>549,591</b>	<b>(54,097)</b>
<b>Attributable to:</b>			
Owners of parent		526,135	(18,323)
Non-controlling interest		23,456	(35,774)
Basic earnings per share (HUF)	27	731	(26)
Diluted earnings per share (HUF)	27	726	(26)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 HUF million	2020 Restated HUF million
<b>Profit/(Loss) for the year</b>		<b>549,591</b>	<b>(54,097)</b>
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations, net of tax	8	69,251	141,942
Net investment hedge, net of tax	8	(2,963)	(23,484)
Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	8	(166)	(483)
Changes in fair value of cash flow hedges, net of tax	8	994	(407)
Share of other comprehensive income of associates and joint ventures	8	9,950	(321)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>77,066</b>	<b>117,247</b>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	8	18,563	2,310
Remeasurement of post-employment benefit obligations	8	(716)	(1,381)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>17,847</b>	<b>929</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>94,913</b>	<b>118,176</b>
<b>Total comprehensive income for the year</b>		<b>644,504</b>	<b>64,079</b>
<b>Attributable to:</b>			
Owners of parent		613,446	78,019
Non-controlling interest		31,058	(13,940)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec 2021 HUF million	31 Dec 2020 Restated HUF million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	3,380,744	3,232,577
Investment property	9	1,862	-
Intangible assets	9	437,839	397,871
Investments in associates and joint ventures	6	225,414	214,836
Other non-current financial assets	21	207,905	152,416
Deferred tax asset	7	175,797	149,052
Other non-current assets	13	76,845	86,649
<b>Total non-current assets</b>		<b>4,506,406</b>	<b>4,233,401</b>
<b>CURRENT ASSETS</b>			
Inventories	14	702,798	461,391
Trade and other receivables	23	754,019	523,278
Securities	21	845	14,511
Other current financial assets	21	61,079	24,136
Income tax receivable		7,551	13,244
Cash and cash equivalents	24	367,447	193,877
Other current assets	15	77,735	64,700
Assets classified as held for sale	19	16,379	1,463
<b>Total current assets</b>		<b>1,987,853</b>	<b>1,296,600</b>
<b>Total assets</b>		<b>6,494,259</b>	<b>5,530,001</b>
<b>EQUITY</b>			
Share capital	20	78,163	78,249
Retained earnings and other reserves		2,152,961	2,153,148
(Loss) / Profit for the year attr. to owners of parent		526,135	(18,323)
<b>Equity attributable to owners of parent</b>		<b>2,757,259</b>	<b>2,213,074</b>
<b>Non-controlling interest</b>		<b>301,285</b>	<b>271,014</b>
<b>Total equity</b>		<b>3,058,544</b>	<b>2,484,088</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	21	866,492	820,998
Other non-current financial liabilities	21	36,913	49,367
Non-current provisions	16	707,368	637,406
Deferred tax liabilities	7	123,145	130,569
Other non-current liabilities	17	32,460	31,934
<b>Total non-current liabilities</b>		<b>1,766,378</b>	<b>1,670,274</b>
<b>CURRENT LIABILITIES</b>			
Short-term debt	21	185,616	321,790
Trade and other payables	21	848,241	549,642
Other current financial liabilities	21	252,810	229,378
Current provisions	16	70,084	49,690
Income tax payable		40,378	10,330
Liabilities classified as held for sale	19	3,420	-
Other current liabilities	18	268,788	214,809
<b>Total current liabilities</b>		<b>1,669,337</b>	<b>1,375,639</b>
<b>Total liabilities</b>		<b>3,435,715</b>	<b>3,045,913</b>
<b>Total equity and liabilities</b>		<b>6,494,259</b>	<b>5,530,001</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital HUF million 20	Share premium HUF million	Fair valuation reserve HUF million	Reserve of exchange differences on translation HUF million	Retained earnings with profit for the year attr. to owners of parent HUF million	Total reserves HUF million	Equity attr. to owners of parent HUF million	Non-controlling interests HUF million	Total equity HUF million
<b>Opening balance 1 Jan 2020</b>		<b>79,408</b>	<b>219,389</b>	<b>6,354</b>	<b>289,723</b>	<b>1,556,511</b>	<b>2,071,977</b>	<b>2,151,385</b>	<b>299,984</b>	<b>2,451,369</b>
Profit / (loss) for the year Restated						(18,323)	(18,323)	(18,323)	(35,774)	(54,097)
Other comprehensive income / (loss) for the year Restated				1,851	86,952	7,539	96,342	96,342	21,834	118,176
Total comprehensive income / (loss) for the year Restated		-	-	1,851	86,952	(10,784)	78,019	78,019	(13,940)	64,079
Dividends	20	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interests	20	-	-	-	-	-	-	-	(15,003)	(15,003)
Equity recorded for share-based payments	4	33	-	-	-	1,553	1,553	1,586	-	1,586
Treasury share transactions	20	(1,192)	-	-	-	(18,115)	(18,115)	(19,307)	-	(19,307)
Acquisition / divestment of subsidiaries		-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests		-	-	-	-	(37)	(37)	(37)	(27)	(64)
Other		-	-	-	-	1,428	1,428	1,428	-	1,428
<b>Closing balance 31 Dec 2020 Restated</b>		<b>78,249</b>	<b>219,389</b>	<b>8,205</b>	<b>376,675</b>	<b>1,530,556</b>	<b>2,134,825</b>	<b>2,213,074</b>	<b>271,014</b>	<b>2,484,088</b>
<b>Opening balance 1 January, 2021 Restated</b>		<b>78,249</b>	<b>219,389</b>	<b>8,205</b>	<b>376,675</b>	<b>1,530,556</b>	<b>2,134,825</b>	<b>2,213,074</b>	<b>271,014</b>	<b>2,484,088</b>
Profit / (loss) for the year		-	-	-	-	526,135	526,135	526,135	23,456	549,591
Other comprehensive income / (loss) for the year		-	-	17,370	69,614	327	87,311	87,311	7,602	94,913
Total comprehensive income / (loss) for the year		-	-	17,370	69,614	526,462	613,446	613,446	31,058	644,504
Dividends	20	-	-	-	-	(63,226)	(63,226)	(63,226)	-	(63,226)
Dividends to non-controlling interests	20	-	-	-	-	-	-	-	(293)	(293)
Equity recorded for share-based payments	4	20	-	-	-	1,507	1,507	1,527	-	1,527
Treasury share transactions	20	(106)	-	-	-	(1,579)	(1,579)	(1,685)	-	(1,685)
Acquisition / divestment of subsidiaries		-	-	-	-	-	-	-	(110)	(110)
Acquisition of non-controlling interests		-	-	-	-	199	199	199	(384)	-185
Other		-	-	-	-	(6,076)	(6,076)	(6,076)	-	(6,076)
<b>Closing balance 31 Dec 2021</b>		<b>78,163</b>	<b>219,389</b>	<b>25,575</b>	<b>446,289</b>	<b>1,987,843</b>	<b>2,679,096</b>	<b>2,757,259</b>	<b>301,285</b>	<b>3,058,544</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 HUF million	2020 Restated HUF million
<b>Profit/(Loss) before tax</b>		<b>592,130</b>	<b>(43,836)</b>
<i>Adjustments to reconcile profit before tax to net cash provided by operating activities</i>			
Depreciation, depletion, amortisation and impairment	4	507,437	514,395
Increase/(decrease) in provisions	16	25,309	(2,371)
Net (gain)/loss on asset disposal and divestments		(4,262)	(2,828)
Net interest expense/(income)	5	29,835	22,559
Other finance expense/(income)	5	12,435	87,749
Share of after-tax results of associates and joint ventures	6	(21,515)	(2,506)
Other items	26	96,110	(13,224)
Income taxes paid	7	(41,221)	(17,150)
<b>Cash flows from operations before changes in working capital</b>		<b>1,196,258</b>	<b>542,788</b>
<i>Change in working capital</i>			
(Increase)/decrease in inventories	14	(244,335)	83,273
(Increase)/decrease in trade and other receivables	23	(275,229)	4,291
Increase/(decrease) in trade and other payables	21	266,673	(107,146)
(Increase)/decrease in other assets and liabilities	15, 18	(25,301)	49,063
<b>Cash flows from operations</b>		<b>918,066</b>	<b>572,269</b>
Capital expenditures	2	(499,838)	(442,145)
Proceeds from disposal of fixed assets		5,882	4,948
Acquisition of businesses (net of cash)	10	(2,411)	(473,591)
Proceeds from disposal of businesses (net of cash)	11	1,089	172
(Increase)/Decrease in other financial assets	21	(27,862)	97,271
Interest received and other finance income	5	4,595	9,191
Dividends received	5	36,976	12,515
<b>Cash flows used in investing activities</b>		<b>(481,569)</b>	<b>(791,639)</b>
Proceeds from issue of bonds, notes and debentures		132,271	269,105
Repayments of bonds, notes and debentures		-	-
Proceeds from borrowings		814,220	1,431,850
Repayments of borrowings		(1,118,156)	(1,640,915)
Interest paid and other finance expense	5	(21,715)	(18,420)
Dividends paid to owners of parent	20	(63,213)	(1)
Dividends paid to non-controlling interest	20	(13,545)	(2,079)
Transactions with non-controlling interest		(361)	(125)
Net issue / repurchase of treasury shares		(2,026)	(18,406)
Other changes in equity		-	1,428
<b>Cash flows used in financing activities</b>		<b>(272,525)</b>	<b>22,437</b>
Currency translation differences relating to cash and cash equivalents		10,426	68,983
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>174,398</b>	<b>(127,950)</b>
Cash and cash equivalents at the beginning of the year		193,877	326,108
Cash and cash equivalents at the end of the year		367,447	193,877
<b>Change in Cash and cash equivalents</b>		<b>173,570</b>	<b>(132,231)</b>
Change in Overdraft		828	4,281
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>174,398</b>	<b>(127,950)</b>



# NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING INFORMATION, POLICIES AND SIGNIFICANT ESTIMATES

This section describes the basis of preparation of the consolidated financial statements and the Group's applicable accounting policies. Accounting policies, critical accounting estimates and judgements that are specific to a given area are set out in detail in the relevant notes. This section also provides a brief summary of new accounting standards, amendments and interpretations that have already been adopted in the current financial year or will be adopted as those will be in force in the forthcoming years.

## 1. Accounting information, policies and significant estimates

### Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and interpretations issued by IFRS Interpretations Committee as adopted by the EU and effective on 31 December 2021.

The consolidated financial statements are prepared on a going concern basis. For the purposes of the application of the historical cost convention, the consolidated financial statements treat the Company as having come into existence as of 1 October 1991, at the carrying values of assets and liabilities determined at that date, subject to the IFRS adjustments.

### Principles of consolidation

The consolidated financial statements as of and for the twelve-month period ended 31 December 2021 comprise the accounts of the MOL Plc. and the subsidiaries that it controls together with the Group's attributable share of the results of associates and joint ventures. MOL Plc. and its subsidiaries are collectively referred to as the 'Group'.

Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with a company, and has the ability to affect those returns through its power over the company. Power over an entity means having existing rights to direct its relevant activities. The relevant activities of a company are those activities which significantly affects its returns.

Where the Group has a long-term equity interest in an undertaking and over which it has the power to exercise significant influence, the Group applies the equity method for consolidation.

An arrangement is under joint control when the decisions about its relevant activities require the unanimous consent of the parties sharing the control of the arrangements.

If the Company has rights to the assets and obligations for the liabilities relating to the arrangement, then the arrangement is qualified as a joint operation. The Company's interests in a joint operation are accounted for by recognising its relative share of assets, liabilities, income and expenses of the arrangement, combining with similar items in the consolidated financial statements on a line-by-line basis.

If the Company has rights to the net assets of the arrangement, then the arrangement is qualified as a joint venture. The Group's investments in joint ventures are accounted for using the equity method of accounting.

In case of participation interest in joint operating agreements which do not establish joint control, the Group analyses the parties' rights to the assets and obligations for the liabilities relating to the arrangement and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. Given that the joint arrangement is not structured through a separate vehicle, the Group therefore recognises the operations proportionately, based on its share in revenue, costs, assets, and liabilities relating to the joint operation.

### New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2021:

- ▶ Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
- ▶ Amendment to IFRS 4 Insurance contracts- deferral of IFRS 9

The above-mentioned amendments do not impact significantly the Group's consolidated results, financial position or disclosures.

MOL Group is continuously following the market developments in relation to the IBOR reform because majority of its loan agreements include LIBOR and/or EURIBOR screen rates as reference rates. The effected agreements include fallback options to be used in case any of the screen rates are unavailable. In 2021, MOL Group continued to be engaged in discussions with banking partners and data providers on the potential fallback options and alternative rates to be used, and initial steps regarding replacement of USD LIBOR have been agreed on. MOL Group intends to implement the necessary changes to all loan documentation before relevant IBOR reform

becomes effective. MOL Group has no drawdowns and outstanding loan balance directly affected by the reform at 31.12.2021 and has not engaged in any hedging relations effected by the IBOR Reform. The reform is not considered to have any major impact on the Group's hedging strategy.

The Group has applied the following amendments for the first time for the annual reporting period commencing 1 April 2021:

- ▶ Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021

The above-mentioned amendment does not impact the Group's consolidated results, financial position or disclosures.

## Issued but not yet effective International Financial Reporting Standards

Issued but not yet effective International Financial Reporting Standards are disclosed in the Appendix I.

## Summary of significant accounting policies

### Functional and presentation currency

Based on the economic substance of the underlying events and circumstances the functional currency of the parent company and the presentation currency of the Group have been determined to be the Hungarian Forint (HUF).

Financial statement data is presented in millions of HUF, rounded to the nearest million HUF.

### Foreign Currency Transactions

Foreign currency transactions are recorded initially at the rate of exchange at the date of the transaction, except for advanced payments for non-monetary items for which the date of transaction is the date of initial recognition of the prepayment. Exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in profit or loss in the period. Monetary items, goodwill and fair value adjustments arising on the acquisition of a foreign operation denominated in foreign currencies are retranslated at exchange rate ruling at the balance sheet date.

Foreign exchange differences on monetary items with a foreign operation are recognised in other comprehensive income if settlement of these items is neither planned nor likely to occur in the foreseeable future.

Financial statements of foreign entities are translated at year-end exchange rates with respect to the statement of financial position and at the weighted average exchange rates for the year with respect to the statement of profit or loss. All resulting translation differences are included in the translation reserve in other comprehensive income.

Currency translation differences are recycled to profit or loss when disposal or partial disposal of the given foreign operation occurs.

## Significant accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements that have significant effect on the amounts recognised in the financial statements which are set out in detail in the respective notes.

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts reported in the financial statements and the Notes thereto. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. These are set out in detail in the respective notes.

In 2021, the Covid-19 pandemic had no significant impact on operations and financial results, and it became part of the usual business.

## Accounting policy change

MOL Group has changed its accounting policy regarding purchased emission quotas. The Group subsequently remeasured emission quotas which has an active market, while other green rights/quotas which has no active market was measured at cost, subject to review for impairment. As new green rights emerged the Group reassessed its policy regarding quotas and decided to unify the treatment of the different quotas to provide more relevant information by treating similar rights in similar way regardless of whether they already have an active market or not. As a consequence, MOL Group measure all type of green rights/quotas at cost, subject to review for impairment.

## Restatement

The measurement period for ACG purchase price allocation was closed in Q2 2021. At the end of the comparative financial year the management was seeking for more information on facts and circumstances related to certain judgemental areas and due to changes in estimations the fair value of oil and gas assets, liabilities, deferred tax, goodwill and consequently depreciation charge, finance expense and income tax expense have changed.

The comparative period in the consolidated statements have been restated as presented below. For restated amounts as of the acquisition date please refer to Note 10 a).

The tangible asset movement table was restated due to ACG and due to scrapping of a construction in progress. Please refer to Note 9 for detailed information.

CHANGE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 Dec 2020 Restated HUF million	31 Dec 2020 Restate HUF million	31 Dec 2020 Published HUF million
Property, plant and equipment	3,232,577	14,586	3,217,991
Intangible assets	397,871	8,103	389,768
<b>Total non-current assets</b>	<b>4,233,401</b>	<b>22,689</b>	<b>4,210,712</b>
<b>Total assets</b>	<b>5,530,001</b>	<b>22,689</b>	<b>5,507,312</b>
Retained earnings and other reserves	2,153,148	(127)	2,153,275
(Loss) / Profit for the year attr. to owners of parent	(18,323)	(2,384)	(15,939)
<b>Equity attributable to owners of parent</b>	<b>2,213,074</b>	<b>(2,511)</b>	<b>2,215,585</b>
<b>Total equity</b>	<b>2,484,088</b>	<b>(2,512)</b>	<b>2,486,600</b>
Non-current provisions	637,406	28,738	608,668
Deferred tax liabilities	130,569	(3,537)	134,106
<b>Total non-current liabilities</b>	<b>1,670,274</b>	<b>25,200</b>	<b>1,645,074</b>
<b>Total equity and liabilities</b>	<b>5,530,001</b>	<b>22,689</b>	<b>5,507,312</b>

CHANGE IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2020 Restated HUF million	2020 Restate HUF million	2020 Published HUF million
Depreciation, depletion, amortisation and impairment	514,395	2,372	512,023
Finance expense	280,161	807	279,353
<b>(Loss)/Profit before tax</b>	<b>(43,836)</b>	<b>(3,179)</b>	<b>(40,657)</b>
Income tax expense	10,261	(795)	11,056
<b>(Loss)/Profit for the year</b>	<b>(54,097)</b>	<b>(2,384)</b>	<b>(51,713)</b>
<b>Attributable to:</b>			
Owners of parent	(18,323)	(2,384)	(15,939)
Basic earnings per share	(26)	(4)	(22)
Diluted earnings per share	(26)	(4)	(22)

CHANGE IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020 Restated	2020 Restate	2020 Published
	HUF million	HUF million	HUF million
<b>(Loss)/Profit for the year</b>	<b>(54,097)</b>	<b>(2,384)</b>	<b>(51,713)</b>
Exchange differences on translating foreign operations, net of tax	141,942	(128)	142,070
<b>Total comprehensive income for the year</b>	<b>64,079</b>	<b>(2,512)</b>	<b>66,591</b>
<b>Attributable to:</b>			
Owners of parent	78,019	(2,511)	80,530

CHANGE IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 Restated	2020 Restate	2020 Published
	HUF million	HUF million	HUF million
<b>(Loss)/Profit before tax</b>	<b>(43,836)</b>	<b>(3,179)</b>	<b>(40,657)</b>
Depreciation, depletion, amortisation and impairment	514,395	2,372	512,023
Net interest expense/(income)	22,559	807	21,752

## RESULTS FOR THE YEAR

This section explains the results and performance of the Group for the financial years ended 31 December 2021 and 31 December 2020. Disclosures are following the structure of statement of profit or loss and provide information on segmental data, total operating income, total operating expense, finance result, share of after-tax results of associates and joint ventures. For taxation, share-based payments, joint ventures and associates, statement of financial position disclosures are also provided in this section.

### 2. Segmental information

#### Accounting policies

For management purposes the Group is organised into five major operating business units: Upstream, Downstream, Consumer Services, Gas Midstream and Corporate and other segments. The business units are the basis upon which the Group reports its segment information to the management which is responsible for allocating business resources and assessing performance of the operating segments.

2021	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
<b>Net Revenue</b>							
External sales	264,399	3,638,277	1,934,647	103,796	18,188	-	5,959,307
Inter-segment transfers	412,251	1,618,032	9,492	4,290	223,759	(2,267,824)	-
<b>Total revenue</b>	<b>676,650</b>	<b>5,256,309</b>	<b>1,944,139</b>	<b>108,086</b>	<b>241,947</b>	<b>(2,267,824)</b>	<b>5,959,307</b>
Profit/(loss) from operation	202,091	348,901	143,404	24,534	(74,574)	(31,471)	612,885

2020	Upstream Restated HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter-segment transfers HUF million	Total HUF million
<b>Net Revenue</b>							
External sales	175,367	2,267,669	1,446,870	89,241	31,875	-	4,011,022
Inter-segment transfers	222,769	1,112,108	6,056	4,766	213,517	(1,559,216)	-
<b>Total revenue</b>	<b>398,136</b>	<b>3,379,777</b>	<b>1,452,926</b>	<b>94,007</b>	<b>245,392</b>	<b>(1,559,216)</b>	<b>4,011,022</b>
Profit/(loss) from operation	(50,846)	7,682	114,437	45,474	(63,324)	11,571	64,994

2021	Upstream HUF million	Downstream HUF million	Consumer Services HUF million	Gas Midstream HUF million	Corporate and other HUF million	Inter- segment transfers HUF million	Total HUF million
<b>Other segment information</b>							
Capital expenditure:	132,352	289,296	48,209	21,070	79,390	-	570,317
Property, plant and equipment	119,991	210,989	42,132	20,397	69,360	-	462,869
Intangible assets	12,361	78,307	6,077	673	10,030	-	107,448
Depreciation, depletion, amortisation and impairment	267,243	151,840	39,129	16,640	33,577	(992)	507,437
From this: impairment losses recognised in statement of profit or loss (incl. dry-holes)	71,497	4,122	1,351	256	2,857	(51)	80,032
From this: reversal of impairment recognised in statement of profit or loss	195	49	498	-	41	-	783
Provisions made and used during the year and revision of previous estimates	9,535	22,255	(89)	405	(2,033)	-	30,074

2020	Upstream	Downstream	Consumer	Gas	Corporate	Inter-	Total
	Restated		Services	Midstream	and other	segment transfers	
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
<b>Other segment information</b>							
Capital expenditure:	92,096	275,920	39,014	11,065	66,147	-	<b>484,242</b>
Property, plant and equipment	75,459	222,386	35,101	10,515	53,345	-	<b>396,806</b>
Intangible assets	16,637	53,534	3,913	550	12,802	-	<b>87,436</b>
Depreciation, depletion, amortisation and impairment	261,091	159,475	41,783	16,493	35,245	308	<b>514,395</b>
From this: impairment losses recognised in statement of profit or loss (incl. dry-holes)	42,325	15,780	703	541	7,391	2,019	<b>68,759</b>
From this: reversal of impairment recognised in statement of profit or loss	6,979	124	75	-	2	-	<b>7,180</b>
Provisions made and used during the year and revision of previous estimates	5,779	9,951	328	(254)	(12,330)	-	<b>3,474</b>

The operating profit of the segments includes the profit arising both from external sales and transfers to other business segments. Corporate and other segment provides maintenance, financing and other services to the business segments. The internal transfer prices applied are based on prevailing market prices. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions.

The differences between the capital expenditures presented above and the additions in the intangible and tangible movement schedule are due to the additions of emission rights, and non-cash items such as capitalisation of field abandonment provisions, and assets received free of charge.

#### a) Assets by geographical areas

2021	Intangible assets	Property, plant and equipment	Investments in associates and joint ventures
	(Note 9)	(Note 9)	(Note 6)
	HUF million	HUF million	HUF million
Hungary	138,819	1,453,252	15,509
Croatia	61,363	614,756	12,057
Slovakia	8,821	544,319	6,459
Azerbaijan	182,871	439,068	1,394
Rest of European Union	31,944	193,247	19,678
Rest of Europe	1,678	82,221	-
Rest of the World	12,343	53,881	170,317
<b>Total</b>	<b>437,839</b>	<b>3,380,744</b>	<b>225,414</b>

2020 Restated	Intangible assets	Property, plant and equipment	Investments in associates and joint ventures
	(Note 9)	(Note 9)	(Note 6)
	HUF million	HUF million	HUF million
Hungary	91,722	1,287,922	19,776
Croatia	66,784	626,728	12,303
Slovakia	7,655	563,511	4,402
Azerbaijan	166,955	426,196	16,662
Rest of European Union	30,578	215,268	12,544
Rest of Europe	26,162	63,406	-
Rest of the World	8,015	49,546	149,149
<b>Total</b>	<b>397,871</b>	<b>3,232,577</b>	<b>214,836</b>

The restate affected the Azerbaijan line, only: The Intangible assets increased by HUF 8,103 million and the Property, plant and equipment increased by HUF 14,586 million.

### 3. Total operating income

#### Accounting policies

##### Net sales

IFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised when control of the goods or services are transferred to the customer.

The Group has generally concluded that:

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

##### Lease income

Lease income from operating lease is recognised on a straight-line basis over the lease term.

##### Sales taxes

Revenues, expenses and assets are recognised net of the amount of sales tax (e.g. excise duty), except:

- ▶ when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority (e.g. if the entity is not subject of sales tax), in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ▶ receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

##### Other operating income

Other operating income is recognised on the same accounting policy basis as the net sales.

#### a) Sales by product lines

	<b>2021</b>	<b>2020</b>
	HUF million	HUF million
Sales of crude oil and oil products	4,056,488	2,700,886
Sales of petrochemical products	1,075,344	641,133
Sales of natural gas and gas products	340,052	205,905
Sales of other products	167,710	131,351
Sales of retail shop products	165,952	150,929
Sales of services	153,761	180,818
<b>Total</b>	<b>5,959,307</b>	<b>4,011,022</b>

**b) Sales by geographical area**

	<b>2021</b>	<b>2020</b>
	HUF million	HUF million
Hungary	1,631,987	1,015,997
Croatia	669,612	441,688
Czech Republic	479,873	335,929
Slovakia	479,563	411,336
Italy	425,030	273,692
Romania	423,554	276,921
Poland	290,673	142,748
Austria	260,661	213,173
Serbia	233,327	215,014
United Kingdom	165,915	119,789
Germany	143,341	95,260
Bosnia-Herzegovina	137,191	90,932
Switzerland	112,110	84,123
Slovenia	108,234	67,640
Azerbaijan	89,490	54,235
Rest of Central-Eastern Europe	50,938	32,142
Rest of Europe	148,698	77,365
Rest of the World	109,110	63,038
<b>Total</b>	<b>5,959,307</b>	<b>4,011,022</b>

The Group has no single major customer the revenue from which would exceed 10% of the total net sales revenues in 2021 (neither in 2020).

