SUBMISSIONS

TO RÁBA AUTOMOTIVE HOLDING PLC.'S

ANNUAL GENERAL MEETING

TO BE HELD ON APRIL 18, 2024

Győr, March 27, 2024

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Table of Contents

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Notice of Annual General Meeting of RÁBA Plc.

The Board of Directors of RÁBA Automotive Holding Plc. ("RÁBA Plc. or "Company", Seat of the Company: 9027 Győr, Martin u. 1., registration number: 08-110-001532) **herewith informs the Company's shareholders that the Company holds its annual general meeting** ("General Meeting") **on April 18, 2024.**

Date of the General Meeting:	April 18, 2024, at 10 a.m.
Venue of the General Meeting:	ETO Park Hotel, H-9027 Győr, Nagysándor József u. 31.
Method of holding of the General Meeting:	personal attendance
COAF identifier of the General Meeting:	HU20240318014541

AGENDA OF THE GENERAL MEETING

1. Assessment of the Company's operation in 2023

1.a) Report of the Board of Directors on the Company's business operations in the business year 2023;

1.b) Report on the Company's normal and consolidated annual financial statements of 2023 drawn up as per the International Financial Reporting Standards (IFRS), proposal of the Board of Directors for the approval of the normal and consolidated annual financial statements as well as proposal for the allocation of the total profit for the reporting year, the submission of Corporate Governance Report and the statement on the operation of the internal control system;

1.c) Report of the Auditor on the annual financial statements of 2023;

1.d) Report of the Supervisory Board on the annual financial statements of 2023, on the allocation of the total profit for the reporting year and on the submissions to the General Meeting;

1.e) Discussion and acceptance of the reports on normal annual financial statements and consolidated annual financial statements drawn up as per the International Financial Reporting Standards (IFRS), approval of the statement of financial position and resolution on the allocation of the total profit for the reporting year; and resolution on the acceptance of the Corporate Governance Report;

2. The remuneration report of the Company on the business year 2023;

3. Refurbishment of the plant hall of 67,000 sqm in Győr

4. Approval of property sale

5. Miscellaneous

METHOD OF HOLDING OF THE GENERAL MEETING

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

Only the shareholders, their corporate or authorized representatives or proxies, the Company's executives, employees and the organizers of the General Meeting may participate in the General Meeting as a non-public event. Shareholders are kindly requested to arrive unaccompanied.

SUBMISSIONS AND DRAFT RESOLUTIONS TO THE GENERAL MEETING

The submissions and draft resolutions relating to the Items on the Agenda of the General Meeting, the reports of the Supervisory Board (Audit Committee) and that of the Auditor will be published in separate notice by the Board of Directors until March 27, 2024 on the website of BSE (www.bet.hu),

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on the website of Hungarian National Bank (www.mnb.hu), and on the website of the Company (www.raba.hu).

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

EXERCISING THE SHAREHOLDER'S RIGHTS

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

The record date of identification of shareholders is: **April 11, 2024**

The closing date of Register of Shareholder is: **April 16, 2024 at 6 p.m.**

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

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

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

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

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

Convocation of the Repeated General Meeting due to lack of quorum of General Meeting:

In the event that the General Meeting to be held on April 18, 2024 fails to have a quorum even 30 minutes after its scheduled time, the General Meeting repeated for lack of quorum shall be held at the same place and with the same agenda **on April 18, 2024 at 11.00 a.m.** The Register of Shareholders prepared on the basis of the identification of shareholders at the record date of April 11, 2024 and closed on April 16, 2024 at 6 p.m. shall be valid for the General Meeting repeated for lack of quorum

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

Győr, March 18, 2024

Board of Directors of RÁBA Plc.

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY'S OPERATION IN 2023

1.a) Report of the Board of Directors on the Company's business operations in the business year 2023

1.b) Report on the Company's normal and consolidated annual financial statements of 2023 drawn up as per the International Financial Reporting Standards (IFRS), proposal of the Board of Directors for the approval of the normal and consolidated annual financial statements as well as proposal for the allocation of the total profit for the reporting year, the submission of Corporate Governance Report and the statement on the operation of the internal control system;

1.c) Report of the Auditor on the annual financial statements of 2023;

1.d) Report of the Supervisory Board on the annual financial statements of 2023, on the allocation of the total profit for the reporting year and on the submissions to the General Meeting;

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**Report of the Board of Directors of RÁBA Automotive Holding Plc.
to the annual general meeting of shareholders of Rába Plc.
on the Company's business activity conducted in the business year 2023**

Throughout the business year, the Board of Directors paid close attention to the operation of the Company and at its regularly held meetings, discussed the reports of the management on the activity and financial position of the Company, as well as major events, defined the business and strategic plans of the Company, provided for the regular keeping of the Company's books, as well as for the preparation of the Company's balance sheet and profit and loss statements and made decisions on matters defined by the relevant regulations and by the Company's statutes.

The Company's consolidated sales revenue achieved in 2023 showed a substantial increase over the previous year, primarily as a result of the increase in market demand and the passing on the increased energy costs to customers. The orders and the market activity have started to slow down and decline in Q4, primarily at Rába Axle Ltd. and REKARD LLC. Even so, the company managed to maintain the highest sales result of the past 20 years at group level, for the year as a whole.

In 2023, maintaining cash generating capacity was an increasing challenge, since there was an increasing pressure both from customers and suppliers, the increase in production costs and the decline in market activity in H2 impacted the EBITDA-level profitability. The bulk of the reduction in steel prices was automatically realised by the customers, and the energy price compensation agreed upon earlier became increasingly difficult to enforce, their levels not always reaching the previous ones. The continued and drastic increase in wages remained a considerable burden in 2023.

Purchase prices stabilised at a high level in Q4, which puts continuous pressure on profitability. Steel purchase prices for the whole of 2023 were still 45 per cent higher compared to the average of the previous years, energy prices were still three times higher compared to the pre-crisis level and wages increased by some 57 per cent since 2019. The Rába group makes considerable efforts to mitigate these negative impacts through both purchasing and sales measures and to neutralise their profit eroding impact.

Changes in exchange rates also had a major impact on the operation of the Company, especially in the fourth quarter of the year. The strengthening of the Hungarian Forint against the Euro and the Dollar had a negative effect on net exports and operating results, while increasing market pressures and challenging competitiveness.

The financial situation remained stable throughout the year and the level of net borrowings declined through the increase in operating profits. The result of financial operations was favourable and the total aggregate income and the year both proved profitable.

The substantial decline in demand in the key market segments, caused by external, global economic trends is likely to continue in 2024, as well. It could present further challenges for the group of the companies.

Within the Rába Modernisation Programme 2025, the group of companies continues to pay special attention to technological developments of strategic importance, in order to foster longterm competitiveness, profitability and sustainability. The establishment of new machining centres and the acquisition of state-of-the-art machinery support the production of strategic components. The solar panel farms established at the Győr and Sárvár sites within the Factory Salvage Programme (Gyármentő Program), will generate considerable amounts of green energy for our production activity, contributing to our efforts to increase energy efficiency and to reduce the costs of energy consumption. Additionally, the refurbishment of the roof structure of a sqm 67 000 hall is one of our next priority steps further strengthening the long-term stability and development of the company.

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Key performance data of the Company in the accounts drawn up in accordance with the International Financial Reporting Standards (IFRS) (thousand HUF):

Description	2022		2023	
	Rába Plc. Individual IFRS	consolidated IFRS	Rába Plc. Individual IFRS	consolidated IFRS
Revenue	2 306 974	64 346 577	4 107 700	72 841 899
Operating revenue	558 112	2 043 973	684 432	1 340 186
Pre-tax profit	1 205 018	2 111 365	751 839	1 953 316
Aggregate income of current year	1 124 119	1 632 170	661 198	1 183 767
Registered capital	13 473 446	13 473 446	13 473 446	13 473 446
Shareholders' equity	16 455 123	22 812 493	17 116 321	23 996 260
Balance sheet total	26 944 727	63 087 227	25 489 779	57 948 202

During the business year, the Board of Directors liaised with the auditor of the Company and with the Supervisory Board and discussed the reports, accounts and proposals to be submitted to the annual general meeting of shareholders.

The Board of Directors has established, with the consent of the Supervisory Board and in consideration of the auditor's reports, that the financial accounts of the Company for the business year 2023 provide a reliable and accurate picture of the Company's business. The Board of Directors commends the individual and consolidated IFRS financial reports of the Company for 2023 for approval by the General Meeting of Shareholders.

Based on the dividend policy of the Company in effect, the Board of Directors has prepared its recommendation for the use of the profits for the current year and motions that the profits for 2023 be placed by the General Meeting of Shareholders in retained earnings, in agreement with the Supervisory Board.

The Board of Directors has reviewed the 2023 Corporate Governance Report and commends it for approval by the General Meeting of Shareholders.

Győr, 26 March, 2024

On behalf of the Board of Directors of RÁBA Plc.

Béla Hetzmann
Chairman

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Internet: kpmg.hu

Independent Auditors' Report

To the shareholders of RÁBA Járműipari Holding Nyrt.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the 2023 separate financial statements of RÁBA Járműipari Holding Nyrt. ("the Company") included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip[1], which comprise the separate statement of financial position as at 31 December 2023, with total assets of THUF 25,489,779, the separate statement of profit or loss and other comprehensive income, with profit for the year of THUF 661,198, and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary (Act on Accounting).

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company for the purposes of our audit of the separate financial statements, as provided in applicable laws in force in Hungary, the policy on rules of conduct (ethics) of the audit profession and on disciplinary procedures of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated into Hungarian and published on the website of the Chamber of Hungarian Auditors and we have fulfilled our

[1] digital identification of digital files identified above with SHA 256 HASH Algorithm:
3CA0911B0CA24F6033407F6FDA48D56E70AC7F4870C0D7CDF140319A2C893352

other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of investments in subsidiaries

As at 31 December 2023, investments in subsidiaries: THUF 11,555,730.

For more detailed information refer to Note 2 d) vii "Valuation of Investments" and Note 6 "Investments in subsidiaries and other investments".

The key audit matter	**How the matter was addressed in our audit**
The Company acts as a holding entity within RÁBA Group and thus its main assets are investments in unquoted subsidiaries. In the separate financial statements investments in subsidiaries are stated at cost, less any related impairment. On an annual basis, the Company performs an assessment of the existence of impairment for its individual subsidiaries, by reference to the investments' recoverable amounts, determined as their value-in-use based on a discounted cash flow model (DCF model). The determination of the recoverable amounts involves significant management judgment and making complex estimates in respect of the DCF model assumptions such as, *inter alia*, growth rates, discount rates and forecasted net operating profit. In the wake of the above-mentioned circumstances, coupled with the significantly higher estimation uncertainty stemming from the indirect impact of the Russo-Ukrainian war, satisfying ourselves in respect of the impairment of investments in subsidiaries required our increased	Our procedures in the area, performed with the assistance from our own valuation specialists, included, among others, the following: • We critically evaluated, by reference to the relevant financial reporting standards and market practice, the continued appropriateness of the Company's method and model applied in its measurement of the recoverable amounts of investments in subsidiaries, in particular in the circumstances of the current market volatility; • We evaluated the design and implementation of the selected controls within the financial reporting process relating to the impairment testing of investments in subsidiaries, including those over the validation of the key impairment test assumptions and outcomes; • We performed a retrospective assessment of the key assumptions used in the Company's prior year's impairment test to actual current year outcomes to assess the quality of the Company's forecasting;

attention in the audit and is considered by us to be a key audit matter.	• We inquired of the Company's directors regarding the indirect impact of the Russo-Ukrainian war on the subsidiaries and their results in the current year and going forward; • We assessed the internal consistency and mathematical accuracy of the Company's DCF model and challenged key model assumptions, such as, among other things: — growth rates and forecasted net operating profit – by inspecting the subsidiaries' financial statements and approved budgets, making corroborating inquiries of the Company's and subsidiaries' directors regarding the investees' financial performance and analysing their actual performance against past forecasts; — discount rates – by challenging the cost of equity and cost of debt used given the subsidiaries' industry, country risk and financial position; • We assessed susceptibility of the Company's impairment model and the resulting impairment conclusions to management bias, by challenging the Company's analysis of the model's sensitivity to changes in key underlying assumptions; • We assessed the accuracy and completeness of the Company's disclosures related to the key assumptions and significant judgments used in estimating the recoverable amounts of the investments in subsidiaries.

Other Information

The other information comprises the 2023 "Business report and management report" included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip of the Company. Management is responsible for the preparation of the "Business report and management report" in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the separate financial statements expressed in the Opinion section of our report does not cover the "Business report and management report".

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

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

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

In fulfilling our responsibility with respect to the ’Business report and management report’, the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (ESEF Regulation) and set out in the Regulation (EU) No 2178/2021 of 6 July 2021 (Taxonomy Regulation) were considered as other legal requirements applicable for the ’Business report and management report’.

In our opinion the 2023 ’Business report and management report’ of the Company is consistent, in all material respects, with its 2023 separate financial statements and the applicable provisions of the Act on Accounting and the requirements of the ESEF Regulation and the Taxonomy Regulation.

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

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

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders' meeting on 21 April 2023 to audit the separate financial statements of the Company for the financial year ended 31 December 2023. Our total uninterrupted period of engagement is four years, covering the periods ending 31 December 2020 to 31 December 2023.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 18 March 2024;

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

Report on the Compliance of the Presentation of the Separate Financial Statements with the Requirements of the Regulation on the European Single Electronic Format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the financial statements included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip prepared by the Company ("separate financial statements in ESEF format") with the requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF Regulation).

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

Management is responsible for the presentation of the separate financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the separate financial statements in the applicable XHTML format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

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

Our Responsibility and Summary of the Work Performed

Our responsibility is to express an opinion on whether the presentation of the separate financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation and verifying whether the XHTML format was applied properly.

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

Opinion

In our opinion, the presentation of the separate financial statements in ESEF format of the Company for the year ended 31 December 2023 included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

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

Budapest, 27 March 2024

KPMG Hungária Kft.

Registration number: 000202

Marcin Ciesielski
Partner

Attila Juhász
Professional Accountant
Registration number: 006065

This is an English translation of the Independent Auditors' Report on the 2023 separate financial statements of the RÁBA Járműipari Holding Nyrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete separate financial statements it refers to.

Rába Járműipari Holding Nyrt.
Financial Statements
for the year ended 31 December 2023

Date, Győr, 26 March 2024

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Table of Contents

Statement of Financial Position

Assets	Note	31 December 2022	31 December 2023
Property, plant and equipments	7	6,784,843	7,127,471
Intangible assets	8	15,547	9,518
Investment property	9	733,506	724,606
Investments in subsidiaries	6	11,555,730	11,555,730
Other investments	6	205	205
Deferred tax assets	23	30,655	29,421
Other non-current assets	10	1,332,730	823,627
Total non-current assets		**20,453,216**	**20,270,578**
Inventories		14,938	7,288
Trade and other receivables	11	3,861,385	4,403,089
Other non-financial assets and receivables	11	103,561	109,034
Cash and cash equivalents	12	2,511,627	699,790
Total current assets		**6,491,511**	**5,219,201**
Total assets		***26,944,727***	***25,489,779***
Equity and liabilities			
Share capital	13	13,473,446	13,473,446
Treasury shares	13	-108,952	-108,952
Retained earnings	13	3,090,629	3,751,827
Total equity		**16,455,123**	**17,116,321**
Non-current financial liabilities	15	19,062	21,450
Total non-current liabilities		**19,062**	**21,450**
Provisions	14	177,334	181,344
Trade and other liabilities	16	10,058,272	7,662,156
Other non-financial liabilities	16	193,682	491,619
Income tax liabilities	23	41,254	16,889
Total current liabilities		**10,470,542**	**8,352,008**
Total equity and liabilities		***26,944,727***	***25,489,779***

Statement of Comprehensive Income

	Note	31 December 2022	31 December 2023
Revenue	18	2,306,974	4,107,700
Cost of sales	19	600,539	814,793
Gross profit		**1,706,435**	**3,292,907**
Dividend income	21	11,778	7,164
Other operating income	21	407,765	9,777
Total other income		**419,543**	**16,941**
Selling and marketing expenses	19	6,532	14,596
General and administrative expenses	19	1,328,047	2,241,890
Other expenses	21	233,287	368,930
Total other operating expenses		**1,567,866**	**2,625,416**
Operating profit		***558,112***	***684,432***
Finance income	22	202,139	185,003
Finance costs	22	269,585	117,596
Net finance income/ costs		**-67,446**	**67,407**
Profit/ Loss of associates	6	108,611	0
Settlement of pre-existing relationship with acquiree	6	605,741	0
Profit before tax		**1,205,018**	**751,839**
Taxation	23	80,899	90,641
Profit for the year		**1,124,119**	**661,198**
Total comprehensive income for the year		**1,124,119**	**661,198**

Statement of Changes in Equity

	Share capital	Treasury shares	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2022	**13,473,446**	**-108,952**	**1,966,510**	**0**	**15,331,004**
Profit for the year	0	0	1,124,119	0	1,124,119
Dividend payment from ratained earnings	0	0	0	0	0
Balance at 31 December 2022	**13,473,446**	**-108,952**	**3,090,629**	**0**	**16,455,123**
Profit for the year	0	0	661,198	0	661,198
Dividend payment from ratained earnings	0	0	0	0	0
Balance at 31 December 2023	**13,473,446**	**-108,952**	**3,751,827**	**0**	**17,116,321**

Statement of Cash Flows

	Note	31 December 2022	31 December 2023
Cash flows from operating activities			
Profit before tax		1 205 018	751 839
Adjustments for non-cash items			
Revaluation of FX cash and cash equivalents	22	-28 094	-33 642
Interest income	10	-38 816	-23 989
Depreciation and amortisation	7,8	277 912	274 833
Settlement related to acquisition of subsidiaries	6	-605 741	0
Profit/ Loss of associates	6,22	-108 611	0
Gain/ Loss on sale of non-current assets	21	-351 491	5 524
Changes in provisions	14	10 477	4 010
Changes in working capital:			
Changes in receivables	11	-2 586 285	-547 157
Changes in inventories		-5 088	7 650
Changes in liabilities (except for changes in provisions)	16	4 150 478	-2 102 275
Taxes paid	23	-18 158	-113 772
Interest received	22	48 597	90 897
Interest paid	22	-21 090	-86 821
Net cah from/ used in operating activities		**1 929 108**	**-1 772 903**
Cash flows from investing activities			
Acquisition of property, plant and equipment as well as intangible assets	7,8	-532 134	-608 056
Sale of non-current assets	7,8,21	383 106	0
Increase in investments	6	-225 300	0
Net cash used in investing activities		**-374 328**	**-608 056**
Cash flows from financing activities			
Loans and borrowings	28	0	2 388
Repayment of loans given	10	0	533 092
Net cash from/ used in financing activities		**0**	**535 480**
Net increase/ decrease in cash and cash equivalents		**1 554 780**	**-1 845 479**
Cash and cash equivalents at 1 January		*928 753*	*2 511 627*
Changes in cash and cash equivalents		1 554 780	-1 845 479
Effect of revaluation of FX cash and cash equivalents		28 094	33 642
Cash and cash equivalents at 31 December		2 511 627	699 790

The Notes on pages 7 to 47 form an integral part of these financial statements.

Notes to the Financial Statements

Note 1 Reporting entity

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

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

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

Shareholders
In 2022 and 2023 the following shareholders were listed in the register of shareholders:

	31 December 2022	31 December 2023
	%	%
Publicly held shares	24.76	24.76
Nemzeti Védelmi Ipari Innovációs Zrt.	54.34	54.34
Széchenyi István Egyetemért Alapítvány	20.00	20.00
Treasury shares	0.90	0.90
	100.0	100.0

Note 2 Basis of preparation

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

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

The financial statements were authorised for issue by the Board of Directors on March 2024.

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

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Estimation uncertainties

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

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

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

i) Depreciation/Amortisation

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

ii) Deferred tax assets

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

iii) Provisions

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

iv) Fair values

Fair value measurement is described in Note 4. Fair values as at 31 December 2022 and 2023 are presented in the respective Notes.

v) Impairment test of non-financial assets

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

vi) Measurement of investment property

The Company records its investment properties at cost, their fair value is presented in the Notes. The fair value was measured by an independent expert as at 31 December 2022 and 31 December 2023. During estimation the reference values of property of similar nature, location and condition were also taken into account. Principal assumptions and fair values are presented in Notes 4 and 9.

vii) Measurement of interests

In line with the business model of the Rába Group, Rába Nyrt. has long-term strategic interests in its four subsidiaries (100%).

Investments in subsidiaries are measured initially and subsequently at cost less accumulated impairment.

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

Until 30 June 2022 the Company identified three, while since 1 July 2022 four subsidiaries as separate CGUs. Rekard Rekard Hajtómű- és Gépgyártó Kft. was acquired on 1 July 2022 and its recoverable amount was calculated as of that date; as at the end of the year there is no indication that it would change significantly.

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

	Rába Jármű Kft.		Rába Járműalkatrész Kft.		Rába Futómű Kft.		Rekard Kft.	
	2022	2023	2022	2023	2022	2023	2022	2023
Discount rate	13.7%	10.7%	13.7%	10.7%	9.4%	10.7%	12.6%	10.3%
Growth rate	5%	0%	5%	2%	5%	3%	2%	5%
Average EBITDA margin	14%	4.3%	5.2%	1.9%	9.5%	8.1%	4.6%	8.8%

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

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

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

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

Note 3 Significant accounting policies

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

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

A number of new standards are effective for financial years beginning after 1 January 2023 and earlier application is permitted. The Company did not use the option of early adoption.

New or amended standards and interpretations adopted by the EU effective for reporting periods beginning after 1 January 2023

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

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of exchangeability (Amendments to IAS 21).

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

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

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-Current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);

c) Foreign currency transactions

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

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

Items measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

d) Financial instruments

Initial recognition and measurement

The Company recognises financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company applies settlement date accounting for regular-way purchases or sales of financial assets.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability.

Classification of financial assets

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

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

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

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

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

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

Business model applied to manage financial assets

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

As at 31 December 2022 and 31 December 2023, for all debt instruments the objective of the Company's business model is to hold to maturity and collect the contractual cash flows.

Assessment of contractual cash flows

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

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

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

In respect of its debt instruments as at 31 December 2022 and 31 December 2023, the Company deems that the contractual terms of those instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

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

Derecognition of financial assets and financial liabilities

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

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

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

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

i) Non-derivative financial instruments

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

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

Cash and cash equivalents

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

Trade and other receivables, contract assets, other non-current assets

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

Other investments

The investment is accounted for using the equity method. The initial cost is adjusted for changes after acquisition in the net asset value of the acquired company.

Loans and borrowings

Loans and borrowings are recognised initially at fair value, less transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method; information on fair values is disclosed in the Notes. In the balance sheet the Company recognises loans and borrowings at carrying amount.

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

Other non-derivative financial instruments

Other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Other non-derivative financial liabilities (including trade and other financial liabilities) are measured at amortised cost using the effective interest method.

e) Share capital

Ordinary shares

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

Repurchase of share capital (treasury shares)

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

f) Property, plant and equipment

i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the asset if it is probable that the future economic benefits embodied within the part will flow to the

Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation/Amortisation

Depreciation is recognised in profit or loss using the straight-line method, based on the useful lives of each part of an item of property, plant and equipment. Recognition starts in the quarter after the component is available for use. Land is not depreciated. Residual value is determined based on individual assessment.

For assets where production output can be measured well, a material difference is expected between production in different years and the depreciation of the asset is more closely related to the units produced, the unit of production method can be used; reasons for the use of this method must be provided.

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

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

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

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

g) Intangible assets

i) Formation and restructuring, Research and development

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

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

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

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

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

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

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

ii) Other intangible assets

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

iii) Subsequent expenditure

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

iv) Amortisation

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

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

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

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is recorded at cost.

Investment property is also presented at fair value in the Notes. The fair value is determined by an expert. The fair value is reviewed annually. Estimation for the fair value of investment property is included in Notes 4 and 9.

When the use of a property changes such that it is reclassified as property, plant and equipment, its net carrying amount at the date of reclassification remains its cost for subsequent accounting.

i) Leased assets

Right-of-use assets, leased assets

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

The right to use the asset identified in the lease contract (underlying asset) is recognised as a right-of-use asset in the statement of financial position line item which includes the underlying asset, at the lease commencement date (the date on which the lessor makes an underlying asset available for use). The right-of-use asset is initially measured at cost. Subsequently, it is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is accounted for from the commencement date over the shorter of the useful life and the lease term.

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

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

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

If relevant data are available, the Company excludes from the initial cost of the lease the value of other services included in the contract, and still accounts for them as current costs in profit or loss when incurred.

Accounting treatment for lessors

Finance lease
A finance lease is a transaction which transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Considering its nature, a finance lease is similar to the financing of the sale of an asset. Recognition in the financial statements is based on the real substance of the transaction rather than its legal form (i.e. as if the lessor sold the underlying asset to the lessee).

Operating lease
An operating lease is a transaction that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Generally, this is a simple, short-term lease arrangement (operating lease) whereby the rental received is recognised in the statement of profit or loss and its primary impact on the balance sheet is related to the timing of lease payments.

j) Impairment

i) Financial assets

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

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

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

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

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

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

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

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

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

Default and increase in credit risk are assessed on a collective basis – by market category –, based on historical statistical data and using loss rates.

When individual large items influence the data and/or an unrebuttable evidence is available indicating that the default is not a significant increase in credit risk, impairment of the receivables is calculated after adjustment for these items to avoid distortions.

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

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

ii) Non-financial assets

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

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

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

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

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

k) Employee benefits

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

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

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

The Company pays social contribution tax to the state budget.

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

l) Provisions

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

Restructuring

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

Future operating costs are not provided for.

m) Revenue

Under the provisions of the related standard (IFRS 15), the Company may recognise revenue when it satisfies a performance obligation by transferring a good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by an entity's customary business practices. Irrespective of the form, contracts shall have commercial substance. Further condition is that it shall create rights and obligations that are legally enforceable.

A contract can be accounted for when all of the following criteria are met:

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

In case of contract modifications, the change in the content of the contract shall be examined, because in some cases a contract modification shall be accounted for as a separate contract.

The Company shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

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

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

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

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

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

The Company *accounts for* a contract modification *as a separate contract* if both of the following conditions are present:

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

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

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

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

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

i) Provision of services

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

ii) Rental income

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

n) Finance income and costs

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

Finance costs comprise the following: interest expenses on loans, costs related to bank documentary transactions, costs of assuming payments risks (e.g. bank guarantee fees, expenses related to letters of credit, etc.), lease-related financing administrative costs, interest expenses related to financial instruments containing a significant financing component. Impairment loss recognised for financial assets measured at amortised cost is presented in a separate line item under other operating expenses.

Borrowing costs are recognised in the income statement using the effective interest method.

o) Income taxes

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

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is still probable that the related tax benefit will be realised.

p) Segment reporting

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

The Company has no separate component meeting the segment criteria, therefore it does not present segment information.

Note 4 Fair value measurement

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

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

Investment property

As at 31 December 2023 and in the comparative period the investment property of the Company was valued by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

During valuation the valuers primarily used the sales comparison approach.

Trade and other receivables

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

Loans and borrowings

The fair value of loans and borrowings for disclosure purposes is the present value of future principal and interest cash flows discounted using the reporting-date market interest rate.

For leases, the market interest rate is determined based on similar lease agreements.

Note 5 Financial risk management

a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

b) Credit risk

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

Trade receivables, receivables from third and related parties and other receivables

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

Investments

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

c) Liquidity risk

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

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

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

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

In the management' opinion and based on business plans available, the Company can generate sufficient cash flow to meet its liabilities.

d) Market risk

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

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

Currency risk

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

Interest rate risk

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

e) Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Company's approach to capital management during the year.

Based on the Hungarian Civil Code, shareholders' equity may not fall below 66% of the share capital. At 31 December 2022 and 2023 the Company met these externally imposed capital requirements.

f) Capital position of the Company

As at 31 December 2023 the shareholders' equity of the Company amounted to THUF 17,116,321 (as at 31 December 2022: THUF 16,455,123), while its share capital totalled THUF 13,473,446 (as at 31 December 2022: 13,473,446); the ratio of shareholders' equity to share capital was 127% (as at 31 December 2022: 122%). The Company met the statutory capital requirements in both the reporting year and the previous year.

Note 6 Investments in subsidiaries and other investments

Investments in subsidiaries

31 December 2022 Investments	%	Cost	Impairment	Carrying amount	Equity
Rába Futómű Kft.	100	9,011,795	0	9,011,795	10,332,219
Rába Járműalkatrész Kft.	100	780,000	0	780,000	3,331,091
Rába Jármű Kft.	100	775,624	0	775,624	4,318,430
Rekard Kft	100	988,311	0	988,311	893,140
Grand total		**11,555,730**	**0**	**11,555,730**	**18,874,880**

31 December 2023 Investments	%	Cost	Impairment	Carrying amount	Equity
Rába Futómű Kft.	100	9,011,795	0	9,011,795	10,354,676
Rába Járműalkatrész Kft.	100	780,000	0	780,000	3,225,436
Rába Jármű Kft.	100	775,624	0	775,624	4,769,527
Rekard Kft	100	988,311	0	988,311	1,198,338
Grand total		**11,555,730**	**0**	**11,555,730**	**19,547,977**

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

Other investments

31 December 2022

Investments	%	Cost	Profit or loss of associate	Carrying amount	Equity
Other	0	205	0	205	0
Grand total		**205**	**0**	**205**	**0**

31 December 2023

Investments	%	Cost	Profit or loss of associate	Carrying amount	Equity
Other	0	205	0	205	0
Grand total		**205**	**0**	**205**	**0**

The 'Other' line item as at 31 December 2022 and 2023 includes the THUF 100 interest in Rába Energiaszolgáltató Kft., the THUF 85 interest in Veolia-Bakonyi Erőmű Zrt. and the THUF 20 interest in Ikarus Zrt.
In line with the approval under General Meeting Resolution 5/2019.04.11., on 14 May 2019 the Company signed a purchase contract on the acquisition of 24.9% interest in Rekard Hajtómű- és Gépgyártó Kft. that is a member of the Rekard Group. The purchase price paid for the investment totals THUF 74,700, Rába Nyrt.'s share of the 2021 profit or loss of Rekard Hajtómű- és Gépgyártó Kft. was recognised at the end of the year and as a result, the value of the investment decreased by THUF 163. As at 31 December 2021 the carrying amount of the investment was THUF 48,659. The contract included a purchase option for Rekard Hajtómű- és Gépgyártó Kft. to purchase the remaining business share; Rába exercised the option in accordance with the contractual terms on 1 July 2022. THUF 605,741 gain was accounted for under Settlement of pre-existing relationship with acquiree.

Impairment of investments in subsidiaries and in other entities

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

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

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

a) Rába Futómű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 9,765,800 as at 31 December 2022 and THUF 9,765,800 as at 31 December 2023. 100% of the registered capital was made available to Rába Futómű Kft. by Rába Járműipari Holding Nyrt.

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

b) Rába Járműalkatrész Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital totalled THUF 300,000 as at 31 December 2022 and 2023. 100% of the registered capital was made available to Rába Járműalkatrész Kft. by Rába Járműipari Holding Nyrt.

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

Effective from 1 August 2022, Rába Futómű Kft. took over the manufacturing activity from the factory unit at Sárvár of Rába Járműalkatrész Kft. Rába Futómű Kft. purchased the related manufacturing equipment and materials from Rába Járműalkatrész Kft.

c) Rába Jármű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital as at 31 December 2022 and 31 December 2023 amounted to THUF 835,100. 100% of the registered capital was made available to Rába Jármű Kft. by Rába Járműipari Holding Nyrt.

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

d) REKARD Kft.

Registered office: Hungary 9027 Győr, Kandó Kálmán utca 5. Registered capital amounted to THUF 100,000 as at 31 December 2022 and 31 December 2023.
Full ownership was acquired by Rába Nyrt. through purchase in 2022.

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

Main data of subsidiaries and other investments:

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

31 December 2022

Investments	Registered capital	Reserves	Profit or loss after tax	Equity	Total assets	Liabilities	Revenue
Rába Futómű Kft.	9,765,800	1,240,572	-674,153	10,332,219	45,111,253	31,328,961	43,195,645
Rába Járműalkatrész Kft.	300,000	2,543,653	487,438	3,331,091	9,182,868	5,050,840	18,686,923
Rába Jármű Kft.	835,100	3,145,023	338,307	4,318,430	5,404,334	894,667	1,890,466
Rekard Kft	100,000	280,743	512,397	893,140	3,151,754	2,179,129	5,573,260

31 December 2023

Investments	Registered capital	Reserves	Profit or loss after tax	Equity	Total assets	Liabilities	Revenue
Rába Futómű Kft.	9,765,800	566,419	22,457	10,354,676	40,958,785	27,736,314	48,239,997
Rába Járműalkatrész Kft.	300,000	2,431,091	494,346	3,225,437	7,800,028	3,948,198	17,196,564
Rába Jármű Kft.	835,100	3,483,330	451,097	4,769,527	5,218,991	280,982	2,645,043
Rekard Kft	100,000	793,140	305,198	1,198,338	2,502,552	1,235,937	4,977,031

Note 7 Property, plant and equipment

	Land and buildings	Plant and machinery	Under construction	Total
Gross carrying amount				
Balance at 1 January 2022	10,017,683	786,568	237,451	11,041,702
Additions	142,048	74,814	315,312	532,174
Transfer from under construction		-15,546		-15,546
Disposals	-94,520	-48		-94,568
Balance at 31 December 2022	**10,065,211**	**845,788**	**552,763**	**11,463,762**
Accumulated depreciation				
Balance at 1 January 2022	3,892,478	589,819	0	4,482,297
Depreciation	237,135	38,604	0	275,739
Impairment loss		-15,278	0	-15,278
Disposals	-63,791	-48	0	-63,839
Balance at 31 December 2022	**4,065,822**	**613,097**	**0**	**4,678,919**
Net carrying amount as at 1 January 2022	**6,125,205**	**196,749**	**237,451**	**6,559,405**
Net carrying amount as at 31 December 2022	**5,999,389**	**232,691**	**552,763**	**6,784,843**
Gross carrying amount				
Balance at 1 January 2023	10,065,211	845,788	552,763	11,463,762
Additions		20,400	592,050	612,450
Transfer from under construction				0
Disposals	-29,625	-15,507		-45,132
Balance at 31 December 2023	**10,035,586**	**850,681**	**1,144,813**	**12,031,080**
Accumulated depreciation				
Balance st 1 January 2023	4,065,822	613,097	0	4,678,919
Depreciation	232,938	36,782	0	269,720
Impairment loss			0	0
Disposals	-33,000	-12,030	0	-45,030
Balance at 31 December 2023	**4,265,760**	**637,849**	**0**	**4,903,609**
Net carrying amount as at 31 December 2023	**5,769,826**	**212,832**	**1,144,813**	**7,127,471**

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

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

Leased assets

This category includes passenger cars.

Changes in right-of-use assets:

	Plant and equipment	Vehicles	Total
Gross carrying amount			
Balance at 1 January 2022	0	40,980	40,980
Additions	0	17,096	17,096
Disposals	0	15,546	15,546
Balance at 31 December 2022	**0**	**42,530**	**42,530**
Accumulated depreciation			
Balance at 1 January 2022	0	25,253	25,253
Depreciation	0	10,669	10,669
Disposals	0	15,278	15,278
Balance at 31 December 2022	**0**	**20,644**	**20,644**
Net carrying amount as at 31 December 2022	**0**	**21,886**	**21,886**
Gross carrying amount			
Balance at 1 January 2023	0	42,530	42,530
Additions	0	29,808	29,808
Disposals	0	13,980	13,980
Balance at 31 December 2023	**0**	**58,358**	**58,358**
Accumulated depreciation			
Balance at 1 January 2023	0	20,644	20,644
Depreciation	0	14,633	14,633
Disposals	0	10,504	10,504
Balance at 31 December 2023	**0**	**24,773**	**24,773**
Net carrying amount as at 31 December 2023	**0**	**33,585**	**33,585**

The Company leases passenger cars under IFRS 16. The right to use the leased assets expires in 2025. Lease liability by term is presented in Note 28.

The Company typically has assets written down to zero that are not used.

Note 8 Intangible assets

	Intellectual property	Rights and concessions	Total
Gross carrying amount			
Balance at 1 January 2022	48,754	221,474	270,228
Additions	0	14,000	14,000
Disposals	0	0	0
Balance at 31 December 2022	**48,754**	**235,474**	**284,228**
Accumulated amortisation			
Balance at 1 January 2022	48,754	218,022	266,776
Amortisation	0	1,905	1,905
Disposals	0	0	0
Balance at 31 December 2022	**48,754**	**219,927**	**268,681**
Net carrying amount as at 1 January 2022	**0**	**3,452**	**3,452**
Net carrying amount as at 31 December 2022	**0**	**15,547**	**15,547**
Gross carrying amount			
Balance at 1 January 2023	48,754	235,474	284,228
Additions	0	0	0
Disposals	0	0	0
Balance at 31 December 2023	**48,754**	**235,474**	**284,228**
Accumulated amortisation			
Balance at 1 January 2023	48,754	219,927	268,681
Amortisation	0	6,029	6,029
Disposals	0	0	0
Balance at 31 December 2023	**48,754**	**225,956**	**274,710**
Net carrying amount as at 31 December 2023	**0**	**9,518**	**9,518**

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

Note 9 Investment property

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

The fair value of the investment property is THUF 6,663,000 as at 31 December 2023 (31December 2022: THUF 6,514,000). The Company applies the cost model to investment properties, consequently, these properties are recognised at net carrying amount in the balance sheet, rather than at fair value. The fair value was determined by an external independent appraiser. The appraisal was performed taking prices observable on the market for similar properties into account. No binding period exists as at the date of preparation of the annual financial statements.

The property held for renting is also considered investment property, its fair value is THUF 954,700 (at 31 December 2022 THUF 524,000).

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

	31 December 2022	31 December 2023
Investment property – Land for sale	331,522	331,522
Investment property – Held for renting	401,984	393,084
	733,506	**724,606**

Land is not depreciated. For investment property (property held for renting), the Company recognised depreciation of THUF 8,900 over the year. Its gross value is THUF 438,000, accumulated depreciation totals THUF 44,916. Opening accumulated depreciation: THUF 36,016. Income in the reporting year from property held for renting amounts to THUF 84,430 (in the previous year THUF 86,535).

Note 10 Other non-current assets

	31 December 2022	31 December 2023
Receivables from additional capital contribution	1,332,730	823,627
Total other non-current assets	**1,332,730**	**823,627**

Receivables from additional capital contribution

Receivables from additional capital contribution comprise receivables from subsidiaries originated in previous years. During 2023 Rába Járműalkatrész Kft. repaid the THUF 600,000 additional capital contribution, of which THUF 66,908 is attributable to discounting effect. The remaining amount of additional capital contribution is expected to be repaid in 2026. The discounting effect of the additional capital contribution to Rába Futómű Kft. is THUF 23,989.

	31 December 2022	31 December 2023
Less than one year	0	0
One to five years	1,332,730	823,627
More than five years	0	0
Total other non-current assets	1,332,730	823,627

Note 11 Trade and other receivables

	31 December 2022	31 December 2023
Trade receivables	96,944	85,599
Receivables from related companies	3,607,219	4,184,825
Impairment loss on bad and doubtful debts	0	0
Deferred expenses and accrued income	157,222	132,665
Total financial assets	**3,861,385**	**4,403,089**
Advances	72,725	43,687
Other	30,836	65,347
Total non-financial assets	**103,561**	**109,034**
Total receivables	**3,964,946**	**4,512,123**

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

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

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

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

	31 December 2022	31 December 2023
Trade receivables from third and related parties		
EUR	166,285	186,897
HUF	120,306	415,716
Total	**286,591**	**602,613**
Cash pool receivables		
EUR	350,379	1,686,826
HUF	3,067,193	1,980,985
Total	**3,417,572**	**3,667,811**

Note 12 Cash and cash equivalents

	31 December 2022	31 December 2023
Cash	2,511,627	699,790
Total cash and cash equivalents	**2,511,627**	**699,790**

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

	31 December 2022	31 December 2023
HUF	128,188	56,721
EUR	2,375,549	635,793
USD	7,890	7,276
Total cash	**2,511,627**	**699,790**

Note 13 Equity

Share capital

As at 31 December 2023, the issued share capital consisted of 13,473,446 category 'A' ordinary shares listed at the Budapest Stock Exchange (31 December 2022: 13,473,446 shares) of HUF 1,000 face value each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares

Treasury shares amounted to THUF 108,952 as at 31 December 2023 (120,681 shares) (as at 31 December 2022: THUF 108,952; 120,681 shares). In respect of the Company's shares that are held by itself ("treasury shares"), all rights are suspended until those shares are reissued.

Other comprehensive income

As at 31 December 2022 and 2023 the Company had no other comprehensive income.

Dividends paid

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

Rába Járműipari Holding Nyrt. did not pay dividend in 2023.

Note 14 Provisions

	Non-current liabilities	Current liabilities		
	For trade liabilities	For trade liabilities	For employee-related liabilities	Total
Opening, 1 January 2022	**0**	**161,509**	**5,348**	**166,857**
Provisions recognised during the year	0	7,141	3,336	10,477
Provisions used during the year	0	0	0	0
Provisions released during the year	0	0	0	0
Provisions reclassified from non-current into current	0	0	0	0
Closing, 31 December 2022	**0**	**168,650**	**8,684**	**177,334**
Provisions recognised during the year	0	0	7,346	7,346
Provisions used during the year	0	0	-3,336	-3,336
Provisions released during the year	0	0	0	0
Provisions reclassified from non-current into current	0	0	0	0
Closing, 31 December 2023	**0**	**168,650**	**12,694**	**181,344**

The provision for trade liabilities is the amount of an estimated outflow of resources of an obligation resulting from a past event.

Provisions for employee-related liabilities include task-specific and other bonuses.

The amount of provisions recognised approximates the expected outflows of economic benefits. It is expected that the event underlying the provisioning, the outflow of resources will occur in 2024 for the whole of the amount recognised as provision.

Note 15 Financial liabilities

As at 31 December 2022 and 2023 the Company had no loan liabilities or borrowings.

The Company's lease liabilities amounted to THUF 34,658 as at 31 December 2023 and THUF 32,271 as at 31 December 2022.

Breakdown by maturity is presented in Note 28.

Guarantees were undertaken under the following titles. There is no guarantee in 2023.

31 December 2022

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

Note 16 Trade and other liabilities

	31 December 2022	31 December 2023
Trade liabilities	304,416	367,587
Lease liabilities	13,208	13,208
Accrued trade liabilities	22,678	31,547
Liabilities to related companies	9,717,922	7,048,450
Overdraft facility	48	0
Interest liabilities	0	201,364
Financial liabilities	**10,058,272**	**7,662,156**
Advances received	0	122,763
Accrued expenses	80,939	199,094
Deferred income	57,776	53,444
Wages and related contributions	47,673	78,685
VAT payment liability	0	33,637
Other	7,294	3,996
Non-financial liabilities	**193,682**	**491,619**
Financial and non-financial liabiolities	**10,251,954**	**8,153,775**

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

	31 December 2022	31 December 2023
Trade liabilities		
EUR	30,562	116,928
HUF	273,854	250,659
Total	**304,416**	**367,587**

	31 December 2022	31 December 2023
Liabilities to related companies		
EUR	3,520,733	3,696,096
HUF	6,197,189	3,352,354
Total	**9,717,922**	**7,048,450**

The other balances within liabilities are typically HUF-based.

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

Note 17 Segment reporting

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

Note 18 Revenue

Revenue by geographical region:

	31 December 2022	31 December 2023
Related companies*	1,624,543	3,449,445
Unrelated companies	674,970	654,303
Total domestic	**2,299,513**	**4,103,748**
Total European Union	**7,461**	**3,952**
Total revenue	**2,306,974**	**4,107,700**

Revenue by activity:

	31 December 2022	31 December 2023
Revenue from goods sold	1,143	85,328
Provision of services	1,221,690	1,843,957
Rental income	1,084,141	2,178,415
Total revenue	**2,306,974**	**4,107,700**

* For a more detailed breakdown see Note 24.