**c) Other operating income**

	<b>2021</b>	<b>2020</b>
	HUF million	HUF million
Penalties, late payment interest, compensation received	7,276	3,836
Allowances and subsidies received	6,196	7,475
Reimbursement of legal costs	2,826	-
Gain from the sale of companies	2,327	-
Gain on sales of intangibles, property, plant and equipment	2,069	4,975
Net gain of non-hedge commodity price transactions*	-	28,796
Other	12,077	10,605
<b>Total</b>	<b>32,771</b>	<b>55,687</b>

\* The net result of the non-hedge commodity price transactions was loss in current year (see Note 4)

The Other operating income includes reimbursement of legal costs (HUF 2,826 million) related to arbitration proceeding between Dana Gas PJSC (Dana) and Crescent Petroleum Company International LTD (Crescent) against MOL Plc. and OMV Upstream International GmbH, where MOL was the respondent. The Final Award was issued on 2nd December 2021. The tribunal dismissed all of Dana and Crescent's claims and awarded reimbursement of 90% of MOL's legal and arbitration costs.

**4. Total operating expenses****Accounting policies****Total operating expense**

If specific standards do not regulate, operating expenses are recognised at point in time or through the period basis. When a given transaction is under the scope of specific IFRS transaction it is accounted for in line with those regulations.

The Group has classified payments for leases of low value assets, short-term lease payments and variable lease payments not included in the measurement of lease liability within operating activities.



	2021	2020
	HUF million	Restated HUF million
<b>Raw materials and consumables used</b>	<b>4,431,441</b>	<b>2,954,666</b>
Crude oil purchased	1,909,135	1,221,421
Cost of goods purchased for resale	1,190,978	758,298
Non-hydrocarbon-based material	439,832	274,178
Value of material-type services used	267,294	254,410
Other raw materials	287,257	188,742
Purchased bio diesel component	168,446	111,542
Utility expenses	103,030	79,791
Value of inter-mediated services	65,469	66,284
<b>Employee benefits expense</b>	<b>300,006</b>	<b>275,522</b>
Wages and salaries	220,244	196,886
Social security	45,263	43,950
Other employee benefits expense	34,499	34,686
<b>Depreciation, depletion, amortisation and impairment</b>	<b>507,437</b>	<b>514,395</b>
<b>Other operating expenses</b>	<b>399,390</b>	<b>248,250</b>
Net loss of non-hedge commodity price transactions*	88,306	-
Mining royalties	55,210	30,119
Contribution in strategic inventory storage	40,296	38,419
Other services	37,289	37,594
Provision for greenhouse gas emission over quota allocated free of charge	24,381	10,427
Taxes and contributions	24,372	20,134
Rental cost	19,679	17,031
Consultancy fees	17,447	18,293
Advertising expenses	16,213	15,426
Insurance fees	11,196	9,900
Cleaning costs	7,976	8,028
Bank charges	6,693	5,954
Site security costs	6,673	6,918
Other	43,659	30,007
<b>Change in inventory of finished goods and work in progress</b>	<b>(170,694)</b>	<b>80,800</b>
<b>Work performed by the enterprise and capitalised</b>	<b>(88,387)</b>	<b>(71,918)</b>
<b>Total operating expenses</b>	<b>5,379,193</b>	<b>4,001,715</b>

\* The net result of the non-hedge commodity price transactions was gain in prior year (see Note 3/c)

Rental costs within other operating expenses relate to short-term leases, leases of low-value assets and variable lease payments.

The Other row in the Other operating expenses includes release of provisions due to the reason MOL won the legal cases related to Creditor BETA, s.r.o. company (HUF 2,707 million) in 2021, and related to Creditor GAMA, s.r.o. company (HUF 11,606 million) in 2020.

### Employee benefit expenses

Other employee benefits expense contains fringe benefits, reimbursement of expenses and severance payments.

### Share-based payments

Certain employees (including directors and managers) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares.

### Equity-settled transactions

The cost of equity-settled transactions is measured at their fair value at grant date. The fair value is determined by applying generally accepted option pricing models (usually binomial model). In valuing equity-settled transactions, only market conditions are taken into consideration (which linked to the share price of the parent company).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date using the binomial model. This fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is re-measured at each balance sheet date up to and including the settlement date to fair value with changes therein recognised in the statement of profit or loss.

	2021 HUF million	2020 HUF million
Absolute Share Value Based Remuneration	(8)	167
Relative Market Index Based Remuneration	(9)	6
Restricted Share Plan	153	-
Short-term Share Ownership Plan	1,223	-
<b>Total cash-settled share-based payment expense</b>	<b>1,359</b>	<b>173</b>
Absolute Share Value Based Remuneration	650	(645)
Relative Market Index Based Remuneration	52	(80)
Restricted Share Plan	1,039	-
Short-term Share Ownership Plan	(496)	1,233
Share Incentive scheme for the members of the Board of Directors	361	507
<b>Total equity-settled share-based payment expense</b>	<b>1,606</b>	<b>1,015</b>
<b>Total expense of share-based payment transactions</b>	<b>2,965</b>	<b>1,188</b>

The share-based payments serve as the management's long-term incentives as an important part of their total remuneration package. They ensure the interest of the top and senior management of MOL Group in the long-term increase of MOL share price and so they serve the strategic interest of the shareholders.

**Absolute Share Value Based Remuneration Incentive for management**

The Absolute Share Value Based Remuneration Plan is a call option to sell hypothetical MOL shares granted on a past strike price, at a spot price and so realise profit from the difference between these prices. The incentive has the following characteristics:

- ▶ Covers a four-year period starting annually, where periods are split into a two-year vesting period (it is not possible to exercise Share Options) and a two-year redeeming period. If unexercised, the Share Option lapses after 31 December of the redeeming period.
- ▶ The grants are defined centrally in line with MOL job category.
- ▶ The allocation is linked to individual performance.
- ▶ Payout is either in form of providing of MOL shares (in Hungary) or in cash payment (outside Hungary).

Payment is upon exercising of option by management. The value of the incentive is the difference between the strike price and a selected spot price for each unit of the entitlement.

In case the Annual General Meeting of MOL Plc. decides on dividend payment after the grant date, the managers, who are entitled to long-term incentives are eligible for a compensation in share equivalent when redeeming the share entitlement. Payment to one manager is the value equal to the dividend payment per share multiplied by the share unit numbers the manager is entitled to. This is paid at redemption.

**Equity-settled share-based payment:**

	2021		2020	
	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share
<b>Outstanding at the beginning of the year</b>	<b>7,494,523</b>	<b>3,023</b>	<b>5,970,656</b>	<b>2,960</b>
Granted during the year	227,992	2,918	2,802,431	2,922
Forfeited during the year	(296,376)	3,011	(317,232)	2,974
Exercised during the year	-	-	-	-
Expired during the year	(2,329,266)	3,107	(961,332)	2,352
<b>Outstanding at the end of the year</b>	<b>5,096,873</b>	<b>2,981</b>	<b>7,494,523</b>	<b>3,023</b>
Exercisable at the end of the year	2,394,100	3,052	2,416,317	3,107

Cash-settled share-based payment:

	2021		2020	
	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share	Number of shares in conversion option units number of shares	Weighted average exercise price HUF/share
<b>Outstanding at the beginning of the year</b>	<b>360,351</b>	<b>3,026</b>	<b>654,183</b>	<b>2,203</b>
Granted during the year	33,749	2,918	119,253	2,924
Forfeited during the year	(19,736)	2,918	(7,189)	3,052
Exercised during the year	-	-	(399,232)	1,669
Expired during the year	(110,786)	3,107	(6,664)	1,669
<b>Outstanding at the end of the year</b>	<b>263,578</b>	<b>2,987</b>	<b>360,351</b>	<b>3,026</b>
Exercisable at the end of the year	135,272	3,052	110,786	3,107

Liabilities in respect of share-based payment plans amount to HUF 68 million as at 31 December 2021 (31 December 2020: HUF 74 million), recorded in Other non-current liabilities and Other current liabilities.

Fair value as of the statement of financial position date has been calculated using the binomial option pricing model.

	2021	2020
Weighted average exercise price (HUF/share)	2,987	3,026
Share price as of 31 December (HUF/share)	2,520	2,190
Expected volatility based on historical data	34.97%	31.05%
Expected dividend yield	4.36%	3.66%
Estimated maturity (years)	1.49	2.01
Risk free interest rate	5.14%	0.84%

**Relative Market Index Based Remuneration Incentive for management**

The Relative Market Index Based Remuneration Plan is a three-year programme using the Comparative Share Price methodology with following characteristics:

- ▶ Programme starts each year on a rolling scheme with a three-year vesting period. Payments are due after the third year.
- ▶ Target is the development of MOL's share price compared to relevant and acknowledged regional and industry specific indicators (the CETOP and MSCI Emerging Markets Energy Index).
- ▶ Basis of the evaluation is the average difference in MOL's year-on-year (12 months) share price performance in comparison to the benchmark indices for three years.
- ▶ Payout rates are defined based on the over/underperformance of MOL share price.
- ▶ The rate of incentive is influenced by the individual short-term performance.
- ▶ Payout is either in form of providing of MOL shares (in Hungary) or in cash payment (outside Hungary).

**Restricted Share Plan for management**

From 1 January 2021, the MOL Group established new share-based payment remuneration plan to supersede Absolute Share Value Based Remuneration and Relative Market Index Based Remuneration programmes: Restricted Share Plan.

The Restricted Share Plan is a three-year incentive programme based on determined corporate and individual performance targets with following characteristics:

- ▶ Programme starts each year on a rolling scheme with a three-year vesting period. Payments are due after the third year.
- ▶ Target on corporate performance is based on the achievement of business plan for Clean CCS EBITDA.
- ▶ Payout rates are defined based on fulfilment of the corporate performance target and individual payout rate which is based on an individual performance.
- ▶ Payout is either in form of providing of MOL shares (in Hungary) or in cash payment (outside Hungary).
- ▶ The fair value of the benefit has been determined with reference to the average quoted price of MOL shares at the date of grant of HUF 2,221 per share, which is the first trading day of the first year of the programme.

### Short-term Share Ownership Incentive for management

Short-term Share Ownership Plan is a one-year programme with the following characteristics:

- ▶ Programme starts each year on a rolling scheme with a one-year vesting period. Payments are due in a following year.
- ▶ The grants are defined based on participant's base salary, internal grade and related bonus rate.
- ▶ The rate of incentive is influenced by the individual short-term performance during vesting period.
- ▶ Payout is in form of providing of MOL shares or in cash payment.

### Share Incentive scheme for the members of the Board of Directors

The members of the Board of Directors become entitled to defined annual amount of MOL shares based on the number of days spent in the position. 1,200 shares per month are granted to each director, the Chairman of the Board is entitled to an additional number of 400 shares per month. If not a non-executive director is in charge as the Chairman of the Board, then this additional number of shares should be granted to the non-executive Deputy Chairman. The new incentive system ensures the interest of the Board of Directors in the long-term increase of the MOL share price as 2/3 of the shares vested in the year are under transferring restriction for one year.

According to IFRS 2 – Share-based payment, the incentive qualifies as an equity-settled share-based scheme; therefore, the fair value of the benefit should be expensed during the one-year investing period with a corresponding increase in the equity. The fair value of the benefit has been determined with reference to the average quoted price of MOL shares at the date of grant, which is the first trading day of the year.

	2021	2020
Number of shares vested	149,155	148,800
Share price at the date of grant (HUF/share)	2,221	2,950

## 5. Finance result

### Accounting policies

Foreign exchange gains and losses are aggregated separately on a monthly basis for transactions similar in nature. Foreign exchange gains or losses of each transaction groups are aggregated and presented in the statement of profit or loss within finance income and expense.

Non-foreign exchange type items are presented based on their balances.

	2021	2020
	HUF million	Restated HUF million
<b>Finance result</b>		
Interest income	3,606	7,438
Dividend income	9,520	1,176
Foreign exchange gains	91,807	154,578
Other finance income	2,065	5,633
<b>Total finance income</b>	<b>106,998</b>	<b>168,825</b>
Interest expense	16,544	14,343
Unwinding of discount on provisions	16,897	15,655
Foreign exchange losses	106,227	241,154
Other finance expense	9,600	9,009
<b>Total finance expense</b>	<b>149,268</b>	<b>280,161</b>
<b>Net finance expense</b>	<b>42,270</b>	<b>111,336</b>

Interest expense on lease liabilities accounted for in the period is HUF 4,174 million (2020: HUF 3,830 million). Finance income on the net investment in the lease accounted for in the period is HUF 449 million (2020: HUF 456 million).

Dividend income relates to equity instruments which are designated upon initial recognition as at fair value through other comprehensive income.

## 6. Investments in associates and joint ventures

### Accounting policies

#### Statement of financial position

An associate is an entity over which the Group has significant influence, and which is neither a subsidiary nor a joint venture. An arrangement is under joint control when the decisions about its relevant activities require the unanimous consent of the parties sharing the control of the arrangements. Joint arrangements can be joint operation and joint venture. The type of the arrangement should be determined by considering the rights and obligations of the parties arising from the arrangement in the normal course of business. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried at cost plus post acquisition changes in the Group's share of net assets. Goodwill relating to an undertaking is included in the carrying amount of the investment and is not amortised.

Investments in associates and joint ventures are assessed to determine whether there is any objective evidence of impairment. If there is evidence of impairment the recoverable amount of the investment is determined to identify any impairment loss to be recognised. Where losses were made in previous years, an assessment of the factors is made to determine if any loss may be reversed.

#### Statement of profit or loss

The statement of profit or loss reflects the share of the results of operations of the associate and joint ventures. Profits and losses resulting from transactions between the Group and the equity accounted undertakings are eliminated to the extent of the interest in the undertaking. Impairment losses on associates and joint ventures for the period is recognised as a reduction on Share of after-tax results of associates and joint ventures line in the Statement of profit or loss.

Company name	Country	Range of activity	Ownership	Contribution to net income		Net book value of investments	
			2021 %	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million
<b>Investment in joint ventures</b>							
BaiTex Llc. / MK Oil and Gas B.V.	Russia / Netherlands	Exploration and production activity / Exploration investment management	51%	5,361	126	19,678	12,544
Terra Mineralna Gnojiva d.o.o. / Petrokemija d.d	Croatia	Investment management	27%	(453)	4,417	12,057	12,303
JSR MOL Synthetic Rubber Plc.	Hungary	Production of synthetic rubber	49%	(6,924)	(2,806)	4,365	11,747
Rossi Biofuel Plc.	Hungary	Biofuel component production	25%	2,987	609	8,859	5,759
Dunai Vízmű Plc.	Hungary	Water production, supply	33%	-	(1)	1,401	1,402
Datapac Group	Slovakia	IT services	25%	52	19	641	582
ITK Holding Plc.	Hungary	Mobility and public transport service	74%	15	(421)	875	860
Other				1	1	9	9
<b>Investment in associated companies</b>							
Pearl Petroleum Ltd.	Kurdistan region/Iraq	Exploration of gas	10%	11,058	5,293	155,084	141,586
BTC	Cayman Islands	Oil transportation	9%	246	4,663	1,394	16,662
Ural Group Limited	Kazakhstan	Exploration and production activity	28%	6,969	(9,715)	15,233	7,563
Meroco a.s.	Slovakia	Production of bio-diesel component (FAME)	25%	1,901	227	3,509	1,743
DAC ARENA a.s.	Slovakia	Facility management	28%	37	19	1,437	1,384
Messer Slovnaft s.r.o	Slovakia	Production of technical gases	49%	265	75	872	692
<b>Total</b>				<b>21,515</b>	<b>2,506</b>	<b>225,414</b>	<b>214,836</b>

#### Joint ventures

##### MK Oil and Gas B.V.

MOL Group has 51% ownership in MK Oil and Gas B.V. being the sole owner of Baitex Llc., where the activities are carried out through a concession agreement on Baitugan and Yerilkinsky blocks. Joint control exists over MK Oil and Gas B.V. as the relevant activities of the company require unanimous consent of the parties sharing the control of the operation giving the parties right to the net assets of the arrangement. The MK Oil and Gas B.V. is primarily involved in the exploration and production of oil and gas through its subsidiary at the Baitugan field.

##### JSR MOL Synthetic Rubber Zrt.

The company is governed and treated jointly with 51% of total shares held by JSR Corporation and 49% of total shares held by MOL. The Company manufactures synthetic rubber (SSBR) in Tiszaújváros.

##### Terra mineralna gnojiva d.o.o.

INA d.d. has 50% ownership in the joint venture company, Terra mineralna gnojiva d.o.o., which owns 54% shareholder interests of and respective management rights over Petrokemija d.d., a mineral fertilizer producing company in Croatia. Joint control exists over the company as the decisions made by the shareholders' meetings of the company require unanimous vote of the parties. Terra Mineralna Gnojiva d.o.o. was registered for the performance of sale and purchase of goods.

**ITK Holding Zrt.**

MOL Group has majority ownership in ITK Holding Zrt. and it has joint control over the Holding because it has 50% voting rights in the Board. The company offers comprehensive services to support public transport in several cities. Its primary activity is to operate and maintain buses used by public transport providers. Furthermore, the company develops and provides passenger information and traffic management systems.

	BaiTex Llc. / MK Oil and Gas B.V.		JSR MOL Synthetic Rubber Zrt.		Terra Mineralna Gnojiva d.o.o. / Petrokemija d.d.*	
	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million
<b>The joint venture's statement of financial position:</b>						
Non-current assets	57,247	45,528	113,427	119,286	30,240	28,484
Current assets	6,802	2,745	17,597	3,286	44,264	43,211
Non-current liabilities	21,687	22,842	96,287	76,984	5,660	9,945
Current liabilities	9,333	5,192	25,021	21,614	36,734	28,550
<b>Net assets</b>	<b>33,029</b>	<b>20,239</b>	<b>9,716</b>	<b>23,974</b>	<b>32,110</b>	<b>33,200</b>
Proportion of the Group's ownership at year end	51%	51%	49%	49%	27%	27%
<b>Group's share of assets</b>	<b>16,845</b>	<b>10,322</b>	<b>4,761</b>	<b>11,747</b>	<b>8,753</b>	<b>9,050</b>
Fair value adjustment	2,833	2,222	-	-	3,304	3,253
Inventory consolidation - margin elimination	-	-	(396)	-	-	-
<b>Carrying amount of the investment</b>	<b>19,678</b>	<b>12,544</b>	<b>4,365</b>	<b>11,747</b>	<b>12,057</b>	<b>12,303</b>
<b>The joint venture's statement of profit or loss:</b>						
Net revenue	52,324	31,882	11,354	516	72,421	66,290
Profit/(loss) from operations	15,203	4,958	(12,438)	(6,163)	825	15,349
Net income attributable to equity holders	10,740	519	(14,130)	(5,727)	(1,662)	16,203
<b>Group's share of reported profit/(loss) for the year</b>	<b>5,477</b>	<b>265</b>	<b>(6,924)</b>	<b>(2,806)</b>	<b>(453)</b>	<b>4,417</b>
Fair value adjustment P&L impact	457	(325)	-	-	-	-
Inventory consolidation P&L impact	(573)	186	-	-	-	-
<b>Group's share of profit/(loss) for the year after consolidation</b>	<b>5,361</b>	<b>126</b>	<b>(6,924)</b>	<b>(2,806)</b>	<b>(453)</b>	<b>4,417</b>

\* based on data for 09.30

**Associates****Pearl Petroleum Company Limited**

MOL Group owns 10% stake in Pearl Petroleum Company Limited (Pearl) which holds all of the companies' legal rights in Khor Mor and Chemchemal gas-condensate fields in the Kurdistan Region of Iraq. Since the agreement between the shareholders grants MOL Group a significant influence on Pearl's operations, the company is treated as an associated company and is consolidated using the equity method accordingly.

Dividend received in 2021 is HUF 11,116 million.

**Ural Group Limited**

MOL Group has 27.5% of shareholding interest in Ural Group Limited through MOL (FED) Kazakhstan B.V., a holding company. Ural Group Limited is 100% owner of Ural Oil and Gas LLP having license of exploring Fedorovsky block in Kazakhstan. MOL Group has significant influence over the relevant activities of Ural Group Limited therefore the investment is classified as an associate.

**BTC**

On 16 April 2020, MOL Group has successfully closed the previously announced deal with Chevron BTC Pipeline, Ltd regarding the acquisition of an effective 8.9% stake in the Baku-Tbilisi-Ceyhan ("BTC") pipeline that transports the crude to the Mediterranean port of Ceyhan. Ownership in BTC will cease in 2026.

Dividend received in 2021 is HUF 16,363 million.

	Pearl Petroleum Ltd.		Ural Group Limited		BTC	
	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million
<b>The associate's statement of financial position:</b>						
Non-current assets	720,561	609,606	81,947	47,400	1,237,750	1,165,468
Current assets	115,526	78,183	1,668	1,044	58,622	30,449
Non-current liabilities	133,628	58,371	21,446	12,620	150,380	68,134
Current liabilities	37,108	26,454	6,777	6,820	94,830	40,456
<b>Net assets</b>	<b>665,351</b>	<b>602,965</b>	<b>55,392</b>	<b>29,004</b>	<b>1,051,162</b>	<b>1,087,327</b>
Proportion of the Group's ownership at year end	10%	10%	27.5%	27.5%	8.9%	8.9%
<b>Group's share of assets</b>	<b>66,535</b>	<b>60,296</b>	<b>15,233</b>	<b>7,976</b>	<b>93,553</b>	<b>96,772</b>
Fair value adjustment	91,908	83,909	-	-	(87,777)	(80,110)
Accumulated impairment	(442)	-	-	(413)	(4,382)	-
Dividend received over impairment	(2,917)	(2,619)	-	-	-	-
<b>Carrying amount of the investment</b>	<b>155,084</b>	<b>141,586</b>	<b>15,233</b>	<b>7,563</b>	<b>1,394</b>	<b>16,662</b>
<b>The associate's statement of profit or loss:</b>						
Net revenue	162,236	103,444	-	-	205,787	141,753
Profit/(loss) from operations	110,940	54,121	18,947	(39,314)	57,895	56,944
Net income attributable to equity holders	114,995	52,934	23,702	(33,770)	51,998	52,390
<b>Group's share of reported profit/(loss) for the year</b>	<b>11,500</b>	<b>5,293</b>	<b>6,518</b>	<b>(9,287)</b>	<b>4,628</b>	<b>4,663</b>
Movements on impairment	(442)	-	451	(428)	(4,382)	-
<b>Group's share of consolidated profit/(loss) for the year</b>	<b>11,058</b>	<b>5,293</b>	<b>6,969</b>	<b>(9,715)</b>	<b>246</b>	<b>4,663</b>

## 7. Income taxes

### Accounting policies

Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items 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 income tax is based on taxable profit for the year. Taxable profit differs from accounting profit because of temporary differences between accounting and tax treatments and due to items, that are never taxable or deductible or are taxable or deductible in other years. Full provision for deferred tax is made the temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes using the balance sheet liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets are recognised where it is more likely than not that the assets will be realised in the future. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. No deferred tax liability is provided in respect of any future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future, or where no liability would arise on the remittance.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities which relate to income taxes imposed by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Significant accounting estimates and judgements

Corporate tax is required to be estimated in each tax jurisdiction in which MOL Group operates. The recognition of tax benefits requires management judgement. The actual tax liability may differ from the provision and adjustment in subsequent period could have a material effect on the Group's profit for the year.

The evaluation of deferred tax assets recoverability requires judgements regarding the likely timing and the availability of future taxable income.

#### a) Analysis of taxation charge for the year

Total applicable income taxes reported in the consolidated financial statements for the years ended 31 December 2021 and 31 December 2020 include the following components:

	2021 HUF million	2020 Restated HUF million
Current corporate income tax and industry taxes	54,674	16,408
Local trade tax and innovation fee	21,144	14,786
Deferred taxes	(33,279)	(20,933)
<b>Total income tax expense</b>	<b>42,539</b>	<b>10,261</b>

## b) Current income taxes

The Group's current income taxes are determined on the basis of taxable statutory profit of the individual companies of the Group. Group taxation is applied in jurisdictions where local legislation includes such provisions.

Industry taxes include tax on energy supply activities in Hungary with an effective tax rate of 18% (2020: 19%) on taxable statutory profit of MOL Plc. and with an effective tax rate of 13% (2020: 9%) on taxable statutory profit of MOL Commodity Trading Kft. Industry taxes also include tax on oil and gas companies in Norway where tax rates consist of corporate income tax of 22% (2020: 22%) and special petroleum tax of 56% (2020: 56%) both payable on net operating profits derived from extractive activities. Upstream companies in Norway are refunded for the tax loss of exploration activities incurred for the year.

Local trade tax represents an income-based tax for Hungarian entities, payable to local municipalities. Tax base is calculated by deducting material costs, cost of goods sold and remediated services from sales revenue. Tax rates vary between 0-2% dependent on the regulation of local municipalities where the entities carry on business activities.

Deferred tax income is driven by the industry income tax law modification in 2021 in Hungary, which introduced the future usability of losses carried forward in the industry income tax. For the first time, the 2020 tax loss can be carried forward and used as a tax base reduction for the next 5 years, up to a maximum of 50% of tax base. The impact of the change in tax law has HUF 22,706 million increase in deferred tax income at MOL Plc. in 2021.

## Change in tax rates

There are no changes in income tax rates effective from 1 January 2021.

## c) Deferred tax assets and liabilities

The deferred tax balances as of 31 December 2021 and 31 December 2020 in the consolidated statement of financial position consist of the following items by categories:

	31 Dec 2021	31 Dec 2020 Restated
	HUF million	HUF million
Property, plant and equipment and intangible assets	(169,571)	(172,296)
Statutory tax losses carried forward	66,343	65,114
Provisions	98,694	71,545
Elimination of intragroup transactions	18,459	15,598
Other temporary differences <sup>(1)</sup>	38,727	38,522
<b>Net deferred tax asset</b>	<b>52,652</b>	<b>18,483</b>
<i>of which:</i>		
Total deferred tax assets	175,797	149,052
Total deferred tax liabilities	(123,145)	(130,569)

(1) Deferred tax on other temporary differences includes items such as receivables write-off, inventory valuation differences, valuation of financial instruments and foreign exchange differences.