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

Note 19 Operating costs

	31 December 2022	31 December 2023
Material costs	660,219	878,650
Services used and other services	288,720	652,407
Staff costs	708,267	1,265,390
Depreciation and amortisation	277,912	274,833
Total operating costs	**1,935,118**	**3,071,280**
Cost of sales	600,539	814,793
Selling and marketing costs	6,532	14,596
General and administrative costs	1,328,047	2,241,891
Total operating costs	**1,935,118**	**3,071,280**

Note 20 Staff costs

	31 December 2022	31 December 2023
Wages and salaries	485,081	922,873
Wage contributions	81,409	144,261
Other staff expenses	141,777	198,256
Total staff costs	**708,267**	**1,265,390**

In 2023 average headcount was 66 (2022: 36).

Note 21 Other income and expenses

	31 December 2022	31 December 2023
Lrelease of grant	4 332	4 332
Dividend income	11 778	7 164
Gain on sale of property, plant and equipment	351 491	0
Other	51 942	5 445
Total other income	**419 543**	**16 941**
Land and building tax	177 755	340 370
Scrapping, impairment	0	1 475
Accident compensation	9 624	7 394
Financial support	13 449	8 470
Loss on sale of property, plant and equipment	0	5 524
Other	32 459	5 697
Total other expenses	**233 287**	**368 930**
Net other income/ expense	**186 256**	**-351 989**

Note 22 Finance income and costs

	31 December 2022	31 December 2023
Interest income received	48,597	90,897
Other finance income	153,542	94,106
Total finance income	**202,139**	**185,003**
Interest expenses paid	21,090	86,821
Other finance costs	248,495	30,775
Total finance costs	**269,585**	**117,596**
Net finance income/ costs	**-67,446**	**67,407**

Interest income for 2022 and 2023 typically relates to cash and cash equivalents.

Other finance income and costs include realised and unrealised exchange gain/loss. Year-end revaluation of FX cash resulted in THUF 33,642 gain.

Note 23 Income tax

Composition of income tax expense for the period:

	31 December 2022	31 December 2023
Corporation tax	52,326	28,055
Business tax	26,348	51,665
Innovation contribution	4,941	9,687
Deferred tax	-2,716	1,234
Total income tax expense	**80,899**	**90,641**

The Company is resident for tax purposes in Hungary and it pays corporation tax based on its net profit or loss. In 2023 the corporation tax was 9% of the pre-tax profit. In the reporting year corporation tax amounted to THUF 28,055, in 2022 to THUF 52,326.

It had a local tax liability on revenues less material costs, cost of goods sold and the value of re-invoiced services, the rate of which is 1.6% in Győr.

As at 31 December 2023 the balance of corporation tax, business tax and innovation contribution assets and liabilities is THUF 16,889 income tax liability; as at 31 December 2022 it was THUF 41,254 tax liability.

Deferred taxes were assessed based on the expected time of recovery, using future tax rates that became known in 2023 (which are the same as the above rates).

As at 31 December 2023 deferred tax assets amounted to THUF 29,421 (31 December 2022: THUF 30,655), and deferred tax liabilities to THUF 0 (31 December 2022: THUF 0).

Deferred tax assets relate to the following items:

	31 December 2022	Increase	Decrease	31 December 2023
Provisions	15,960	361	0	16,321
Property, plant and equipment	14,536	0	1,533	13,003
Lease liabilities	159	0	62	97
Gross deferred tax assets (+)	30,655	361	1,595	29,421
Gross deferred tax liabilities (-)	0	0	0	0
Net deferred tax assets(+) liabilities (-)	**30,655**	**361**	**1,595**	**29,421**
Deferred tax assets(+) liabilities (-)	30,655			29,421
Net deferred tax assets (+) liabilities (-)	**30,655**			**29,421**

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is still probable that the related tax benefit will be realised.

No deferred tax to be recognised in other comprehensive income arose.

Calculation of tax expense:

	31 December 2022	31 December 2023
Profit before tax	1,205,018	751,839
Calculated corporation tax	52,326	28,055
Business tax	26,348	51,665
Innovation contribution	4,941	9,687
Deferred tax	-2,716	1,234
Total tax expense	**80,899**	**90,641**
Effective tax rate	*7%*	*12%*

The Company has no tax allowance.

Tax losses carried forward from previous years:

As at 31 December 2022 THUF 855,977, of which THUF 190,209 expires in 2024 and the remaining THUF 665,768 expires in 2030. In the reporting year THUF 96,999 expired.

As at 31 December 2023 THUF 544,256, of which THUF 190,209 expires in 2024 and the remaining THUF 354,047 expires in 2030.

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

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

Note 24 Related party transactions

i) Transactions with subsidiaries

Other non-current assets from related companies

	31 December 2022	31 December 2023
Rába Futómű Kft. additional capital contribution	799,638	823,627
Rába Járműalkatrész Kft. additional capital contribution	533,092	0
Rába Jármű Kft. additional capital contribution	0	0
Total other non-current assets	**1,332,730**	**823,627**

Current receivables from related companies

	31 December 2022	31 December 2023
Rába Futómű Kft.	158,319	405,529
Rába Járműalkatrész Kft.	14,663	51,804
Rába Jármű Kft.	3,399	11,225
Rekard Kft	13,266	48,456
Trade receivables	**189,647**	**517,014**
Rába Futómű Kft.	3,417,572	3,667,811
Rába Járműalkatrész Kft.	0	0
Rába Jármű Kft.	0	0
Cash pool receivables	**3,417,572**	**3,667,811**
Rába Futómű Kft.	37,196	82,780
Rába Járműalkatrész Kft.	55,884	0
Rába Jármű Kft.	14,749	0
Rekard Kft	27,399	0
Deferred expenses and accrued income	**135,228**	**82,780**
Total receivables from related companies:	**3,742,447**	**4,267,605**

Trade and other liabilities to related companies

	31 December 2022	31 December 2023
Trade liabilities	**0**	**0**
Rába Futómű Kft.	0	0
Rába Járműalkatrész Kft.	4 797 352	2 746 356
Rába Jármű Kft.	4 920 570	4 302 094
Cash pool liabilities	**9 717 922**	**7 048 450**
Rába Járműalkatrész Kft.	0	76 606
Rába Jármű Kft.	0	81 032
Accrued expenses and deferred income	**0**	**157 638**
Total trade and other liabilities to related companies:	**9 717 922**	**7 206 088**

Income from related companies and associates

	31 December 2022	31 December 2023
Rába Futómű Kft.	1 031 766	2 727 930
of which provision of services	*642 670*	*1 272 680*
of which rental income	*389 096*	*1 455 250*
Rába Járműalkatrész Kft.	452 173	416 486
of which provision of services	*382 900*	*285 393*
of which rental income	*69 273*	*131 093*
Rába Jármű Kft.	59 168	147 486
of which provision of services	*41 513*	*96 066*
of which rental income	*17 655*	*51 420*
Rekard Kft	81 436	157 543
of which provision of services	*36 762*	*73 113*
of which rental income	*44 674*	*84 430*
Income from related companies	**1 624 543**	**3 449 445**
Rába Járműalkatrész Kft.	0	90 897
Finance income from related companies	**0**	**90 897**
Grand total	**1 624 543**	**3 540 342**

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

ii) Transactions with key management personnel

Name	**Position**	**BoD**	**SB**	**AC**	**EX**
Hetzmann Béla	Chairman of the Board	x			
Dr. Csüllög Nóra	Board member	x			
Lang-Péli Éva	Board member	x			
Jakab László	Board member	x			
Dr. Szász Károly Péter	Board member	x			
Majoros Csaba	Board member	x			
Mráz Dániel Emanuel	Board member	x			
Prof. Dr. Palkovics László	Chairman of the Supervisory Board		x	x	
Dr. Szabó Sándor József	Member of the Supervisory Board		x	x	
Dr. Harmath Zsolt	Member of the Supervisory Board		x	x	
Hetzmann Béla	President-CEO				x
Lang-Péli Éva	Deputy CEO, Finance				x

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

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

	Expenses on/ income from the transaction		Outstanding balance	
	31.12.2022	**31.12.2023**	**31.12.2022**	**31.12.2023**
Wages paid to key management personnel	129,150	137,957	31,273	81,816
Honorarium paid to the Board of Directors	52,800	52,800	0	0
Honorarium paid to the Supervisory Board	20,400	21,216	0	0

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

iii) Transactions and current balances with state-owned businesses

The Company has been in indirect state ownership since 15 February 2022, Nemzeti Védelmi Ipari Innovációs Zrt. is a shareholder rather than the entity exercising ownership rights.

The significant balances (over HUF 50 million) between the Company and state-owned entities and budgetary organisations are presented where the state ownership exceeds 50%.

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

Note 25 Financial risks

i) Credit risk

Exposure to credit risk

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

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

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

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

Non-current financial receivables amounted to THUF 823,627 as at 31 December 2023 (as at 31 December 2022: THUF 1,332,730), and current financial receivables totalled THUF 4,403,089 as at 31 December 2023 (as at 31 December 2022: THUF 3,861,385).

ii) Liquidity risk

Maturity of financial liabilities:

31 December 2022

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	327,094	327,094	327,094				327,094
Loans, lease and interest liabilities	13,256	13,256	13,256				13,256
Financial liabilities to related companies	9,717,922	9,717,922	9,717,922				9,717,922
Total	**10,058,272**	**10,058,272**	**10,058,272**	**-**	**-**	**-**	**10,058,272**

31 December 2023

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	399,134	399,134	399,134				399,134
Loans, lease and interest liabilities	214,572	214,572	214,572				214,572
Financial liabilities to related companies	7,048,450	7,048,450	7,048,450				7,048,450
Total	**7,662,156**	**7,662,156**	**7,662,156**	**-**	**-**	**-**	**7,662,156**

iii) Currency risk

The Company operates a part of its cash pool system in foreign currency, with floating EUR interest. Any interest rate risk to which the Company is exposed is charged to the other members of the Group.

The following table presents the amount of receivables and liabilities denominated in foreign currency:

	31 December 2022	**31 December 2023**
Cash pool receivables		
EUR	875,401	4,406,776
bilities		
EUR	8,796,336	9,655,926
Total	**-7,920,935**	**-5,249,150**

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

	Average rate		**Spot rate as at 31 December**	
	2022	**2023**	**2022**	**2023**
EUR	391.33	381.95	400.25	382.78
USD	373.12	353.25	375.68	346.44

An 8% appreciation in the HUF at the reporting date vis-à-vis the EUR would have increased (positive amounts) or decreased (negative amounts) equity and profit as shown in the following table in THUF. The weakening of the forint would have an opposite effect. The analysis was based on exchange rate changes deemed reasonably possible by the Company on the reporting date. The analysis assumes that all other variables remain constant, including interest rates. The analysis is based on the same principles as in the case of comparative information:

Currency	**31 December 2022**			**31 December 2023**		
	Rate of strengthening	**Equity**	**Profit or loss**	**Rate of strengthening**	**Equity**	**Profit or loss**
EUR	3%	52,727	52,727	0,58%	-7,542	-7,542

iv) Fair values

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

	Carrying amount	
	31 December 2022	**31 December 2023**
Other non-current assets	1,332,730	823,627
Trade and other receivables	3,861,385	4,403,089
Cash and cash equivalents	2,511,627	699,790
Trade and other liabilities	10,058,272	7,662,156

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

Note 26 Earnings per share

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

Note 27 Capital commitments and contingencies

As at 31 December 2023 future capital expenditure and other services commitments of the Company amounted to THUF 385,505 (as at 31 December 2022: THUF 664,954).

The Company does not have any contingent liabilities as at 31 December 2022 and 2023.

Note 28 Lease liabilities

Maturity analysis of lease payments for the lease contracts:

	31 December 2022	31 December 2023
Less than one year	13,208	13,208
One to five years	19,062	21,450
More than five years	0	0
Total leases	32,270	34,658

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

Note 29 Off-balance sheet liabilities

Mortgages of the Company:

31 December 2023	Bank	Asset category	Asset value (HUF million)
Rába Nyrt.	CIB	property	5,917
Rába Nyrt.	MBH	property	430
Rába Nyrt.	MBH	property	955
Rába Nyrt.	RAIFFEISEN	property	2,259
Rába Nyrt.	RAIFFEISEN	property	634
Rába Nyrt.	ERSTE	property	4,362
Rába Nyrt.	ERSTE	insurance policy	n/a

Note 30 Subsequent events and Miscellaneous

Subsequent events

There were no events after the reporting date which would have an impact on the financial statements for 2023.

Miscellaneous:

Management and effect on the Company of the Russian-Ukrainian situation:
The Company and its subsidiaries had only marginal turnover from transactions with Russian and Ukrainian partners in the 2023 financial year and it has no outstanding receivables from these partners as at the reporting date.

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

Note 31 Additional disclosures required by the Hungarian Act on Accounting

i) Individuals authorised to sign the annual financial statements:

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

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

iii) Bookkeeping services are performed by:

As the employee of Rába Nyrt.:

Name: Melinda Kelemen Registration no.: 151546

iv) The mandatory audit of the Company is performed by

KPMG Hungária Kft.
1134 Budapest, Váci út 31.

Professional accountant responsible for the audit: Attila Sándor Juhász
Chamber registration number: 006065
For the financial year ended 31 December 2023 the agreed fee for the audit of the annual financial statements is THUF 32,900 + VAT.

v) Proposal on the appropriation of profit after tax:

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

vi) Equity correlation

Basis for preparation of equity correlation table

Under Section 114/B of the Hungarian Act on Accounting, the interim financial statements include the calculation of the difference between equity as per the Hungarian Act on Accounting and equity under the reporting framework described above.

The reconciliation of equity under the reporting framework applied to prepare these financial statements and equity as per the Hungarian Act on Accounting includes the balances as at 31 December 2022 and 31 December 2023 of the following equity components:

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

The equity correlation table also includes:

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

Equity correlation table

31 December 2022	Equity as per IFRS 31.12.2022	Reclassification of treasury shares	Reclassification of capital reserve	Elimination of additional capital	Transfer of profit/loss after tax	Equity 31.12.2022
Share capital	13,473,446					13,473,446
Treasury shares	-108,952	108,952				0
Share-based payments reserve	0					0
Retained earnings	3,090,629	-108,952	-127,654	-1,332,730	-1,124,119	397,174
Capital reserve	0		127,654			127,654
Allocated reserve	0	108,952	0			108,952
Profit after tax	0				1,124,119	1,124,119
Total capital and reserves	**16,455,123**	**108,952**	**0**	**-1,332,730**	**0**	**15,231,345**

31 December 2023	Equity as per IFRS 31.12.2023	Reclassification of treasury shares	Reclassification of capital reserve	Elimination of additional capital	Transfer of profit/loss after tax	Equity 31.12.2023
Share capital	13,473,446					13,473,446
Treasury shares	-108,952	108,952				0
Share-based payments reserve	0					0
Retained earnings	3,751,827	-108,952	-127,654	-823,627	-681,198	2,010,396
Capital reserve	0		127,654			127,654
Allocated reserve	0	108,952	0			108,952
Profit after tax	0				681,198	681,198
Total capital and reserves	**17,116,321**	**108,952**	**0**	**-823,627**	**0**	**16,401,646**

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Independent Auditors' Report

To the shareholders of RÁBA Járműipari Holding Nyrt.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the 2023 consolidated financial statements of RÁBA Járműipari Holding Nyrt. and its subsidiaries (collectively, "the Group") included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip[1], which comprise the consolidated statement of financial position as at 31 December 2023, with total assets of THUF 57,948,202, the consolidated statement of profit or loss and other comprehensive income, with profit for the year of THUF 1,183,767, and the consolidated statements of changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and they are prepared, in all material respects, in accordance with the provisions applicable to entities preparing consolidated annual financial statements in accordance with EU IFRSs of Act C of 2000 on Accounting in force in Hungary (Act on Accounting).

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group for the purposes of our audit of the consolidated financial statements, as provided in applicable laws in force in Hungary, the policy on rules of conduct (ethics) of the audit profession and on disciplinary procedures of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) translated into Hungarian and published on the website of the Chamber of Hungarian Auditors and we have

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fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Recognition of revenue in the Axle business segment

Revenue for the year ended 31 December 2023 is THUF 72,841,899. For more detailed information, refer to Note 3. o) "Revenues" and Note 19. "Revenues" to the consolidated financial statements.

The key audit matter	*How the matter was addressed in our audit*
More than half of the Group's revenue of THUF 72,841,899 for the year ended 31 December 2023 was generated within the Axle business segment. Application of revenue recognition principles of EU IFRSs is complex and requires making significant assumptions and judgments. One of the key judgments in the area stems from the requirement to determine when a given performance obligation is satisfied. Under IFRS 15, an entity may only recognise revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. The Group performs an assessment for each performance obligation as to whether it is satisfied over time or at a point in time. The determination requires a thorough consideration of contractual provisions to understand when control of the promised goods or services is transferred to customers. In the process, the shipping terms of the arrangement are a relevant consideration. In that regard, revenues of the Axle business are associated with particular complexity as the segment applies a number of different shipping terms, often within arrangements with one customer, including ex works, FCA and DDU. Given often significant values of the Axle segment's individual sales transactions,	Our audit procedures in the area, performed with the assistance from our own information technology (IT) audit specialists, included, among others, the following: • We updated our assessment of the Group's revenue recognition policy for compliance with relevant provisions of the financial reporting standards and also updated our understanding of and evaluated the Group's revenue recognition process; • We tested selected manual and IT-based controls within the revenue process, including those over the appropriateness of the delivery and shipping information (including shipping terms), matching invoices with deliveries as well as general IT controls supporting revenue-related application controls; • For a sample of customers, we inspected key terms of the underlying sales contracts to obtain understanding of the pattern of transfer of control of the goods and services sold. • For a sample of sales transactions close to the end of the current and beginning of the subsequent reporting period, we tested whether related revenues were recognized in the appropriate period, based on our inspection of the underlying invoices and

contractual terms need to be carefully analyzed for a large number of arrangements on a shipment-by-shipment basis. The risk of misstatement exists in particular in case of sales recognized at the end of the current or beginning of the subsequent reporting period. Due to the matters described above, we considered revenue recognition in the Axle segment to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.	delivery notes, including the proof of the customer's date of acceptance, as well as the results of the preceding procedure; • We obtained confirmations for a sample of sales invoices selected from trade receivables outstanding as at 31 December 2023 and from the sales turnover for the year then ended. For non-responses, we performed alternative procedures by examining the related delivery notes, including the proof of the date of the customer's acceptance, the underlying contracts and/or payment receipt(s); • We investigated any significant credit notes issued after the end of the reporting period for any indication that they would be indicative of the sales being recognized in the inappropriate amount or accounting period; • We examined whether the Group's revenue recognition-related disclosures in the consolidated financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

Other Information

The other information comprises the 2023 'Consolidated business report and management report' included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip of the Group. Management is responsible for the preparation of the 'Consolidated business report and management report' in accordance with the Act on Accounting and other applicable legal requirements, if any.
Our opinion on the consolidated financial statements expressed in the Opinion section of our report does not cover the 'Consolidated business report and management report'.

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

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

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

In fulfilling our responsibility with respect to the 'Consolidated business report and management report', the requirements set out in the Regulation (EU) No 815/2019 of 17 December 2018 (ESEF Regulation) and set out in the Regulation (EU) No 2178/2021 of 6 July 2021 (Taxonomy Regulation) were considered as other legal requirements applicable for the 'Consolidated business report and management report'.

In our opinion the 2023 'Consolidated business report and management report' of the Group is consistent, in all material respects, with its 2023 consolidated financial statements and the applicable provisions of the Act on Accounting, the requirements of the ESEF Regulation and the Taxonomy Regulation.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders' meeting on 21 April 2023 to audit the consolidated financial statements of the Group for the financial year ended 31 December 2023. Our total uninterrupted period of engagement is four years, covering the periods ending 31 December 2020 to 31 December 2023.

We confirm that:

• our audit opinion is consistent with the additional report presented to the Audit Committee of the Group dated 18 March 2024;

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

Report on the Compliance of the Presentation of the Consolidated Financial Statements with the Requirements of the Regulation on the European Single Electronic Format

We have undertaken a reasonable assurance engagement on the compliance of the presentation of the consolidated financial statements included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip prepared by the Group ("consolidated financial statements in ESEF format") with the requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on Supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation").

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

Management is responsible for the presentation of the consolidated financial statements in ESEF format that comply with the ESEF Regulation. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable XHTML format;
- the selection and application of appropriate iXBRL tags as required by ESEF Regulation using judgement where necessary, including the full application of relevant tags and proper creation and linking of extension elements; and;
- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation.

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

Our Responsibility and Summary of the Work Performed

Our responsibility is to express an opinion on whether the presentation of the consolidated financial statements in ESEF format complies, in all material respects, with the requirements of the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Hungarian National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000).

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF Regulation. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation whether due to fraud or error. Our reasonable assurance engagement included obtaining an understanding of the tagging, obtaining an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation, verifying whether the XHTML format was applied properly , evaluating the completeness of the Group's tagging of the consolidated financial statements using the XBRL markup language, evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified and evaluating the use of anchoring in relation to the extension elements.

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

Opinion

In our opinion, the presentation of the consolidated financial statements in ESEF format of the Group for the year ended 31 December 2023 included in the digital file 529900YBK6AH4WL22R69-2023-12-31-hu.zip complies, in all material respects, with the requirements of the ESEF Regulation.

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

Budapest, 27 March 2024

KPMG Hungária Kft.