As of 31 December 2021, deferred tax assets of HUF 175,797 million consist of deferred tax on tax losses carried forward of HUF 38,900 million at MOL Plc. and HUF 21,297 million at MOL GROWEST (I) Ltd. Besides, amount of HUF 52,982 million at MOL Plc. and HUF 9,349 million at INA Group relates to timing differences of provisions. Additionally, amount of HUF 28,893 million at INA Group relates to temporary differences on intangible and tangible assets.

As of 31 December 2021, deferred tax liabilities of HUF 123,145 million include temporary differences on intangible and tangible assets at MOL Azerbaijan Ltd. (HUF 62,114 million), Slovnaft a.s. (HUF 38,516 million) and FGSZ Zrt. (HUF 17,100 million). In case of Slovnaft a.s. deferred tax assets and liabilities are offset, decreasing the deferred tax liability by HUF 15,190 million arising mainly from differences in provisions and tax losses carried forward. Besides, amount of HUF 12,906 million at MOL Petrochemicals Zrt. relates to establishment of development reserves.

## Analysis of movements during the year in the net deferred tax asset:

	2021	2020 Restated
	HUF million	HUF million
Net deferred tax asset as at 1 January	18,483	63,853
Acquisition of business	299	(84,831)
Recognised in statement of profit or loss	33,279	20,933
Recognised directly in equity (as other comprehensive income)	78	9,129
Exchange difference	513	9,399
<b>Net deferred tax asset as at 31 December</b>	<b>52,652</b>	<b>18,483</b>



The amount recognised in statement of profit or loss as an income is mainly driven by changes related to MOL Plc. (HUF 25,514 million income), MOL Petrochemicals Zrt. (HUF 11,679 million expense), MOL Azerbaijan Ltd. (HUF 10,594 million income) and MOL Norge a.s. (HUF 10,479 million income).

There are no changes in corporate income tax rates effective from 1 January 2022 taken into account in deferred tax calculation. Enacted and substantively enacted changes in tax rates are considered when calculating deferred tax assets and liabilities.

#### d) Reconciliation of taxation rate

A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rates is as follows:

	2021 HUF million	2020 Restated HUF million
<b>Profit before tax per consolidated statement of profit or loss</b>	<b>592,130</b>	<b>(43,836)</b>
Less: share of profit of joint ventures and associates	(21,515)	(2,506)
<b>Income before taxation and share of profit of joint ventures and associates</b>	<b>570,615</b>	<b>(46,342)</b>
Tax expense at the applicable tax rate (9%)	51,355	(4,171)
Change in recognition of prior year tax losses carried forward	(38,530)	18,542
Current year losses not recognised as deferred tax asset	4,234	9,281
Differences in tax rates at subsidiaries	18,747	(23,524)
Other tax expenses (local trade tax, industry tax)	20,808	11,106
Non-taxable income	(9,520)	(1,176)
Tax allowance available	(1,966)	(1,450)
Permanent differences (tax value - IFRS value)	(3,082)	1,315
Effect of tax audits	493	338
<b>Total income tax expense for the year</b>	<b>42,539</b>	<b>10,261</b>
<b>Effective tax rate</b>	<b>7%</b>	<b>-23%</b>

The table above provides a reconciliation of the Hungarian corporate tax charge to the actual consolidated tax charge. As the Group operating in multiple countries, the actual tax rates applicable to profits in those countries are different from the Hungarian tax rate. The impact is shown in the table above as differences in tax rates.

#### e) Income tax recognised in other comprehensive income

The amount of income tax relating to each component of other comprehensive income:

	2021 HUF million	2020 HUF million
Net gain/(loss) on hedge of a net investment	1,079	8,970
Revaluations of debt instruments at fair value through other comprehensive income	52	(72)
Revaluations of equity instruments at fair value through other comprehensive income	(874)	184
Revaluations of financial instruments treated as cash flow hedges	(98)	35
Equity recorded for actuarial gain/(loss) on provision for retirement benefit obligation	(81)	12
<b>Total income tax recognised in other comprehensive income</b>	<b>78</b>	<b>9,129</b>

#### f) Unrecognised deferred tax assets

The following deferred tax assets have not been recognised in respect of tax losses and other temporary differences in the Group due to uncertainty of realisation:

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
Tax losses - indefinite expiry	100,077	105,208
Tax losses - expiry within 5 years	30,888	43,654
Tax losses - expiry after 5 years	260	492
Other temporary differences	67,570	60,287
<b>Total unrecognised deferred tax asset</b>	<b>198,795</b>	<b>209,641</b>

## 8. Components of other comprehensive income

### Exchange differences on translating foreign operations

#### Accounting policies

The difference on translating consolidated foreign operations which functional currency is different from the presentation currency of the Group are recognised in other comprehensive income and cumulated in a separate component of equity until disposal or liquidation of the foreign operation when they become part of the gain or loss on disposal. These exchange differences are not recognised in profit or loss because the changes in exchange rates have little or no direct effect on the present and future cash flows from operations.

	2021 HUF million	2020 Restated HUF million
Gains/(losses) arising during the year	71,120	144,884
Recycling reserves from OCI to profit or loss due to disposal	(1,869)	(2,942)
Income tax effect	-	-
<b>Exchange differences on translating foreign operations, net of tax</b>	<b>69,251</b>	<b>141,942</b>

### Net investment hedge

#### Accounting policies

Exchange differences on translating foreign operations are recognised in other comprehensive income and may designated as hedged items in net investment hedge. The foreign exchange gains or losses on the debts designated as hedging instruments are transferred from finance result to other comprehensive income, until the foreign operation is disposed of or liquidated, when such gains or losses become part of the gain or loss on disposal.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	(4,042)	(32,454)
Recycling reserves from OCI to profit or loss due to disposal	-	-
Income tax effect	1,079	8,970
<b>Net investment hedge, net of tax</b>	<b>(2,963)</b>	<b>(23,484)</b>

### Changes in fair value of debt instruments at fair value through other comprehensive income

#### Accounting policies

Debt instruments which are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are measured at fair value through other comprehensive income. When the asset is derecognised or reclassified, changes in fair value previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	(218)	(411)
Recycling reserves from OCI to profit or loss due to disposal	-	-
Income tax effect	52	(72)
<b>Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax</b>	<b>(166)</b>	<b>(483)</b>

### Changes in fair value of equity instruments at fair value through other comprehensive income

#### Accounting policies

If an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure it at fair value through other comprehensive income. When the asset is derecognised changes in fair value previously recognised in other comprehensive income and accumulated in equity remain in other comprehensive income.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	19,437	2,126
Income tax effect	(874)	184
<b>Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax</b>	<b>18,563</b>	<b>2,310</b>

### Changes in fair value of cash flow hedges

#### Accounting policies

Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	1,092	(442)
Recycling reserves from OCI to profit or loss due to disposal	-	-
Reclassification adjustments to initial cost of hedged inventories	-	-
Income tax effect	(98)	35
<b>Changes in fair value of cash flow hedges, net of tax</b>	<b>994</b>	<b>(407)</b>

### Remeasurement of post-employment benefit obligations

#### Accounting policies

The effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions in the model used for determining provision for post-employment benefit obligations, called as actuarial gains and losses, are recognised in the other comprehensive income immediately. The recognised amount is not reclassified to profit or loss in subsequent periods.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	(635)	(1,393)
Recycling reserves from OCI to profit or loss due to disposal	-	-
Income tax effect	(81)	12
<b>Remeasurement of post-employment benefit obligations</b>	<b>(716)</b>	<b>(1,381)</b>

### Share of other comprehensive income of associates and joint ventures

#### Accounting policies

The other comprehensive income includes the Group's share of the associates and joint ventures' other comprehensive income. When the associate or joint ventures disposed or their consolidation with equity method is discontinued all amounts in other comprehensive income in relation to that investment is derecognised.

	2021 HUF million	2020 HUF million
Gains/(losses) arising during the year	9,950	(321)
Recycling reserves from OCI to profit or loss due to disposal	-	-
Income tax effect	-	-
<b>Share of other comprehensive income of associates and joint ventures</b>	<b>9,950</b>	<b>(321)</b>

## NON-FINANCIAL ASSETS AND LIABILITIES

This section describes those non-financial assets that are used, and liabilities incurred to generate the Group's performance. This section also provides detailed disclosures on the significant exploration and evaluation related matters as well as the Group's recent acquisitions and disposals.

### 9. Property, plant and equipment, investment property and intangible assets

#### a) Property, plant and equipment

##### Accounting policies

Property, plant and equipment are stated at cost (or the carrying value of the assets determined as of 1 October 1991) less accumulated depreciation, depletion and accumulated impairment loss. For investment properties, the cost model is applied by MOL Group.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, such as borrowing costs. Estimated field abandonment and site restoration costs are capitalised upon initial recognition or subsequently, when there is a direct or indirect legal obligation and/or constructive obligation to do so. Expenditures incurred after the property, plant and equipment have been put into operation are charged to statement of profit or loss in the period in which the costs are incurred, except for periodic maintenance costs which are capitalised as a separate component of the related assets.

Construction in progress represents plant and properties under construction and is stated at cost without being depreciated. Construction in progress is reviewed for impairment annually.

	Land and buildings HUF million	Machinery and equipment HUF million	Other machinery and equipment HUF million	Construction in progress HUF million	Total HUF million
<b>At 1 Jan 2020</b>					
Gross book value	4,140,100	3,009,326	289,394	529,001	<b>7,967,821</b>
Accumulated depreciation and impairment	(2,812,369)	(2,233,377)	(188,959)	(47,147)	<b>(5,281,852)</b>
<b>Net book value</b>	<b>1,327,731</b>	<b>775,949</b>	<b>100,435</b>	<b>481,854</b>	<b>2,685,969</b>
<b>Year ended 31 Dec 2020</b>					
Additions and capitalisations - Restated	156,886	130,156	31,456	118,461	<b>436,959</b>
Acquisition of subsidiaries - Restated	480,195	-	318	31,618	<b>512,131</b>
Depreciation for the year - Restated	(231,965)	(173,182)	(26,048)	-	<b>(431,195)</b>
Impairment	(25,191)	(30,964)	(414)	(6,000)	<b>(62,569)</b>
Reversal of impairment	5,640	1,266	37	52	<b>6,995</b>
Disposals	(761)	(176)	(2,739)	(273)	<b>(3,949)</b>
Disposal of subsidiaries	-	-	-	-	-
Exchange adjustment - Restated	28,023	38,459	4,477	8,838	<b>79,797</b>
Transfers and other movements	12,085	(1,081)	207	(2,772)	<b>8,439</b>
<b>Closing net book value - Restated</b>	<b>1,752,643</b>	<b>740,427</b>	<b>107,729</b>	<b>631,778</b>	<b>3,232,577</b>
<b>At 31 Dec 2020</b>					
Gross book value - Restated	5,003,333	3,317,218	332,687	649,204	<b>9,302,442</b>
Accumulated depreciation and impairment - Restated	(3,250,690)	(2,576,791)	(224,958)	(17,426)	<b>(6,069,865)</b>
<b>Net book value - Restated</b>	<b>1,752,643</b>	<b>740,427</b>	<b>107,729</b>	<b>631,778</b>	<b>3,232,577</b>
<b>Year ended 31 Dec 2021</b>					
Additions and capitalisations	219,694	119,424	35,996	171,822	<b>546,936</b>
Acquisition of subsidiaries	5,113	1,886	206	9	<b>7,214</b>
Depreciation for the year	(228,645)	(160,739)	(28,986)	-	<b>(418,370)</b>
Impairment	(10,965)	(11,371)	(222)	(6,348)	<b>(28,906)</b>
Reversal of impairment	521	228	21	13	<b>783</b>
Disposals	(1,232)	(664)	(897)	(46)	<b>(2,839)</b>
Disposal of subsidiaries	-	-	(3)	-	<b>(3)</b>
Exchange adjustment	44,432	10,267	665	8,279	<b>63,643</b>
Transfers and other movements	(20,143)	2,351	(451)	(2,048)	<b>(20,291)</b>
<b>Closing net book value</b>	<b>1,761,418</b>	<b>701,809</b>	<b>114,058</b>	<b>803,459</b>	<b>3,380,744</b>
<b>At 31 Dec 2021</b>					
Gross book value	5,107,446	3,698,431	362,718	819,662	<b>9,988,257</b>
Accumulated depreciation and impairment	(3,346,028)	(2,996,622)	(248,660)	(16,203)	<b>(6,607,513)</b>
<b>Net book value</b>	<b>1,761,418</b>	<b>701,809</b>	<b>114,058</b>	<b>803,459</b>	<b>3,380,744</b>

2020 year-end balances were restated due to the closing of the measurement period of ACG acquisition. The Net book value of Land and buildings increased by HUF 14,586 million, the Gross book value increased by HUF 16,958 million and the Accumulated amortisation

increased by HUF 2,372 million. The gross book value and the Accumulated amortisation of Land and building and Other machinery and equipment decreased by HUF 918,308-918,308 million and HUF 124-124 million respectively due to netting of historical accumulated depreciation originally presented gross. The net book value was unchanged.

In addition, the above movement table was restated due to scrapping of a construction in progress which was not presented in 2020. The Gross book value of Construction in progress decreased by HUF 19,770 million and the Accumulated depreciation and impairment of Construction in progress decreased by HUF 19,770 million. The net book value was unchanged.

From 2021, the Tangible assets movement table does not include the real estates which are held as investment property.

## Leased assets

### Accounting policies

The Group recognises the right-of-use assets and lease liabilities for most leases.

The Group measures the right-of-use asset at cost, less accumulated depreciation and any accumulated impairment losses. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, otherwise the Group as lessee applies incremental borrowing rate. The lease liability is measured subsequently using the effective interest rate method.

The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases. Low-value assets mainly comprise those assets which value, when new, do not exceed USD 5,000. Short-term leases are leases with a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

The Group presents right-of-use assets from leases in 'Property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

### Significant accounting estimates and judgements

The Group has applied judgement to determine the lease term for some lease contracts that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and leased assets recognised.

	Rights HUF million	Land and building and related rights HUF million	Machinery and equipment HUF million	Other machinery and equipment HUF million	Total HUF million
<b>At 31 Dec 2020</b>					
<b>Net book value of finance leases</b>	<b>28</b>	<b>53,518</b>	<b>18,566</b>	<b>34,846</b>	<b>106,958</b>
<b>Period ended 31 Dec 2021</b>					
Additions and capitalisations	6	35,003	12,189	15,277	62,475
Depreciation for the period	(6)	(6,795)	(10,008)	(19,252)	(36,061)
Impairment, termination	-	(1,278)	(173)	(170)	(1,621)
<b>Closing net book value</b>	<b>28</b>	<b>80,448</b>	<b>20,574</b>	<b>30,701</b>	<b>131,751</b>

MOL Group has presented lease liabilities within loans and borrowings, please refer to Note 21.

## Borrowing costs

### Accounting policies

Borrowing costs (including interest charges and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings) directly attributable to the acquisition, construction or production of qualified assets are capitalised until these assets are substantially ready for their intended use or sale. All other costs of borrowing are expensed in the period in which they are incurred.

Property, plant and equipment include borrowing costs incurred in connection with the construction of qualifying assets. Additions to the gross book value of property, plant and equipment include borrowing costs of HUF 9,503 million in 2021 (2020: HUF 8,625 million). In 2021 the applicable capitalisation rate (including the impact of foreign exchange differences) has been 2.3% (2020: 2.75%).

## Government grants

### Accounting policies

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset. Grant relates to interest expense deducted in reporting the related expense and the borrowings also netted with the deferred income.

In 2021 property, plant and equipment includes assets with a value of HUF 19,788 million (2020: HUF 19,637 million) financed from government grants. The total amount reflects mainly the government grant received for the construction of the new polyol plant in MOL Petrochemicals which is HUF 10,536 million as of 31 December 2021 (31 December 2020: HUF 9,509 million). Further significant amounts are the assets of FGSZ Zrt. partly financed via a European Union grant for the construction of the Hungarian-Romanian and the Hungarian-Croatian natural gas interconnector and transformation of nodes, and the assets of Slovnaft a.s. financed by the grant

received from Slovakian government in order to serve State Authorities in case of state emergencies.

	2021 HUF million	2020 HUF million
<b>At 1 January</b>	<b>19,637</b>	<b>13,171</b>
Asset related government grants received	1,479	7,558
Release of deferred grants	(1,370)	(1,467)
Foreign exchange differences	42	375
<b>At 31 December (see Note 17 and 18)</b>	<b>19,788</b>	<b>19,637</b>

#### Non-current assets pledged as security

The carrying amount of non-currents assets pledged as security for liabilities is HUF 14,288 million as of 31 December 2021 which related to the MOL Fleet Solution Flottakezelő Kft.

## b) Investment property

### Accounting policies

Investment property is a property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes, or
- sale in the ordinary course of business.

For investment properties, the cost model is applied by MOL Group. Transfer to, or from, investment property shall be examined when there is an evident change in use.

During 2020 financial year Group finalised the construction of real estates which are held as investment property and are leased on a long-term basis. Net book value as at 31 December 2021 is HUF 1,862 million which equals to the fair value of the assets. Rental income recognised during the period is HUF 297 million.

Cost model is applied for accounting for investment property. Group accounts for depreciation assuming 20 years useful life and applying straight-line method.

## c) Intangible assets

### Accounting policies

An intangible asset is recognised initially at cost. For intangible assets acquired in a business combination, the cost is the fair value at the acquisition date.

Following initial recognition, intangible assets, other than goodwill are stated at the amount initially recognised, less accumulated amortisation and accumulated impairment losses.

Intangible assets, excluding development costs, created within the business are not capitalised.

Development costs are capitalised if the recognition criteria according to IAS 38 are fulfilled. Costs in development stage can be not amortised. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Free granted quotas are not recorded in the financial statements, while purchased quotas are initially recorded as intangible assets at cost less impairment, if any, taking into consideration the residual value. The quotas recognised are not amortised if the residual value is at least equal to carrying value.

	Rights HUF million	Software and other intellectual property HUF million	Exploration and evaluation assets HUF million	Goodwill HUF million	Total HUF million
<b>At 1 Jan 2020</b>					
Gross book value	185,369	71,021	189,330	102,471	548,191
Accumulated amortisation and impairment	(123,690)	(47,174)	(114,241)	(55,122)	(340,227)
<b>Net book value</b>	<b>61,679</b>	<b>23,847</b>	<b>75,089</b>	<b>47,349</b>	<b>207,964</b>
<b>Year ended 31 Dec 2020</b>					
Additions	54,698	14,175	18,576	-	87,449
Acquisition of subsidiary - Restated	-	5,053	69,879	114,593	189,525
Amortisation for the year	(9,296)	(4,615)	(7,710)	-	(21,621)
Write-offs	(178)	(90)	(5,922)	-	(6,190)
Reversal of impairment	-	-	185	-	185
Disposals	(45,039)	-	-	-	(45,039)
Revaluation of emission quotas	(450)	-	-	-	(450)
Disposal of subsidiaries	-	-	-	-	-
Exchange adjustment - Restated	1,440	852	(2,554)	(7,137)	(7,399)
Transfers and other movements	5,623	(2,841)	(9,348)	13	(6,553)
<b>Closing net book value - Restated</b>	<b>68,477</b>	<b>36,381</b>	<b>138,195</b>	<b>154,818</b>	<b>397,871</b>
<b>At 31 Dec 2020</b>					
Gross book value - Restated	205,386	91,495	264,812	218,043	779,736
Accumulated amortisation and impairment - Restated	(136,909)	(55,114)	(126,617)	(63,225)	(381,865)
<b>Net book value - Restated</b>	<b>68,477</b>	<b>36,381</b>	<b>138,195</b>	<b>154,818</b>	<b>397,871</b>
<b>Year ended 31 Dec 2021</b>					
Additions	82,064	12,703	12,684	-	107,451
Acquisition of subsidiary	27	-	-	-	27
Amortisation for the year	(9,137)	(6,166)	5,586	-	(9,717)
Write-offs	(3,034)	(168)	(46,445)	(1,479)	(51,126)
Reversal of impairment	-	-	-	-	-
Disposals	(28,339)	-	-	-	(28,339)
Revaluation of emission quotas	(374)	-	-	-	(374)
Disposal of subsidiaries	-	-	-	-	-
Exchange adjustment	4,485	104	9,382	12,898	26,869
Transfers and other movements	10,825	(6,749)	(8,410)	(489)	(4,823)
<b>Closing net book value</b>	<b>124,994</b>	<b>36,105</b>	<b>110,992</b>	<b>165,748</b>	<b>437,839</b>
<b>At 31 Dec 2021</b>					
Gross book value	271,955	96,775	271,798	231,135	871,663
Accumulated amortisation and impairment	(146,961)	(60,670)	(160,806)	(65,387)	(433,824)
<b>Net book value</b>	<b>124,994</b>	<b>36,105</b>	<b>110,992</b>	<b>165,748</b>	<b>437,839</b>

2020 year-end balances were restated due to the closing of the measurement period of ACG acquisition. The Gross book value and the Net book value of Goodwill increased by HUF 8,103 million. The Gross book value and the Accumulated amortisation of Rights decreased by HUF 31-31 million due to netting of historical accumulated depreciation originally presented gross. The net book value was unchanged. The carrying amount of the Goodwill at 31 Dec 2020 and 31 Dec 2021 were HUF 103,617 million and HUF 113,495 million respectively. The carrying amount of the Rights at 31 Dec 2020 and 31 Dec 2021 were HUF 63,338 million and HUF 69,376 million respectively. Amortisation of the Rights has not started yet.

## Goodwill

### Accounting policies

Goodwill acquired in a business combination is initially measured at difference between the consideration transferred and the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	31 Dec 2021	31 Dec 2020
	HUF million	Restated HUF million
<b>Goodwill (net book value)</b>		
<b>Upstream</b>	<b>113,495</b>	<b>103,617</b>
ACG field (please refer to note 10)	113,495	103,617
<b>Consumer services</b>	<b>39,888</b>	<b>37,500</b>
Croatian retail network	18,267	17,989
Hungarian retail network	7,972	6,406
Czech retail network	8,753	8,181
Romanian retail network	4,896	4,924
<b>Downstream</b>	<b>11,434</b>	<b>11,319</b>
Austrian wholesale and logistic	9,390	9,292
German plastic compounder	1,567	1,550
MOL Petrochemicals	477	477
<b>Corporate</b>	<b>931</b>	<b>2,382</b>
Croatian oil field services	931	2,382
<b>Total goodwill</b>	<b>165,748</b>	<b>154,818</b>

## Oil and natural gas exploration and development expenditures

### Accounting policies

Oil and natural gas exploration and development expenditure is accounted for using the Successful Efforts method of accounting.

### License and property acquisition costs

Costs of exploration and property rights are capitalised as intangible assets and amortised on a straight-line basis over the estimated period of exploration. Each property is reviewed on an annual basis to confirm that drilling activity is planned, and it is not impaired. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Upon recognition of proved reserves ('proved reserves' or 'commercial reserves') and internal approval for development, the relevant expenditure is transferred to property, plant and equipment.

### Exploration expenditure

Geological and geophysical exploration costs are charged against income statement as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons are not found, the exploration expenditure is written off as a dry-hole. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to property, plant and equipment.

### Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within property, plant and equipment.

### Significant accounting estimates and judgements

#### Application of Successful Efforts method of accounting for exploration and evaluation assets

Management uses judgement when capitalised exploration and evaluation assets are reviewed to determine capability and continuing intent of further development.

### Exploration and evaluation assets

Transfers from exploration and evaluation assets represent expenditures which, upon determination of proved reserves of oil and natural gas are reclassified to property, plant and equipment.

Within exploration and evaluation assets, exploration expenses incurred in 2021 is HUF 5,449 million (2020: HUF 4,748 million), which were not eligible for capitalisation. Consistent with the Successful Efforts method of accounting they were charged to various operating cost captions of the consolidated statement of profit or loss as incurred.

Other research and development costs are less significant compared to exploration expenses. These research and development costs are HUF 792 million in 2021 (2020: HUF 398 million).



**Write-offs of dry-holes**

	2021	2020
	HUF million	HUF million
<b>Dry-holes</b>		
Norway	35,982	-
Hungary	3,196	3,971
Croatia	5,512	-
Pakistan	894	721
Romania	-	159
<b>Total</b>	<b>45,584</b>	<b>4,851</b>

Exploration well located in the license PL617 and PL820 in Norwegian offshore was drilled in 2021. Wells did not achieve the objectives and has been classified as dry.

**d) Depreciation, depletion and amortisation****Accounting policies**

Depreciation of assets begin when the relevant asset is available for use. Depreciation of each component of an intangible asset, property, plant and equipment and investment property, except for given Upstream assets, is computed on a straight-line basis over their respective useful lives. Usual periods of useful lives for different types of property, plant and equipment are as follows:

- ▶ Software: 3 – 5 years
- ▶ Buildings: 10 – 50 years
- ▶ Refineries and chemicals manufacturing plants: 4 – 12 years
- ▶ Gas and oil storage and transmission equipment: 7 – 50 years
- ▶ Petrol service stations: 5 – 30 years
- ▶ Telecommunication and automatization equipment: 3 – 10 years

In Upstream segment depletion and depreciation of production installations and transport systems for oil and gas is calculated for each individual field or field-dedicated transport system using the unit of production method, based on proved and developed commercially recoverable reserves. Recoverable reserves are reviewed on an annual basis prospectively. Transport systems used by several fields and other assets are calculated on the basis of the expected useful life, using the straight-line method. Amortisation of leasehold improvements is provided using the straight-line method over the term of the respective lease or the useful life of the asset, whichever period is less. Periodic maintenance costs are depreciated until the next similar maintenance takes place.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged on assets with a finite useful life over the best estimate of their useful lives using the straight-line method.

The useful life and depreciation methods are reviewed at least annually.