Registration number: 000202

Marcin Ciesielski
Partner

Attila Juhász
Professional Accountant
Registration number: 006065

Rába Járműipari Holding Nyrt.
Consolidated Financial Statements
for the year ended 31 December 2023

Date, Győr, 26 March 2024

Table of Contents

Consolidated Statement of Financial Position

Assets

	Note	31 December 2022	31 December 2023
Property, plant and equipment	7	26,043,001	29,546,702
Intangible assets	8	47,336	42,069
Investment property	9	331,522	331,522
Other investments	10	205	2,655
Deferred tax assets	24	32,405	34,242
Total non-current assets		**26,454,469**	**29,957,190**
Inventories	11	15,987,210	14,032,500
Trade and other financial receivables	12	9,073,011	7,437,601
Other non-financial assets and receivables	12	3,010,864	2,108,463
Cash and cash equivalents	13	8,561,673	4,412,448
Total current assets		**36,632,758**	**27,991,012**
Total assets		***63,087,227***	***57,948,202***
Equity and liabilities			
Share capital	14	13,473,446	13,473,446
Treasury shares	14	-108,952	-108,952
Retained earnings	14	9,447,999	10,631,766
Total equity		**22,812,493**	**23,996,260**
Loans and borrowings	16,29	14,420,677	10,500,743
Deferred tax liabilities	24	238,635	320,177
Other non-current liabilities	17	2,925,705	2,730,162
Total non-current liabilities		**17,585,017**	**13,551,082**
Provisions	15	374,677	407,318
Current portion of loans and borrowings	16	7,964,535	5,854,163
Trade and other financial liebilities	17,29	10,416,376	8,476,871
Other non-financial liabilities	17	3,934,129	5,492,617
Income tax liability	24	0	169,891
Total current liabilities		**22,689,717**	**20,400,860**
Total equity and liabilities		***63,087,227***	***57,948,202***

Consolidated Statement of Comprehensive Income

	Note	31 December 2022	31 December 2023
Revenue	19	64,346,577	72,841,899
Cost of sales	20	-53,111,893	-61,876,183
Gross profit		**11,234,684**	**10,965,716**
Selling and marketing expenses	20	-493,963	-590,728
General and administrative expenses	20	-9,135,675	-9,249,191
Other income	22	982,762	752,914
Other expenses	22	-543,835	-468,537
Impairment loss on trade receivables and contract assets	22	0	-69,988
Total other operating expenses		**-9,190,711**	**-9,625,530**
Operating profit		***2,043,973***	***1,340,186***
Finance income	23	551,933	1,479,716
Finance costs	23	-1,627,102	-866,586
Net finance income/ costs		**-1,075,169**	**613,130**
Gain or loss on purchase of subsidiary	6	428,209	0
Settlement of pre-existing relationship with acquiree	6	605,741	0
Profit/Loss of associate	6	108,611	0
Profit before tax		**2,111,365**	**1,953,316**
Taxation	24	-479,195	-769,549
Profit for the year		**1,632,170**	**1,183,767**
Total comprehensive income for the year		**1,632,170**	**1,183,767**
Basic earnings per share (HUF)	27	122	89
Diluted earnings per share (HUF)	27	122	89

Consolidated Statement of Changes in Equity

	Share capital	Treasury shares	Retained earnings	Other comprehensive income	Total equity
Balance at 1 January 2022	**13,473,446**	**-108,952**	**7,815,829**	**0**	**21,180,323**
Profit for the year	0	0	1,632,170	0	1,632,170
Balance at 31 December 2022	**13,473,446**	**-108,952**	**9,447,999**	**0**	**22,812,493**
Profit for the year	0	0	1,183,767	0	1,183,767
Balance at 31 December 2023	**13,473,446**	**-108,952**	**10,631,766**	**0**	**23,996,260**

Consolidated Statement of Cash Flows

	Note	31 December 2022	31 December 2023
Cash flows from operating activities			
Profit before tax		2,111,365	1,953,316
Adjustments for non-cash items:			
Effect of revaluation of FX cash and cash equivalents	*23*	19,800	114,894
Interest income	12	0	-43,726
Interest expenses	17	35,410	77,561
Depreciation and amortisation	7.8	2. 586,022	2,544,739
Impairment and scrapping of intangible assets, property, plant and equipment	22	22,074	10,455
Allowance for bad and doubtful debts	10, 26	69,146	69,988
Impairment, scrapping of inventories carried at net realisable value	11	651,843	324,223
Changes in provisions	15	-74,785	32,641
Gain or loss on sale of property, plant and equipment and intangible assets	22	-401,281	5,096
Gain or loss on acquisition of subsidiaries, share of profit or loss of associate		-108,611	0
Period-end revaluation of loans	16, 23	953,637	-687,709
Changes in working capital:			
Changes in trade and other receivables	12	-3,504,875	2,511,548
Changes in inventories	11	-5,758,478	1,620,487
Changes in trade and other liabilities as well as in other non-current liabilities	18	3,088,635	-316,249
Taxes paid	24	-365,819	-670,984
Interest paid	23	-135,207	-443,893
Net cash from / used in operating activities		**-811,124**	**7,112,382**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	7,8	-3,093,869	-6,059,152
Proceeds from sale of property, plant and equipment and intangible assets	22	1,109,544	428
Acquisition of subsidiary, net of cash acquired	6	-382,765	-2,450
Interest received	23	10,320	298,841
Net cash used in investing activities		**-2. 356.770**	**-5,762,333**
Cash flows from financing activities			
Loans and borrowings	16	15,969,171	5,533,280
Repayment of loans and borrowings	16	-5,466,303	-10,917,660
Dividends paid		0	0
Net cash from / used in financing activities		**10,502,868**	**-5,384,380**
Net increase/decrease in cash and cash equivalents		**7,334,974**	**-4,034,331**
Cash and cash equivalents at 1 January		*1,246,499*	*8,561,673*
Changes in cash and cash equivalents		*7,334,974*	*-4,034,331*
Effect of revaluation of FX cash and cash equivalents		*-19,800*	*-114,894*
Cash and cash equivalents at 31 December		*8,561,673*	*4,412,448*

Notes to the Consolidated Financial Statements

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

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

Note 1 Reporting entity

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

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

The consolidated financial statements as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (Note 6) (together referred to as the “Group”). The Group’s core activity is the manufacture of vehicle components, mainly axles and chassis.

Shareholders

As at 31 December 2022 and 2023 the following shareholders were listed in the register of shareholders:

	31 December 2022	31 December 2023
	%	%
Publicly held shares	24.76	24.76
Nemzeti Védelmi Ipari Innovációs Zrt.	54.34	54.34
Széchenyi István Egyetemért Alapítvány	20.00	20.00
Treasury shares	0.90	0.90
	100.00	100.00

Note 2 Basis of preparation

a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on 26 March 2024.

b) Basis of measurement

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

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

c) Functional and presentation currency

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

d) Estimation uncertainties

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

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

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

i) Deferred tax assets

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

ii) Allowance for bad and doubtful debts

The Group recognises impairment allowance for bad and doubtful debts to cover losses arising from inability of customers to pay. Impairment allowance for bad and doubtful debts amounted to THUF 69,988. Estimates used to assess the appropriateness of impairment allowance for bad and doubtful debts are based on ageing of receivables, the country risk of the customer's country of origin, forward-looking information, creditworthiness of the customer, changes in customer payment terms. In the case of trade receivables the Group applies the simplified approach under IFRS 9 5.5.15 and always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that result from transactions that are within the scope of IFRS 15 and that do not contain a significant financing component, using a provision matrix.

iii) Depreciation/Amortisation

Property, plant and equipment as well as intangible asset are recorded at cost and are written down over their useful lives using the straight-line method, or effective from 1 January 2019, using the unit of production method in the case of assets initially recorded after 1 January 2019. Depreciation and amortisation charge for the year ended 31 December 2022 amounted to THUF 2,586,022 and for the year ended 31 December 2023 THUF 2,503,838. Useful lives are determined based on previous experience relating to similar assets, expected technological development and changes in broader economic or industry factors. Estimated useful lives are reviewed annually. The residual value of assets is assessed on an item-by-item basis based on the expected value at the end of the useful life.

iv) Capitalisation of internally generated intangible assets

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

v) Warranty provisions

The Group considers that the accounting estimate related to the determination of the provisions is a significant accounting estimate since it involves assumptions about future warranty claims. The Group recognised warranty provision in an amount of THUF 2,460 for the year ended 31 December 2022 and THUF 29,683 for the year ended 31 December 2023.

General provisions for warranties are recognised based on historical experience. Provisions for special cases are recognised based on the claims received and the expected cost of repair. The appropriateness of the provisions is reviewed quarterly.

vi) Fair values

Fair value measurement is described in Note 4. Fair values as at 31 December 2022 and 2023 are presented in the respective Notes.

vii) Impairment test of non-financial assets

Each year the Group assesses whether there are any external or internal indications specified in IAS 36 which would require to perform an impairment test in relation to tangible or intangible assets. Based on the impairment test no impairment was recognised in the reporting year. Furthermore, during inventory taking of tangible assets the Group assesses whether booking of impairment or scrapping is necessary at the level of individual assets; in 2023 THUF 10,455 impairment was accounted for under this title.

viii) Impairment of inventories and estimation of the realisable value

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

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

ix) Measurement of investment property

The Group records its investment properties at cost, their fair value is presented in the Notes. The fair value was measured by an independent expert as at 31 December 2023. During estimation the reference values of property of similar nature, location and condition were also taken into account. Principal assumptions and fair values are presented in Note 9.

x) Government grants

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

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by Group entities. The amended standards that became effective in the reporting year had no material impact on the financial statements.

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

A number of new standards are effective for financial years beginning after 1 January 2023 and earlier application is permitted. The Group did not use the option of early adoption.

New or amended standards and interpretations adopted by the EU effective for reporting periods beginning after 1 January 2023

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of Exchangeability (Amendments to IAS 21);

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

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

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lack of Exchangeability (Amendments to IAS 21);

c) Basis of consolidation

i) The consolidated annual financial statements comprise the Company and the subsidiaries controlled by it.

The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities of the investee. Relevant activities are activities of the investee that significantly affect the investee's returns.

Subsidiaries are presented in Note 6 (Rába Futómű Kft., Rába Jármű Kft., Rába Járműalkatrész Kft., REKARD Kft.).

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

ii) Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. In 2019 the Company purchased 24.9% interest in REKARD Hajtómű- és Gépgyártó Kft. with a purchase option for the whole business share. The option was exercised on 1 July 2022, since then it has been considered a subsidiary. Gidrán Páncélozott Járművek Kft. was established in December 2023; it carried out no activity in 2023. The Group has 49% ownership share in the company.

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

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

iii) Transactions eliminated on consolidation

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

d) Foreign currency transactions

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

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

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

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

e) Financial instruments

Initial recognition and measurement

The Group recognises financial instruments in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group applies settlement date accounting for regular-way purchases or sales of financial assets.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue or acquisition of the financial asset or financial liability (except for trade receivables, where there is no significant financing component; these are recognised at transaction price as per IFRS 15).

Classification of financial assets

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

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

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

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

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

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

Business model applied to manage financial assets

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

As at 31 December 2022 and 31 December 2023, for all debt instruments the objective of the Group's business model is to hold to maturity and collect the contractual cash flows.

Assessment of contractual cash flows

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

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

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

In respect of its debt instruments as at 31 December 2022 and 31 December 2023, the Group deems that the contractual terms of those instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

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

Derecognition of financial assets and financial liabilities

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

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

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

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

i) Non-derivative financial instruments

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

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

Cash and cash equivalents

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

Trade and other financial receivables

Trade and other financial receivables shall be measured at amortised cost using the effective interest method, less accumulated impairment losses. The amount of impairment losses is included in Impairment loss on trade receivables and contract assets.

Other investments

Other investments included the 24.9% interest in REKARD Hajtómű- és Gépgyártó Kft. as an associate. It was recognised using the equity method. From 1 July 2022 it has been a fully-owned subsidiary, following the exercise of the purchase option. Gidrán Páncélozott Járművek Kft. was established in December 2023; it carried out no activity in 2023. The Group has 49% ownership share in the company.

Loans and borrowings

Loans and borrowings are recognised initially at fair value, less transaction costs. Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method. Information on fair values is disclosed in the Notes. The fair value of loans and borrowings for disclosure purposes is the present value of future principal and interest cash flows discounted using the reporting-date market interest rate.

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

Other non-derivative financial instruments

Other non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Other non-derivative financial liabilities (including trade and other financial liabilities) are measured at amortised cost using the effective interest method.

f) Share capital

Ordinary shares

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

Repurchase of share capital (treasury shares)

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

g) Property, plant and equipment

i) Recognition and measurement

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

ii) Subsequent expenditure

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

iii) Depreciation

Depreciation is recognised in the income statement using the straight-line method, based on the useful lives of each part of an item of property, plant and equipment. Land is not depreciated. For assets where production output can be measured well, a material difference is expected between production in different years and the depreciation of the asset is more closely related to the units produced, the unit of production method can be used; reasons for the use of this method must be provided.

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

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

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

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

h) Intangible assets

i) Formation and restructuring, Research and development

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

- a research/assessment phase; and

- a development phase.

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

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

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

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

During the year the management reviewed the recovery of internally generated intangible assets; no expenditure was capitalised in the reporting year due to failing to meet the criteria. Expenditure on research is recognised as an expense when incurred. Development expenditure on individual projects can be carried forward if future recovery is clearly demonstrated.

The Group did not capitalise any expense related to research and development or formation and restructuring under intangible assets either in the previous year or in the reporting year. These expenses are accounted for within indirect costs in the profit or loss for the year. Development expenditure can be capitalised based on individual assessment if its recovery can be demonstrated.

ii) Other intangible assets

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

iii) Subsequent expenditure

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

iv) Amortisation

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

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

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

i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Useful lives are determined as described in Section g).

When the use of a property changes such that it is reclassified as property, plant and equipment, its net carrying amount at the date of reclassification remains its cost for subsequent accounting.

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

j) Leased assets

Right-of-use assets, leased assets

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

The right to use the asset identified in the lease contract (underlying asset) is recognised as a right-of-use asset in the statement of financial position line item which includes the underlying asset, at the lease commencement date (the date on which the lessor makes an underlying asset available for use). The right-of-use asset is initially measured at cost (amount of the lease liability adjusted for initial payments and restoration costs).Subsequently, it is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is accounted for from the commencement date over the shorter of the useful life and the lease term.

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

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

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

If relevant data are available, the Group excludes from the initial cost of the lease the value of other services included in the contract, and still accounts for them as current costs in profit or loss when incurred.

Accounting treatment for lessors

Finance lease
A finance lease is a transaction which transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Considering its nature, a finance lease is similar to the financing of the sale of an asset. Recognition in the financial statements is based on the real substance of the transaction rather than its legal form (i.e. as if the lessor sold the underlying asset to the lessee). The Group had no finance lease contracts as a lessor either in FY 2022 or FY 2023.

Operating lease
An operating lease is a transaction that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Generally, this is a simple, short-term lease arrangement (operating lease) whereby the rental received is recognised in the statement of profit or loss and its primary impact on the balance sheet is related to the timing of lease payments.

k) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory write-offs and scrapped items are accounted for in operating expenses.

l) Impairment

i) Financial assets

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

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

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

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

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

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

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

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

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

Default and increase in credit risk are assessed on a collective basis – by market category – , based on historical statistic data and using loss rates.

When individual large items influence the data and/or an unrebuttable evidence is available indicating that the default is not a significant increase in credit risk, impairment of the receivables is calculated after adjustment for these items to avoid distortions.

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

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

ii) Non-financial assets

Except for deferred tax assets and inventories, at each reporting date the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

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

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

m) Employee benefits

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

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

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

The Group pays social contribution tax to the state budget.

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

n) Provisions

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

Warranties

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

Restructuring

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

Provisions for environmental protection liabilities

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

o) Revenue

The three strategic divisions of the Group manufacture

- axles developed for commercial utility vehicles, agricultural power machines and earthwork machines (axle segment)
- axle main components and parts, parts for commercial utility vehicles and passenger cars (parts segment), and
- special vehicles (vehicles segment).

Under the provisions of the related standard (IFRS 15), the Group may recognise revenue when it satisfies a performance obligation by transferring a good or service to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by an entity's customary business practices. Irrespective of the form, contracts shall have commercial substance. Further condition is that it shall create rights and obligations that are legally enforceable.

A contract can be accounted for when all of the following criteria are met:

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

In case of contract modifications, the change in the content of the contract shall be examined, because in some cases a contract modification shall be accounted for as a separate contract.

The Group shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

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

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

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

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

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

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

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

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

The Group *accounts for* a contract modification *as a separate contract* if both of the following conditions are present:

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

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

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

- ii. the consideration promised as part of the contract modification.

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

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

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

Product / service / type of contract	**Nature of goods or service promised to transfer** **Performance obligation**	**Payment terms**	**Discount, rebate, reimbursement, credit, price discount, incentive, performance commissions, penalties or similar related titles**	**Return, reimbursement and other similar obligations**
Manufacture of axles and axle components and parts, for use in medium and heavy trucks, buses and other vehicles.	Goods promised to transfer: Axles for use in various motor vehicles. Performance obligation is satisfied at a point in time: When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.
Manufacture and sale of vehicles parts, including passenger car seats and parts of seats, parts and components of utility vehicles, as well as machined parts for heavy duty vehicles.	Goods promised to transfer: Parts for use in various items. Performance obligation is satisfied: When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.
Manufacture of truck and bus chassis and related parts, other metal structures for vehicles, and assembly of vehicles.	Goods promised to transfer: Chassis, related parts, metal structures. Performance obligation is satisfied: When the products are transferred, in accordance with INCOTERMs set forth in the contract (typically EXW, DDU, FCA).	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.
Servicing of military vehicles (provision of services)	Nature of service promised to transfer: Serviced vehicle Performance obligation is satisfied at a point in time: When the service report is transferred.	Fixed consideration. There is no significant financing component. The payment deadline is typically between 30 and 60 days.	The contracts typically do not include variable consideration.	Typically, no right of return was set forth in the contracts except for return due to quality complaints.

a) financing obligation

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

In general, when satisfying its obligations the Group does not identify a financing obligation to be treated separately in cases where its partners have to meet their payment liability by no later than one year after the contractual obligation is satisfied.

If the payment deadline of a partner is more than one year after the performance, the Group applies a discount rate when recognising the revenue that is equivalent to the stand-alone price of an independent financing obligation.

b) warranty obligations connected to sale

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

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

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

d) initial recognition of receivables

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

e) Advances from customers

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

Sale of assets/goods and services

Revenue is recognised when performance obligations under the identified contract with a customer are satisfied. If the identification criteria are not met for a contract, the consideration received is recognised as a contract liability and the Group subsequently reassesses the performance criteria. Revenue is recognised when the obligation was satisfied, or the contract was terminated or suspended and a substantial part of the consideration payable by the customer was received and is non-refundable.

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

p) Government grants

Government grants are recognised initially when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognized in the income statement within other income on a systematic basis over the useful life of the asset.

Grants are accounted for and presented on a gross basis in the income statement.

A grant may not be recognised directly as a change in equity.

q) Finance income and costs

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

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

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

r) Income taxes

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

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is still probable that the related tax benefit will be realised.

s) Segment reporting

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

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

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

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

t) Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Note 4 Fair value measurement

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

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

Investment property

As at 31 December 2023 and in the comparative period the investment property of the Group was valued by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

During valuation the valuer primarily used the sales comparison approach.

Trade and other receivables

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

Loans and borrowings

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

Note 5 Financial risk management

a) Overview

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

- credit risk
- liquidity risk
- market risk.

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

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

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

b) Credit risk

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

Trade and other receivables

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

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

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. For each major customer a purchase limit or payment collateral is determined, which constitutes the maximum debt amount. Such limits and collateral are reviewed on a continuous basis. Customers are rated and approved in an electronic system that manages customer risks in a uniform format at Rába

Group level. The limits are determined based on the geographical region, volume of turnover, and the customer's individual credit rating. The Group only accepts orders from customers in regions with a higher credit risk in return for an advance payment or collateral. Most of the Group's customers have been purchasing goods from the Group for years.

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

The Group recognised THUF 89,179 impairment on trade receivables as at 31 December 2023 and THUF 104,392 as at 31 December 2022. Besides the risk on receivables the maximum exposure to credit risk is represented by the carrying amount of financial assets, including derivative financial instruments, in the consolidated balance sheet. The COVID-19 situation did not significantly affect the collection of receivables, and the proportion of overdue receivables and late payments did not grow as a result either. The Group continues to treat the collection of receivables as a priority, and goods are delivered only after payment to customers who have been late with payments in the past. The above had no impact on the impairment calculation method either.

Investments

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

c) Liquidity risk

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

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

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

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

In the management' opinion and based on business plans available, the Group can generate sufficient cash flow to meet its liabilities.

d) Market risk

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

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

Currency risk

The Group is exposed to currency risk mainly on sales that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (EUR) and the U.S. Dollars (USD).

The primary tool of mitigating currency risk is natural hedge, whereby the Group seeks to align the foreign currency structure of its expenses with the foreign currency composition of income as much as possible.

Foreign exchange risks are hedged in accordance with the current exchange rate hedging strategy approved by the Board of Directors of RÁBA Nyrt.

As at the end of 2022 and 2023 the Group had no forward FX transactions.

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

In the year ended 31 December 2023 97% of the Group's revenue was realised in EUR and 3% in USD (2022: EUR: 96%, USD: 2%).

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

Interest rate risk

The Group adopts a policy that ensures that more than 50 percent of its exposure to changes in interest rates on loans is on a fixed rate basis. This is achieved by entering into loan agreements with a fixed interest rate for the whole term. As at 31 December 2022 86% of the loans bore fixed interest and 14% bore floating interest; the loans are medium-term loans for export financing and covid-related loss mitigation purposes, and are repayable in part in instalments, in part in one amount when they expire. As at 31 December 2023 77% of the loans bore fixed interest and 23% bore floating interest. The cash pool system operated by the Group efficiently helps to keep the interest rate risk at a minimum, as Group members with temporary surplus liquidity can finance Group members with temporary liquidity shortages. This way, by exploiting the spread between the bank deposit and credit interest rates, significant amounts can be saved in interest.

e) Capital management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Based on the Hungarian Civil Code, shareholders' equity may not fall below 66% of the share capital, and for limited liability companies the required minimum of the ratio of equity to registered capital is 50%. As at 31 December 2022 and 2023 the Group met these externally imposed capital requirements.

f) Capital position of the Group

As at 31 December 2023 the equity of the Group amounted to THUF 23,996,260 (as at 31 December 2022: THUF 22,812,493), while its share capital totalled THUF 13,473,446 (as at 31 December 2022: 13,473,446); the ratio of equity to share capital was 178% (as at 31 December 2022: 169%). The ratio of equity improved because of profitable operation of the Group. Each company met the statutory capital requirements both in the reporting year and the previous year.