**Significant accounting estimates and judgements**

The determination of the Group's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are yearly reviewed and updated. Numerous factors have impact on determination of the Group's estimates of its oil and natural gas reserves (e.g. geological and engineering data, reservoir performance, acquisition and divestment activity, drilling of new wells, and commodity prices). MOL Group bases its proved and developed reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements. Oil and natural gas reserve data are used to calculate depreciation, depletion and amortisation charges for the Group's oil and gas properties. The impact of changes in these estimations is handled prospectively by amortising the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the value in use calculations applied for determination of the recoverability of assets.

**e) Impairment of assets****Accounting policies**

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss for items of property, plant and equipment and intangibles carried at cost. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated net future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not practicable, for the cash-generating unit. Intangible assets with indefinite useful life are not depreciated, instead impairment test is performed at each financial year-end.

The Group assesses at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the impairment assumptions considered when the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor is higher than its carrying amount net of depreciation, had no impairment loss been recognised in prior years.

**Significant accounting estimates and judgements****Impairment of non-current assets, including goodwill**

The impairment calculation requires an estimate of the recoverable amount of the cash generating units. Value in use is usually determined on the basis of discounted estimated future net cash flows. In determination of cash flows the most significant variables are discount rates, terminal values, the period for which cash flow projections are made, as well as the assumptions and estimates used to determine the cash inflows and outflows, including commodity prices, operating expenses, future production profiles and the global and regional supply-demand equilibrium for crude oil, natural gas and

refined products. As approved by the year-end RRC, MOL Group has upgraded its reserve estimates of matured oil and gas fields in CEE. By this all reserves are determined at 2P basis consistently with industry best practice.

## Impairments

In 2021, the following significant impairment losses and impairment reversals were recognised:

Impairments and write-offs (without dry-holes) - 2021*	Upstream HUF million	Downstream HUF million	Consumer services HUF million	Corporate and other HUF million	Midstream HUF million	Total HUF million
Hungary	12,097	3,206	651	540	256	16,749
Croatia	6,801	25	578	2,265	-	9,669
United Kingdom	6,777	-	-	-	-	6,777
Slovakia	-	846	(423)	2	-	425
Other	-	(4)	47	0	-	43
<b>Total</b>	<b>25,675</b>	<b>4,073</b>	<b>853</b>	<b>2,808</b>	<b>256</b>	<b>33,665</b>

\*Including the intersegment impact

Impairments and write-offs (without dry-holes) - 2020*	Upstream HUF million	Downstream HUF million	Consumer services HUF million	Corporate and other HUF million	Midstream HUF million	Total HUF million
Hungary	511	976	332	438	541	2,798
Croatia	13,753	14,140	195	6,880	-	34,968
United Kingdom	14,910	-	-	-	-	14,910
Slovakia	-	(57)	38	2,090	-	2,071
Other	1,320	597	63	-	-	1,980
<b>Total</b>	<b>30,494</b>	<b>15,656</b>	<b>628</b>	<b>9,408</b>	<b>541</b>	<b>56,727</b>

\*Including the intersegment impact

In 2021 and 2020 impairment was accounted in:

- ▶ Upstream segment for production fields and for assets under construction.
  - In Hungary in 2021 impairment was recorded due to decrease in the value in use related mainly to Zala and Füzesgyarmat hubs.
  - In the United Kingdom 2020 impairment was recorded due to the revision of decommissioning estimates, 2021 impairment relates mainly to Scolty-Crathes, Scott and Telford fields and was due to the lower value in use compared to the net book value.
  - In Croatia in 2020 impairment was recognised due to the sink of Ivana-D platform, while in 2021 impairment was due to reserve decrease in Žutica field.
- ▶ Downstream segment mainly for unutilised refinery assets.
  - In Hungary impairment was recorded on the catalysts and assets under construction in 2021.
  - In Sisak, Croatia impairment was calculated on an asset by asset basis and was accounted for the termination of the crude oil processing operations in 2020. The Sisak site will be converted into an industrial site with various new viable alternative industrial activities.
- ▶ Consumer services mainly for machineries and equipment in filling stations.
  - In Slovakia impairment reversal was accounted for service stations reclassified to asset held for sale due to the future disposal to PKN Orlen Group.
- ▶ Corporate and other segment for innovative businesses and IT equipment.
  - In Croatia 2020 impairment related to drilling rigs located in Albania and Egypt reclassified to assets held for sale.
  - In Croatia 2021 impairment was recognised for the Crosco rig in Libya.

### Impairment test of Upstream assets

The impairment tests performed by MOL Group were performed using the following assumptions:

- ▶ Recoverable amount is calculated with the assumption of using the assets in long-term in the future.
- ▶ The recoverable amount of the asset (cash-generating unit) is the value in use.
- ▶ Discount rates: the value in use calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by market for an investment with similar risk, cash flow and timing profile. It is

estimated from current market transactions for similar assets or from the 'weighted average cost of capital' (WACC) of a listed entity that has a single asset or portfolio of assets that are similar in terms of service potential and risks to the asset under review.

- ▶ Exploration and Production segment pre-tax discount factors were calculated using the WACC premise plus country risk premium of the related country. Based on the above, the pre-tax discount factors used for the impairment tests in 2021 were in the range from 5.4% to 8.9%.
- ▶ Brent oil and NCG gas price assumptions applied in the value in use models: real flat 50 USD/barrel and real flat EUR 15 MWh on 2021 basis.

## f) Impairment of goodwill

### Accounting policies

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

The Group determines the necessity of impairment of goodwill based on the recoverable amount of cash-generating units (CGUs) to which the goodwill is allocated.

The recoverable amounts of the CGUs are determined by net present value calculations of estimated future cash flows of the cash-generating units. The key assumptions for the calculation of net present values are the nominal cash flows, the growth rates during the period and the discount rates. Management considers that such pre-tax rates shall be used for discounting purposes which reflect the most to the current market circumstances, the time value of money and the risks specific to the CGUs.

### Upstream

Pre-tax discount factor calculated using the weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment for goodwill impairment calculation is 6.6%.

The value in use calculations take into account the time value of money, the risks specific to the asset and the rate of return that would be expected by market for an investment with similar risk, cash flow and timing profile.

Brent oil price assumptions applied in the value in use models: real flat 50 USD/barrel on 2021 basis.

In the Upstream segment ACG is the only cash-generating unit for which goodwill is allocated.

Impairment assessment of the assets of ACG:

- ▶ The recoverable amount of the asset (cash-generating unit) is the value in use.
- ▶ The value in use of the Azerbaijan assets is HUF 669,749 million.
- ▶ The book value of assets including goodwill is HUF 581,359 million.
- ▶ Sensitivity analysis of the key assumptions used in impairment test shows the following effects:
  - 1 percentage point increase in the discount factor indicates HUF 52,897 million decrease, 1 percentage point decrease results in HUF 60,545 million increase in the NPV.
  - 5 USD growth in oil price indicates HUF 72,769 million increase, 5 USD drop in oil price indicates HUF 72,769 million decrease in NPV.
  - +/- 1 percentage point alteration in production indicates HUF 8,814 million difference in NPV.

### Consumer Services and Downstream

Pre-tax discount factors calculated using weighted average cost of capital (WACC) rates and country risk premium (CRP) applied to discount the forecast cash flows reflecting risks specific to the segment and specific to the certain countries vary between 5.7% and 9.4% in Consumer services while 6.2% and 9.9% in Downstream in current year.

The growth rates are based on industry growth forecasts. The Group prepares cash flow forecasts derived from the most recent financial budgets of Consumer services segment approved by management for financial years 2022-2024 and extrapolates cash flows for the following years based on an estimated growth rates varying between 2% and 9%.

### Corporate and other

Impairment test for the Croatian oil field services related goodwill is performed applying the Upstream segment assumptions, and HUF 1,488 million impairment was recognised.

In MOL Group as the overall result of impairment tests performed at the end of 2021 impairment on goodwill is only recognised for the Croatian oil field services.

## 10. Business combinations, transactions with non-controlling interests

### Accounting policies

The acquisition method of accounting is used for acquired businesses by measuring assets and liabilities at their fair values upon acquisition, the date of which is determined with reference to the settlement date. For each business combination the Group decides whether non-controlling interest is stated either at fair value or at the non-controlling interests' proportionate share of the acquiree's fair values of net assets. The income and expenses of companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Intercompany balances and transactions, including intercompany profits and unrealised profits and losses – unless the losses indicate impairment of the related assets – are eliminated. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Subsequently the carrying amount of non-controlling interests is the initially recognised amount of those interests adjusted with the non-controlling interests' share of changes in equity after the acquisition.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions and recorded directly in retained earnings.

### Acquisitions

#### a) Update on the Acquisition of MOL Azerbaijan (formerly: Chevron Khazar, Ltd.)

On 16 April 2020, MOL Group has successfully closed the previously announced deal with Chevron Global Ventures, Ltd and Chevron BTC Pipeline, Ltd regarding the acquisition of their non-operated E&P interests in Azerbaijan, including a 9.57% stake in the Azeri-Chirag-Gunashli ("ACG") oil field, and an effective 8.9% stake in the Baku-Tbilisi-Ceyhan ("BTC") pipeline that transports the crude to the Mediterranean port of Ceyhan for a total consideration of USD 1.5bn (after closing adjustments) with an effective date of 1 January 2019. Ownership in BTC will cease in 2026. Transaction related costs of the acquisition were immaterial for the Group and they were recognised in profit and loss. With this transaction MOL Group becomes the third largest field partner in ACG, a supergiant oil field, located in the Caspian Sea, which is operated by BP and started production in 1997. This transaction is a major milestone in building MOL Group's international E&P portfolio and a significant step to deliver on the inorganic reserve replacement targets.

MOL Group applies proportional consolidated method in terms of representing MOL Azerbaijan ("ACG") in the consolidated financial statements and applies the equity method to present significant influence in BTC Pipeline Company according to IFRS 11 Joint Arrangements and IAS 28 Investment in associates and joint ventures, respectively.

Goodwill represents the value of potential future prospects, the separately unidentifiable portion of licensed upside potentials and the strengthening impact of ACG field to the resilient and integrated business model of MOL Group. The technical goodwill represents the amount arising from the deferred tax liability on the fair value adjustments.

The purchase price allocation was closed only in 2021 causing a restatement in 2020 year-end figures. Please refer to Note 1 Restatements for more information.

## MOL Azerbaijan Final Purchase Price Allocation

16 April 2020

	HUF million
<b>Non-current assets</b>	<b>578,743</b>
Intangible assets	69,879
Property, plant and equipment	508,864
<b>Current assets</b>	<b>36,604</b>
Inventories	9,128
Trade and other receivables	8,784
Cash and cash equivalents	18,686
Other current assets	6
<b>Non-current liabilities</b>	<b>(208,785)</b>
Non-current provisions	(62,019)
Other non-current financial liabilities	(64,914)
Deferred tax liability	(81,852)
<b>Current liabilities</b>	<b>(45,859)</b>
Trade and other payables	(37,699)
Income tax payable	(8,160)
<b>Net assets</b>	<b>360,703</b>
<b>MOL Group's share of net assets</b>	<b>360,703</b>
<b>Goodwill on acquisition</b>	
Fair value of consideration transferred	475,021
Less: fair value of identifiable net assets acquired	(360,703)
<b>Goodwill on acquisition</b>	<b>114,318</b>
From this technical goodwill	50,846
<b>Net cash outflow on acquisition of subsidiaries</b>	
Consideration paid in cash	475,021
Less: cash and cash equivalent balances acquired	(18,686)
<b>Net cash outflow</b>	<b>456,335</b>

The net revenue and the profit for the period of the acquired entities since the acquisition date included in the consolidated statement of comprehensive income for the reporting period are the following:

Acquired Joint Operation 16 April 2020 - 31 Dec 2020	Net revenue	FINAL Profit/(loss) for the period
	HUF million	HUF million
MOL Azerbaijan	54,201	(10,750)

If the business combination had taken place on 1 January 2020, it is estimated that the acquired activities would have generated net revenue of HUF 93,483 million and profit/(loss) for the period of HUF 10,071 million.

## b) Other acquisitions closed in 2021

On 9 March 2021 MOL concluded a deal with Marché International AG to buy 100% of the company that operates 9 restaurants in Hungary under the Marché brand.

On 30 March 2021 MOL acquired 100% of Dalby a.s. a transshipment facility located in the Port of Bratislava. The acquisition has been recorded as an asset deal.

MOL Group acquired mineral water operation and real estates located in Csány producing private label mineral water in 2021 November.

All the transactions were immaterial for the Group.

## c) Other ongoing acquisitions

MOL Group reached an agreement with OMV to acquire OMV's 92.25% stake in OMV Slovenija d.o.o. from OMV Downstream GmbH as direct shareholder. The agreed purchase price is EUR 301 million (100% share of OMV Slovenija). The transaction includes 120 service stations across Slovenia. MOL paid a deposit of EUR 34,8 million. The transaction is subject to merger clearance.

MOL Group acquired the 100% of Normbenz Slovakia s.r.o. by Slovnaft that includes 16 service stations in Slovakia operated under the Lukoil brand. The transaction is subject to competition clearance by the Antimonopoly Office of the Slovak Republic.

#### d) Update on acquisition of Aurora Kunststoffe GmbH and its subsidiaries

On 31 October 2019, MOL Group has acquired 100% shareholding of Aurora Kunststoffe GmbH. As of 31 December 2021, the fair value of contingent consideration is HUF 11,070 million, which equals to the maximum amount of the earn-out payable according to the sale and purchase agreement.

#### e) Change in ownership of subsidiaries – without change of control

MOL Group has increased its interest in Nelsa S.r.l. by acquiring shares from non-controlling interest. By these transactions MOL Group has become 100% owner of Nelsa S.r.l. on 21 October 2021.

Change in ownership of subsidiaries - without change of control	HUF million
Cash consideration paid to non-controlling shareholders	(361)
Carrying value of related non-controlling interest	(560)
Difference recognised in retained earnings	199

## 11. Disposals

In 2021, MOL Group has sold its shareholding interest in MOL Group Italy L&G S.r.l. with insignificant net book value. The result of the transaction was also insignificant.

## 12. Material non-controlling interest

### Accounting policies

According to IFRS 12 Disclosure of Interest in Other Entities, MOL Group discloses information about non-controlling interests' share of the profit or loss, cash flow and net asset of the subsidiaries that have non-controlling interests that are material to the reporting entity. Materiality is assessed by the Group on the basis of the consolidated financial statements. The disclosed information is based on balances before intercompany eliminations.

### INA-Industrija nafte d.d.

MOL Group has 49% shareholding interest in INA-Industrija nafte d.d. (hereinafter INA d.d.), however based on the conditions of the shareholders' agreement MOL Group has been provided control over INA d.d. resulting in full consolidation method with 51% non-controlling interest.

Proportion of equity interest held by non-controlling interests of INA Group:

Name	Proportion of non-controlling interest	
	31 Dec 2021	31 Dec 2020
INA-Industrija nafte d.d.	51%	51%
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	HUF million	HUF million
Accumulated balances of material non-controlling interest	300,297	269,427
Profit/(Loss) allocated to material non-controlling interest	30,870	(14,164)

The summarised financial information of INA Group is provided below. This information is based on amounts before intercompany eliminations.

Summarised statement of profit or loss	2021	2020
	HUF million	HUF million
Total operating income	1,080,719	696,828
Total operating expenses	(1,029,499)	(774,781)
Finance income/(expense), net	3,194	(4,212)
<b>Profit/(loss) before income tax</b>	<b>54,414</b>	<b>(82,165)</b>
Income tax (expense)/income	(9,143)	11,330
<b>Profit/(loss) for the year</b>	<b>45,271</b>	<b>(70,835)</b>
<b>Total comprehensive income</b>	<b>60,627</b>	<b>(27,818)</b>
Attributable to non-controlling interests	30,870	(14,164)
Dividends paid to non-controlling interests	-	(14,824)

Summarised statement of financial position	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
Current assets	346,437	174,939
Non-current assets	835,292	863,729
<b>Total assets</b>	<b>1,181,729</b>	<b>1,038,668</b>
Current liabilities	(255,711)	(270,141)
Non-current liabilities	(336,252)	(239,388)
<b>Total liabilities</b>	<b>(591,963)</b>	<b>(509,529)</b>
<b>Total equity</b>	<b>589,766</b>	<b>529,139</b>
Attributable to owners of parent	289,469	259,712
Attributable to non-controlling interest	300,297	269,427

Summarised cash flow information	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
Cash flows from operations	153,074	104,861
Cash flows used in investing activities	(121,195)	(57,762)
Cash flows used in financing activities	16,679	(55,367)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>48,558</b>	<b>(8,268)</b>

### 13. Other non-current assets

	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
Obligatory level of inventory required by state legislations	50,594	44,432
Advance payments for assets under construction	24,265	40,376
Advance payments for intangible assets	468	860
Prepaid fees of long-term rental fees	391	427
Other	1,127	554
<b>Total</b>	<b>76,845</b>	<b>86,649</b>

### 14. Inventories

#### Accounting policies

Inventories, including work-in-progress are valued at the lower of cost and net realisable value, after provision for slow-moving and obsolete items. Net realisable value is the selling price in the ordinary course of business, less the costs of making the sale. Cost of purchased goods, including crude oil and purchased gas inventory, is determined primarily on the basis of weighted average cost. The acquisition cost of own produced inventory consists of direct materials, direct wages and the appropriate portion of production overhead expenses including royalty. Inventory with nil net realisable value is fully written off.

	31 Dec 2021		31 Dec 2020	
	At cost	Lower of cost or net realisable value	Restated* At cost	Lower of cost or net realisable value
	HUF million	HUF million	HUF million	HUF million
Work in progress and finished goods	410,813	409,683	232,953*	231,847
Purchased crude oil	122,998	122,737	97,693*	97,580
Other raw materials	102,513	87,076	88,794*	74,430
Other goods for resale	80,929	79,622	56,770*	56,457
Purchased natural gas	3,680	3,680	1,077	1,077
<b>Total</b>	<b>720,933</b>	<b>702,798</b>	<b>477,287*</b>	<b>461,391</b>

\* Restated due to administrative error (at cost Work in progress and finished goods decreased by HUF 10,276 million, Purchased crude oil decreased by HUF 12,802 million, Other raw materials decreased by HUF 14,539 million, Other goods for resale decreased by HUF 2,141 million)

During the year 2021 HUF 3,825,064 million of inventories have been recognised as an expense, of which impairment of HUF 10,726 million has been recorded (2020: HUF 4,296 million), mainly on raw materials. In 2021 HUF 4,944 million impairment was accounted for Downstream operation.

## 15. Other current assets

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
Prepaid and recoverable taxes and duties (excluding income taxes)	56,972	43,399
Prepaid expenses	12,204	13,201
Advance payments	7,545	7,346
Other	1,014	754
<b>Total</b>	<b>77,735</b>	<b>64,700</b>

Other item contains mainly revenue accruals and receivables regarding employees.

## 16. Provisions

### Accounting policies

Provision is made for the best estimate of the expenditure required to settle the present obligation (legal or constructive) as a result of past event where it is considered to be probable that a liability exists, and a reliable estimate can be made of the outcome. Long-term obligation is discounted to the present value. Where discounting is used, the carrying amount of the provisions increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognised as interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of financial impact, appropriate disclosure is made but no provision created.

### Provision for Environmental expenditures

Environmental expenditures that relate to current or future economic benefits are expensed or capitalised as appropriate. Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable, and the amount recognised is the best estimate of the expenditure required. In case of long-term liability, the present value of the estimated future expenditure is recognised.

### Provision for Field abandonment

The Group records a provision upon initial recognition for the present value of the estimated future cost of abandonment of oil and gas production facilities following the termination of production. At the time the obligation arises, it is provided for in full by recognising the present value of future field abandonment and restoration expenses as a liability. An equivalent amount is capitalised as part of the carrying amount of long-lived assets. The estimate is based upon current legislative requirements, technology and price levels. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the facility or item of plant (on a straight-line basis in Downstream and using the unit-of production method in Upstream). Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment.

### Provision for Redundancy

The employees of the Group are eligible, immediately upon termination, for redundancy payment pursuant to the terms of Collective Agreement between the Group and its employees. The amount of such a liability is recorded as a provision in the consolidated statement of financial position when the workforce reduction programme is defined, adopted, announced or has started to be implemented.

### Provision for Long-term employee benefits

The cost of providing benefits under the Group's defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses of retirement benefits are recognised as other comprehensive income immediately. Past service costs, resulting from the introduction of, or changes to the defined benefit scheme are recognised as an expense immediately.

Net interest expense is calculated on the basis of the net defined benefit obligation and disclosed as part of the finance result. Differences between the return on plan assets and interest income on plan assets included in the net interest expense is recognised in other comprehensive income.

### Provision for Legal claims

Provision is made for legal cases if the negative expected outcome of the legal case is more likely than not.

### Provision for Emission quotas

The Group recognises provision for the estimated CO<sub>2</sub> emissions costs when actual emission exceeds the emission rights granted and still held. When actual emission exceeds the amount of emission rights granted, provision is recognised for the exceeding emission rights based on carrying amount of purchased quotas held for compliance, the purchase price of allowance concluded in forward contracts, and for any residual excess at market quotations at the reporting date. In addition, the Group recognises provision for estimated costs of Upstream emission reduction quotas (UER) intended to be used to fulfil obligations stipulated by EU Fuel Quality Directive.

### Significant accounting estimates and judgements

A judgement is necessary in assessing the likelihood that a claim will succeed, or liability will arise, and to quantify the possible range of any settlement. Due to the inherent uncertainty on this evaluation process, actual losses may be different from the liability originally estimated.

### Scope, quantification and timing of environmental and field abandonment provision

The Group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. Management uses its previous experience and its own interpretation of the respective legislation to determine environmental and field abandonment provisions.



### Actuarial estimates applied for calculation of retirement benefit obligations

The cost of defined benefit plans is determined using actuarial valuations, which involves making assumptions about discount rates, future salary increases and mortality or fluctuation rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### Outcome of certain litigations

MOL Group entities are parties to a number of litigations, proceedings and civil actions arising in the ordinary course of business. Other provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

	Environ- mental HUF million	Field abandon- ment HUF million	Redundancy HUF million	Long-term employee benefits HUF million	Legal claims HUF million	Emission quotas and other HUF million	Total HUF million
<b>Balance as of 1 Jan 2020</b>	<b>97,770</b>	<b>391,398</b>	<b>2,565</b>	<b>22,237</b>	<b>24,578</b>	<b>42,780</b>	<b>581,328</b>
Acquisition / (sale) of subsidiaries	-	62,019	-	-	-	-	<b>62,019</b>
Additions and revision of previous estimates	986	5,002	6,996	3,442	(11,576)	30,050	<b>34,900</b>
Unwinding of the discount	2,256	12,555	-	203	-	641	<b>15,655</b>
Currency differences	7,385	13,577	301	1,098	1,165	1,094	<b>24,620</b>
Provision used during the year	(3,253)	(30)	(6,068)	(2,340)	(1,732)	(18,003)	<b>(31,426)</b>
<b>Balance as of 31 Dec 2020 - Restated</b>	<b>105,144</b>	<b>484,521</b>	<b>3,794</b>	<b>24,640</b>	<b>12,435</b>	<b>56,562</b>	<b>687,096</b>
Acquisition / (sale) of subsidiaries	-	4	(77)	-	(9)	(1)	<b>(83)</b>
Additions and revision of previous estimates	4,047	32,075	863	3,060	550	59,993	<b>100,588</b>
Unwinding of the discount	2,052	14,362	-	240	-	243	<b>16,897</b>
Currency differences	1,159	17,621	49	534	71	(2,843)	<b>16,591</b>
Provision used during the year	(3,649)	(408)	(2,594)	(2,322)	(4,940)	(29,724)	<b>(43,637)</b>
<b>Balance as of 31 Dec 2021</b>	<b>108,753</b>	<b>548,175</b>	<b>2,035</b>	<b>26,152</b>	<b>8,107</b>	<b>84,230</b>	<b>777,452</b>
Current portion 31 Dec 2020	3,772	2,786	2,409	2,271	2,810	35,642	<b>49,690</b>
Non-current portion 31 Dec 2020	101,372	481,735	1,385	22,369	9,625	20,920	<b>637,406</b>
Current portion 31 Dec 2021	3,823	233	965	2,678	3,953	58,432	<b>70,084</b>
Non-current portion 31 Dec 2021	104,930	547,942	1,070	23,474	4,154	25,798	<b>707,368</b>

### Provision for Environmental expenditures

As of 31 December 2021, provision of HUF 108,753 million has been made for the estimated cost of remediation of past environmental damages, primarily soil and groundwater contamination and disposal of hazardous wastes, such as acid tar, in Hungary, Croatia, Slovakia and Italy. The provision is made on the basis of assessments prepared by MOL Group's internal environmental expert team. The amount of the provision has been determined on the basis of existing technology at current prices by calculating risk-weighted cash flows discounted using estimated risk-free real interest rates. The amount reported as at 31 December 2021 also includes a contingent liability of HUF 34,041 million recognised upon acquiring INA Group, representing its present environmental obligations and a further HUF 18,641 million environmental contingent liability regarding the acquisition of IES S.p.A. (see Note 25).

### Provision for Field abandonment

As of 31 December 2021, provision of HUF 548,175 million has been made for estimated total costs of plugging and abandoning wells upon termination of production. Approximately 19% of these costs are expected to be incurred between 2022 and 2026 and the remaining 81% between 2027 and 2075. The amount of the provision has been determined on the basis of management's understanding of the respective legislation, calculated at current prices and discounted using estimated risk-free real interest rates. Activities related to field suspension, such as plugging and abandoning wells upon termination of production and remediation of the area are planned to be performed by hiring external resources. Based on the judgement of the management, there will be sufficient capacity available for these activities in the area. As required by IAS 16 – Property, Plant and Equipment, the qualifying portion of the provision has been capitalised as a component of the underlying fields.

### Provision for Redundancy

As part of continuing efficiency improvement projects, MOL Plc., INA d.d., IES S.p.A. and other Group members decided to further optimise workforce. As the management is committed to these changes and the restructuring plan was communicated in detail to parties involved, the Group recognised a provision for the net present value of future redundancy payments and related tax and contribution. Relating to the restructuring of activities in Mantova, a provision for redundancy of HUF 9,145 million was recognised at IES S.p.A. in 2013 out of which HUF 549 million remained as of 31 December 2021. In 2015, a provision of HUF 9,804 million, and in 2020, of HUF 6,269 million was made for redundancy programme at INA d.d. out of which HUF 554 million still remained as of 31 December

2021. The closing balance of provision for redundancy is HUF 2,035 million as of 31 December 2021 (31 December 2020: HUF 3,794 million).

#### Provision for Long-term employee benefits

As of 31 December 2021, the Group has recognised a provision of HUF 26,152 million to cover its estimated obligation regarding future retirement and jubilee benefits payable to current employees expected to retire from Group entities. These entities operate benefit schemes that provide lump sum benefit to all employees at the time of their retirement. MOL employees are entitled to 3 times of their final monthly salary regardless of the period of service, while MOL Petrochemicals and Slovnaft, a.s. provide a maximum of 2 and 7 months of final salary respectively, depending on the length of service period. In addition to the above-mentioned benefits, in Hungary the retiring employees are entitled to the absence fee for their notice period – which lasts for 1-3 months depending on the length of the past service – which is determined by the Hungarian Labour Code. None of these plans have separately administered funds; therefore, there are no plan assets. The amount of the provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data which are in line with those incorporated in the business plan of the Group.

	2021 HUF million	2020 HUF million
<b>Present value of total long-term employee benefit obligation at the beginning of the year</b>	<b>24,640</b>	<b>22,237</b>
Past service cost	137	5
Current service cost	2,464	1,450
Interest costs	240	203
Provision used during the year	(2,322)	(2,340)
Net actuarial (gain) / loss	459	1,987
<i>from which:</i>		
Retirement benefit (See Note 8)	206	1,281
Jubilee benefit	253	706
Exchange adjustment	534	1,098
<b>Present value of total long-term employee benefit obligation at year end</b>	<b>26,152</b>	<b>24,640</b>

The following table summarises the components of net benefit expense recognised in the statement of total comprehensive profit or loss as employee benefit expense regarding provision for long-term employee retirement benefits:

	2021 HUF million	2020 HUF million
Current service cost	2,464	1,450
Net actuarial (gain)/loss	253	706
Past service cost	137	5
<b>Balance as at year end</b>	<b>2,854</b>	<b>2,161</b>

The following table summarises the main financial and actuarial variables and assumptions based on which the amount of retirement benefits has been determined:

	2021	2020
Discount rate in %	(0.59) - 4.80	0.0 - 3.1
Average wage increase in %	0.6 - 3.0	0.6 - 3.0
Mortality index (male)	0.03 - 3.01	0.03 - 7.16
Mortality index (female)	0.02 - 1.33	0.01 - 7.16

Actuarial (gains) and losses comprises of the following items:

	Retirement benefits		Jubilee benefits	
	2021 HUF million	2020 HUF million	2021 HUF million	2020 HUF million
Actuarial (gains)/losses arising from changes in demographic assumptions	843	1,726	(76)	267
Actuarial (gains)/losses arising from changes in financial assumptions	(1,540)	(1,264)	(428)	0
Actuarial (gains)/losses arising from experience adjustments	903	819	757	439
<b>Total actuarial (gains)/losses</b>	<b>206</b>	<b>1,281</b>	<b>253</b>	<b>706</b>

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	Retirement benefits		Jubilee benefits	
	2021	2020	2021	2020
	HUF million	HUF million	HUF million	HUF million
<b>Discount rate:</b>				
0.5% decrease	856	937	206	203
0.5% increase	(789)	(866)	(194)	(191)
<b>Termination rate:</b>				
50% decrease	5,289	5,770	1,128	1,536
50% increase	(3,544)	(3,743)	(828)	(1,077)

#### Provision for legal claims

As of 31 December 2021, provision of HUF 8,107 million (31 December 2020: HUF 12,435 million) has been made for estimated total future losses from litigations.

#### Provision for emission quotas

As of 31 December 2021, the Group has recognised a provision of HUF 50,849 million for the shortage of emission quotas (31 December 2020: 27,098 million). The amount reported as at 31 December 2021 also includes provision for estimated costs of UER quotas in amount of HUF 4,682 million (31 December 2020: HUF 4,844 million).

As of 31 December 2021, the Group had available 3,865,641 (31 December 2020: 4,110,080) free emission quotas granted by the Hungarian, Croatian and Slovakian authorities. The total emissions during 2021 amounted to equivalent of 6,063,036 tons of emission quotas (2020: 6,187,417 tons).

### 17. Other non-current liabilities

	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
Government grants received (see Note 9)	18,603	17,641
Received and deferred other subsidies	7,423	7,047
Deferred compensation for property, plant and equipment	3,806	3,837
Deferred income for apartments sold	1,343	1,362
Liabilities to government for sold apartments	499	726
Other	786	1,321
<b>Total</b>	<b>32,460</b>	<b>31,934</b>

Other item contains mainly the liability of customer loyalty points and advances received from customers.

### 18. Other current liabilities

	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
Taxes, contributions payable (excluding corporate tax)	181,291	129,818
Amounts due to employees	49,707	35,748
Advances from customers	13,354	10,928
Custom fees payable	10,724	9,814
Fee payable for strategic inventory storage	5,116	6,089
Other accrued incomes	4,266	3,997
Government subsidies received and accrued (see Note 9)	1,185	1,996
Dividend payable	619	14,097
Other	2,526	2,322
<b>Total</b>	<b>268,788</b>	<b>214,809</b>

Taxes, contributions payable mainly include mining royalty, contributions to social security, value added tax and excise tax.

## 19. Asset held for sale

### Accounting policies

Non-current assets and disposal groups are classified as held for sale if their carrying amounts are to be realised by sale rather than through continued use. This is the case when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before the initial classification of the asset as held for sale, impairment test shall be carried out. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are no longer depreciated or amortised once classified as held for sale.

As of 31 December 2021, assets held for sale contains mainly service stations located in Hungary and Slovakia at carrying amount of HUF 14,619 million. These assets classified as held for sale are reported in Consumer Services segment. Please also refer to Note 29.

As of 31 December 2020, assets held for sale contained mainly drilling rigs located in Albania and Egypt at fair value less cost to sell at HUF 824 million. These assets classified as held for sale are reported in Corporate and other segment.

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	HUF million	HUF million
<b>Assets and liabilities held for sale</b>		
Assets		
Property, plant and equipment	15,237	1,463
Intangible assets	951	-
Trade and other receivables	191	-
<b>Assets classified as held for sale</b>	<b>16,379</b>	<b>1,463</b>
Liabilities		
Deferred tax liabilities	3,409	-
Trade and other payables	11	-
<b>Liabilities related to assets classified as held for sale</b>	<b>3,420</b>	<b>-</b>

## FINANCIAL INSTRUMENTS, CAPITAL AND FINANCIAL RISK MANAGEMENT

This section explains policies and procedures applied to manage the Group's capital structure and the financial risks the Group is exposed to. This section also describes the financial instruments applied to fulfil these procedures. Hedge accounting related policies and financial instruments disclosures are also provided in this section.

### Accounting policies

#### Initial recognition

Financial instruments are recognised initially at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss) when the entity becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets is recognised using settlement date accounting.

#### Financial assets - Classification

The Group's financial assets are classified at the time of initial recognition depending on their nature and purpose. To determine which measurement category a financial asset falls into, it should be first considered whether the financial asset is an investment in an equity instrument or a debt instrument. Equity instruments should be classified as fair value to profit or loss, however if the equity instrument is not held for trading, fair value through other comprehensive income option can be elected at initial recognition. If the financial asset is a debt instrument the following assessment should be considered in determining its classification.

##### Amortised cost

Financial instruments measured at amortised cost are those financial assets that is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those financial assets that is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets which are not classified in any of the two preceding categories or financial instruments designated upon initial recognition as at fair value through profit or loss.

#### Financial liabilities – Classification

By default, financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or the entity has opted to measure a liability at fair value through profit or loss. A financial liability is required to be measured at fair value through profit or loss in case of liabilities that is classified as 'held for trading' and derivatives. An entity can, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss (fair value option) where doing so results in more relevant information, because either:

- ▶ it eliminates or significantly reduces a measurement or recognition 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.

#### Subsequent measurement

Subsequent measurement depends on the classification of the given financial instrument.

##### Amortised cost

The asset or liability is measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified.

##### Fair value through other comprehensive income – debt instrument

The asset is measured at fair value. Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognised in profit and loss on the same basis as for amortised cost assets. Changes in fair value are recognised in other comprehensive income. When the asset is derecognised or reclassified, changes in fair value previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at fair value through other comprehensive income having the same effect on profit and loss as if it were measured at amortised cost.

##### Fair value through other comprehensive income – equity instrument

Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognised in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

##### Fair value through profit or loss

The asset or liability is measured at fair value. Changes in fair value are recognised in profit and loss as they arise.

#### Fair value measurement

Fair value of instruments is determined by reference to quoted market prices at the close of business on the balance sheet date without any deduction for transaction costs. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

### Derecognition of Financial Instruments

Derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. When the Group neither transfers nor retains all the risks and rewards of the financial asset and continues to control the transferred asset, it recognises its retained interest in the asset and a liability for the amounts it may have to pay.

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires.

### Hedging

For the purpose of hedge accounting, hedges are classified as either:

- ▶ cash flow hedges or
- ▶ hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### Cash flow hedges

Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised in the statement of profit or loss.

Amounts taken to other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects the statement of profit or loss. Where the hedged item is the cost of a non-financial asset or liability, the amounts previously taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the statement of profit or loss.

#### Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised as other comprehensive income is transferred to the statement of profit or loss.

### Impairment of Financial Assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets that is measured at amortised cost or fair value through other comprehensive income is impaired.

As a general approach, impairment losses on a financial asset or group of financial assets are recognised for expected credit losses at an amount equal to:

- ▶ 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or
- ▶ full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The loss allowance for financial instruments is measured at an amount equal to full lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition. Unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition and 12-month expected credit losses can be applied. The Group determines significant increase in credit risk in case of debt securities based on credit rating agency ratings. As there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due assessment is required on a case-by-case basis whether the credit risk significantly increased in that financial asset when such an event occurs.

Additionally, the Group applies the simplified approach to recognise full lifetime expected losses from origination for trade receivables, IFRS 15 contract assets, lease receivables and other financial receivables. For all other financial instruments, general approach is applied.

The Group calculates the expected credit loss on trade receivables as the average of yearly historical loss rates of last three years multiplied by the forward-looking element. The forward-looking element is based on robust negative correlation between banking sector credit losses and two years' lags of real GDP growth. In case of other financial assets the expected credit loss of the instrument will be determined by multiplying the probability of default rate of the instrument with the loss given default of the instrument.

An entity shall recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Independently of the two approaches mentioned above, impairment losses recognised where there is an objective evidence on impairment due to a loss event and this loss event significantly impacts the estimated future cash flows of the financial asset or group of financial assets. These are required to be assessed on a case-by-case basis. The maximum amount of impairment accounted for by the Group is 100% of unsecured part of the financial asset. The amount of loss is recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of impairment loss is recognised in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### Significant accounting estimates and judgements

For determination of fair value, management applies estimates of the future trend of key drivers of such values, including, but not limited to yield curves, foreign exchange and risk-free interest rates, and in case of the conversion option volatility of MOL share prices and dividend yield.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

## 20. Financial risk and capital management

### Financial risk management

As financial risk management is a centralised function in MOL Group, it is possible to integrate and measure all financial risks in a model using Value at Risk approach. A quarterly Financial Risk Report is submitted to the senior management.

As a general approach, risk management considers the business as a well-balanced integrated portfolio. MOL Group actively manages its commodity exposures for the following purposes only:

- Group Level Objectives – protection of financial ratios and targeted financial results, and managing commodity price exposures at physical transactions etc.,
- Business Unit Objectives – to reduce the exposure of a business unit's cash flow to market price fluctuations (e.g.: planned refinery shutdowns).

### Management of Covenants

The Group monitors capital structure using net gearing ratio, which is net debt divided by total capital plus net debt.

The Group is currently in low net gearing status, the credit metrics decreased in 2021. As of 31 December 2021, the net debt/EBITDA is at 0.6 level (2020: 1.6) while the net gearing is 18% (2020: 27%).

### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Treasury share transactions are also used for such purposes.

### a) Key exposures

Risk Management identifies and measures the key risk drivers and quantifies their impact on the MOL Group's operating results. MOL Group uses a bottom-up model for monitoring the key exposures. According to the model, the diesel crack spread, the crude oil price and gasoline crack spread have the biggest contribution to the cash flow volatility. The cash flow volatility implied by the foreign exchange rates are also significant.

#### Commodity price risk

MOL Group as an integrated oil and gas company is exposed to commodity price risk on demand and supply side as well. The main commodity risks stem from our integrated business model with downstream processing more crude oil than our own crude oil production. In Upstream MOL Group is long in crude oil and in Downstream MOL Group has a long position in refinery margin. Investors buying oil industry shares are generally willing to take the risk of oil business so commodity price risk should not be fully eliminated from the cash flow. When necessary, commodity hedging is considered to eliminate risks other than 'business as usual' risks or general market price volatility.

In 2021 MOL Group concluded short and mid-term commodity swap and option transactions. These transactions are mainly conducted for operational hedging purposes, in order to mitigate the effects of the price volatility in our operations and in the same time, when possible, to lock in favourable forward curve structure.

Strategic hedges were also concluded to lock in favourable Diesel-crack pricing.

#### Foreign currency risk

MOL Group follows the basic economic currency risk management principle that the currency mix of the debt portfolio should reflect the net long-term currency position of profit generation ('natural hedge') however, when necessary our practice allows for flexibility when the currency market environment is favourable or challenging. MOL Group also uses foreign exchange derivatives to hedge the foreign exchange exposures if it is necessary.

#### Interest rate risk

As an energy company, MOL Group has limited interest rate exposure. The ratio of fix/floating interest debt is monitored by Risk Management and regularly reported to the Board of Directors.

MOL Group, when necessary, uses interest rate swaps to manage the relative level of its exposure to cash flow interest rate risk associated with floating interest-bearing borrowings.

### Credit risk

MOL Group sells products and services to a diversified customer portfolio - both from business segment and geographical point of view – with a large number of customers representing acceptable credit risk profile.

Policies and procedures are in place to set the framework and principles for customer credit risk management and collection of receivables to minimise credit losses deriving from delayed payment or non-payment of customers, to track these risks on a continuous basis and to provide financial support to sales process in accordance with MOL Group's sales strategy and ability to bear risk.

Creditworthiness of customers with deferred payment term is thoroughly assessed, regularly reviewed and appropriate credit risk mitigation tools are applied. Credit insurance, bank guarantee, letter of credit, cash deposit and lien are the most preferred types of security to cover clean customer credit risk, as according to the MOL Group's policy, customer credit limits should be covered by payment securities where applicable.

Individual customer credit limits are calculated taking into account external and/or internal assessment of customers as well as the securities provided. Information on existing and potential customers is gathered from well-known and reliable Credit Agencies and internal data available. Customer credit limits are reviewed continuously or at least once a year.

Various solutions support the customer credit management procedures, including monitoring of credit exposures for immediate information on breach and expiry of credit limits or guarantees. When such credit situations occur, deliveries shall be blocked; decisions on the unblocking of deliveries shall be made by authorised persons on both Financial and Business side.

### Liquidity risk

The Group aims to manage liquidity risk by covering liquidity needs from bank deposits, other cash equivalents and from adequate amount of committed credit facilities. Besides, on operational level various cash pools throughout the Group help to optimise liquidity surplus and need on a daily basis.

The existing bank facilities ensure both sufficient level of liquidity and financial flexibility for the Group.

	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
<b>The amount of undrawn major committed credit facilities</b>		
Long-term loan facilities available	1,079,285	975,549
Short-term facilities available	156,814	87,770
<b>Total loan facilities available</b>	<b>1,236,099</b>	<b>1,063,319</b>

EUR 575 million revolving credit facility agreement was signed on the 29 November 2021 by MOL Group Finance Zrt. as Borrower and MOL Plc. as Guarantor. The tenor of the facility is 5 years and additionally includes two 1-year extension option, it can be drawn in Euros and US Dollars. Simultaneously, the total available commitment was cancelled under the EUR 615 million revolving credit facility agreement concluded by MOL Plc. on 29 June 2016.

At the same time, the maturity of the EUR 555 million revolving credit facility agreement signed on 9 July 2018 by MOL Group Finance S.A. Bertrange, Zürich Branch as Borrower (as predecessor of MOL Group Finance Zrt. in that agreement) and MOL Plc. as Guarantor changes to the following: EUR 470 million will mature on 9 July 2025, while EUR 50 million on 9 July 2024 and EUR 35 million on 9 July 2023.

Maturity profile of financial liabilities based on contractual undiscounted payments 2021	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	HUF million	HUF million	HUF million	HUF million	
Borrowings	46,176	145,524	497,597	413,368	1,102,665
Transferred "A" shares with put&call options	-	182,419	-	-	182,419
Trade and other payables	460,549	387,703	-	-	848,252
Other financial liabilities	994	8,124	32,116	877	42,111
<b>Non-derivative financial instruments</b>	<b>507,719</b>	<b>723,770</b>	<b>529,713</b>	<b>414,245</b>	<b>2,175,447</b>
Derivatives	51,659	10,727	3,920	-	66,306

Maturity profile of financial liabilities based on contractual undiscounted payments 2020	Due within 1 month	Due between 1 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	HUF million	HUF million	HUF million	HUF million	
Borrowings	162,988	165,388	527,010	350,356	1,205,742
Transferred "A" shares with put&call options	-	191,848	-	-	191,848
Trade and other payables	305,713	245,005	-	-	550,718
Other financial liabilities	1,098	6,447	48,412	678	56,635
<b>Non-derivative financial instruments</b>	<b>469,799</b>	<b>608,688</b>	<b>575,422</b>	<b>351,034</b>	<b>2,004,943</b>
Derivatives	23,721	7,008	4,174	-	34,903

### b) Sensitivity analysis

In line with the international benchmark, Group Risk Management prepares sensitivity analysis. According to the Financial Risk Management Model, the key sensitivities are the following:



	2021 HUF billion	2020 HUF billion
<b>Effect on Clean CCS-based* (Current Cost of Supply) profit/(loss) from operation</b>		
<b>Brent crude oil price (change by +/- 10 USD/bbl; with fixed crack spreads and petrochemical margin)</b>		
Upstream	+55.7/-55.7	+59.1/-59.1
Downstream	-5.4/+5.4	-4.7/+4.7
<b>Exchange rates (change by +/- 15 HUF/USD; with fixed crack spreads)</b>		
Upstream	+21.8/-21.8	+13.9/-13.9
Downstream	+6.4/-6.4	+4.4/-4.4
Gas Midstream	+0.4/-0.4	+0.4/-0.4
<b>Exchange rates (change by +/- 15 HUF/EUR; with fixed crack spreads/petrochemical margin)</b>		
Upstream	+6.8/-6.8	+2.3/-2.3
Downstream	+33.3/-33.3	+19.3/-19.3
<b>Refinery margin (change by +/- 1 USD/bbl)</b>		
Downstream	+34.9/-34.9	+35.6/-35.6
<b>Integrated petrochemical margin (change by +/- 100 EUR/t)</b>		
Downstream	+50.4/-50.4	+48.3/-48.3

\*Clean CCS-based profit/(loss) from operation (EBIT) and its calculation methodology is not regulated by IFRS. Please see the reconciliation of reported profit/(loss) from operation (EBIT) and Clean CCS profit/(loss) from operation (Clean CCS EBIT) with the relevant definitions in the Appendix III.

### c) Borrowings

#### Accounting policies

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

	31 Dec 2021	31 Dec 2020
	HUF million	Restated HUF million
<b>Long-term debt</b>		
Eurobond €750 million due 2023	275,654	272,287
Eurobond €650 million due 2027	237,046	234,179
HUF bond HUF 28,400 million due 2029	28,599	28,622
HUF bond HUF 36,600 million due 2030	34,758	34,579
HUF bond HUF 35,500 million due 2031	35,404	-
HRK bond HRK 2,000 million due 2026	97,385	-
Schuldschein €130 million due between 2020-2027	18,409	39,162
Bank loans	11,764	110,240
Finance lease liabilities	127,137	101,297
Other	336	632
<b>Total long-term debt</b>	<b>866,492</b>	<b>820,998</b>
<b>Short-term debt</b>		
Eurobond €750 million due 2023	5,286	5,200
Eurobond €650 million due 2027	930	925
HUF bond HUF 28,400 million due 2029	146	146
HUF bond HUF 36,600 million due 2030	170	162
HUF bond HUF 35,500 million due 2031	486	-
HRK bond HRK 2,000 million due 2026	72	-
Schuldschein €130 million due between 2020-2027	21,434	4,071
Bank loans	121,604	278,479
Finance lease liabilities	34,809	32,160
Other	679	647
<b>Total short-term debt</b>	<b>185,616</b>	<b>321,790</b>
<b>Gross debt (long-term and short-term)</b>	<b>1,052,108</b>	<b>1,142,788</b>
Cash and cash equivalents	367,447	193,877
Current debt securities	845	14,511
<b>Net Debt*</b>	<b>683,816</b>	<b>934,400</b>
Total equity	3,058,544	2,484,088
<b>Capital and net debt</b>	<b>3,742,360</b>	<b>3,418,488</b>
<b>Gearing ratio (%)**</b>	<b>18%</b>	<b>27%</b>
Profit from operation	612,885	64,994
Depreciation, depletion, amortisation and impairment	507,437	514,395
Reported EBITDA	1,120,322	579,389
<b>Net Debt/Reported EBITDA</b>	<b>0.61</b>	<b>1.61</b>

\*Long-term debt plus Short-term debt less Cash and cash equivalents less Current debt securities.

\*\*Net Debt divided by Net Debt plus Total equity.

On 8 April 2021 the Group successfully completed a bond auction for qualified investors in line with the Bond Funding for Growth Scheme announced by the National Bank of Hungary with an aim to improve the efficiency of monetary policy transmission and increasing the liquidity of the corporate bond market. The bonds are issued with below terms:

- ▶ total face value: HUF 35,500 million
- ▶ maturity: 10 years
- ▶ Yield: 1.926% (coupon: 1.9%)

In December 2021 the Group issued HRK 2,000 million fixed rate notes. The notes are due in December 2026 and pay a semi-annual coupon of 0.875%.

The analysis of the gross debt of the Group by currencies is the following:

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
<b>Gross debt by currency</b>		
EUR	731,611	832,052
USD	65,365	182,130
HUF	133,480	92,408
HRK	110,851	26,265
CZK	10,411	9,650
Other	390	283
<b>Gross debt</b>	<b>1,052,108</b>	<b>1,142,788</b>

The following issued bonds were outstanding as of 31 December 2021:

	Ccy	Amount Issued (orig ccy, million)	Coupon	Type	Cpn Freq	Issue date	Maturity	Issuer
Eurobond	EUR	750	2.6%	Fixed	Annual	28.04.2016	28.04.2023	MOL Plc.
Eurobond	EUR	650	1.5%	Fixed	Annual	08.10.2020	08.10.2027	MOL Plc.
HRK bond	HRK	2,000	0.875%	Fixed	Semi-annual	06.12.2021	06.12.2026	INA d.d.
HUF bond	HUF	28,400	2.0%	Fixed	Annual	24.09.2019	24.09.2029	MOL Plc.
HUF bond	HUF	36,600	1.1%	Fixed	Annual	22.09.2020	22.09.2030	MOL Plc.
HUF bond	HUF	35,500	1.9%	Fixed	Annual	12.04.2021	12.04.2031	MOL Plc.

The reconciliation between the Group's total of future minimum finance lease payments as a lessee and their present value is the following:

	31 Dec 2021		31 Dec 2020	
	Minimum lease payments HUF million	Lease liability HUF million	Minimum lease payments HUF million	Lease liability HUF million
<b>Finance leases as a lessee</b>				
Due within one year	36,294	34,809	33,335	32,155
Due later than one year but not later than five years	73,818	67,007	74,139	67,919
Due later than five years	79,133	60,130	42,667	33,383
<b>Total</b>	<b>189,245</b>	<b>161,946</b>	<b>150,141</b>	<b>133,457</b>
Future finance charges	27,299	n/a	16,684	n/a
<b>Lease liability</b>	<b>161,946</b>	<b>161,946</b>	<b>133,457</b>	<b>133,457</b>

The reconciliation between the Group's total of future minimum finance lease payments as a lessor and their present value is the following:

	31 Dec 2021		31 Dec 2020	
	Minimum lease payments receivable HUF million	Lease receivable HUF million	Minimum lease payments receivable HUF million	Lease receivable HUF million
<b>Finance leases as a lessor</b>				
Due within one year	894	608	894	581
Due later than one year but not later than five years	3,889	2,902	3,716	2,736
Due later than five years	3,661	2,842	4,555	3,526
Residual value	n/a	1,554	n/a	1,889
<b>Total</b>	<b>8,444</b>	<b>7,906</b>	<b>9,165</b>	<b>8,732</b>
Future finance income	538	n/a	433	n/a
<b>Lease receivable</b>	<b>7,906</b>	<b>7,906</b>	<b>8,732</b>	<b>8,732</b>

## d) Equity

### Accounting policies

Retained earnings and other reserves shown in the consolidated financial statements do not represent the distributable reserves for dividend purposes. Reserves for dividend purposes are determined based on the reconciliation of MOL Plc.'s equity prepared in accordance with the Hungarian Accounting Law.

### Reserves of exchange differences on translation

The reserves of exchange differences on translation represents translation differences arising on consolidation of financial statements of foreign entities. Exchange differences arising on such monetary items that, in substance, forms part of the company's net investment

in a foreign entity are classified as other comprehensive income in the consolidated financial statements until the disposal of the net investment. Upon disposal of the corresponding assets, the cumulative revaluation or reserves of exchange differences on translation are recognised as income or expenses in the same period in which the gain or loss on disposal is recognised.