Note 6 Consolidated companies

	Interest	
	2022	2023
	%	%
Rába Futómű Kft.	100.0	100.0
Rába Járműalkatrész Kft.	100.0	100.0
Rába Jármű Kft.	100.0	100.0
REKARD Kft.*	100.0	100.0

*It was consolidated from 1 July 2022, the date of acquisition of the remaining 75.1% business share.

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

a) Rába Futómű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 9,765,800 as at 1 January 2022, as at 31 December 2022 and as at 31 December 2023. 100% of the registered capital was made available to Rába Futómű Kft. by Rába Járműipari Holding Nyrt.

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

b) Rába Járműalkatrész Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 300,000 as at 1 January 2022, as at 31 December 2022 and as at 31 December 2023. 100% of the registered capital was made available to Rába Járműalkatrész Kft. by Rába Járműipari Holding Nyrt.

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

c) Rába Jármű Kft.

Registered office: Hungary 9027 Győr, Martin út 1. Registered capital amounted to THUF 835,100 as at 1 January 2022, as at 31 December 2022 and 31 December 2023. 100% of the registered capital was made available to Rába Jármű Kft. by Rába Járműipari Holding Nyrt.

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

d) REKARD Kft.

Registered office: Hungary 9027 Győr, Kandó Kálmán utca 5. Registered capital amounted to THUF 100,000 as at 1 January 2022, as at 31 December 2022 and 31 December 2023. 100% of the registered capital was acquired by Rába Járműipari Holding Nyrt. through purchase.

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

The remaining 75.1% business share was acquired on 1 July 2022. The transaction resulted in THUF 428,209 gain. Furthermore, business relationships between the Group and Rekard Kft. included a loan and an agreement relating to assigned receivables, the settlement of which gave rise to THUF 605,741 gain accounted for in the 'Settlement of pre-existing relationship with acquiree' line item.

Note 7 Property, plant and equipment

	Land and buildings	Plant and equipment	Under construction	Total
Gross carrying amount				
Balance at 1 January 2022	13 935 837	45 978 335	792 270	60 706 442
Rekard acquisition	156 006	2 554 559	21 363	2 731 928
Additions	556 900	1 364 824	1 564 775	3 486 499
Disposals	-95 960	-3 503 549	0	-3 599 509
Balance at 31 December 2022	**14 552 783**	**46 394 169**	**2 378 408**	**63 325 360**
Accumulated depraciation				
Balance at 1 January 2022	4 594 670	30 694 427	0	35 289 097
Rekard acquisition	46 452	2 248 596	0	2 295 048
Depreciation	374 965	2 175 547	0	2 550 512
Impairment	-4 424	11 243	0	6 819
Disposals	-63 831	-2 795 286	0	-2 859 117
Balance at 31 December 2022	**4 947 832**	**32 334 527**	**0**	**37 282 359**
Net carrying amount as at 1 January 2022	**9 341 167**	**15 283 908**	**792 270**	**25 417 345**
Net carrying amount as at 31 December 2022	**9 604 951**	**14 059 642**	**2 378 408**	**26 043 001**
Gross carrying amount				
Balance at 1 January 2023	14 552 783	46 394 169	2 378 408	63 325 360
Additions	15 964	1 996 042	4 037 413	6 049 419
Disposals	-29 655	-1 521 540		-1 551 195
Balance at 31 December 2023	**14 539 092**	**46 868 671**	**6 415 821**	**67 823 584**
Accumulated depreciation				
Balance at 1 January 2023	4 947 832	32 334 527	0	37 282 359
Depreciation	383 888	2 120 618	0	2 504 506
Impairment and reversal thereof	-4 424	-11 243	0	-15 667
Disposals	-33 000	-1 461 286	0	-1 494 286
Balance at 31 December 2023	**5 294 296**	**32 982 616**	**0**	**38 276 912**
Net carrying amount as at 31 December 2023	**9 244 796**	**13 886 055**	**6 415 821**	**29 546 672**

Leased assets

This category includes passenger cars and trolleys.

Changes in assets under construction (additional details for the above table):

	Assets under construction
Opening balance at 1 January	792,270
REKARD acquisition	21,363
Additions	3,194,694
Disposals	-1,629,919
Closing balance as at 31 December 2022	**2,378,408**
Additions	6,003,822
Disposals	-1,966,409
Closing balance as at 31 December 2023	**6,415,821**

Changes in right-of-use assets (additional details for the above table):

	Right-of-use assets	**Total**
Gross carrying amount		
Balance at 1 January 2022	412 892	412 892
Additions	46 769	46 769
Disposals	-117 174	-117 174
Balance at 31 December 2022	**342 487**	**342 487**
Accumulated depreciation		
Balance at 1 January 2022	256 991	256 991
Depreciation	82 209	82 209
Disposals	-89 182	-89 182
Balance at 31 December 2022	**250 018**	**250 018**
Net carrying amount as at 31 December 2022	**92 469**	**92 469**
Gross carrying amount		
Balance at 1 January 2023	342 487	342 487
Opening balance correction	8 724	8 724
Additions	58 348	58 348
Disposals	-24 310	-24 310
Balance at 31 December 2023	**376 525**	**376 525**
Accumulated depreciation		
Balance at 1 January 2023	250 018	250 018
Opening balance correction	13 107	13 107
Depreciation	65 636	65 636
Disposals	-20 136	-20 136
Balance at 31 December 2023	**295 518**	**295 518**

Rights to use expire in 2028 at the latest. Lease liability by term is presented in Note 29.

Collateral

As at 31 December 2023 properties with a gross value of HUF 15,446 million and machinery with a gross value of HUF 256 million (2022: property with a gross value of HUF 13,489 million) are mortgaged as collateral for bank loans.

Note 8 Intangible assets

	Development	Intellectual property	Rights and concessions	Total
Gross carrying amount				
Balance at 1 January 2022	1,013,318	371,864	1,435,005	2,820,187
Additions - acquisition	0	0	41,181	41,181
Rekard acquisition	213	1,000	16,204	17,417
Disposals	-2,467	-4,937	-4,334	-11,738
Balance at 31 December 2022	**1,011,064**	**367,927**	**1,488,056**	**2,867,047**
Accumulated amortisation				
Balance at 1 January 2022	1,013,140	371,503	1,394,224	2,778,867
Amortisation	158	0	35,351	35,509
Rekard acquisition	213	1,000	15,832	17,045
Disposals	-2,467	-4,937	-4,306	-11,710
Balance at 31 December 2022	**1,011,044**	**367,566**	**1,441,101**	**2,819,711**
Net carrying amount as at 1 January 2022	**178**	**361**	**40,781**	**41,320**
Net carrying amount as at 31 December 2022	**20**	**361**	**46,955**	**47,336**
Gross carrying amount				
Balance at 1 January 2023	1,011,064	367,927	1,488,056	2,867,047
Additions - acquisition	0	0	9,733	9,733
Disposals	0	0	-426	-426
Balance at 31 December 2023	**1,011,064**	**367,927**	**1,497,363**	**2,876,354**
Accumulated amortisation				
Balance at 1 January 2023	1,011,044	367,566	1,441,101	2,819,711
Amortisation	20	0	14,980	15,000
Disposals	0	0	-426	-426
Balance at 31 December 2023	**1,011,064**	**367,566**	**1,455,655**	**2,834,285**
Net carrying amount as at 31 December 2023	**0**	**361**	**41,708**	**42,069**

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

In the reporting year the Group carried out no research and development.

Intellectual property includes technical software (design, technology control and development programmes, rating systems and documentation).

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

The Group typically has assets written down to zero that are not used.

Note 9 Investment property

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

The fair value of the investment property is THUF 6,663,000 as at 31 December 2023 (31 December 2022: THUF 6,514,000). The Group applies the cost model to investment properties, consequently, these properties are recognised at net carrying amount in the balance sheet, rather than at fair value. The fair value was determined by an external independent appraiser. The appraisal was performed taking prices observable on the market for similar properties into account. No binding period exists as at the date of preparation of the annual financial statements.

The table below presents the carrying amounts of investment properties:

	31 December 2022	31 December 2023
Városrét investment property (land)	331,522	331,522
Total investment properties	**331,522**	**331,522**

The land is not depreciated.

Note 10 Other investments

The ’Other’ line item as at 31 December 2022 and 2023 includes the THUF 100 interest in Rába Energiaszolgáltató Kft., the THUF 85 interest in Veolia-Bakonyi Erőmű Zrt. and the THUF 20 interest in Ikarus Zrt. Gidrán Páncélozott Járművek Kft. was established in December 2023; it carried out no activity in 2023. The Group has 49% ownership share in the company; as at 31 December 2023 the amount of the interest totalled THUF 2,450.

Note 11 Inventories

	31 December 2022	31 December 2023
Raw materials	9,379,032	7,546,601
Semi-finished goods	4,745,001	4,706,344
Finished goods	1,661,283	1,677,021
Goods	201,894	102,534
Total inventories	**15,987,210**	**14,032,500**

Changes in write-down:

	2022	2023
Opening balance at 1 January	964,194	1,205,184
Opening adjustment	172,783	0
Reporting-year impairment	365,485	180,425
Reversal of impairment	0	-166,168
Derecognition due to sale, scrapped items and use	-297,278	-361,811
Total inventories	**1,205,184**	**857,630**

During 2023 the scrap relating to the production was THUF 319,966 (2022: THUF 286,358)

Collateral

As at 31 December 2023 mortgages are registered on inventories with a value of HUF 11,585 million (2022: HUF 12,990 million) as collateral for bank loans.

Note 12 Trade and other receivables

	31 December 2022	31 December 2023
Trade receivables	9,177,403	7,483,054
Allowance for bad and doubtful debts	-104,392	-89,179
Net trade receivables	9,073,011	7,393,875
Interest receivable	0	43,726
Total financial assets	**9,073,011**	**7,437,601**
Deferred expenses and accrued income	74,258	14,245
Advances	567,574	673,226
VAT receivable	2,221,109	1,195,721
Other	147,923	225,270
Total non-financial assets	**3,010,864**	**2,108,463**
Total receivables	**12,083,875**	**9,546,064**

Trade receivables are denominated in the following currencies:

Trade receivables	31 December 2022	31 December 2023
HUF	229,604	213,392
EUR	8,513,123	6,889,296
USD	330,284	334,913
Total financial assets in HUF	**9,073,011**	**7,437,601**

Non-financial assets are denominated in the following currencies:

	31 December 2022	31 December 2023
HUF	2,505,955	1,390,539
EUR	504,909	714,517
USD	0	3,050
GBP	0	357
Total non-financial assets in HUF	**3,010,864**	**2,108,463**

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

Note 13 Cash and cash equivalents

	31 December 2022	31 December 2023
Bank	8,561,673	4,412,448
-of which current account deposit	5,194,445	990,871
-of which fixed deposit	3,367,228	3,421,577
Petty cash	0	0
Total cash	**8,561,673**	**4,412,448**

Cash and cash equivalents are denominated in the following currencies:

	31 December 2022	31 December 2023
HUF	331,844	3,471,337
EUR	7,969,472	869,042
USD	260,029	71,750
GBP	328	319
Total cash in HUF	**8,561,673**	**4,412,448**

Current account deposits by currency:

	31 December 2022	31 December 2023
HUF	331,828	61,337
EUR	4,602,260	857,465
USD	260,029	71,750
GBP	328	319
Total current account deposits in HUF	**5,194,445**	**990,871**

Fixed deposits by currency:

	31 December 2022	31 December 2023
HUF	16	3,410,000
EUR	3,367,212	11,577
USD	0	0
GBP	0	0
Total fixed deposits in HUF	**3,367,228**	**3,421,577**

The average interest rate on cash and cash equivalents was 5.79% as at 31 December 2023 and 0.5030% as at 31 December 2022.

The Group's exposure to interest rate and currency risks related to cash and cash equivalents is described in Note 5.
In the reporting year interest income from cash and cash equivalents amounted to THUF 298,841 (in the previous year THUF 10,320).

Note 14 Equity

Share capital

As at 31 December 2023, the issued share capital consisted of 13,473,446 category 'A' ordinary shares listed at the Budapest Stock Exchange (2022: 13,473,446 shares) of HUF 1,000 face value each. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares

Treasury shares amounted to THUF 108,952 as at 31 December 2023 (120,681 shares) (as at 31 December 2022: THUF 108,952; 120,681 shares). In respect of the Company's shares that are held by the Group ("treasury shares"), all rights are suspended until those shares are reissued.

Other comprehensive income

The Group had no other comprehensive income either as at 31 December 2023 or as at 31 December 2022.

Dividends paid

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

The Group did not pay dividends in 2022 and in 2023.

Note 15 Provisions

	Warranties	Related to employees	Other	Total
Opening, 1 January 2022	**45,729**	**172,580**	**171,953**	**390,262**
Provisions recognised during the year	2,460	95,394	87,304	185,158
Provisions used during the year	0	0	-155	-155
Provisions released during the year	-45,729	-149,969	-4,890	-200,588
Closing, 31 December 2022	**2,460**	**118,005**	**254,212**	**374,677**
Provisions recognised during the year	38,961	123,536	6,960	169,457
Provisions used during the year	-11,738	-125,078	0	-136,816
Provisions released during the year	0	0	0	0
Closing, 31 December 2023	**29,683**	**116,463**	**261,172**	**407,318**

	Warranties	Related to employees	Other	Total
Non-current provisions	0	0	0	0
Current provisions	2,460	118,005	254,212	374,677
31 December 2022	**2,460**	**118,005**	**254,212**	**374,677**
Non-current provisions	0	0	0	0
Current provisions	29,683	116,463	261,172	407,318
31 December 2023	**29,683**	**116,463**	**261,172**	**407,318**

Warranties

The provision for warranties relates to trucks, chassis sold. The provision is based on estimates determined on the basis of historical warranty data relating to similar products and services, and its amount is also affected by new products, changed designs and other events influencing product quality. Since the manufacture of the products subject to the warranty was gradually reduced and finally discontinued, the related provision was also used and released.

Liabilities related to employees

Liabilities arising due to expected termination of employment were provided for as at 31 December 2023 in accordance with the provisions of the Hungarian Labour Code and obligations under the Collective Agreement in force.

Other

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

The amount of provisions recognised approximates the expected outflows of economic benefits. It is expected that the event underlying the provisioning, the outflow of resources will occur in 2024.

Note 16 Loans, borrowings and leases

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

Reporting-year interest expense on loans and borrowings amounted to HUF 444 million (previous year HUF 120 million), while exchange loss arising from changes in foreign exchange rates totalled HUF 755 million (previous year HUF 686 million).

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

	31 December 2022	**31 December 2023**
Current loans	8,006,324	5,854,163
Of which lease	*41,789*	*37,649*
Non-current	14,420,677	10,500,743
- One to five years	*14,420,677*	*10,500,743*
Of which lease	*38,092*	*41,569*
Total non-current and current financial liabilities	**22,427,001**	**16,354,906**

Existing bank credit lines provide an appropriate basis for the financing of the Group; furthermore, HUF 11,813 million undrawn credit line is available for the Group. In the consolidated financial statements for 2022 current lease liabilities were recognised in the 'Trade and other financial liabilities' line item. As from 2023 current lease liabilities are recognised in the 'Current portion of loans and borrowings' line item.

Changes in current and non-current financial liabilities:

	Current loans and borrowings	Non-current loans and borrowings	Lease liabilities	Total
Opening, 1 January 2022	2 127 900	8 253 300	160 102	10 541 302
Cash inflows from financing activities	5 759 944	10 808 120	0	16 568 064
Cash outflows used in financing activities	-1 141 334	-4 414 446	-80 222	-5 636 002
Reclassification	986 646	-986 646	0	0
Revaluation	231 379	722 258	0	953 637
Closing, 31 December 2022	**7 964 535**	**14 382 586**	**79 880**	**22 427 001**
Cash inflows from financing activities	3 549 714	1 941 266	42 300	5 533 280
Cash outflows used in financing activities	-10 874 698	0	-42 962	-10 917 660
Reclassification	5 873 159	-5 873 159	0	0
Revaluation	-696 196	8 481	0	-687 715
Closing, 31 December 2023	**5 816 514**	**10 459 174**	**79 218**	**16 354 906**

Loans, borrowings and leases:

Type	**Currency**	**Year of maturity**	**31 December 2022**	**31 December 2023**
Bank loan 2009/081	EUR	2023	1,641,025	1,569,398
Bank loan G3M-080047	EUR	2024	960,600	459,336
Bank loan TCF-DK-26/2018	EUR	2025	1,067,333	612,448
Bank loan TCF-DK-8/2020	EUR	2023	1,320,825	0
Bank loan GYŐR-20-0087/1	EUR	2023	1,280,800	0
Bank loan G3M-081352	EUR	2024	2,161,350	1,224,896
Bank loan 2021/002	EUR	2024	2,161,350	1,224,896
Bank loan GYŐR-22-0052/1	EUR	2027	2,801,750	2,143,568
Bank loan GYŐR-22-0052/2	EUR	2025	1,400,875	1,339,730
Bank loan TCF-R-126/2022	EUR	2027	3,802,375	3,827,800
Bank loan 007L827223470001	EUR	2027	3,202,000	3,062,240
Bank loan 042L865202090001M	EUR	2023	385,862	0
Bank loan 042L865203430003M	EUR	2024	160,901	51,292
Bank loan 042L808231650002M	EUR	2026	0	695,966
Bank loan 042L801213420002M-01	EUR	2024	0	64,118
Lease liability	EUR		79,881	79,218
Transfer of negative bank account balance			74	0
Total non-current and current financial liabilities			**22,427,001**	**16,354,906**

Weighted average interest rate of loans in 2023 was 2.38% (in 2022 0.82%).

In the consolidated financial statements for 2022 current lease liabilities were recognised in the 'Trade and other financial liabilities' line item. As from 2023 current lease liabilities are recognised in the 'Current portion of loans and borrowings' line item.

The bank loans of the Group are secured by collateral.

77% of the Group's loans bears fixed interest and 23% bears floating interest; the loans are medium-term loans for export financing and covid-related loss mitigation purposes, and are repayable in part in instalments, in part in one amount when they expire.

The medium-term loans are supplemented with general short-term working capital financing loan facilities.

Breakdown of lease liabilities by term is included in Note 29.

Mortgages as at 31 December 2022

Company	**Bank**	**Assets category**	**Asset value* (HUF million)**
Rába Nyrt.	K&H Bank Zrt.	property	1,000
Rába Nyrt.	CIB Bank Zrt.	property	4,885
Rába Nyrt.	Raiffeisen Bank Zrt.	property	2,517
Rába Nyrt.	MKB Bank Zrt.	property	1,371
Rába Nyrt.	Erste Bank Zrt.	property	3,716
Rába Nyrt.	Erste Bank Zrt.	insurance policy	n.a
Rába Futómű Kft.	Raiffeisen Bank Zrt.	inventories	12,990
Rába Futómű Kft.	CIB Bank Zrt.	trade receivable	1,706
Rába Futómű Kft.	Raiffeisen Bank Zrt.	trade receivable	1,586
Rába Futómű Kft.	K&H Bank Zrt.	trade receivable	428
Rába Futómű Kft.	MKB Bank Zrt.	trade receivable	1,135

Mortgages as at 31 December 2023

Company	Bank	Asset category	Asset value* (HUF million)
Rába Nyrt.	K&H Bank Zrt.	property	889
Rába Nyrt.	CIB Bank Zrt.	property	5,917
Rába Nyrt.	Raiffeisen Bank Zrt.	property	2,893
Rába Nyrt.	MBH Bank Zrt.	property	430
Rába Nyrt.	Erste Bank Zrt.	property	4,362
Rába Nyrt.	MBH Bank Zrt.	property	955
Rába Nyrt.	Erste Bank Zrt.	insurance policy	n.a
Rába Futómű Kft.	Raiffeisen Bank Zrt.	inventories	11,585
Rába Futómű Kft.	CIB Bank Zrt.	trade receivable	1,043
Rába Futómű Kft.	Raiffeisen Bank Zrt.	trade receivable	1,082
Rába Futómű Kft.	K&H Bank Zrt.	trade receivable	30
Rába Futómű Kft.	MBH Bank Zrt.	trade receivable	869
Rekard Kft.	MBH Bank Zrt.	machinery	256

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

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

Note 17 Trade and other financial liabilities; Other non-current liabilities

	31 December 2022	31 December 2023
Trade liabilities	10,140,507	8,216,849
Lease liabilities	41,789	0
Accrued supplier costs	234,080	182,461
Interest payment liability	0	77,561
Financial liabilities	**10,416,376**	**8,476,871**
Other accrued expenses	413,879	128,452
Advances received	597,065	528,347
Advances related to grants	620,363	3,022,982
Tax liabilities	275,793	213,063
Wages and related contributions	1,669,595	1,473,018
VAT liability	242,441	123,840
Other	114,993	2,915
Non-financial liabilities	**3,934,129**	**5,492,617**
Total trade and other liabilities	**14,350,505**	**13,969,488**

As from 2023, income tax liability is removed from the 'Non-financial liabilities' line item
As from 2023, 'Current lease liabilities' were reclassified from 'Trade and other liabilities' to 'Current portion of loans and borrowings'

Financial liabilities by currency:

	31 December 2022	31 December 2023
HUF	2,213,754	1,600,716
EUR	8,199,634	6,858,261
USD	0	1,150
GBP	2,939	16,430
SEK	49	314
Total	**10,416,376**	**8,476,871**

Trade creditors by geography:

	31 December 2022	31 December 2023
Domestic trade creditors	6,594,091	5,278,502
Foreign trade creditors	3,546,416	2,938,347
Total	**10,140,507**	**8,216,849**

The 'Advances received' item within 'Other non-financial liabilities' include THUF 493,399, the other items are recognised in HUF amount.