#### **Fair valuation reserves**

The fair valuation reserve includes the cumulative net change in the fair value of effective cash flow hedges and financial assets at fair value through other comprehensive income.

#### **Equity component of debt and difference in buy-back prices**

Equity component of compound debt instruments includes the residual amount of the proceeds from the issuance of the instrument above its liability component, which is determined as the present value of future cash payments associated with the instrument. The equity component of compound debt instruments is recognised when the Group becomes party to the instrument.

#### **Treasury Shares**

The nominal value of treasury shares held is deducted from registered share capital. Any difference between the nominal value and the acquisition price of treasury shares is recorded directly to retained earnings. In order to consistently distinguish share premium and retained earnings impact of treasury share transactions, repurchase and resale of treasury transactions affect retained earnings instead of having impact on share premium.

#### **Share capital**

There was no change in the number of issued shares in 2021. As of 31 December 2021, the issued share capital was HUF 102,429 million, consisting of 819,424,824 series "A" shares with par value of HUF 125, one series "B" share with par value of HUF 1,000 and 578 series "C" shares with par value of HUF 1,001. Outstanding share capital as of 31 December 2021 and 31 December 2020 is HUF 78,163 million and HUF 78,249 million, respectively.

Every "A" class share with a par value of HUF 125 each (i.e. one hundred and twenty-five forint) entitles the holder thereof to have one vote and every "C" class share with a par value of 1,001 each (i.e. one thousand one forint) entitles the holder to have eight and eight thousandth vote, with the following exceptions. Based on the Articles of Association, no shareholder or shareholder group may exercise more than 10% of the voting rights with the exception of organisation(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares.

Series "B" shares are voting preference shares with a par value of HUF 1,000 that entitles the holder thereof to preferential rights as specified in the Articles of Association. The "B" series share is owned by MNV Zrt. exercising ownership rights on behalf of the Hungarian State. The "B" series share entitles its holder to eight votes in accordance with its nominal value. The supporting vote of the holder of "B" series of share is required to adopt decisions in the following matters pursuant to Article 12.4. of the Articles of Association: decision on amending the articles regarding the B series shares, the definition of voting rights and shareholder group, list of issues requiring supermajority at the general meeting as well as Article 12.4. itself; further, the "yes" vote of the holder of "B" series of shares is required to adopt decisions on any proposal not supported by the Board of Directors in the following matters: election and dismissal of the members of the Board of Directors, the Supervisory Board and the auditors, decision of distribution of profit after taxation and amending of certain provisions of the Articles of Association.

Based on the authorisation granted in the Article 17.D of the Articles of Association the Board of Directors is entitled to increase the share capital until 10 April 2024 in one or more instalments by not more than HUF 30 billion in any form and method provided by the Civil Code.

Changes in the number of ordinary, treasury and authorised shares:

	Number of shares issued	Number of treasury shares	Shares under repurchase obligation	Shares under retransfer agreement	Number of shares outstanding	Authorised number of shares
<b>Series "A" and "B" shares</b>						
<b>1 Jan 2020</b>	<b>819,424,825</b>	<b>(66,371,763)</b>	<b>(117,790,023)</b>	<b>-</b>	<b>635,263,039</b>	<b>1,059,424,825</b>
Share distribution for the members of the Board of Directors and participants of MRP	-	264,444	-	-	264,444	-
Settlement of share option agreement with MUFG Securities EMEA Plc.	-	(10,951,702)	10,951,702	-	-	-
Settlement of share option agreement with Commerzbank A.G.	-	10,732,876	(10,732,876)	-	-	-
Treasury share purchase by MOL Vagyonkezelő Kft.	-	(9,537,994)	-	-	(9,537,994)	-
<b>31 Dec 2020</b>	<b>819,424,825</b>	<b>(75,864,139)</b>	<b>(117,571,197)</b>	<b>-</b>	<b>625,989,489</b>	<b>1,059,424,825</b>
Share distribution for the members of the Board of Directors and participants of MRP	-	164,124	-	-	164,124	-
Settlement of share option agreement with Commerzbank A.G.	-	(888,250)	888,250	-	-	-
Settlement of share option agreement with ING Bank N.V.	-	(2,460,040)	2,460,040	-	-	-
Treasury share purchase by MOL Vagyonkezelő Kft.	-	(850,000)	-	-	(850,000)	-
Capital contribution to MOL New Europe Foundation	-	42,977,996	-	(42,977,996)	-	-
<b>31 Dec 2021</b>	<b>819,424,825</b>	<b>(36,920,309)</b>	<b>(114,222,907)</b>	<b>(42,977,996)</b>	<b>625,303,613</b>	<b>1,059,424,825</b>
<b>Series "C" shares</b>						
<b>31 Dec 2020</b>	<b>578</b>	<b>(578)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>578</b>
<b>31 Dec 2021</b>	<b>578</b>	<b>(578)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>578</b>

MOL's Board of Directors decided that a maximum of 40,971,270 pieces (5%) of "A" series ordinary MOL shares may be purchased during a one-year period within the framework of and in line with the conditions set out in AGM resolution No. 7/2020. (04.3 0). The Board of Directors appointed MOL Vagyonkezelő Kft. to execute the treasury share purchases. MOL Vagyonkezelő Kft. purchased 10,387,994 shares until 30 April 2021.

#### Dividend

In April 2021 the Board of Directors on behalf of the 2021 Annual General Meeting of MOL Plc. approved to pay HUF 75,875 million dividend in respect of 2020, which equals to HUF 95.02 dividend per share. The total amount of reserves legally available for distribution based on MOL Plc.'s reconciliation of equity is HUF 1,852,814 million as of 31 December 2021 (31 December 2020, restated: HUF 1,506,304 million).

The approved dividend (HUF 75,875 million) and the dividend shown in the statement of changes in equity (HUF 63,226 million) are different because the following movements are not presented as dividend payments: dividend of shares under retransfer agreement (HUF 4,084 million) represents in substance MOL's contribution to social responsibility activities and therefore charged to the statement of profit or loss, dividend of shares under put and call option transactions (HUF 7,045 million) presented as a decrease in financial liability, dividend towards MOL Plc.'s Employee Share Ownership Programme Organisation (HUF 1,520 million) has no effect on the statement of financial position because the organisation is consolidated to the Group.

#### Shares under retransfer agreement

On 13 July 2021, MOL and the Hungarian Government established a new foundation of trusts in public interest with the name of MOL - New Europe Foundation, and with the aim of fulfilling corporate responsibility objectives especially in the field of sport, culture, health and environment protection. This foundation replaces some of MOL's corporate social responsibility activities carried out in the past. MOL Group transferred 42,977,996 pieces of MOL ordinary shares of series "A" to the foundation. The operation of the foundation shall be primarily financed by the dividends of these shares. The future dividend on these shares represents in substance MOL's contribution to social responsibility activities and therefore charged to the statement of profit or loss. As in substance the deed of foundation is a supporting agreement therefore the transferred MOL shares remain deducted from equity. The Founders in consultation with MOL appointed an asset controller to control the asset management of the Foundation. The Foundation was established for a defined period of 25 years and the Board of Trustees has the right to decide about another 25 years of extension at the end of the period. At termination of the Foundation, MOL Group will receive back the shares held by the Foundation. Two out of the five member of the board of trustees are the members of MOL Group key management personnel. The founders can't control the appointment and recall of the members of

the Board of trustees after the establishment. The Foundation is independent from MOL thus not consolidated by MOL Group, earnings per share is presented accordingly.

#### Treasury share put and call option transactions

MOL Plc. has three option agreements concluded with financial institutions in respect of 74,138,899 pieces of series “A” shares (“Shares”) as of 31 December 2021. Under the agreements, MOL Plc. holds American call options and the financial institutions hold European put options in respect of the Shares. The expiry of both the put and call options are identical.

Counterparty	Underlying pieces of MOL ordinary shares	Strike price per share	Expiry
ING Bank N.V.	36,719,933	EUR 6.6043	23 Jun 2022
Commerzbank AG	9,844,626	EUR 6.7389	16 Jun 2022
UniCredit Bank AG	27,574,340	EUR 6.72764	14 Jun 2022

MOL agreed with ING Bank N.V. (“ING”) on 14 June 2021, that the option rights in relation to 39,179,973 Shares under the share option agreement executed between ING and MOL on 17 June 2020 are partly physically and partly cash settled on 25 June 2021. Simultaneously, MOL and ING entered into a new share option agreement, according to which MOL received American call options and ING received European put options in relation to 36,719,933 Shares, with the effective date of 25 June 2021. The maturity date of both the call and put options is 23 June 2022, and the strike price of both options is EUR 6.6043 per Share.

MOL agreed with Commerzbank A.G. (“Commerzbank”) on 14 June 2021 that the option rights in relation to 10,732,876 Shares under the share option agreement executed between Commerzbank and MOL on 16 June 2020 are partly physically and partly cash settled on 18 June 2021. Simultaneously, MOL and Commerzbank have entered into a share option agreement where MOL received American call options and Commerzbank received European put options in relation to 9,844,626 Shares with the effective date of 18 June 2021. The maturity date of both the call and put options is 16 June 2022, and the strike price of both options is EUR 6.7389 per Share.

MOL agreed with UniCredit Bank AG (“UniCredit”) on 14 June 2021 that the option rights in relation to 27,574,340 Shares under the share option agreement executed between UniCredit and MOL on 11 November 2019 are cash settled on 16 June 2021. Simultaneously, MOL and UniCredit entered into a new share option agreement, according to which MOL received American call options and UniCredit received European put options in relation to 27,574,340 Shares, with the effective date of 16 June 2021. The maturity date of both the call and put options is 14 June 2022, and the strike price of both options is EUR 6.72764 per Share.

#### Share swap agreement with OTP

MOL Plc. (“MOL”) and OTP entered into a share-exchange and a share swap agreement in 2009. Under the agreements, initially MOL transferred 40,084,008 “A” series MOL ordinary shares to OTP in return for 24,000,000 pieces OTP ordinary shares. The agreement contains settlement provisions in case of certain movement of relative share prices of the parties, subject to net cash or net share settlement. The original expiration of the share-swap agreements was on 11 July 2012. During 2012 the expiration has been extended to 11 July 2017, and subsequently, in 2017 further extended until 11 July 2022, which did not trigger any movement in MOL Plc.’s treasury shares.

Until the expiration date each party can initiate a cash or physical (i.e. in shares) settlement of the deal.

## 21. Financial instruments

31 Dec 2021		Fair value through profit or loss	Derivatives used for hedging	Amortised cost	Fair value through other comprehensive income	Total carrying amount
Carrying amount of financial instruments		HUF million	HUF million	HUF million	HUF million	HUF million
<b>Financial assets</b>						-
	Equity instruments	8,360	-	-	85,982	94,342
	Loans given	-	-	53,141	-	53,141
Other non-current financial assets	Deposit	-	-	361	-	361
	Finance lease receivables	-	-	7,298	-	7,298
	Debt securities	-	-	-	19,393	19,393
	Commodity derivatives	2,418	-	-	-	2,418
	Other	-	-	30,952	-	30,952
<b>Total non-current financial assets</b>		<b>10,778</b>	<b>-</b>	<b>91,752</b>	<b>105,375</b>	<b>207,905</b>
Trade and other receivables		-	-	753,850	-	753,850
Finance lease receivables		-	-	169	-	169
Cash and cash equivalents		-	-	367,447	-	367,447
Debt securities		-	-	-	845	845
Other current financial assets	Commodity derivatives	43,199	-	-	-	43,199
	Loans given	-	-	848	-	848
	Deposit	-	-	67	-	67
	Finance lease receivables	-	-	608	-	608
	Foreign exchange derivatives	277	-	-	-	277
	Other derivatives	-	-	-	-	-
	Other	-	-	16,080	-	16,080
<b>Total current financial assets</b>		<b>43,476</b>	<b>-</b>	<b>1,139,069</b>	<b>845</b>	<b>1,183,390</b>
<b>Total financial assets</b>		<b>54,254</b>	<b>-</b>	<b>1,230,821</b>	<b>106,220</b>	<b>1,391,295</b>
<b>Financial liabilities</b>						-
Borrowings (long-term debt)		-	-	739,349	-	739,349
Finance lease liabilities		-	-	127,143	-	127,143
Other non-current financial liabilities	Foreign exchange derivatives	-	-	-	-	-
	Other derivatives	3,895	-	-	-	3,895
	Other	-	-	32,994	-	32,994
	Interest rate derivatives	-	24	-	-	24
<b>Total non-current financial liabilities</b>		<b>3,895</b>	<b>24</b>	<b>899,486</b>	<b>n/a.</b>	<b>903,405</b>
Trade and other payables		-	-	848,241	-	848,241
Borrowings (short-term debt)		-	-	150,807	-	150,807
Finance lease liabilities		-	-	34,809	-	34,809
Other current financial liabilities	Transferred "A" shares with put&call options	-	-	181,669	-	181,669
	Commodity derivatives	51,820	-	-	-	51,820
	Foreign exchange derivatives	30	-	-	-	30
	Other derivatives	10,170	-	-	-	10,170
	Other	-	-	9,117	-	9,117
	Interest rate derivatives	-	4	-	-	4
<b>Total current financial liabilities</b>		<b>62,020</b>	<b>4</b>	<b>1,224,643</b>	<b>n/a.</b>	<b>1,286,667</b>
<b>Total financial liabilities</b>		<b>65,915</b>	<b>28</b>	<b>2,124,129</b>	<b>n/a.</b>	<b>2,190,072</b>

\*hedge acc: under hedge accounting

31 Dec 2020		Fair value	Derivatives	Amortised	Fair value	Total
		through profit	used for		through other	
Carrying amount of financial instruments		or loss	hedging	cost	comprehensive	amount
		HUF million	hedge acc.*	HUF million	income	HUF million
<b>Financial assets</b>						
Other non-current financial assets	Equity instruments	6,664	-	-	67,565	74,229
	Loans given	-	-	41,869	-	41,869
	Deposit	-	-	356	-	356
	Finance lease receivables	-	-	8,151	-	8,151
	Debt securities	-	-	-	-	-
	Commodity derivatives	1,819	-	-	-	1,819
	Other	-	-	25,992	-	25,992
<b>Total non-current financial assets</b>		<b>8,483</b>	<b>-</b>	<b>76,368</b>	<b>67,565</b>	<b>152,416</b>
Trade and other receivables		-	-	523,021	-	523,021
Finance lease receivables		-	-	257	-	257
Cash and cash equivalents		-	-	193,877	-	193,877
Debt securities		-	-	-	14,511	14,511
Other current financial assets	Commodity derivatives	16,667	-	-	-	16,667
	Loans given	-	-	4,556	-	4,556
	Deposit	-	-	62	-	62
	Finance lease receivables	-	-	581	-	581
	Other derivatives	-	-	-	-	-
	Other	-	-	-	-	-
<b>Total current financial assets</b>		<b>-</b>	<b>-</b>	<b>2,270</b>	<b>-</b>	<b>2,270</b>
<b>Total financial assets</b>		<b>16,667</b>	<b>-</b>	<b>724,624</b>	<b>14,511</b>	<b>755,802</b>
		<b>25,150</b>	<b>-</b>	<b>800,992</b>	<b>82,076</b>	<b>908,218</b>
<b>Financial liabilities</b>						
Borrowings (long-term debt)		-	-	719,701	-	719,701
Finance lease liabilities		-	-	101,297	-	101,297
Other non-current financial liabilities	Foreign exchange derivatives	-	1,121	-	-	1,121
	Other derivatives	3,053	-	-	-	3,053
	Other	-	-	45,193	-	45,193
<b>Total non-current financial liabilities</b>		<b>3,053</b>	<b>1,121</b>	<b>866,191</b>	<b>n/a.</b>	<b>870,365</b>
Trade and other payables		-	-	549,642	-	549,642
Borrowings (short-term debt)		-	-	289,630	-	289,630
Finance lease liabilities		-	-	32,160	-	32,160
Other current financial liabilities	Transferred "A" shares with put&call options	-	-	191,105	-	191,105
	Commodity derivatives	23,936	-	-	-	23,936
	Foreign exchange derivatives	202	-	-	-	202
	Other derivatives	6,591	-	-	-	6,591
	Other	-	-	7,544	-	7,544
<b>Total current financial liabilities</b>		<b>30,729</b>	<b>-</b>	<b>1,070,081</b>	<b>n/a.</b>	<b>1,100,810</b>
<b>Total financial liabilities</b>		<b>33,782</b>	<b>1,121</b>	<b>1,936,272</b>	<b>n/a.</b>	<b>1,971,175</b>

\*hedge acc: under hedge accounting

The Group does not have any instrument where the Group chose the fair value option to designate an instrument upon initial recognition at fair value through profit or loss in order to reduce a measurement or recognition inconsistency. The Group does not have any financial instrument whose classification has changed as a result of amendments in business model categorisation.

The Group elected upon initial recognition to measure investments in equity instruments at fair value through other comprehensive income. The managements' intention regarding these instruments which are measured as at fair value through other comprehensive income did not change, these instruments are not held for trading, so the Group elected the fair value through other comprehensive income measurement at recognition for these equity instruments. Investments in venture funds where the Group has significant influence are measured as at fair value through profit or loss. The most significant equity instrument is JANAF interest hold by INA d.d., the company that owns and operates the Adria pipeline system. The market value of the shares as of 31 December 2021 amounted to HUF 29,762 million (31 December 2020: HUF 24,711 million).

The fair values of financial instruments measured at amortised cost approximate their carrying amounts except for the issued bonds. The fair value of the issued bonds is HUF 708,965 million, while their carrying amount is HUF 715,936 million as of 31 December 2021



(31 December 2020: fair value was HUF 603,386 million, carrying amount was HUF 576,100 million). HUF 535,141 million of the fair value of the issued bonds is categorised as Level 1 and HUF 173,823 million is categorised as Level 2.

Impairment only accounted for on trade receivables and loans given. No impairment is recognised on the remaining financial instruments based on materiality, history, expectations and change in credit risk.

Contract assets and contract liabilities from contracts with customers are not material for the Group.

The carrying amount of hedging instruments designated in hedge accounting programmes are the followings.

Carrying amounts of hedging instrument			2021	2020
			HUF million	HUF million
Net investment hedge	Liabilities	Borrowings	562,100	665,450
		Cash flow hedge	Liabilities	Interest rate derivatives
		Foreign exchange derivatives	-	1,121

#### Hedge of net investments in foreign operations

The Group has EUR and USD denominated net investments in foreign operations and EUR and USD denominated borrowings. These borrowings are being used to hedge the Group's exposure to EUR and USD foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries. There is an economic relationship between the hedged items and the hedging instruments as the net investments creates a translation risk that will match the foreign exchange risk on the borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the borrowing.

The notional amount of the EUR denominated and USD denominated borrowings are EUR 1,530 million and USD 9 million respectively (31 December 2020: EUR 1,530 million and USD 367 million). The weighted average hedged rates for the year are 358 HUF/EUR and 298 HUF/USD (31 December 2020: 356 HUF/EUR and 307 HUF/USD).

Net investment in foreign operation	Notes	2021	2020
		HUF million	HUF million
Change in value of hedged item used to determine hedge effectiveness		4,042	32,454
Change in carrying amount of borrowings as a result of foreign currency movements recognised in other comprehensive income	8	(4,042)	(32,454)
Change in foreign currency translation reserve due to hedging, net of tax	8	(2,963)	(23,484)
<b>Balances in the foreign currency translation reserve due to hedging, net of tax</b>		<b>150,420</b>	<b>147,457</b>

The hedging gain recognised in other comprehensive income before tax is equal to the change in fair value used for measuring effectiveness. There was no ineffectiveness to be recorded from net investments in foreign entity hedges.

## 22. Fair value measurement of financial instruments

Fair value hierarchy	31 Dec 2021			31 Dec 2020		
	Level 1	Level 2	Total fair value	Level 1	Level 2	Total fair value
	Unadjusted quoted prices in active markets	Valuation techniques based on observable market input		Unadjusted quoted prices in active markets	Valuation techniques based on observable market input	
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
<b>Financial assets</b>						
Equity instruments	29,762	64,580	94,342	24,711	49,518	74,229
Debt securities	-	20,238	20,238	3,826	10,685	14,511
Commodity derivatives	-	45,617	45,617	-	18,486	18,486
Foreign exchange derivatives	-	277	277	-	-	-
<b>Total financial assets</b>	<b>29,762</b>	<b>130,712</b>	<b>160,474</b>	<b>28,537</b>	<b>78,689</b>	<b>107,226</b>
<b>Financial liabilities</b>						
Commodity derivatives	-	51,820	51,820	-	23,936	23,936
Foreign exchange derivatives	-	30	30	-	1,323	1,323
Other derivatives	-	14,065	14,065	-	9,644	9,644
Interest rate derivatives	-	28	28	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>65,943</b>	<b>65,943</b>	<b>-</b>	<b>34,903</b>	<b>34,903</b>

Nor in 2021 and 2020 were there any instruments with fair value categorised as Level 3 (valuation techniques based on significant unobservable market input).

## 23. Trade and other receivables

### Accounting policies

Trade and other receivables are amounts due from customers for goods sold and services performed in the normal course of business, as well as other receivables such as margining receivables. Trade and other receivables are initially recognised at fair value less transaction costs and subsequently measured at amortised cost less any provision for doubtful debts. A provision for impairment is made for expected credit losses and when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired receivables are derecognised when they are assessed as uncollectible.

If collection of trade receivables is expected within the normal business cycle which is one year or less, they are classified as current assets. In other cases, they are presented as non-current assets.

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
<b>Trade and other receivables</b>		
Trade receivables	563,964	451,757
Other receivables	190,055	71,521
<b>Total</b>	<b>754,019</b>	<b>523,278</b>

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
<b>Trade receivables</b>		
Trade receivables (gross)	580,131	473,963
Loss allowance for receivables	(16,167)	(22,206)
<b>Total</b>	<b>563,964</b>	<b>451,757</b>

	2021 HUF million	2020 HUF million
<b>Movements in the loss allowance for receivables</b>		
<b>At 1 January</b>	<b>22,206</b>	<b>19,498</b>
Additions	3,773	6,043
Reversal	(9,046)	(6,566)
Amounts written off	(765)	(154)
Foreign exchange differences	(1)	3,385
<b>At 31 December</b>	<b>16,167</b>	<b>22,206</b>

The total additions in loss allowance for receivables as of 31 December 2021 is HUF 3,773 million. The total reversal in loss allowance for receivables as of 31 December 2021 is HUF 9,046 million, of which HUF 2,917 million relates to receivables in Egypt.

	31 Dec 2021		31 Dec 2020	
	Gross book value HUF million	Net book value HUF million	Gross book value HUF million	Net book value HUF million
<b>Ageing analysis of trade receivables</b>				
<b>Not past due</b>	<b>526,528</b>	<b>525,974</b>	<b>425,748</b>	<b>425,152</b>
<b>Past due</b>	<b>53,603</b>	<b>37,990</b>	<b>48,215</b>	<b>26,605</b>
Within 180 days	35,392	34,519	21,610	21,194
Over 180 days	18,211	3,471	26,605	5,411
<b>Total</b>	<b>580,131</b>	<b>563,964</b>	<b>473,963</b>	<b>451,757</b>

### Current assets pledged as security

There are no current assets pledged as security as of 31 December 2021.

## 24. Cash and cash equivalents

### Accounting policies

Cash includes cash on hand and cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The Group considers the term "insignificant risk of change in value" not being limited to three-month period.

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
Short-term bank deposits	166,065	46,521
Demand deposit	188,222	137,109
Cash on hand	13,160	10,247
<b>Total</b>	<b>367,447</b>	<b>193,877</b>

**Cash and cash equivalents pledged as security**

The carrying amount of cash and cash equivalents pledged as security for liabilities is HUF 11,667 million as of 31 December 2021.

## OTHER FINANCIAL INFORMATION

This section includes additional financial information that are either required by the relevant accounting standards or management considers these to be material information for shareholders.

### 25. Commitments and contingent liabilities

#### Accounting policies

Contingent liabilities are not recognised in the consolidated financial statements unless they are acquired in a business combination. They are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### a) Guarantees

The total value of bank guarantees, letter of credits, standby letter of credits undertaken to parties outside the Group is contractually HUF 149,373 million.

#### b) Capital and Contractual Commitments

The total value of capital commitments as of 31 December 2021 is HUF 157,802 million (31 December 2020: HUF 246,568 million), of which HUF 114,094 million relates to Hungarian operation, HUF 22,223 million to operation in Slovakia and HUF 199 million to associated company.

The most significant amounts relate to a polyol project in MOL Petrochemicals (HUF 61,942 million) which intends to become a significant producer of polyether polyols, high-value intermediates for products applied in the automotive, packaging and furniture industry. Under the project a new polyol plant will be constructed to which significant part of capital expenditures relate both in the current and comparative period. Additional significant amounts of capital commitments in Hungary relate to the MOL Campus project (HUF 22,335 million) and to olefin reconstruction projects (HUF 7,240 million).

MOL has a commitment in Romania for a minimum work-program on license EX-6 as per concession agreement in the amount of HUF 8,326 million.

As part of corporate social responsibility MOL Group is committed to spending HUF 6,775 million via sponsorship agreements in the next 2 years.

MOL Group has a take-or-pay contract with JANAF in amount of HUF 5,775 million.

#### c) Unrecognised lease commitments

	31 Dec 2021	31 Dec 2020
	HUF million	HUF million
<b>Unrecognised lease commitments*</b>		
Due within one year	1,867	1,774
Due later than one year but not later than five years	2,026	2,892
Due later than five years	274	275
<b>Total</b>	<b>4,167</b>	<b>4,941</b>

\*Lease commitments for short-term leases and leases of low-value assets.

#### d) Authority procedures, litigation

##### General

None of the litigations described below have any impact on the accompanying consolidated financial statements except as explicitly noted. MOL Group entities are parties to a number of civil actions arising in the ordinary course of business. Currently, no further litigation exists that could have a material adverse effect on the financial condition, assets, results or business of the Group.