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

Other non-current liabilities

	31 December 2022	31 December 2023
Deferred income from government grants	2,925,705	2,730,162
Total	**2,925,705**	**2,730,162**

Deferred income from government grants:

	Grant received	Amount used in previous years	Opening balance	Grant received in the reporting year	Amount used during the year	Closing balance
Rába Futómű Kft.	4,536,629	1,952,930	2,583,699	0	230,214	2,353,485
Rába Járműalkatrész Kft.	623,552	311,789	311,763	85,044	20,130	376,677
Rába Jármű Kft.	839,784	839,784	0	0	0	0
REKARD Kft.*	52,895	22,652	30,243	0	30,243	0
Grand total	**6,052,860**	**3,127,155**	**2,925,705**	**85,044**	**280,587**	**2,730,162**

*Grants of REKARD Kft. are included as at 1 July 2022, the date when it became a related company.

Government grants primarily relate to acquisition of assets and are accounted for over the useful life of the asset financed from the grant.

In the management's opinion no circumstances exist as at 31 December 2023 that would impose an obligation on the Companies to repay the grants.

Note 18 Segment reporting

Segment information is presented by business segment, in accordance with the internal reporting structure of the Group. Segment income and expenses, segment assets and segment liabilities include items directly attributable to a segment.

From a business perspective the Group has three main segments: Segment information is prepared by the Group for the management based on this business segmentation. The management is responsible for allocating business resources to the segments and for assessing performance.

Main segments of the Group:

- Axle
- Vehicles
- Parts
- Gear unit

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

31 December 2022	Axle	Vehicle	Parts	Gear unit	*Total segments*	Unallocated	Total separate	Intersegment eliminations	Consolidated
External revenue	39,930,505	1,890,406	19,636,670	2,206,566	*63,664,147*	682,431	64,346,577	0	64,346,577
Intersegment revenue	567,478	60	1,736,356	76,671	*2,380,565*	1,624,543	4,005,109	-4,005,109	0
Total sales revenue	**40,497,983**	**1,890,466**	**21,373,027**	**2,283,237**	***66,044,712***	**2,306,974**	**68,351,686**	**-4,005,109**	**64,346,577**
Cost of sales	-34,405,529	-1,381,761	-17,717,723	-1,928,580	*-55,433,593*	-600,539	-56,034,132	2,922,239	-53,111,893
Gross profit	**6,092,453**	**508,706**	**3,655,303**	**354,657**	***10,611,119***	**1,706,435**	**12,317,554**	**-1,082,870**	**11,234,684**
Selling and marketing expenses	-378,417	-28,646	-233,974	-36,473	*-677,510*	-6,532	**-684,042**	190,079	-493,963
General and administrative expenses	-5,365,105	-164,856	-2,481,600	-339,616	*-8,351,178*	-1,328,047	**-9,679,224**	543,549	-9,135,675
Other income	495,294	50,013	332,325	27,456	*905,088*	193,530	**1,098,618**	-115,856	982,762
Other expenses	-561,520	-9,849	-351,704	55,901	*-867,173*	-58,654	**-925,827**	381,992	-543,835
Total other operating expenses	**-5,809,748**	**-153,338**	**-2,734,953**	**-292,732**	***-8,990,772***	**-1,199,703**	**-10,190,475**	**999,764**	**-9,190,711**
Operating profit	**282,705**	**355,367**	**920,350**	**61,925**	***1,620,347***	**506,732**	**2,127,079**	**-83,106**	**2,043,973**
Interest income	9,072	12,618	1,417	9,158	*32,265*	86,670	118,935	-108,616	10,319
Interest expenses	-109,713	-2,649	-32,565	-916	*-145,843*	-59,164	-205,007	69,800	-135,207
Tax expense	-242,115	14,741	-181,993	11,070	*-398,297*	-80,898	-479,195	0	-479,195
Assets									
Property, plant and equipment	16,297,703	72,849	2,039,954	503,923	*18,914,429*	7,186,827	26,101,256	-58,255	26,043,001
Intangible assets	29,016	1,168	1,256	323	*31,762*	15,547	47,309	27	47,336
Investment property	0	0	0	0	*0*	331,522	331,522	0	331,522
Other non-current assets	0	0	0	0	*0*	1,332,730	1,332,730	-1,332,730	0
Inventories	12,377,361	164,804	2,096,868	1,337,315	*15,976,347*	14,938	15,991,285	-4,075	15,987,210
Trade and other receivables	8,821,974	5,031,420	7,155,039	847,437	*21,855,870*	3,964,946	25,820,816	-13,736,941	12,083,875
Cash and cash equivalents	5,571,749	10,995	4,545	462,757	*6,050,046*	2,511,627	8,561,673	0	8,561,673
Liabilities									
Other non-current liabilities	2,583,699	0	311,763	30,243	*2,925,705*	0	2,925,705	0	2,925,705
Provisions	67,894	12,791	105,754	10,905	*197,343*	177,334	374,677	0	374,677
Trade and other liabilities*	12,404,943	943,235	3,320,864	1,621,211	*18,290,253*	9,646,160	27,936,413	-13,778,728	14,157,685
Capital expenditure	2,396,804	65,187	172,901	350,191	*2,985,083*	723,173	3,708,256	0	3,708,256
Depreciation and amortisation	1,714,426	9,214	474,519	110,273	*2,308,433*	277,912	2,586,345	-323	2,586,022

31 December 2023	Axle	Vehicle	Parts	Gear unit	Total segments	Unallocated	Total separate	Intersegment eliminations	Consolidated
External revenue	41,897,203	2,291,812	23,222,472	4,772,156	*72,183,644*	658,255	72,841,899	0	72,841,899
Intersegment revenue	290,210	353,231	7,264	204,875	*855,579*	3,449,445	4,305,024	-4,305,024	0
Total sales revenue	**42,187,413**	**2,645,043**	**23,229,736**	**4,977,031**	***73,039,223***	**4,107,700**	**77,146,923**	**-4,305,024**	**72,841,899**
Cost of sales	-37,275,734	-2,005,576	-20,128,882	-3,843,044	*-63,253,236*	-814,793	-64,068,029	2,191,846	-61,876,183
Gross profit	**4,911,679**	**639,467**	**3,100,854**	**1,133,987**	***9,785,987***	**3,292,908**	**13,078,894**	**-2,113,178**	**10,965,716**
Selling and marketing expenses	-376,602	-20,863	-128,059	-60,607	*-586,131*	-14,596	**-600,728**	10,000	-590,728
General and administrative expenses	-6,001,065	-167,021	-1,976,064	-668,233	*-8,812,383*	-2,241,891	**-11,054,274**	1,805,083	-9,249,191
Other income	1,223,009	12,787	264,400	40,414	*1,540,609*	16,941	**1,557,550**	-809,732	747,818
Other expenses	-487,410	-32,440	-148,879	-42,042	*-710,771*	-368,930	**-1,079,700**	546,271	-533,429
Total other operating expenses	**-5,642,068**	**-207,538**	**-1,988,602**	**-730,468**	***-8,568,676***	**-2,608,476**	**-11,177,152**	**1,551,622**	**-9,625,530**
Operating profit/ loss	**-730,389**	**431,929**	**1,112,252**	**403,519**	***1,217,311***	**684,432**	**1,901,743**	**-561,557**	**1,340,186**
Interest income	337,037	106,779	78,944	1,349	*524,109*	303,893	828,002	-529,161	298,841
Interest expenses	-469,507	-13,689	-59,364	-37,687	*-580,246*	-301,979	-882,225	438,332	-443,893
Tax expense	-317,689	-62,038	-222,351	-76,829	*-678,907*	-90,641	-769,549	0	-769,549
Assets									
Property, plant and equipment	18,203,133	690,692	2,218,658	926,646	*22,039,128*	7,127,471	29,166,599	380,103	29,546,702
Intangible assets	30,775	516	1,007	226	*32,524*	9,518	42,042	27	42,069
Investment property	0	0	0	0	*0*	724,606	724,606	-393,084	331,522
Other non-current assets	0	0	0	0	*0*	823,627	823,627	-823,627	0
Inventories	11,045,006	51,611	1,832,450	1,114,858	*14,043,925*	71,693	14,115,618	-18,713	14,096,905
Trade and other receivables	6,432,106	4,352,051	5,367,447	472,704	*16,624,309*	4,447,717	21,072,026	-11,590,367	9,481,659
Cash and cash equivalents	3,682,559	15,888	10,022	4,188	*3,712,658*	699,790	4,412,448	0	4,412,448
Liabilities									
Other non-current liabilities	2,353,486	0	376,676	0	*2,730,162*	0	2,730,162	0	2,730,162
Provisions	78,629	14,061	98,631	34,653	*225,974*	181,344	407,318	0	407,318
Trade and other liabilities	13,454,806	272,087	3,281,359	435,473	*17,443,726*	8,190,577	25,634,303	-11,664,814	13,969,488
Capital expenditure	3,555,809	639,860	635,842	745,615	*5,577,126*	666,797	6,243,923	0	6,243,923
Depreciation and amortisation	1,626,598	25,536	443,962	183,673	*2,279,768*	274,833	2,554,601	-50,763	2,503,838

Note 19 Revenue

Revenue by geographical region:

	31 December 2022	31 December 2023
Europe	57,495,883	66,900,403
"-of which: Hungary	*17,753,083*	*19,389,404*
"-of which: Germany	*22,219,761*	*28,682,476*
"-of which: Europe - other countries	*17,523,039*	*18,828,523*
America	4,355,004	3,816,283
Asia	2,481,053	2,098,055
Australia	14,637	27,158
Total revenue	**64,346,577**	**72,841,899**

Revenue by activity:

	31 December 2022	31 December 2023
Sale of products	61,684,070	69,538,503
Provision of services	2,093,718	2,847,173
Rental income	568,789	456,223
Total revenue	**64,346,577**	**72,841,899**

Note 20 Operating costs

	31 December 2022	31 December 2023
Raw materials and consumable goods	45,329,800	47,308,712
Services used	6,605,808	9,669,046
Staff costs	10,199,423	12,224,875
Depreciation and amortisation	2,586,022	2,503,838
Own performance capitalised	-1,979,522	9,631
Total operating costs	**62,741,531**	**71,716,102**
Cost of sales	53,111,893	61,876,183
Selling and marketing expenses	493,963	590,728
General and administrative expenses	9,135,675	9,249,191
Total operating costs	**62,741,531**	**71,716,102**

Note 21 Staff costs

	31 December 2022	31 December 2023
Wages and salaries	8,219,000	9,872,789
Wage contributions	1,168,166	1,364,556
Other staff costs	812,257	987,530
Total staff costs	**10,199,423**	**12,224,875**

In 2023 average headcount was 1,322 (2022: 1,331).

Note 22 Other income and expenses

	31 December 2022	31 December 2023
equipment	401,281	0
Damage compensations and penalties received	126,406	64,611
Government grants	321,709	483,020
Expired liabilities	4,226	61,459
Other	129,140	143,824
Total other income	**982,762**	**752,914**
Taxes	-191,509	-354,077
Scrapped inventory items	-286,358	0
Impairment and scrapping of property, plant and equipment as well as intangible assets	-22,074	-10,455
equipment	0	-5,096
Impairment of trade receivables	-69,146	
Provisioning - other	-5,045	0
Provisions released	200,588	687
Fines, damage compensation, loss events	-139,071	-56,928
Other	-31,220	-42,668
Total other expenses	**-543,835**	**-468,537**
Total net other income	**438,927**	**284,377**
Impairment loss on trade receivables and contract assets	0	-69,988

As from FY 2023, impairment of trade receivables is recognised in a separate line item. Inventory scrap is included in the operating costs. Total inventory scrap in 2023 is THUF 319,966.

Note 23 Finance income and costs

	31 December 2022	31 December 2023
Interest income	10,320	298,841
Exchange gain on trade receivables	541,613	0
Exchange gain on trade liabilties	0	254,936
loans	0	889,982
Other	0	35,957
Total finance income	**551,933**	**1,479,716**
Interest expense	-135,207	-443,893
Exchange loss on trade receivables	0	-390,187
Exchnage loss on trade liabilities	-508,669	0
loans	-973,437	0
Other	-9,789	-32,506
Total finance costs	**-1,627,102**	**-866,586**
Net finance income/ costs	**-1,075,169**	**613,130**

Interest income for 2022 and 2023 typically relates to cash and cash equivalents. Year and FX difference on cash and cash equivalents is THUF 114,895 loss; the fx gain on the year end revaluation of loans is THUF 687,715.

Note 24 Income tax

Composition of income tax expense for the period:

	31 December 2022	31 December 2023
Corporation tax	84,251	135,068
Business tax	335,474	472,197
Innovation contribution	57,737	82,576
Deferred tax	1,733	79,708
Total income tax expenses	**479,195**	**769,549**

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

Rába is resident for tax purposes in Hungary and it pays corporation tax based on its net profit or loss. In 2023 the corporation tax was 9% of the adjusted non-consolidated pre-tax profit. It has a local tax liability on revenues less material costs, cost of goods sold and the value of re-invoiced services, the rate of which is 1.6% in Győr and 2% at the other sites.

As at 31 December 2023 the balance of corporation tax and business tax assets and liabilities is THUF 169,891 income tax liability, and as at 31 December 2022 THUF 151,031 income tax liability for the Group, which includes transfer of the innovation contribution in the previous year. As from FY 2023 income tax liability is recognised in a separate line item rather than within other non-financial liabilities.

Deferred taxes were assessed based on the expected time of recovery, using future tax rates that became known in 2023 (the same as the above rates).

As at 31 December 2023 deferred tax assets amounted to THUF 34,242 (in 2022: THUF 32,405) and deferred tax liabilities to THUF 320,177 (in 2022: THUF 238,635).

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

	31 December 2022	Increase in profit	Decrease in profit	31 December 2023
Tax loss carried forward	**203,568**	**0**	**-20,004**	**183,564**
Rába Futómű Kft.	183,564	0	0	183,564
Rába Járműalkatrész Kft.	20,004	0	-20,004	0
Lease	**-801**	**676**	**-81**	**-206**
Rába Nyrt.	159	0	-62	97
Rába Futómű Kft.	-660	426		-234
Rába Jármű Kft.	-44		-19	-63
Rába Járműalkatrész Kft.	-256	198		-58
Rekard Kft.	0	52		52
Trade and other receivables	**13,776**	**252**	**-1,912**	**12,116**
Rába Futómű Kft.	11,398	0	-1,710	9,688
Rába Jármű Kft.	707	0	0	707
Rába Járműalkatrész Kft.	903	0	-202	701
Rekard Kft.	768	252	0	1,020
Provisions	**44,071**	**3,493**	**-641**	**46,923**
Rába Nyrt.	15,960	361	0	16,321
Rába Futómű Kft.	6,110	967	0	7,077
Rába Jármű Kft.	11,501	28	0	11,529
Rába Járműalkatrész Kft.	9,518	0	-641	8,877
Rekard Kft.	982	2,137	0	3,119
Property, plant and equipment	**-387,393**	**1,109**	**-80,517**	**-466,801**
Rába Nyrt.	14,536	0	-1,534	13,002
Rába Futómű Kft.	-395,539	0	-77,794	-473,333
Rába Jármű Kft.	5,066	1,109	0	6,175
Rába Járműalkatrész Kft.	-11,456	0	-1,189	-12,645
Rekard Kft.	0	13	0	13
Development reserve	**-79,451**	**17,907**	**0**	**-61,544**
Rába Nyrt.	0	0	0	0
Rába Futómű Kft.	-39,610	11,709	0	-27,901
Rába Jármű Kft.	-17,760	30	0	-17,730
Rába Járműalkatrész Kft.	-22,081	6,168	0	-15,913
Total net deferred tax	**-205,429**	**22,761**	**-103,074**	**-285,742**
Rába Nyrt.	**30,655**	**361**	**-1,596**	**29,420**
Rába Futómű Kft.	**-234,737**	**13,102**	**-79,504**	**-301,139**
Rába Jármű Kft.	**-530**	**1,167**	**-19**	**618**
Rába Járműalkatrész Kft.	**-3,368**	**6,366**	**-22,036**	**-19,038**
Rekard Kft.	**1,750**	**2,454**	**0**	**4,204**
Deferred tax assets (+) liabilities (-)	**-238,635**			**-320,177**
Deferred tax assets (+) liabilities (-)	**32,405**			**34,242**

Tax losses of the Group carried forward amounted to THUF 16,711,198 as at 31 December 2023, of which THUF 416,473 can be used until 2024, THUF 666,103 until 2025, THUF 498,009 until 2026, THUF 714,371 until 2027, THUF 1,427,314 until 2028 and the remaining amount until 2030 (as at 31 December 2022 THUF 15,941,267 of which THUF 416,473 can be used until 2024, THUF 666,103 until 2025, THUF 498,009 until 2026, THUF 714,371 until 2027 and the remaining amount until 2030). The Group uses its losses carried forward based on the FIFO method.

No deferred tax to be recognised in other comprehensive income arose.

A deferred tax asset is only recognised by the Group to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is still probable that the related tax benefit will be realised. Accordingly, as at 31 December 2023 the Group accounted for THUF 183,564 deferred tax assets for THUF 2,039,599 tax loss (as at 31 December 2022 THUF 203,568 deferred tax assets for THUF 2,261,867 tax loss). Losses carried forward, for which deferred tax assets were recognised, can be used until 2030 at the latest.

	31 December 2022	**31 December 2023**
Profit before tax	2,111,365	1,953,316
Calculated corporation tax	190,023	175,798
Local business tax and innovation contribution	393,211	554,772
Permanent differences for which no deferred tax is recognised	-39,745	0
Deferred tax not recognised for tax loss	-64,294	0
Under- and over-recognition in previous years	0	38,979
Total tax expenses	479,195	769,549
Effective tax rate	*23%*	*39%*

In 2023 the corporation tax rate applicable to the tax base of the Rába Group calculated under Hungarian tax laws was 9%.

Note 25 Related party transactions

ii) Transactions with key management personnel

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

	Expense on the transaction		Outstanding liability	
	31 December		**31 December**	
	2022	**2023**	**2022**	**2023**
Staff benefits for key management personnel	235,667	327,515	49,035	63,856
Honorarium paid to the Board of Directors	52,800	52,800	0	0
Honorarium paid to the Supervisory Board*	25,595	27,336	0	0

Senior executives of the Group as at 31 December 2023:

Name	Position	BoD	SB	AC	Mgm
Hetzmann Béla	Chairman of the Board	x			
dr. Szász Károly	Board member	x			
dr. Csüllög Nóra	Board member	x			
Lang-Péli Éva	Board member	x			
Majoros Csaba	Board member	x			
Mráz Dániel Emanuel	Board member	x			
Prfof. Dr. Palkovics László	Chairman of the Supervisory Board		x	x	
dr. Szabó Sándor József	Member of the Supervisory Board		x	x	
Dr. Harmath Zsolt	Member of the Supervisory Board		x	x	
Hetzmann Béla	President-CEO				x
Lang-Péli Éva	General Deputy CEO				x
Szilágyi Roland	Rába Futómű Kft. Managing Director				x
Urbányi László	Rába Járműalkatrész Kft. Managing Director				x
Torma János	Rába Jármű Kft. Managing Director				x
Vincze Péter	Rába Jármű Kft. Managing Director				x
Horváth Gábor	Rába Futómű Kft. Chairman of the Supervisory Board		x		
Kiss Zsolt	Rába Futómű Kft. Member of the Supervisory Board		x		
dr. Frank József	Rába Futómű Kft. Member of the Supervisory Board		x		
Lang-Péli Éva	Rába Járműalkatrész Kft. Chairwoman of the Supervisory Board		x		
Szabó Gergely László	Rába Járműalkatrész Kft. Member of the Supervisory Board		x		
Vámos János	Rába Járműalkatrész Kft. Member of the Supervisory Board		x		
Lang-Péli Éva	Rába Jármű Kft. Chairwoman of the Supervisory Board		x		
Farkas Ákos	Rába Jármű Kft. Member of the Supervisory Board		x		
Boldis Géza	Rába Jármű Kft. Member of the Supervisory Board		x		
Lang-Péli Éva	REKARD Kft. Chairwoman of the Supervisory Board		x		
Horváth Gábor	REKARD Kft. Member of the Supervisory Board		x		
Boros Ildikó	REKARD Kft. Member of the Supervisory Board		x		

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

ii) Transactions and current balances with state-owned businesses

The Company has been in majority state ownership since 18 April 2012. Shareholder rights on behalf of the Hungarian State are exercised by N7 Holding Zrt., whose ownership share is 54.34%.

There were no significant balances (over HUF 50 million) between the Company and state-owned entities where the state ownership exceeds 50%.

Note 26 Financial risks

i) Credit risk

Exposure to credit risk

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

	31 December 2022	31 December 2023
Trade and other financial receivables	9,073,011	7,437,601
Other receivables	3,010,864	2,108,463
Cash and cash equivalents	8,561,673	4,412,448

Net trade receivables by geographical segment as at 31 December 2022 and 2023:

	31 December 2022	31 December 2023
Europe	7,866,945	6,597,680
"-of which: Hungary	1,686,607	1,195,555
"-of which: Germany	3,443,219	3,477,788
America	917,907	621,445
Asia	287,205	174,750
Australia	954	0
Total receivables	**9,073,011**	**7,393,875**

Ageing of net trade receivables as at 31 December 2022 and 2023:

	31 December 2022			
	Gross receivable	Impairment	Impairment %	**Net receivable**
Receivables not past due	*7,097,076*	*0*	*0*	*7,097,076*
1-90 days past due	1,827,315	-1,797	0.1	1,825,518
91-180 days past due	88,649	-8,856	10	79,793
181-365 days past due	83,247	-13,102	15.74	70,145
More than 365 days past due	81,116	-80,637	99.41	479
Total past due	*2,080,327*	*-104,392*	*5.02*	*1,975,935*
Total	**9,177,403**	**-104,392**	**1.14**	**9,073,011**

	31 December 2023			
	Gross receivable	Impairment	Impairment %	**Net receivable**
Receivables not past due	*6,277,466*	*0*	*0*	*6,277,466*
1-90 days past due	1,007,186	0	0	1,007,186
91-180 days past due	93,093	-7,806	8.39	85,287
181-365 days past due	28,776	-7,508	26.09	21,268
More than 365 days past due	76,533	-73,865	96.51	2,668
Total past due	*1,205,588*	*-89,179*	*7.4*	*1,116,409*
Total	**7,483,054**	**-89,179**	**1.19**	**7,393,875**

Expected credit loss is assessed by analysing the figures of the past 3 years, also adjusted for forward-looking information.

Changes in impairment allowance for uncertain and doubtful debts:

	Impairment allowance for uncertain and doubtful debts
1 January 2022	**114,603**
reversed impairment	0
impairment booked	69,146
impairment attributable to derecognised items	-79,357
31 December 2022	**104,392**
reversed impairment	0
impairment booked	69,988
impairment attributable to derecognised items	-85,201
31 December 2023	**89,179**

The Group treats receivables from sale of the asset and provision of services in accordance with the rights and obligations laid down in individual partner contracts. This involves reviewing at least annually the risks and collateral identifiable based on the relevant contracts that can influence future cash flows from such receivables. Based on the review, a loss allowance is recognised for the outstanding receivables at the level of the individual transactions to the extent that the future recovery of the given receivable is at risk in spite of the integrated collateral.

The Group has no receivables that were previously written off but would be subject to enforcement procedure.

The Group recognised 100% impairment on receivables recorded among ’Other non-current assets’.

ii) Liquidity risk

Contractual maturity analysis of loans including estimated interest payments:

31 December 2022

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Bank loan TCF-DK-26/2018	1,067,333	1,077,046	432,910	429,922	214,214	0	1,061,352
Bank loan G3M-080047	960,600	967,324	485,343	481,981	0	0	956,704
Bank loan G3M-081352	2,161,350	2,177,644	892,425	1,285,219	0	0	2,152,277
Bank loan 2021/002	2,161,350	2,177,644	892,425	1,285,219	0	0	2,152,277
Bank loan 2009/081	1,641,025	1,663,589	1,663,589	0	0	0	1,651,369
Bank loan TCF-DK-8/2020	1,320,825	1,325,382	1,325,382	0	0	0	1,315,646
Bank loan GYŐR-20-0087/1	1,280,800	1,285,219	1,285,219	0	0	0	1,275,778
Bank loan GYŐR-22-0052/1	2,801,750	2,939,106	606,999	596,633	1,735,474	0	2,875,511
Bank loan GYŐR-22-0052/2	1,400,875	1,467,066	26,477	26,477	1,414,113	0	1,425,414
Bank loan TCF-R-126/2022	3,802,375	4,151,560	72,245	72,245	4,007,070	0	4,033,595
Bank loan 007L827223470001	3,202,000	3,573,432	76,848	76,848	3,419,736	0	3,472,424
Bank loan 042L865202090001M	385,862	386,228	386,228	0	0	0	383,391
Bank loan 042L865203430003M	160,901	161,155	107,471	53,684	0	0	159,580
Lease liabilities	79,881	79,881	41,789	38,092	0	0	79,881
Negative bank account balance	74	74	74	0	0	0	74
Total loans, borrowings and leases	**22,427,001**	**23,432,351**	**8,295,425**	**4,346,319**	**10,790,607**	**0**	**22,995,272**

31 December 2023

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Bank loan TCF-DK-26/2018	612,448	616,021	411,157	204,864	0	0	610,002
Bank loan G3M-080047	459,336	460,944	460,944	0	0	0	457,558
Bank loan G3M-081352	1,224,896	1,229,122	1,229,122	0	0	0	1,220,093
Bank loan 2021/002	1,224,896	1,229,122	1,229,122	0	0	0	1,220,093
Bank loan 2009/081	1,569,398	1,605,172	1,605,172	0	0	0	1,593,381
Bank loan GYŐR-22-0052/1	2,143,568	2,227,837	570,591	560,677	1,096,569	0	2,183,591
Bank loan GYŐR-22-0052/2	1,339,730	1,416,999	51,513	1,365,486	0	0	1,396,633
Bank loan TCF-R-126/2022	3,827,800	4,173,259	72,728	72,728	4,027,803	0	4,054,681
Bank loan 007L827223470001	3,062,240	3,411,335	73,494	73,494	3,264,348	0	3,314,914
Bank loan 042L865202090001M	51,293	51,341	51,341	0	0	0	50,964
Bank loan 042L865203430003M	695,964	740,076	304,526	291,455	144,095	0	729,388
Bank loan 042L801213420002M-01	64,120	65,624	65,624	0	0	0	65,142
Lease liabilities	79,218	79,218	37,649	41,569	0	0	79,218
Total loans, borrowings and leases	**16,354,906**	**17,306,070**	**6,162,982**	**2,610,274**	**8,532,814**	**0**	**16,975,660**

The bank loans of the Group are secured by collateral.

Maturity analysis of trade and other financial liabilities:

31 December 2022

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	10,140,507	10,140,507	10,140,507	-	-	-	10,140,507
Lease liabilities	41,789	41,789	41,789				41,789
Accrued supplier costs	234,080	234,080	234,080	-	-	-	234,080
Total	**10,416,376**	**10,416,376**	**10,416,376**	**0**	**0**	**0**	**10,416,376**

31 December 2023

	Carrying amount	Contractual cash flows	Less than 12 months	1-2 years	2-5 years	More than 5 years	Fair value of future cash flows
Trade liabilities	8,216,849	8,216,849	8,216,849	-	-	-	8,216,849
Interest liability	77,561	77,561	77,561				77,561
Accrued supplier costs	182,461	182,461	182,461	-	-	-	182,461
Total	**8,476,871**	**8,476,871**	**8,476,871**	**0**	**0**	**0**	**8,476,871**

iii) Currency risk

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

	Average rate		Spot rate as at 31 December	
	2022	**2023**	**2022**	**2023**
EUR	391.33	381.95	400.25	382.78
USD	373.11	353.25	375.68	346.44

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

Currency	**31 December 2022**			**31 December 2023**		
	Rate of strengthening	**Equity**	**Profit or loss**	**Rate of strengthening**	**Equity**	**Profit or loss**
EUR	8%	1,133,103	1,133,103	-0.58%	-92,050	-92,050
USD	15%	-88,547	-88,547	-1.03%	4,167	4,167

iv) Interest rate risk

As at the reporting date 77% of the Group's interest bearing financial instruments were fixed-rate loans, see Note 16.

The weighted average interest rate for loans in 2023 was 2.38% (in 2022 0.82%).

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

v) Fair values

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

	Carrying amount	
	31 December 2022	**31 December 2023**
Trade and other receivables	9,073,011	7,437,601
Cash and cash equivalents	8,561,673	4,412,448
Non-current financial liabilities*	22,427,001	16,354,906
Trade and other liabilities	10,416,376	84,768,712

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

Except for non-current financial liabilities, the carrying amount of financial instruments is a reasonable approximation of fair value, as they typically mature within one year.

As at 31 December 2023 the fair value of non-current financial liabilities amounted to THUF 16,975,660 and their carrying amount totalled THUF 16,354,906 (as at 31 December 2022: fair value THUF

22,995,272, carrying amount THUF 22,427,001). The Group calculates the fair value of these liabilities using the discounted cash flow method, the discount rate used is 1.37%. Fair value measurement is classified at Level 3 of the fair value hierarchy.

Note 27 Earnings per share

i) Basic earnings per share

The basic earnings per share amount as at 31 December 2023 was calculated based on the THUF 1,183,767 profit for the year (2022: THUF 1,632,170 profit) and the weighted average number of ordinary shares outstanding: 13,352,765 shares (2022: 13,352,765 shares), as follows:

	2022	**2023**
Issued ordinary shares at 1 January	13,473,446	13,473,446
Effect of treasury shares held	-120,681	-120,681
Effect of share options exercised	0	0
Weighted average number of ordinary shares at 31 December	**13,352,765**	**13,352,765**
Profit for the year	1,632,170	1,183,767
Basic earnings per share (HUF/share)	122	89

ii) Diluted earnings per share

	2022	**2023**
Weighted average number of ordinary shares	13,352,765	13,352,765
Number of exercisable share options	0	0
Diluted weighted average number of ordinary shares	**13,352,765**	**13,352,765**
Profit for the year	1,632,170	1,183,767
Diluted earnings per share (HUF/share)	122	89

During 2016 the share option plan was terminated, no exercisable options remained, thus the share option has no dilutive effect. In 2023 there were no changes in the treasury shares.

Note 28 Capital commitments and contingencies

As at 31 December 2023 future capital expenditure, other services and ordered inventories commitments of the Group amounted to THUF 16,254,887, of which THUF 6,493,319 relates to capital expenditure, THUF 8,922,368 to purchase of inventories and THUF 839,200 to services. (In 2022 the total amount was THUF 14,691,318, of which THUF 3,782,233 related to capital expenditure, THUF 10,580,589 to purchase of inventories and THUF 328,496 to services.)

The Group does not have any contingent liabilities as at 31 December 2022 and 2023.

Note 29 Lease liabilities

Maturity analysis of lease payments for the lease contracts:

	31 December 2022	**31 December 2023**
Less than one year	41,789	37,649
Between one and five years	38,092	41,569
More than five years	-	-
Total leases	**79,881**	**79,218**

The Group typically leases vehicles and trolleys. The term of the leases is typically between 1 and 5 years.

Interest expenses arising from lease liabilities are recognised under finance costs and amounted to THUF 4,791 in 2023 (2022: THUF 5,889).

Note 30 Subsequent events and Miscellaneous

Subsequent events

There were no events after the reporting date which would have an impact on the financial statements for 2023.

Miscellaneous:

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

The Company and its subsidiaries had only marginal turnover from transactions with Russian and Ukrainian partners in the 2023 financial year and it has no outstanding receivables from these partners as at the reporting date.

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

Note 31 Disclosures required by the Hungarian Act on Accounting

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

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

Website of the Company: www.raba.hu

ii) Company providing bookkeeping services:

As the employee of Rába Nyrt.:

Name: Melinda Kelemen Registration no.: 151546

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

Professional accountant responsible for the audit: Attila Sándor Juhász
Chamber registration number: 006065

For the financial year ended 31 December 2023 the fee for the audit of the consolidated financial statements is THUF 29,000 + VAT; the fee for the audit of separate financial statements and the audit of subsidiaries is THUF 46,000 + VAT. The audit contract includes the translation of the separate and consolidated financial statements of Rába Járműipari Holding Nyrt. from Hungarian to English.

In 2023 the Group did not use other assurance, tax advisory or other non-audit services.

iv) Proposal on the appropriation of profit after tax:

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

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Report of the Supervisory Board of RÁBA Automotive Holding Plc.
to the Annual General Meeting on the annual financial statements of 2023,
on the allocation of the total profit for the reporting year and
on the submissions to the General Meeting

At its regular meetings held quarterly in the financial year, the Supervisory Board – also in its capacity as Audit Committee - discussed and approved the reports of the Board of Directors on the Company's quarterly activity, its financial management as well as on its most significant events.

The Supervisory Board continuously monitored the operation of the internal control organization, had its leader reports and discussed the reports on internal revisions as well as on follow-up revisions. The Supervisory Board set the internal control plan for the year, and in some cases gave instructions with regard to further monitoring considerations and fields to be monitored.

The Supervisory Board has been in contact with the Company's auditor and they jointly discussed the reports of the Board of Directors to be submitted to the Annual General Meeting.

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

Description	2022		2023	
	Rába Plc. IFRS	consolidated IFRS	Rába Plc. IFRS	consolidated IFRS
Sales revenue	2 306 974	64 346 577	4 107 700	72 841 899
Operating profit	558 112	2 043 973	684 432	1 340 186
Profit before taxes	1 205 018	2 111 365	751 839	1 953 316
Total comprehensive profit for the year	1 124 119	1 632 170	661 198	1 183 767
Issued capital	13 473 446	13 473 446	13 473 446	13 473 446
Own equity	16 455 123	22 812 493	17 116 321	23 996 260
Balance sheet total	26 944 727	63 087 227	25 489 779	57 948 202

The Supervisory Board – in agreement with the Audit Committee and taking the auditor reports into consideration - determined that the financial statements give a true and fair view of the Company's operation.

The Supervisory Board proposes to the General Meeting to approve the Company's normal and consolidated financial statements for the FY 2023 drawn up as per IFRS as well as the proposal of the Board of Directors for the allocation of total profit for the reporting year and the Report on Corporate Governance.

Based on the executive statement of the Company's CEO on the operation of the internal controlling system, the Supervisory Board of the Company has established that an adequate controlling environment has been developed within the Company, management set annual goals in line with the organisational strategy and the processes necessary to implement the goals have been devised, risks threatening the goals have been assessed and managed and the appropriate controls have been put in place for the various processes, ensuring monitoring, supervision and feedback.

The Supervisory Board inspected all the submissions and draft resolutions of the Board of Directors to be proposed to the General Meeting, and it supports them and proposes to the General Meeting to approve them.

Annex: Executive statement on the operation of the internal control system

Győr, March 26, 2024

Prof. Dr. László Palkovics
Chairman
On behalf of the Supervisory Board of RÁBA Plc.

Executive Statement on the Operation of the Internal Control System

I the undersigned, Béla Hetzmann, as the top executive of RÁBA Automotive Holding Plc., (hereinafter: Company) hereby declare that in the context of the internal controlling system of the Company under my management, in 2023, I acted in accordance with the provisions of act CXCVI of 2011 on national assets, in consideration of the principles of responsible management of the national assets.

I furthermore declare that I took the following measures to ensure compliance with the provisions of paragraph 7/J. § of act CXXII of 2009 on the more efficient operation of publicly owned enterprises and with the provisions of the Government Decree No. 339/2019. (XII. 23.) on the internal controlling system of publicly owned companies.

Controlling environment

The Company is committed to business profitability achieved through ethical means, in accordance with corporate guidelines and views long-term, positive business as its key objective. This defines the desirable forms of conduct outlined in the Code of Ethics and Business Conduct. It is important for all employees to become familiar with these expectations and to be able to identify with their internal contents and to enforce these in their everyday work. Both management and employees have been supportive towards the Company's continuous internal control. Management has acted in an exemplary fashion towards employees throughout the year by developing ethical values, nurturing integrity and in terms of enforcing the ethical norms in the course of their everyday work.

For the sake of the fair and transparent business operations, the Company operates an internal employer misconduct reporting system, which aims to ensure the possibility of employer reporting of misconducts in violation of laws, internal procedures and rules representing the Company's ethical principles.

The Company has developed a general procedure for the receipt and review of breaches, irregularities, as well as of claims regarding integrity and corruption risks to thus ensure the effective management of corruption risks within the organisation and to improve the resilience of the organisation in the face of corruption.

The Company has set its strategic objectives, longer-term directions and the order of precedence of its goals in the strategic plan and the short-term goals in its business plans and has developed the organisational structure best suited to achieve our goals and to carry out our tasks in the most efficient manner. The Company has devised a financial plan that ensures that any situation threatening with insolvency can be avoided, i.e. the company's liquidity position remains positive throughout the financial year. All our employees are expected to take an active part in the efficient implementation of the Company's strategic objectives. For this management has provided the employees with clearly formulated information regarding the strategic goals and the operational objectives broken down by organisational units, to ensure they can identify with and pay special attention to such goals and objectives when performing their tasks. In addition to a general overview of the set of goals, employees are informed in writing, complete with performance indicators set regarding the requirements relevant to their individual goals. Employees accepted the individually set goals and tasks, as well as the related responsibility in the course of the annual performance review and understood how the set goals are connected to the fundamental goals of the Company.

Through carefully conceived human resource policy, the management makes continuous and conscious efforts of staff recruitment, to motivate employees to achieve the goals and to identify with the goals of the management, as well as to familiarize and have all employees accept the requirements and to ensure the practical implementation of ethical and financial incentives, as well as to offer a nurturing a positive work atmosphere, fostering good employees relations, developing the skills, expertise and competences of employees in a targeted fashion, including where needed school and professional training and upskilling.

The Company's organisational structure nurtures financially viable, efficient and profitable work, facilitates the implementation of interrelated processes and the flow of work-related information and has a logically built reporting route. The corporate management system and internal controlling operating within the Company ensure the transparent, regular, regulated, economical, efficient and profitable use of available funds.

As part of the internal controlling system, the Company records processes in order to ensure that all employees are familiar with the process, as well as with their own role within. The process description, together with the general information, flowcharts and control routes together form the documentation of any given process.

The regulations adopted within the framework of the complex system of rules developed in order to ensure the proper operation of the Company, lay the foundation for the economical, efficient and profitable operation and facilitate the implementation of interrelated processes. The Basic Rules of RÁBA Plc. define the basic tasks necessary to fulfil organisational targets and stipulate the spheres of activities. The Company's Organisational Rules and Procedures define the fundamental modus operandi of the Company, as well as its organisational structure, tasks, responsibilities and competences and the rights and obligations of its employees. The personalised tasks, as well as areas of responsibility and authority of the employees are set forth in their job descriptions.

The Company expects its employees, regardless of their position, to be aware of the legal regulations directly affecting their job, as well as of the contents of the internal regulations based on such legal regulations. Employees need to be familiar with the goals and organisational structure of the Company in order to see and understand their role within the Company, as well as the relations of their operating level both in both a vertical (up and down) and a horizontal (with other organisational units) sense.

The Company has drafted its internal regulations required by law and subjects these to regular revisions and updating as necessary.

The management of the Company has established risk tolerance thresholds for the entire Company, and within that in consideration of the specific characteristics of the various processes. The purpose of risk management is to mitigate and reduce to below the tolerance threshold the impacts of risks and/or the probability of their occurrence.

Integrated risk management system

The Company operates an integrated risk management system, within which risks inherent to the operation of the Company and associated with the organisational targets are identified and analysed in a comprehensive manner to be managed in the interest of efficient and profitable operation and identifies the measures necessary to reduce the individual risks to the level below the tolerance threshold, as well as the sphere of organisational units effected by the measure, the method and procedural order of continuous monitoring of such measures.

Controlling activities

Controlling activities, i.e. procedures supplementing the controlling environment (tools, procedures, mechanisms) have been developed by the management in order to manage risks and facilitate the fulfilment of Company goals in terms of operating effectiveness and efficiency, the reliability of financial reporting and compliance with the applicable regulations, requirements and guidelines. Controls are developed by the management subject to the complexity and significance of the process at hand, in consideration of Company goals and of risks identified.

As part of the controlling activity, the Company ensures that controls are developed for all activities, especially the preparation of decision-making documents, viability, feasibility, efficiency and profitability assessment of decisions and the approval and countersigning of decisions from a compliance point of view, as well as for accounting related to business events.

Through the use of preventive, corrective, directive and detective controls, and by developing the detailed rules of application, the Company facilitates the appropriate operation of controlling activities. The rules are spelt out in various regulating documents (Rules of Operation and Procedures, operating order, internal rules, guidelines, instructions, manuals, roadmaps, process descriptions, control routes, job descriptions, mandatory certificates, reports, sample documents, forms). In view of the characteristics of its operation, the Company endeavours to strike a balance between the preventive and exploratory controlling activities.

By establishing individual (executive, organisational, authority, operational, accounting, approval, access, interruption, nominal and physical) controls and control points to suit the nature of the process at hand, and incorporating them into the process, the Company ensures regular and efficient process operation and the management of risks threatening the operation (prevention, correction, ignoring).

Information and communication system

Information and communication are indispensable for the operation of the Company and its internal controlling system. The primary aim of the internal flow of information within the Company is to ensure that employees are provided with adequate guidance to achieve the goals set by management and to provide reliable feedback to the management of the implementation and the performance of tasks, based on which the necessary corrective measures can be taken.

In the interest of suitable controls, the Company regulates access rights to the various information, ensuring that confidential information, qualified and personal data are protected.

The Company has developed its information and communication system in such a way that it can provide objective information to management, executive bodies and partners. On the other hand, it ensures that through the appropriate communication channels, external information reaches the organisational unit where such information can be utilised. In view of the importance of the reliability of information, internal rules make sure that in an official form only verified information can be circulated within or in justified cases leave the Company, and that confidential information is not released to unauthorised parties.

The access authorisation system of the Company's document management system ensures that only information and data essentially needed to make prudent and justified decisions and actions reach each level.

In accordance with the provisions of the Hungarian and European Union data protection regulations (GDPR), the Data protection and data security regulations of the Company regulate the records kept on the internal data management processes of the Company, as well as the range of personal data managed, the definition of the way of data management, as well as the rights of those involved.

Monitoring system

In the course of monitoring, the Company continuously follows and evaluates key objectives, external/internal characteristics, as well as other elements of the internal controlling system. Within this, the process of implementing the organisational goals at various levels are monitored, ensuring that as a result, structured information on relevant events and activities supporting the decision making can be gathered regularly.

The monitoring system built and operated by the management encompasses the entirety of the organisation, focusing on the processes that influence the fulfilment of objectives to the greatest extent and is continuously renewed in line with the changing circumstances.

The most important task of the Company's internal controlling is the examination and evaluation of the operation of the internal controlling system in order to increase its effectiveness and efficiency.

Compliance support is an integral part of the Company's internal controlling system. The primary aim of the compliance support function is to ensure that in terms of its external and internal activities, the Company should comply with the provisions of the relevant regulations and the internal rules adopted by the Company, as well as with ethical, moral and social norms.

While the internal controlling of the 3rd line of defence carries out ex-post controls, the compliance support within the 2nd line of defence means continuous controls in the operation of the organisation by supporting compliance with the regulations, forming a proactive part of the operating activities and making proposals to the management.

Internal controls have not revealed any breaches or shortcomings threatening the operation of the Company and damaging shareholder interests. Measures aimed at eliminating the defaults detailed in the internal controlling reports have been taken or are in progress, the proposals formulated have been implemented.

An appropriate controlling environment has been developed within the Company, management has, in line with the organisational strategy, defined annual goals and the processes necessary to implement those goals have been put in place. Risks threatening the objectives have been assessed and managed, appropriate controls have been developed for the processes and monitoring, review and feedback are ensured.