The value of litigation where members of the MOL Group act as defendant is HUF 33,833 million for which HUF 8,107 million provision has been made.

##### ICSID arbitration (MOL Plc. vs. Croatia)

MOL Plc.'s request for arbitration was filed with the International Centre for Settlement of Investment Disputes („ICSID”) on 26 November 2013 against the Republic of Croatia (the “GoC”) under the Energy Charter Treaty mainly due to the huge losses INA-INDUSTRIJA NAFTE, d.d. (“INA”) has suffered in the gas business as a consequence of the breach of the 2009 agreements by the Government. This arbitration is about more than just seeking a remedy for the breach of the contracts in general; it is also about the abuse of regulatory power at the expense of a single actor, INA, and indirectly, MOL Plc. Award is expected for the first half of 2022.

##### CONCESSIONS (INA Group)

On 29 July 2011 the Ministry of Economy, Labour and Entrepreneurship (hereinafter: the Ministry) rendered three Decisions depriving INA of the license to explore hydrocarbons in exploration areas “Sava”, “Drava” and “North-West Croatia”.

On 29 August 2011, INA filed three administrative lawsuits against the Ministry's Decisions. The Administrative Court annulled the Ministry's Decisions.

On 10 November 2014, and on 20 February 2015 the Ministry adopted new Decisions in which it again deprived INA of the license to explore hydrocarbons in exploration areas "Sava" and "North-West Croatia" and "Drava", with the same explanations. INA filed lawsuits against new Ministry Decisions regarding exploration areas "Sava", "Drava" and "NW Croatia".

In November 2016 the Administrative Court reached a decision and rejected INA's claim in the case regarding exploration area "Drava". INA has filed an appeal against that decision in December 2016.

On 08 September 2017 INA received the judgment brought by the High Administrative Court rejecting INA's appeal against the first instance verdict in the "Drava" case. Thus, the Decision on seizure of hydrocarbon exploration approvals in the "Drava" research area, became final. The court also reached a decision regarding exploration area "North-West Croatia". In both cases Constitutional Court reached a decision and rejected INA's claim.

On 12 July 2018, INA received decision of the High Administrative Court cancelling previous decision of the Administrative Court and Ministry of Economy decision regarding "Sava" exploration license and has returned a case in its initial state. In reassessment proceedings Administrative Court reached a decision and rejected INA's claim. INA has filed an appeal against the first instance verdict which was rejected by the High Administrative Court. In November 2021 INA filed lawsuit before Constitutional Court of Republic of Croatia.

#### **BELVEDERE**

In July 2017 INA received a lawsuit from Belvedere d.d. Dubrovnik with a claim amounting HRK 220 million. The claim relates to a loan provided by INA in 2005 to Belvedere d.d. (hotel "Belvedere" in Dubrovnik served as security for the loan). Since Belvedere d.d. has not returned the loan, enforcement procedure was initiated in 2012, and the hotel was sold to a highest bidder on a public auction. Belvedere d.d. now claims that the hotel was sold below its market value and also claims damage to its reputation and loss of profit. Although the outcome of this procedure is uncertain it is more likely in favour of INA than not. Notwithstanding the possible outcome, request for the damage is deemed to set too high considering three independent court experts already discussed the market price issue. Case is interrupted until resolution of case INA No. 018-11/17 which represents preliminary issue for resolving this case. In case INA No. 018-11/17 final decision was reached in favour of INA. Currently this case is before Supreme Court of the Republic of Croatia since Belvedere filed proposal for permission to file a revision.

#### **MOL Plc. and INA vs Federation of the Bosnia and Herzegovina**

MOL Plc. and INA initiated arbitration against FBiH in year 2012, in front of ICC Zurich. Case was in abeyance till November 2019. INA/MOL claim:

In the Energopetrol (EP) Recapitalization Agreement, signed September 2006, Federation of the Bosnia and Herzegovina (FBiH) gave representations and warranties to the Consortium in respect of EP's compliance with legal regulations relating to labour and employment matters, that there was no risk of legal proceedings to be brought against EP. Following the closing of the transaction, a significant number of then former and existing employees started lawsuits against EP.

FBiH counterclaim:

According to the EP Recapitalization Agreement (RA), INA and MOL Plc. obligation was to provide for the investments in the EP. According to the text of RA, investment means to ensure necessary funds, including, without limitation, the loans, to the EP, with a purpose to renew and expand the existing network of PS, as foreseen in the Investment plan which was enclosed to the RA. Deloitte, who was engaged by the parties to the RA to confirm performance of the agreed RA provisions, confirmed the Consortium has performed its investment obligations.

Hearing was held in November 2021. The award for the liability phase of the arbitral procedure is expected Q1 2022. If liability is established, procedure will proceed to the quantum phase.

#### **Dana and Crescent vs. MOL Plc.**

On 14 February 2020, Dana Gas PJSC ("Dana") and Crescent Petroleum Company International Limited ("Crescent") as Claimants commenced arbitration against Hungarian Oil and Gas Public Limited Company ("MOL") as Respondent.

Dana and Crescent claim that MOL breached the Share Sale Agreement dated 15 May 2009 concluded by Dana, Crescent and MOL (the "SSA") by refusing to pay earn-out payments that they allege are due.

MOL's position is that the Claimants have no entitlement to Reserve Based Earn Out Payments, Production Based Earn Out Payments or Crude Oil Earn-Out Payments under the SSA. The facts are substantially the same as those being adjudicated in the JVA Arbitration. An arbitral tribunal has been appointed and a 5 days hearing has been fixed for 28 March – 1 April 2022.

#### **e) Environmental liabilities**

MOL Group's operations are subject to the risk of liability arising from environmental damage or pollution and the cost of any associated remedial work. MOL Group is currently responsible for significant remediation of past environmental damage relating to its operations. Accordingly, MOL Group has established a provision of HUF 101,143 million for the estimated cost as at 31 December 2021 for probable and quantifiable costs of rectifying past environmental damage (see Note 16). In addition, a provision of HUF 7,610 million was recorded to cover an expected intervention where the timing, cost and nature of the intervention is still uncertain. Although the management believes that these provisions are sufficient to satisfy such requirements to the extent that the related costs are reasonably estimable, future regulatory developments or differences between known environmental conditions and actual conditions could cause a revaluation of these estimates.

Some of the Group's premises may be affected by contamination where the cost of rectification is currently not quantifiable or legal requirement to do so is not evident. The main case where such contingent liabilities may exist is the Tiszaújváros site, including both the

facilities of MOL Petrochemicals and area of MOL's Tisza refinery, where the Group has identified significant underground water and subsurface soil contamination. In accordance with the resolutions of the regional environmental authorities combined for MOL Petrochemicals and MOL Group, the Group completed a detailed investigation and submit the results and technical specifications to the authorities in July of 2021. Based on these documents the authorities brought a resolution on 7 September 2021 requiring MOL Petrochemicals and MOL Group to jointly perform this plan in order to manage the soil and underground water contamination. The total amount of liabilities originating from this plan can be estimated properly and MOL Petrochemicals and MOL Group set the required amount of environmental provision.

Contingent liabilities exist for uncertain remediation tasks; their magnitude cannot be estimated currently, but it is not expected to exceed HUF 4 billion.

The technology applied in oil and gas exploration and development activities by the Group's Hungarian predecessor before 1995 may give rise to future remediation of drilling mud produced (in 1995 there was modification in the drilling technology). In accordance with legal requirements the treatment (extraction and disposal) of the resulting pollutant is required. The existence of such obligation, and consequently the potential expenditure associated with it is dependent on the extent, volume and composition of drilling mud left behind at the numerous production sites. According to current estimates the amount of the environmental liability is HUF 1.13 billion.

Further to more detailed site investigations to be conducted in the future and the advancement of national legislation or authority practice, additional contingent liabilities may arise at the industrial park around Mantova refinery and the Croatian refineries, depots and retail sites which have been acquired in previous business combinations. As at 31 December 2021, on Group level the aggregate amount of environmental liabilities for the above-mentioned areas, recorded on the statement of financial position was HUF 52.7 billion (31 December 2020: HUF 50.8 billion).

## 26. Notes to the consolidated statements of cash flows

### Accounting policies

Bank overdrafts repayable on demand are included as component of cash and cash equivalent in case where the use of short-term overdrafts forms an integral part of the entity's cash management practices.

The Group has classified cash payments for the principal portion of lease payments and cash payments for the interest portion of lease payments as financing activities.

	2021	2020
	HUF million	HUF million
<b>Analysis of net cash outflow on acquisition of subsidiaries, joint operations as business combinations</b>		
Cash consideration	(2,795)	(475,798)
Cash at bank or on hand acquired	384	18,686
<b>Net cash outflow on acquisition of subsidiaries, joint operations</b>	<b>(2,411)</b>	<b>(457,112)</b>

	2021	2020
	HUF million	HUF million
<b>Analysis of net cash flow related to sale of subsidiaries, joint operations as business combinations</b>		
Cash consideration	1,101	-
Cash at bank or on hand disposed	(13)	-
<b>Net cash inflow/(outflow) related to sale of subsidiaries, joint operations</b>	<b>1,089</b>	<b>-</b>

	2021	2020
	HUF million	Restated HUF million
<b>Analysis of cash flow related to joint ventures and associates</b>		
Cash consideration of acquisition and capital increase	-	(16,479)
Cash consideration of sale and capital decrease	-	172
Dividend from joint ventures and associates	27,755	11,223
Net movements of loans*	(9,368)	(19,780)
<b>Total</b>	<b>18,387</b>	<b>(24,864)</b>

\* Net movements of loans for 2020 are restated due to administrative error. It was decreased by HUF 21,988 million.

	2021	2020
	HUF million	HUF million
<b>Analysis of other items</b>		
Write-off of inventories, net	10,726	4,296
Write-off of receivables, net	(11,475)	6,052
Other non-highlighted items	96,859	(23,572)
<b>Total</b>	<b>96,110</b>	<b>(13,224)</b>

	2020 balance	Cash flows used in financing activities	Non-cash changes				New lease liabilities	Non- financing CF related movements	2021 balance
			Acquisitions/ Disposals	Realised and non- realised FX	FV change on derivatives	Accrued Interest			
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	
Long-term debt	820,998	(27,400)	1,419	3,204	-	14,582	53,689	-	866,492
Other non-current financial liabilities	49,367	(4,452)	-	303	-	-	-	(8,305)	36,913
Short-term debt	321,790	(155,467)	-	16,674	-	3,447	-	(828)	185,616
Other current financial liabilities	229,378	(8,715)	-	43	2,646	-	-	29,458	252,810
<b>Total Cash flows used in financing activities from financial liabilities</b>		<b>(196,034)</b>							
Other items impacting Cash flows used in financing activities		<b>(76,491)</b>							
<b>Total Cash flows used in financing activities</b>		<b>(272,525)</b>							

The total cash outflow for leases in the period is HUF 23,506 million.

## 27. Earnings per share

### Accounting policies

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share taking into consideration all dilutive potential ordinary shares that were outstanding during the period:

- ▶ the net profit for the period attributable to ordinary shares is increased by the after-tax number of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- ▶ the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares which would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The diluted earnings per share differs from the basic earnings per share due to dilutive effect of outstanding number of shares with conversion option at the end of the year, please refer to Note 4.

	Income HUF million	Weighted average number of shares	Earnings/(Loss) per share HUF
Basic Earnings Per Share 2020 (Restated)	(18,323)	711,992,681	(26)
Diluted Earnings Per Share 2020* (Restated)	(18,323)	711,992,681	(26)
Basic Earnings Per Share 2021	526,135	719,486,566	731
Diluted Earnings Per Share 2021	526,135	724,847,017	726

\*Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

## 28. Related party transactions

### a) Transactions with associated companies and joint ventures

	31 Dec 2021 HUF million	31 Dec 2020 HUF million
Trade and other receivables due from related parties	21,081	6,672
Long-term loans given to related parties	42,388	28,600
Long-term receivables from related parties due to finance lease	7,053	7,665
Short-term loans given to related parties	293	3,834
Short-term receivables from related parties due to finance lease	618	612
Trade and other payables due to related parties	14,139	7,654
Long-term liabilities to related parties due to finance lease	3,652	4,034
Short-term liabilities to related parties due to finance lease	497	479
Net sales to related parties	50,149	20,191

The Group purchased and sold goods and services with associated companies and joint ventures during the ordinary course of business in 2021 and 2020. All of the transactions were conducted under market prices and conditions.

### b) Remuneration of the members of the Board of Directors

Directors' total remuneration approximated HUF 147 million in 2021 (2020: HUF 146 million). In addition, the directors participate in a long-term incentive scheme details of which are given in Note 4.

Directors are remunerated with the following net amounts in addition to the incentive scheme:

Executive and non-executive directors	25,000 EUR/year
Committee chairmen	31,250 EUR/year

In case the position of the Chairman is not occupied by a non-executive director, it is the non-executive vice Chairman who is entitled to this payment. Directors who are not Hungarian citizens and do not have permanent address in Hungary are provided with EUR 1,500 on each Board meeting (maximum 15 times a year) when travelling to Hungary.

### c) Number of shares held by the members of the Board of Directors, Chief Executives' Committee and the Management

	2021 Number of shares	2020 Number of shares
Board of Directors	2,871,645	2,871,246
Chief Executives' and Management Committee (except Board of Directors members)	472,357	468,780
Senior Management (except Board of Directors, Chief Executives', Supervisory Board and Management Committee members)	121,341	124,702
<b>Total</b>	<b>3,465,343</b>	<b>3,464,728</b>



**d) Transactions with Management, officers and other related parties**

In 2021 entities controlled by the members of key management personnel purchased fuel and other retail services from MOL Group in the total value of HUF 4,282 million. MOL Group provided subsidies through sponsorship for sport organisations controlled by key management personnel in the total value of HUF 611 million. MOL Group purchased other services (including PR, media, business operations related services) from companies controlled by key management personnel in the total value of HUF 315 million.

Entities controlled by key management personnel hold 2,100,000 shares.

**e) Key management compensation**

The amounts disclosed contains the compensation of managers who qualify as a key management member of MOL Group.

	2021 HUF million	2020 HUF million
Salaries and wages	915	892
Other short-term benefits	658	675
Share-based payments	547	932
<b>Total</b>	<b>2,120</b>	<b>2,499</b>

**f) Loans to the members of the Board of Directors and Supervisory Board**

No loans have been granted to key management personnel.

**29. Events after the reporting period****a) Russia – Ukraine conflict**

The economic consequences of Russia's invasion of Ukraine that commenced on 24 February 2022 may affect MOL Group. Management is continuously investigating and assessing the possible effects of the current geopolitical situation, international sanctions and other possible limitations on the supply chain and business activities. MOL Group has made decisions in its credit policy to minimize the exposure.

MOL Group is exposed to Russia mainly through BaiTex Llc, a joint venture, with an investment value of HUF 19,678 million and receivables of HUF 4,613 million as 31 December 2021. MOL Group exposure to Ukraine is not material.

MOL Group is exposed to the physical flow of crude oil through the transportation system in Russia and Ukraine. To date, the physical flow of the crude oil has not been restricted. Management is taking actions to manage the risk of possible crude oil supply disruption, including consideration of using alternative supply routes of sufficient capacity. MOL Group has access to state reserves which enables it to supply its markets for more than 90 days even if all crude oil transportation is shut down.

**b) Acquisitions**

MOL Group signed a set of agreements with Grupa Lotos SA and PKN Orlen acquiring 417 service stations in Poland that allows MOL to reach 3rd position in the local fuel retail market. Subject to the final approval of the Polish assets acquisition would MOL divest 185 service stations of its portfolio 144 located in Hungary and 41 in Slovakia to PKN Orlen. The deal is subject to PKN Orlen getting green light from the European Commission to close its merger with Lotos. MOL Group signed an agreement to acquire the 100% share capital of Normbenz Magyarország Kft on 11 January 2022 consisting 79 service stations with the aim to resell to PKN Orlen Group.

**c) Put and call options transaction**

MOL exercised its call options on 19 January 2022 in relation to 27,574,340 MOL Series "A" Ordinary shares ("Shares") under the share option agreement executed between UniCredit Bank AG and MOL on 14 June 2021, in relation to 9,844,626 Shares under the share option agreement executed between Commerzbank A.G. and MOL on 16 June 2021 and in relation to 36,719,933 Shares under the share option agreement executed between ING Bank N.V. and MOL on 14 June 2021. The options will be physically settled on 21 January 2022.

Under the share sale and purchase agreement concluded between MOL and ING Bank N.V. („ING”) on 24 February 2022 MOL sells 36,127,167 Series "A" MOL ordinary shares ("Shares") to ING. Simultaneously, MOL and ING entered into a share option agreement under which MOL receives American call options and ING receives European put options in respect of 36,127,167 Shares on 28 February 2022. The strike price of both the put and call options is EUR 6.9417, their expiry is 23 June 2022.

Under the share sale and purchase agreement concluded between MOL and UniCredit Bank A.G. („UniCredit”) on 28 February 2022 MOL sells 39,041,393 Series "A" MOL ordinary shares ("Shares") to UniCredit. Simultaneously, MOL and UniCredit entered into a share option agreement under which MOL receives American call options and UniCredit receives European put options in respect of 39,041,393 Shares on 2 March 2022. The strike price of both the put and call options is EUR 6.40346, the expiry is 23 June 2022.

**d) Sold Treasury shares to MOL Plc. SESOP Organizations**

Based on the authorization of the Extraordinary General Meeting of the Company held on 22 December 2021 MOL have sold 3,304,712 pieces of „A” Series MOL Ordinary Shares (“MOL Shares”) to MOL Plc. SESOP Organization 2021 -1 and 3,304,712 pieces of MOL Shares to MOL Plc. SESOP Organization 2021-2 on 27 January 2022. MOL Plc. SESOP Organization 2021-1 and MOL Plc. SESOP Organization 2021-2 have indicated that they do not plan to purchase any further shares from MOL for the time being.

**e) Retail fuel price cap**

The Hungarian Government introduced a retail fuel price cap in November 2021 which according to the current regulation remain in force until 15 May 2022. The price cap regulation was extended to the wholesale fuel prices on 28 February 2022.

The government of Croatia decided on 7 March 2022 to lock margins on petroleum product transactions and to temporarily reduce excise duties on diesel and gasoline in order to lower fuel prices.

The Serbian Government introduced a retail fuel price cap on 12 February 2022 for a maximum of 30 days period.

The Bosnian Government introduced a fuel margin cap in 2021 April which is still in force in 2022.

MOL Group management assessed the impact of the regulations and assuming the current market conditions the fuel sale activity of MOL Group will remain above break-even level.

## 30. Appendices

### a) Appendix I.: Issued but not yet effective International Financial Reporting Standards and Amendments

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- ▶ IFRS 17 Insurance Contracts including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023 and endorsed by EU)
- ▶ Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)
- ▶ Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)
- ▶ Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)
- ▶ Amendment to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)
- ▶ Amendment to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)
- ▶ Amendment to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2022 and endorsed by EU)
- ▶ Amendment to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2022 and endorsed by EU)
- ▶ Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for annual periods beginning on or after 1 January 2022 and endorsed by EU)
- ▶ Amendment to Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022 and endorsed by EU)

The above-mentioned standard and amendments are not expected to significantly impact the Group's consolidated results, financial position or disclosures.

## b) Appendix II.: Subsidiaries

Company name	Country (Incorporation/Branch)	Range of activity	Ownership	
			2021	2020
<b>Integrated subsidiaries</b>				
INA-Industrija nafte d.d.	Croatia	Integrated oil and gas company	49%	49%
<b>Upstream</b>				
Adriagas S.r.l.	Italy	Pipeline project company	49%	49%
Croplin, d.o.o.	Croatia	Natural gas trading	49%	49%
Csanád Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
EMSZ Első Magyar Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
Kalegran B.V.	Netherlands	Exploration financing	100%	100%
Kalegran B.V. Erbil Branch Office	Iraq	Exploration and production activity	100%	100%
KMSZ Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MH Oil and Gas BV.	Netherlands	Investment management	100%	100%
MNS Oil and Gas B.V.	Netherlands	Exploration financing	100%	100%
MOL Energy UK Ltd.	United Kingdom	Exploration and production activity	100%	100%
MOL Growest (I) Ltd.	United Kingdom	Exploration and production activity	100%	100%
MOL Growest (II) Ltd.	United Kingdom	Exploration and production activity	100%	100%
MOL Operations UK Ltd.	United Kingdom	Exploration and production activity	100%	100%
MOL UK Facilities Ltd.	United Kingdom	Exploration and production activity	100%	100%
MOL Bázakerettye Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Bucsa Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Crossroads B.V.	Netherlands	Exploration financing	100%	100%
MOL Azerbaján Ltd.	Bermuda	Exploration and production activity	100%	100%
MOL Denmark B.V. <sup>3</sup>	Netherlands	Exploration financing	-	100%
MOL Dráva Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL (FED) Kazakhstan B.V. - Head office	Netherlands	Exploration financing	100%	100%
MOL (FED) Kazakhstan B.V. - Branch office	Kazakhstan	Investment management	100%	100%
MOL Jászárokszállás Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Mezőtúr Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Nordsjön B.V.	Netherlands	Exploration financing	100%	100%
MOL Norge AS	Norway	Exploration activity	100%	100%
MOL Nyírség-Dél Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Nyírség-Észak Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Okány-Nyugat Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Őrség Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Head Office	Netherlands	Exploration financing	100%	100%
MOL Pakistan Oil and Gas Co. B.V. - Branch Office	Pakistan	Exploration and production activity	100%	100%
MOL-RUSS Ooo.	Russia	Management services	100%	100%
MOL Somogybükkösd Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL Somogyvámos Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL SZMDK Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
MOL West Oman B.V. - Head Office	Netherlands	Exploration financing	100%	100%
MOL West Oman B.V. - Oman Branch Office <sup>5</sup>	Oman	Exploration activity	-	100%
MOL Zala-Nyugat Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
Panfora Oil and Gas S.r.l.	Romania	Exploration and production activity	100%	100%
Tápió Szénhidrogén Koncessziós Kft.	Hungary	Exploration and production activity	100%	100%
<b>Gas-Midstream</b>				
FGSZ Földgázszállító Zrt.	Hungary	Natural gas transmission	100%	100%
<b>Downstream</b>				
IES S.p.A.	Italy	Refinery and marketing of oil products	100%	100%
Nelsa S.r.l.	Italy	Trading of oil products	100%	74%
MOL Group Italy L&G S.r.l. <sup>4</sup>	Italy	Energy services	-	70%
Panta Distribuzione S.r.l.	Italy	Trading of oil products	100%	100%
INA d.o.o.	Serbia	Trading of oil products	49%	49%
INA BH d.d.	Bosnia and Herzegovina	Trading of oil products	49%	49%
INA Kosovo d.o.o.	Kosovo	Trading of oil products	49%	49%
INA Mažva Ltd.	Croatia	Lubricants production and trading	49%	49%
Leodium Investment Kft.	Hungary	Financial services	100%	100%
MOL Austria GmbH	Austria	Wholesale trade of lubricants and oil products	100%	100%
Roth Heizöl GmbH	Austria	Trading of oil products	100%	100%
MOL Commodity Trading Kft.	Hungary	Financial services	100%	100%
MCT Slovakia s.r.o.	Slovakia	Financial services	100%	100%
MOL Germany GmbH	Germany	Trading of oil products	100%	100%
Aurora Kunststoffe GmbH	Germany	Plastic compounding	100%	100%
Aurora Kunststoffe Waldürn GmbH	Germany	Plastic compounding	100%	100%
Aurora Kunststoffe VS GmbH	Germany	Plastic compounding	100%	100%
MOL Kunststoff Kft.	Hungary	Investment management	100%	100%
MOL-LUB Kft.	Hungary	Production and trade of lubricants	100%	100%
MOL-LUB Russ LLC	Russia	Production and trade of lubricants	100%	100%
MOL Petrokémia Zrt.	Hungary	Petrochemical production and trading	100%	100%
Tisza-WTP Kft. <sup>1</sup>	Hungary	Feed water and raw water supply	0%	0%
TVK-Erőmű Kft.	Hungary	Electricity production and distribution	100%	100%
MOL Slovenia Downstream Investment B.V.	Netherlands	Investment management	100%	100%
Moltrans Kft.	Hungary	Transportation services	100%	100%
MOL TRADE-Mineralimpex Zrt.	Hungary	Importing and exporting of energetical products	100%	100%
MOL CZ Downstream Investment B.V.	Netherlands	Investment management	100%	100%
MOL Ukraine LLC	Ukraine	Wholesale and retail trade	100%	100%
OT Industries Fővállalkozó Zrt.	Hungary	Technical consultancy	100%	100%
OT Industries Tervező Zrt.	Hungary	Engineering activity	100%	100%
SLOVNAFT a.s.	Slovakia	Refinery and marketing of oil and petrochemical products	100%	100%
Dalby a.s. <sup>2</sup>	Slovakia	Wholesale and retail trade	100%	-
Slovnaft Polska S.A.	Poland	Wholesale and retail trade	100%	100%
Slovnaft Trans a.s.	Slovakia	Transportation services	100%	100%
SWS s.r.o.	Slovakia	Transport support services	51%	51%
Vúrup a.s.	Slovakia	Research and development	100%	100%

Company name	Country (Incorporation/Branch)	Range of activity	Ownership	
			2021	2020
Terméktároló Zrt.	Hungary	Oil product storage	74%	74%
Zväz pre skladovanie zásob a.s.	Slovakia	Wholesale and retail trade, warehousing	100%	100%
<b>Consumer Services</b>				
Energopetrol d.d.	Bosnia and Herzegovina	Retail trade	44%	44%
Fresh Corner Restaurants Holding Kft. <sup>2</sup>	Hungary	Investment management	100%	-
Fresh Corner Restaurants Kft. <sup>2</sup>	Hungary	Catering services	100%	-
Holdina d.o.o.	Bosnia and Herzegovina	Trading of oil products	49%	49%
INA Crna Gora d.o.o.	Montenegro	Trading of oil products	49%	49%
INA Maloprodajni servisi d.o.o.	Croatia	Trade agency in the domestic and foreign market	49%	49%
INA Slovenija d.o.o.	Slovenia	Trading of oil products	49%	49%
MOL Česká republika s.r.o.	Czech Republic	Wholesale and retail trade	100%	100%
MOL E-mobilitás Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
MOL Fleet Holding Kft.	Hungary	Investment management	100%	100%
MOL Fleet Solution Flottakezelő Kft.	Hungary	Fleet management	100%	100%
MOL Limitless Mobility Holding Kft.	Hungary	Investment management	100%	100%
MOL Limitless Mobility Kft.	Hungary	Car sharing	100%	100%
MOL Retail Holding Kft.	Hungary	Real estate management	100%	100%
MOL Kiskereskedelmi Ingatlan Kft.	Hungary	Real estate management	100%	100%
MOL Romania PP s.r.l.	Romania	Retail and wholesale trade of fuels and lubricants	100%	100%
MOL Serbia d.o.o.	Serbia	Retail trade of fuels and lubricants	100%	100%
Port SPV d.o.o. <sup>7</sup>	Serbia	Water transportation services	-	100%
MOL Slovenia d.o.o.	Slovenia	Retail trade of fuels and lubricants	100%	100%
MOL Vendéglátó Kft. <sup>2</sup>	Hungary	Hospitality, operating café houses	100%	-
Petrol d.d. <sup>8</sup>	Croatia	Trading of oil products	-	49%
Slovnaft Mobility Services, s.r.o.	Slovakia	Rental services	100%	100%
Tifon d.o.o.	Croatia	Retail trade of fuels and lubricants	100%	100%
<b>Corporate and other</b>				
CEGE Közép-európai Geotermikus Energia Termelő Zrt.	Hungary	Geothermal energy production	100%	100%
CEGE Geotermikus Koncessziós Kft.	Hungary	Geothermal energy production	100%	100%
FER Tűzoltó és Szolgáltató Kft. <sup>2</sup>	Hungary	Fire services	100%	-
Geoinform Kft.	Hungary	Hydrocarbon exploration	100%	100%
Hostin d.o.o.	Croatia	Tourism	49%	49%
INA Industrijski servisi d.o.o.	Croatia	Investment management	49%	49%
Croscio Naftni Servisi d.o.o.	Croatia	Oilfield services	49%	49%
Croscio B.V.	Netherlands	Oilfield services	49%	49%
Nordic Shipping Ltd.	Marshall Islands	Platform ownership	49%	49%
Croscio S.A. DE C.V	Mexico	Maintaining services	49%	49%
Croscio Ukraine Lk.	Ukraine	Oilfield services	49%	49%
Rotary Zrt.	Hungary	Oilfield services	49%	49%
Rotary D&WS SRL	Romania	Oilfield services	49%	49%
Sea Horse Shipping Inc.	Marshall Islands	Platform ownership	49%	49%
Plavi Tim d.o.o.	Croatia	IT services	49%	49%
STSI integrirani tehnički servisi d.o.o.	Croatia	Repairs and maintenance services	49%	49%
INA Vatrogasni Servisi d.o.o.	Croatia	Firefighting services	49%	49%
MOL Aréna Kft.	Hungary	Investment management	100%	100%
MOL CVC Investment Kft.	Hungary	Investment management	100%	100%
MOL GBS Magyarország Kft.	Hungary	Accounting services	100%	100%
MOL GBS Slovensko s.r.o.	Slovakia	Accounting services	100%	100%
MOL Group Finance S.A. - Head Office <sup>9</sup>	Luxembourg	Financial services	-	100%
MOL Group Finance S.A. - Branch Office <sup>9</sup>	Switzerland	Financial services	-	100%
MOL Group Finance Zrt. (former: OT Industries Vagyonkezelő Zrt.)	Hungary	Investment management	100%	100%
MOL Group International Services B.V.	Netherlands	Financial and accounting services	100%	100%
MOL Ingatlan Holding Kft.	Hungary	Investment management	100%	100%
MOL C.F. Kft.	Hungary	Real estate management	100%	100%
MOL Ingatlankezelő Kft.	Hungary	Real estate management	100%	100%
MOL Investment Kft.	Hungary	Financial services	100%	100%
MOL IT & Digital GBS Magyarország Kft.	Hungary	IT services	100%	100%
MOL IT & Digital GBS Slovensko, s.r.o.	Slovakia	IT services	100%	100%
MOL IT Holding Kft.	Hungary	Investment management	100%	100%
MOL Magyarország Társasági Szolgáltató Kft.	Hungary	Company services	100%	100%
MOL Reinsurance Co. DAC	Ireland	Captive insurance	100%	100%
MOL Solar Energy Holding Kft. (former: MOL Magyarország Szolgáltató Központ Kft.)	Hungary	Business services	100%	100%
MOL Solar Operator Kft.	Hungary	Power production	100%	100%
Tisza Solar Energy Kft. <sup>6</sup>	Hungary	Power production	-	100%
White Solar Energy Kft. <sup>6</sup>	Hungary	Power production	-	100%
MOL Vagyonkezelő Kft.	Hungary	Investment management	100%	100%
Multipoint Program Zrt.	Hungary	Marketing agent activity	100%	100%
Neptunus Investment Kft.	Hungary	Investment management	100%	100%
Fonte Viva Kft.	Hungary	Mineral water production and distribution	100%	100%
Petrozolg Kft.	Hungary	Repairs and maintenance services	100%	100%
Slovnaft Montáže a opravy a.s.	Slovakia	Repairs and maintenance services	100%	100%
MOL Industrial Services Investment Kft. (former: MOL Solar Investment Kft.)	Hungary	Investment management	100%	100%
ISO-SZER Kft.	Hungary	Construction services	100%	100%
OT Industries-DKG Gépgyártó Zrt.	Hungary	Manufacturing of machinery and equipment	100%	100%
OT Industries Eszközhasznosító Kft.	Hungary	Leasing activity	100%	100%
OT Industries-KW Kivitelező Zrt.	Hungary	Pipeline construction	100%	100%
Top Računovodstvo Servisi d.o.o.	Croatia	Accounting services	49%	49%
TVK Ingatlankezelő Kft.	Hungary	Real estate management	100%	100%

1) Fully consolidated because MOL Petrolkémia Zrt. and TVK Erdőmű Kft. is the only customer of Tisza-WTP Kft.; 2) Fully consolidated from 2021; 3) Liquidated in 2021; 4) Sold in 2021; 5) Closed in 2021; 6) Merged to MOL Solar Operator Kft.; 7) Merged to MOL Serbia d.o.o.; 8) Merged to INA-Industrija nafte d.d.; 9) Merged to MOL Group Finance Zrt.

### c) Appendix III.: Clean CCS profit/(loss) from operation (Clean CCS EBIT)

Clean CCS-based profit/(loss) from operation and its calculation methodology is not regulated by IFRS. CCS stands for Current cost of supply. Clean CCS EBIT is the most closely watched earnings measure in the oil and gas industry as it best captures the underlying performance of a refining operation as it removes non-recurring special items, inventory holding gains and losses, impairment on raw materials, purchased finished products and own-produced inventory and derivative transactions.

#### Inventory holding gain/loss

EBIT after excluding the inventory holding gain/loss reflects the actual cost of supplies of the analysed period therefore it provides better portrayal on the underlying production and sales results and makes the results comparable to other companies in the industry.

#### Impairment on inventory

Inventories must be measured at the lower of cost or net realisable value.

The cost of inventories must be reduced - i.e. impairment must be recognised on closing inventory of the period - if the cost is significantly higher than the expected sales price minus cost to sell.

In case of finished products, impairment should be recognised if the closing value of the inventory at the end of period is above the future sales price of the product minus cost to sell. In case of raw materials and semi-finished products that will be used further in production, it has to be examined whether, following their use in production; their value can be recovered in the selling price of the produced finished products. If their value is not fully recoverable impairment must be recognised to the recoverable level.

#### Derivative transactions

CCS methodology is based on switching to period average crude oil prices, but the CCS effect together with the effect of commodity derivative transactions would lead to unnecessary duplication, the P&L effect of all commodity derivatives are eliminated.

#### CO2 adjustment

CO2 adjustment reevaluates provisions created in Downstream operation for CO2 consumption above freely allocated quotas, as defined in accounting policy. This adjustment ensures the accurate cost recognition for the given period in the clean CCS result, also including the smoother distribution within the financial year. It consequently eliminates rolled-over impacts between financial years, too.

#### Non-recurring special items

One-off items are single, significant (more than USD 10 million P&L effect), non-recurring economic events which are not considered as part of the core operation of the segment therefore they do not reflect the actual performance of the given period.

	2021	2020
	HUF million	Restated HUF million
<b>Clean CCS profit/(loss) from operation reconciliation</b>		
<b>Profit from operation</b>	<b>612,885</b>	<b>64,994</b>
Inventory holding gain/(loss)	(139,733)	90,720
Impairment on raw materials and own-produced inventory	746	(2,781)
- thereof affects raw materials	(11)	(151)
- thereof affects own-produced inventory	454	(2,630)
- thereof affects purchased goods/products inventory	303	-
Cargo commodity derivatives	80,261	(33,938)
CO2 adjustment	637	3,231
<b>CCS profit from operation</b>	<b>554,796</b>	<b>122,226</b>
Impact of derivative transactions	8,045	4,702
Special items	24,943	33,132
<b>Clean CCS profit from operation</b>	<b>587,784</b>	<b>160,060</b>
	2021	2020
	HUF million	Restated HUF million
<b>Special items</b>		
<b>Profit from operation excluding special items</b>	<b>637,828</b>	<b>98,126</b>
<b>Upstream</b>		
Impairment on Upstream assets in the Group	(23,355)	(25,771)
Environmental provision in INA Group	(4,295)	-
<b>Total special items in Upstream</b>	<b>(27,650)</b>	<b>(25,771)</b>
<b>Downstream</b>		
Sisak impairment	-	(13,717)
<b>Total special items in Downstream</b>	<b>-</b>	<b>(13,717)</b>
<b>Corporate and Other</b>		
Provision release for legal claims (Creditor Beta)	2,707	-
Provision release for legal claims (Creditor Gamma)	-	11,606
Crosco impairment	-	(5,250)
<b>Total special items in Corporate and Other</b>	<b>2,707</b>	<b>6,356</b>
<b>Total impact of special items on profit from operation</b>	<b>(24,943)</b>	<b>(33,132)</b>
<b>Profit from operation</b>	<b>612,885</b>	<b>64,994</b>

**d) Appendix IV.: Additional presentations according to the Hungarian Accounting Law****Person responsible for supervising transactional accounting and preparation of IFRS financial statements**

Name: Ervin Berki

Registration number: 195106 (IFRS specialisation)

**Person required to sign the statement of responsibility**

Name: József Molnár, Group Chief Executive Officer

Address: HU – 1165 Budapest, Hunyadvár utca 42.

Name: József Simola, Group Chief Financial Officer

Address: HU – 1112 Budapest, Ördögórom út 3/CA ép. 1.

**Person responsible for the electronic signature of the XHTML report is authorised by the Board of Directors**

Name: Ervin Berki, Head of Group Tax and Reporting

Address: HU – 1071 Budapest, Peterdy utca 36. B ép. 2. em. 7.

Name: Zsuzsanna Ortutay, Group Business Solutions SVP

Address: HU – 1112 Budapest, Lappantyú utca 5.

**Contacts**

Company name: MOL Plc.

Registered address: HU – 1117 Budapest, Október huszonharmadika utca 18.

Official website: [www.molgroup.info](http://www.molgroup.info)

**Presentation of company controls**

In accordance with paragraph 89 of the Hungarian Accounting Law the financial statements include the itemised list of the name, registered address and voting percentage of all business associations in which the company has majority control according to the provisions of the Civil Code governing business associations. See Appendix II.

There is no such company which holds majority control or qualified majority control in MOL Plc.

**Audit fees**

In accordance with paragraph 133 of the Hungarian Accounting Law the financial statements include the total fees for the financial year charged by the auditor or audit firm for the audit of consolidated accounts and for non-audit services. The fee charged by the audit firm (Ernst & Young Kft.) for the statutory audit of the 2021 consolidated and stand-alone financial statements of MOL Plc. is HUF 89 million. The auditor including its network charged HUF 305 million (out of which HUF 80 million was charged by the audit firm – Ernst & Young Kft.) to MOL Plc. and its subsidiaries for 2021 audit and non-audit services excluding fees for statutory audits of annual financial statements.

**e) Appendix V.: Presentation of licensed activities**

Act LXXXVI of 2007 on Electricity (hereafter “Vet.”) stipulates that an integrated electricity enterprise and an enterprise holding several licenses shall present its various licensed activities independently in the notes of its consolidated financial statements. Separate presentation of licensed activities - in the case of several licensed activities of the same type - means accumulated separate statement of financial position and accumulated statement of profit or loss.

Government Decree No. 273/2007 (X.19.) provide for the implementation of the Act.

Act XL of 2008 on Natural Gas (hereafter “Get.”) stipulates that an integrated natural gas enterprise and an enterprise holding several licenses shall present its various licensed activities independently in the notes of its consolidated financial statements. Separate presentation of licensed activities - in the case of several licensed activities of the same type - means accumulated separate statement of financial position and accumulated statement of profit or loss.

Government Decree No. 19/2009 (I.30.) provide for the implementation of the Act.

**Separation method**

The separation method is described in the relevant internal policies of the companies. Short description of the policies presented in the below tables.

Companies prepares the activity separation annually.

In case of the separation of the statement of financial position, the individual activity statements of financial position are not closed on their own at certain companies. Any differences are presented on the “Technical income/(expense) for the period” line in conformance with official guidelines.

**STATEMENT OF PROFIT OR LOSS**

	2021						
	Electricity				Natural gas		
	Trading	Manufacturing		Total	Transportation	Trading	Total
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	Total	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.	Total
HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	
Net sales	59,064	5,963	1,390	66,417	105,439	61,147	166,586
Other operating income	158	3	-	161	2,857	-	2,857
<b>Total operating income</b>	<b>59,222</b>	<b>5,965</b>	<b>1,390</b>	<b>66,577</b>	<b>108,296</b>	<b>61,147</b>	<b>169,443</b>
Raw materials and consumables used	59,851	4,297	105	64,253	61,672	55,085	116,757
Employee benefits expense	69	-	-	69	7,907	-	7,907
Depreciation, depletion, amortisation and impairment	448	231	606	1,285	19,790	-	19,790
Other operating expenses	51	1,094	117	1,262	3,545	55	3,600
Change in inventory of finished goods and work in progress	-	-	-	-	-	-	-
Work performed by the enterprise and capitalised	-	-	-	-	(4,256)	-	(4,256)
<b>Total operating expenses</b>	<b>60,419</b>	<b>5,622</b>	<b>828</b>	<b>66,869</b>	<b>88,657</b>	<b>55,140</b>	<b>143,797</b>
<b>Profit/(Loss) from operation</b>	<b>(1,197)</b>	<b>343</b>	<b>562</b>	<b>(292)</b>	<b>19,640</b>	<b>6,007</b>	<b>25,647</b>
Finance income	(322)	5	9	(308)	31	1	32
Finance expense	1	62	76	139	4,687	103	4,790
<b>Total finance income/(expense)</b>	<b>(323)</b>	<b>(57)</b>	<b>(67)</b>	<b>(447)</b>	<b>(4,656)</b>	<b>(102)</b>	<b>(4,758)</b>
<b>Profit/(Loss) before tax</b>	<b>(1,520)</b>	<b>286</b>	<b>495</b>	<b>(739)</b>	<b>14,983</b>	<b>5,905</b>	<b>20,888</b>
Income tax income/(expense)	-	(375)	(114)	(489)	(1,926)	-	(1,926)
<b>Profit/(Loss) for the year</b>	<b>(1,520)</b>	<b>(89)</b>	<b>381</b>	<b>(1,228)</b>	<b>13,058</b>	<b>5,905</b>	<b>18,963</b>



STATEMENT OF FINANCIAL POSITION

	31 Dec 2021						Total
	Electricity			Natural gas			
	Trading	Manufacturing		Transportation	Trading		
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.		
HUF million	HUF million		HUF million	HUF million	HUF million	HUF million	
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment	1,280	2,136	8,044	11,460	287,519	-	287,519
Investment property	-	-	-	-	-	-	-
Intangible assets	-	194	-	194	4,328	-	4,328
Investments	-	-	-	-	-	-	-
Other non-current financial assets	-	67	1,401	1,468	4,877	-	4,877
Deferred tax asset	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>1,280</b>	<b>2,398</b>	<b>9,445</b>	<b>13,123</b>	<b>296,724</b>	<b>-</b>	<b>296,724</b>
<b>CURRENT ASSETS</b>							
Inventories	698	30	32	760	10,007	2,264	12,271
Trade and other receivables	10,621	828	143	11,592	4,834	10,159	14,993
Securities	-	-	-	-	-	-	-
Other current financial assets	-	-	-	-	2	-	2
Income tax receivable	-	-	-	-	255	-	255
Cash and cash equivalents	-	-	35	35	6,320	5,711	12,031
Other current assets	25	60	13	98	1,445	7,658	9,103
Assets classified as held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>11,344</b>	<b>918</b>	<b>223</b>	<b>12,485</b>	<b>22,864</b>	<b>25,792</b>	<b>48,656</b>
<b>Total assets</b>	<b>12,624</b>	<b>3,316</b>	<b>9,668</b>	<b>25,608</b>	<b>319,587</b>	<b>25,792</b>	<b>345,379</b>
<b>EQUITY</b>							
Share capital	270	530	105	905	17,397	32	17,429
Retained earnings and other reserves	227	82	8,560	8,869	61,380	-	61,380
Profit/(Loss) for the year	(1,520)	(89)	381	(1,228)	13,058	5,905	18,963
Technical income/(expense) for the period	7,522	(651)	(2)	6,869	6,448	481	6,929
<b>Total equity</b>	<b>6,499</b>	<b>(127)</b>	<b>9,044</b>	<b>15,416</b>	<b>98,283</b>	<b>6,418</b>	<b>104,701</b>
<b>NON-CURRENT LIABILITIES</b>							
Long-term debt	-	-	310	310	147,490	-	147,490
Other non-current financial liabilities	-	-	-	-	-	-	-
Non-current provisions	-	-	-	-	1,022	-	1,022
Deferred tax liabilities	-	-	91	91	16,595	-	16,595
Other non-current liabilities	-	-	-	-	12,428	-	12,428
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>401</b>	<b>177,535</b>	<b>-</b>	<b>177,535</b>
<b>CURRENT LIABILITIES</b>							
Short-term debt	-	-	17	17	20,990	-	20,990
Trade and other payables	4,479	1,764	154	6,397	10,035	19,374	29,409
Other current financial liabilities	-	-	-	-	5,399	-	5,399
Current provisions	-	1,161	-	1,161	3,364	-	3,364
Income tax payable	-	188	16	204	129	-	129
Liabilities classified as held for sale	-	-	-	-	-	-	-
Other current liabilities	1,646	330	36	2,012	3,853	-	3,853
<b>Total current liabilities</b>	<b>6,125</b>	<b>3,443</b>	<b>223</b>	<b>9,791</b>	<b>43,770</b>	<b>19,374</b>	<b>63,144</b>
<b>Total liabilities</b>	<b>6,125</b>	<b>3,443</b>	<b>624</b>	<b>10,192</b>	<b>221,304</b>	<b>19,374</b>	<b>240,678</b>
<b>Total equity and liabilities</b>	<b>12,624</b>	<b>3,315</b>	<b>9,668</b>	<b>25,607</b>	<b>319,588</b>	<b>25,792</b>	<b>345,380</b>

	Method of activity separation in the statement of profit or loss				
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.
<b>Net sales</b>	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Can be allocated directly to activities.	Can be allocated directly to the activities.
<b>Other operating income</b>	Can be allocated directly to the activities and adding company level other incomes attributed in proportion of the net sales revenue.	Distributed in proportion to net sales revenue.	-	Can be allocated directly to activities or in proportion to the direct asset.	-
<b>Raw materials and consumables used</b>	Can be allocated directly to the activities and adding company level cost of raw materials in proportion of the net sales revenue.	Distributed in proportion to net sales revenue, except of the contracted services, which are distributed in proportion of fixed assets.	Can be allocated directly to the activities.	Can be allocated directly to activities.	Can be allocated directly to the activities.
<b>Employee benefits expense</b>	Directly attributable employee benefits expenses in proportion of the headcount.	-	-	Distributed based on cost-centre classification of people.	-
<b>Depreciation, depletion, amortisation and impairment</b>	Directly attributable depreciation in proportion of the headcount allocated to the activity.	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Distributed based on cost-centre classification of assets or in proportion to the direct asset.	-
<b>Other operating expenses</b>	Directly attributable other operating expenses and adding company level other operating expenses in proportion of the headcount and the net sales revenue.	Distributed in proportion to net sales revenue, except of the directly attributable authority fees and the insurance fees, which are distributed in proportion of fixed assets.	Can be allocated directly to the activities.	Can be allocated directly to activities.	Can be allocated directly to the activities.
<b>Change in inventory of finished goods and work in progress</b>	-	-	-	Can be allocated directly to activities.	-
<b>Work performed by the enterprise and capitalised</b>	-	-	-	Can be allocated directly to activities.	-
<b>Finance income</b>	Distributed in proportion to net sales revenue.	Distributed in proportion to net sales revenue.	Can be allocated directly to the activities.	Can be allocated directly to activities or in proportion to the direct asset.	Can be allocated directly to the activities.

	Method of activity separation in the statement of financial position				
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	FGSZ Földgázszállító Zrt.	MOL Commodity Trading Kft.
<b>Property, plant and equipment</b>	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Distributed based on cost-centre classification of assets or in proportion to the direct asset.	-
<b>Investment property</b>	-	-	-	Distributed based on cost-centre classification of assets or in proportion to the direct asset.	-
<b>Intangible assets</b>	-	Can be allocated directly to the activities.	-	Distributed based on cost-centre classification of assets or in proportion to the direct asset.	-
<b>Investments</b>	-	-	-	Based on item-by-item inspection.	-
<b>Other non-current financial assets</b>	-	Distributed in proportion of fixed assets.	-	Based on item-by-item inspection.	-
<b>Deferred tax asset</b>	-	-	-	Based on item-by-item inspection.	-
<b>Other non-current assets</b>	-	-	Can be allocated directly to the activities.	Based on item-by-item inspection.	-
<b>Inventories</b>	Can be allocated directly to the activities.	Distributed in proportion of fixed assets.	-	It is divided in proportion to the direct asset.	Can be allocated directly to the activities.
<b>Trade and other receivables</b>	Can be allocated directly to the activities.	Can be allocated directly to the activities.	-	Can be allocated directly to activities.	Can be allocated directly to the activities.
<b>Securities</b>	-	-	-	Based on item-by-item inspection.	-
<b>Other current financial assets</b>	-	-	-	It is divided in proportion to the direct asset.	-
<b>Income tax receivable</b>	-	-	-	Distributed in proportion to profit before tax.	-
<b>Cash and cash equivalents</b>	-	Distributed in proportion of fixed assets.	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	Can be allocated directly to the activities.
<b>Other current assets</b>	Directly attributable other current assets and adding company level other current assets in proportion of the employee benefit expenses.	Distributed in proportion to net sales revenue, except of the directly attributable industrial tax and environmental fee.	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	In general, can be allocated directly to the activities, exceptions are allocated in proportion of the net sales revenue.
<b>Assets classified as held for sale</b>	-	-	-	Distributed based on cost-centre classification of assets or in proportion to the direct asset.	-

	Method of activity separation in the statement of financial position				
	MOL Plc.	TVK-Erőmű Kft.	MOL Solar Operátor Kft.	FGSZ Földgázz szállító Zrt.	MOL Commodity Trading Kft.
Share capital	Distributed in proportion of related assets.	Distributed in proportion of fixed assets.	Can be allocated directly to the activities.	Opening balance sheet in proportion to fixed assets.	Distributed in proportion of related assets.
Retained earnings and other reserves	Distributed in proportion of related assets.	Distributed in proportion to net sales revenue.	Can be allocated directly to the activities.	Based on item-by-item inspection.	-
(Loss) / Profit for the year attr. to owners of parent	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Can be allocated directly to the activities.	Activity breakdown of profit and loss account.	Can be allocated directly to the activities.
Technical income/(expense) for the period	Value ensuring equality between allocated assets and liabilities and shareholder's equity.	Value ensuring equality between allocated assets and liabilities and shareholder's equity.	Can be allocated directly to the activities.	Provides accounting equation.	Value ensuring equality between allocated assets and liabilities and shareholder's equity.
Long-term debt	-	-	-	It is divided in proportion to the direct asset.	-
Other non-current financial liabilities	-	-	-	It is divided in proportion to the direct asset.	-
Non-current provisions	-	Distributed in proportion to net sales revenue.	-	It is divided in proportion to the direct asset.	-
Deferred tax liabilities	-	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	-
Other non-current liabilities	-	Distributed in proportion of fixed assets.	-	It is divided in proportion to the direct asset.	-
Short-term debt	-	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	-
Trade and other payables	Can be allocated directly to the activities.	Distributed in proportion to net sales revenue.	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	Can be allocated directly to the activities.
Other current financial liabilities	-	Distributed in proportion of the net sales revenue, except of the directly attributable industrial tax and VAT liability.	-	It is divided in proportion to the direct asset.	-
Current provisions	-	Distributed in proportion to net sales revenue.	-	It is divided in proportion to the direct asset.	-
Income tax payable	-	Distributed in proportion to net sales revenue, except of the directly attributable industrial tax liability.	Can be allocated directly to the activities.	Distributed in proportion to profit before tax.	-
Liabilities classified as held for sale	-	-	-	It is divided in proportion to the direct asset.	-
Other current liabilities	Directly attributable other current liabilities and adding company level liabilities in proportion of the raw material cost and the employee benefit expenses.	-	Can be allocated directly to the activities.	It is divided in proportion to the direct asset.	-