Győr, March 26, 2024

Béla Hetzmann
Chairman-CEO

Discussed by the Supervisory Board: 26.03.2024

By its resolution No 5/2024.(III.26.), the Supervisory Board approved the Executive Statement on the Operation of the Internal Controlling System.

Győr, 26 March, 2024

Prof. Dr. László Palkovics
Chairman of the Supervisory Board

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RÁBA Automotive Holding Plc.

CORPORATE GOVERNANCE REPORT

according to the Corporate Governance Recommendations of Budapest Stock Exchange

2023

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Index

Introduction

The Company

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

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

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

RÁBA Plc. and its subsidiaries are committed to the increasing business profit achieved according to the company directives and in an ethical way. The basic target is to ensure a stable, permanent positive business. This target determinates also the desired attitudes, which are fixed in the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Code_of_Ethics_2023.11.pdf

Rába Group

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

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

1.1.1. Short description of the Board of Directors' activity

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

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

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

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

1.1.2. Authority and tasks of the Board of Directors

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

The detailed rules for the tasks, the authority and operation of the Board of Directors are contained in the Articles 19-21 of the Articles of Association of RÁBA Plc and in the Rules of Procedure of the Board of Directors, that are available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Rules_of_Procedure_Board_2022.pdf

1.1.3. Management

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

1.1.3.1. Chief Executive Officer

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

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

The detailed rules for the tasks and the authority of the Chief executive Officer are contained in the Article 22 of the Articles of Association of RÁBA Plc, which is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf

1.1.3.2. Deputy Chief Executive Officer

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

The scope of activities of the general deputy general manager includes the performance of tasks related to specific case group, organizational unit and the general deputy tasks in the absence of the CEO, the management of the financial, accounting, business planning tasks of the Group, monitoring of the operation of the Group's companies, financial analysis thereof, preparation of the guidelines, coordination of the sale and leasing of assets.

1.1.3.3. Commercial Director

The Chief Executive Officer exercises the fundamental employer's rights (establishing, terminating employment relations, amendment of employment contracts, establishment of remuneration, severance pay) and the other employer's rights, establishes the performance requirements and the related

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benefits (performance based wages or other benefits) in relation to the Commercial Director.

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

1.1.3.4. Human resources Director

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

Planning, organization, managing, coordination and controlling of the human resources management, preparation and implementation of the human resources development (human strategy) fitting into the business plan, creation of management information systems, planning systems, analysing methods fall within the Human resources Director's activity.

1.1.4. Relationship between the Board of Directors and the Management

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

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

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

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

1.2.1. Members of Board of Directors

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

dr. Csüllög, Nóra, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Jakab, László, Member of the Board of Directors, mandate from 30.09.2021 till 21.04.2023 (independent)

Lang-Péli, Éva, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (not independent)

Majoros, Csaba, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Mráz, Dániel Emánuel, Member of the Board of Directors, mandate from 04.12.2020 till 19.05.2026 (independent)

Simon, Attila János, Member of the Board of Directors, mandate from 22.04.2023 till 19.05.2026 (independent)

Dr. Szász, Károly, Member of the Board of Directors, mandate from 30.09.2021 till 19.05.2026 (independent)

CV of the members of Board of Directors is available at the web site of Rába Plc: https://raba.hu/en/vallalat/

1.2.2. Members of Supervisory Board (and Audit Committee)

Prof. Dr. Palkovics, László, Chairman of the Supervisory Board (and Audit Committee), mandate from 25.01.2023 till 30.04.2027 (independent)

Lepsényi, István, Chairman of the Supervisory Board (and Audit Committee), mandate from 04.12.2020 till 24.01.2023 (independent)

Dr. Harmath, Zsolt, Member of the Supervisory Board (and Audit Committee), mandate from 17.04.2016 till 30.04.2027 (independent)

dr. Szabó, Sándor József, Member of the Supervisory Board (and Audit Committee), mandate from 04.12.2020 till 30.04.2027 (independent)

Prof. Dr. Palkovics, László, Chairman of the Supervisory Board (and Audit Committee), mandate from 25.01.2023 till 30.04.2027 (independent)

CV of the members of Supervisory Board (and Audit Committee is available at the web site of Rába Plc: https://raba.hu/en/vallalat/

1.2.3. Members of management

Hetzmann, Béla, Chief Executive Officer

Lang-Péli, Éva, Deputy Chief Executive Officer

Vida, László, Commercial Director

Kőszegi Enikő, Human Resources Director

CV of members of management is available at the web site of RÁBA Plc: https://raba.hu/en/vallalat/

1.2.4. Structure of Supervisory Board and Audit Committee

Supervisory Board

Supervision of the Company's executive management is performed by the Supervisory Board elected by the General Meeting of Shareholders. The Supervisory Board of the Company is made up of three members. The task of the Supervisory Board is to supervise the management of the Company in favour of the supreme body and with the purpose of protecting the Company's interest.

The chairman and the members of the Supervisory Board are elected by the General Meeting of Shareholders.

The members of the Supervisory Board are elected for a definite period of time, no longer than five years. Members of the Supervisory Board can be re-elected or recalled, without cause. The term of a member of the Supervisory Board elected through interim election, shall expire when the term of the other members of the Supervisory Board expire.

Audit Committee

From among the independent members of the Supervisory Board the general meeting of shareholders shall elect a three-member Audit Committee.

If the Supervisory Board has three members, and all are independent pursuant to the law, they are automatically elected by the General Meeting of Shareholders to become members of the Audit

Committee. The chairman of the Audit Committee is elected by the members from among themselves. The termination of the membership in the Audit Committee is governed by the rules for the termination of the membership in the Supervisory Board. The membership in the Audit Committee is also terminated if the membership in the Supervisory Board is terminated.

1.3. Meetings of the Board of Directors, Supervisory Board (and Audit Committee) held in the given period

The Board of Directors of Rába Plc. had got 4 times meeting held by personal attendance or by means of telecommunication and 11 times written voting in 2023, with an average attendance of 100 per cent. The Board of Directors discussed the submissions to the General Meeting, the main events concerning the Group and their effects, the periodical and expected results, the plans and prospects of the companies, among others on its meetings.

The Supervisory Board (and Audit Committee) had got 4 times meeting held by personal attendance or by means of telecommunication and 9 time written voting in 2023, always with an attendance of 100%. The Committees discussed the main events of the Company, its economic, financial situation and the reports of the internal auditor on their meetings.

1.4. Presentation of the work done by the Board of Directors, the Supervisory Board and the management as well as the considerations for assessing their individual members

The base of the evaluation of the Board of Directors' and Management' work is the strategy and the business plan.

The Board of Directors makes a detailed on analysis based strategy plan generally for 4 years. This plan will be controlled every year and does the necessary updates. With the evaluation of the work done for realizing the plan the Committee qualify the correctness of the strategy and evaluate itself work. The Board of Directors generally prepares a report on the Company's business operations in the last business year for the annual general meeting.

The work of the Chief Executive Officer is evaluated through the fulfilment of the business plan. This evaluation will take place formally at the last Board of Directors' Meeting after the Annual General Meeting, when they determine the payable amount of annual bonus for the Chief Executive Officer.

The Supervisory Board expresses the opinion previously on evaluation of the performance of the Chief Executive Officer and the Deputy Chief Executive Officer.

The annual work of the Deputy Chief Executive Officer, the Commercial Director and the Human resources Director was evaluated by the Chief Executive Officer in framework of the „annual personal efficiency evaluation" (APEE). The payable amount of the bonus is determinated by fulfilment of business and personal targets.

The evaluation of the work of the Chief Executive Officer will be documented in the records of the Board of Directors' Meeting, and the evaluation of the work of the Chief Financial Officer, the Technical Director, the Commercial Director and the Human Resources Director will be documented on the personal efficiency evaluation sheet.

The Supervisory Board reviews its activity in the previous year yearly. The annual general meeting discusses the Report of the Supervisory Board under the approval of the annual financial statements.

1.5. Operation and tasks of the Supervisory Board and Audit Committee

Considering that the professional introduction of the Committee members is presented in Item 1.2 and the Item 1.3 gives information on the meetings held, this Item is about the operation and tasks of the committees.

1.5.1. Supervisory Board

Supervision of the Company's executive management is performed by the Supervisory Board elected by the General Meeting of Shareholders. The Supervisory Board of the Company is made up of three members. The task of the Supervisory Board is to supervise the management of the Company in favour of the supreme body and with the purpose of protecting the Company's interest.

The chairman and the members of the Supervisory Board are elected by the General Meeting of Shareholders.

The members of the Supervisory Board are elected for a definite period of time, no longer than five years. Members of the Supervisory Board can be re-elected or recalled, without cause. The term of a member of the Supervisory Board elected through interim election, shall expire when the term of the other members of the Supervisory Board expire.

The detailed rules for the tasks, the authority and operation of the Supervisory Board are contained in the Articles 23-24 of the Articles of Association of Rába Plc and in the Rules of Procedure of the Supervisory Board, that are available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Rules_of_Procedure_SB_2016.pdf

1.5.2. Audit Committee

From among the independent members of the Supervisory Board the general meeting of shareholders shall elect a three-member Audit Committee.

If the Supervisory Board has three members, and all are independent pursuant to the law, they are automatically elected by the General Meeting of Shareholders to become members of the Audit Committee. The chairman of the Audit Committee is elected by the members from among themselves. The termination of the membership in the Audit Committee is governed by the rules for the termination of the membership in the Supervisory Board. The membership in the Audit Committee is also terminated if the membership in the Supervisory Board is terminated.

The Audit Committee shall – unless it is composed automatically of the members of the Supervisory Board – prepare its own procedures. If it is composed automatically of the members of the Supervisory Board, its procedures are identical with those of the Supervisory Board.

Furthermore, the Audit Committee is governed by the special provisions concerning the of public-interest entities of Act CXX of 2001 on the Capital Market.

The detailed rules for the tasks, the authority and operation of the Audit Committee are contained in the Article 24.5 of the Articles of Association of Rába Plc and in the Rules of Procedure of the Supervisory Board, that are available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Rules_of_Procedure_SB_2016.pdf

1.6. System of internal controls, evaluation of the activities performed in the given period, efficiency and effectiveness of the risk management procedures

The elements of the internal controlling system function as a group of closely interrelated mechanisms and cover all activities of the organisation, namely**:**

- the regulatory environment and internal rules regulating the activities of the company *(controlling environment*),
- the survey, analysis, evaluation and management of the factors threatening the regular and efficient performance of activities (*integrated risk management system*),
- the adoption of measures ensuring regular operation (*controlling activities*),

- the ongoing communications tasks related to the above activities (*information and communication system*),
- the continuous monitoring and controlling of activities (*monitoring activity*).

The compliance function and the risk control function form part of the internal controlling system, performing the key task of ensuring the integrity of the organisation and of its operation.

The Company is committed to business profitability achieved through ethical means, in accordance with corporate guidelines and views long-term, positive business as its key objective. This defines the desirable forms of conduct outlined in the Code of Ethics and Business Conduct.
The Company has developed a general procedure for the receipt and review of breaches, irregularities, as well as of claims regarding integrity and corruption risks to thus ensure the effective management of corruption risks within the organisation and to improve the resilience of the organisation in the face of corruption.
The Company has set its strategic objectives, longer-term directions and the order of precedence of its goals in the strategic plan and the short-term goals in its business plans and has developed the organisational structure best suited to achieve our goals and to carry out our tasks in the most efficient manner. The Company has devised a financial plan that ensures that any situation threatening with insolvency can be avoided, i.e. the company's liquidity position remains positive throughout the financial year. All our employees are expected to take an active part in the efficient implementation of the Company's strategic objectives. For this management has provided the employees with clearly formulated information regarding the strategic goals and the operational objectives broken down by organisational units, to ensure they can identify with and pay special attention to such goals and objectives when performing their tasks.

The Company's organisational structure nurtures financially viable, efficient and profitable work, facilitates the implementation of interrelated processes and the flow of work-related information and has a logically built reporting route. The corporate management system and internal controlling operating within the Company ensure the transparent, regular, regulated, economical, efficient and profitable use of available funds.

The Company operates an integrated risk management system, within which risks inherent to the operation of the Company and associated with the organisational targets are identified and analysed in a comprehensive manner to be managed in the interest of efficient and profitable operation and identifies the measures necessary to reduce the individual risks to the level below the tolerance threshold, as well as the sphere of organisational units effected by the measure, the method and procedural order of continuous monitoring of such measures.

The flowchart prepared in the course of establishing the controlling environment serves at the same time as the risk universe that defines the basis and the structure of risk management.

All elements of the risk management process (methodology, risk assessment, analysis, management) are subjected to regular review by the Company, upon new activities and organisational changes risks are assessed and evaluated.

Controlling activities, i.e. procedures supplementing the controlling environment (tools, procedures, mechanisms) have been developed by the management in order to manage risks and facilitate the fulfilment of Company goals in terms of operating effectiveness and efficiency, the reliability of financial reporting and compliance with the applicable regulations, requirements and guidelines. Controls are developed by the management subject to the complexity and significance of the process at hand, in consideration of Company goals and of risks identified.

The Company has developed its information and communication system in such a way that it can provide objective information to management, executive bodies and partners. On the other hand, it ensures that through the appropriate communication channels, external information reaches the organisational unit where such information can be utilised. In view of the importance of the reliability of information, internal rules make sure that in an official form only verified information can be circulated within or in justified cases leave the Company, and that confidential information is not released to unauthorised parties.

In accordance with the provisions of the Hungarian and European Union data protection regulations (GDPR), the Data protection and data security regulations of the Company regulate the records kept on the internal data management processes of the Company, as well as the range of personal data managed, the definition of the way of data management, as well as the rights of those involved.

The acting internal control organization works under the supervision of the Supervisory Board. It does its activity based on and according to the approved yearly internal control plan, which will be completed with ad-hoc monitoring.

The internal controls done during 2023 didn't found any deficiency dangerous for the operation of the company or for the interests of shareholders. There was any offence against law. All the deficiencies written in the internal control reports are solved or under way and all the proposals of these reports are launched.

The Company's shareholders are informed about the operation of the internal control system by the Company's publications.

1.7. Activity of the auditor

In 2023 the audit of Rába Group was done by KPMG Hungária Kft. Mr. Attila Sándor Juhász was the auditor in charge. The company does not provided other professional services different from the audit in 2023.

1.8. Publication policy, insider people

In its publication policy Rába Plc. uses statutory and required rules according to the publicize rules and regulations of law, the rules of Budapest Stock Exchange and the rules of its own Articles of Associations. The places of publicize are: the website of the company (www.raba.hu) and the official website of Budapest Stock Exchange according to the articles of associations; and the capital market publication system operating by the Central Bank of Hungary.

According to 199§ of Capital Market Act, based on Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse Rába Plc. ensures that the records concerning persons with access to insider information, working for Rába in labour relation or in other quasi contract, are kept in accordance with the provisions of the law. Directives of Capital Market Law are valid to the insider people.

1.9. Exercising shareholders' rights

The shareholders may exercise shareholders' rights in relation to the Company provided that they are registered in the Company's Register of Shareholders and their ownership of shares is certified by a shareholding certificate.

The shareholding certificate is not required for exercising shareholders' rights if the Register of Shareholders is compiled by way of shareholder's identification initiated by the Company,

Shareholders shall be entitled to participate in the General Meetings and to vote if they hold shares with voting rights. To exercise shareholders' rights at the General Meeting of Shareholders, either in person, or through the authorised representative, the shareholder's name has to be shown in the Register of Shareholders at 6 p.m., on the second working day preceding the starting day of the General Meeting of Shareholders, based on the shareholder's identification initiated by the Company for the period between the 7th and the 5th working day preceding the General Meeting of Shareholders.

The Register of Shareholders shall be kept by the Board of Directors of the Company or by the person contracted with the Board of Directors for keeping the Register of Shareholders. The Register of Shareholders shall contain for each shareholder: the company/name of the shareholder (proxy holder); seat/address of the shareholder (proxy holder); number, nominal value of shares, amount paid for the individual shares, as well as the ownership ratio of the shareholder (proxy holder) per share series and the date of entry into the Register of Shareholders.

Shareholders have the right to a pro-rata portion of the net profit to be distributed according to the resolution of the General Meeting of Shareholders (dividend).

Shareholders recorded in the Register of Shareholders on the day as defined by the General Meeting of Shareholders deciding about the dividend payment are entitled to a dividend. The right to claim an uncollected dividend shall lapse after five years from when the dividend was due.

The detailed rules for exercising of shareholders' rights are contained in the Articles of Association of Rába Plc, which is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf

1.10. Rules for the settlement of the General Meeting

The supreme organ of the Company is the General Meeting of Shareholders, composed of the totality of the shareholders. The General Meeting of Shareholders has the right to decide matters under the competence of the Board of Directors, including those of the Chief Executive Officer, as well.

The Annual General Meeting is held once a year, by the deadline stipulated by the relevant legal regulation. If it is necessary, the Company may hold extraordinary general meeting, beside the annual general meeting, at any time as specified in the Articles of Association.

The detailed rules for tasks, authority and settlement of the General Meeting are contained in the Articles13-18 of the Articles of Association of Rába Plc, which is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Articles_of_Association_20221025.pdf

1.11. Remuneration policy, remuneration report

Pursuant to Act LXVII of 2019 on Encouraging long-term shareholder engagement and amendments of certain laws for harmonisation purposes, the Company has drafted its Remuneration Policy for the first time in 2020. The Remuneration rules and policy now in force is approved through the resolution No. 6/2021.09.30. passed by the general meeting of shareholders.

Pursuant to the Remuneration Policy and Rules in effect and to the relevant legal regulations, the Company shall draft a remuneration report annually, submit it to the annual general meeting of shareholders for opinion vote and publish on the webpage following the voting of the general meeting of shareholders called to express its position. The purpose of the Remuneration Report is to provide a comprehensive overview of any and all remuneration awarded during or due on the basis of the results of the business year 2023 to company executives and officials as stipulated by the law (members of the Board of Directors, members of the Supervisory Board, CEO, Deputy CEO), as set forth in the Remuneration Policy and Rules. The remuneration of company executives and officials in 2023 was paid in line with the provisions of the Remuneration Policy and Rules and its amount, according to the position of the Board of Directors, served the long-term interests and performance of the Company, provided an incentive for efficient operation and promoted the successful implementation of the 2022 business policy, economic and strategic objectives of the Company.

The Remuneration policy is available at the web site of the Company:
https://raba.hu/wp-content/uploads/befektetoknek/alapdokumentumok/Raba_Plc_Remuneration_rules_and_policy_20210930.pdf

Győr, March 2024

Corporate Governance Report
on Compliance with the Corporate Governance Recommendations

LEVEL OF COMPLIANCE WITH THE RECOMMENDATIONS

1. Shareholders' rights and the General Meeting

1.1. General Principles

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

1.2. Convening the General Meeting

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting.

Yes

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes

1.3. Conducting the General Meeting

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended.

Yes

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

Yes

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

Yes

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members.

Yes

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

Explanation: Yes, the Company disclosed the identity of the nominating shareholder(s).

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

No

Explanation: According to the practices until now, the General Meeting passed one resolution on the amendment of the Articles of Association proposed by the Company and resolutions on each amendment of the Articles of Association proposed by shareholder motion separated, except when the General Meeting required differently, then passed a separate resolution on setting of the consolidated memorandum of the Articles of Association according to the amendments and submitting thereof to the Court of Registry.

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

Explanation: The Company published the draft resolutions of the General Meeting, then the resolutions of the General Meeting. Since there is not any legal obligation on publishing of the Minutes of the General Meeting, the Company met its commitments on deposition of the Minutes of the General Meeting on the Court of Registry according to the current prescriptions of the Civil Code.

1.6. Transparency and Publication

1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

1.6.1.2. Does the Company design its by considering the aspects of disclosure and the information of investors?

Yes

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

Yes

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

1.6.2.3. Did the Board of Directors assess the efficiency of the publication processes?

Yes

Explanation: The management assesses the efficiency of the publication processes at the Company.

1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?

No

Explanation: The Company assesses the efficiency of the publication processes by an internal analysis. It is not required to publish its findings, so the Company does not considered necessary to publish it.

1.6.3. Did the Company publish its annual company event calendar?

Yes

1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes

Explanation: The strategic guidelines were not fully published because of business policy.

1.6.5. Did the Company publish the career information of Board of Directors, Supervisory Board and management members in its annual report or on the company website?

Yes

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

No

Explanation: The Company enforces the legal provisions.

1.6.9.2. Did the Company disclose the share of the Board of Directors, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the equity-based incentive system in the annual report or in some other way?

Yes

1.6.10. Did the Company publish the relationship of Board of Directors, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

2. Governance, Control, Risk Management

2.1. Distribution of responsibilities and competences within the Company

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors?

Yes

2.2. Board of Directors

2.2.1. Does the Board of Directors have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors?

Yes

2.2.2. Does the Company publish the procedure used for nominating Board of Directors members and the principles for determining their remuneration?

No

Explanation: The Company does not publish the procedure used for nominating the members of the Board of Directors; they are nominated pursuant to shareholder motion on the General Meeting.

2.3. Supervisory Board

2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes

2.4. Meetings of the Board of Directors and the Supervisory Board

2.4.1.1. Did the Board of Directors and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

2.4.1.2. Did the rules of procedure of the Board of Directors and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors and the Supervisory Board?

Yes

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

2.5. Members of the Board of Directors and the Supervisory Board

2.5.1. Were the members of the Board of Directors and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes

Explanation: The members of the Board of Directors and of the Supervisory Board are nominated and elected pursuant to shareholder motion. The Company do not have any influence, when and what information gives the shareholder in its motion referring to the candidates.

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

2.5.3. Did the Company ensure that the newly elected Board of Directors and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes

2.6. Independence of Supervisory Board members

2.6.1. Did the Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors assesses objectively the management's activities?

Yes

2.6.3. Did the Company publish its guidelines concerning the independence of its Supervisory Board members and the applied independence criteria on its website?

No

Explanation: The Company enforces the legal provisions.

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

Yes

2.7. Conflict of interest of Board of Directors and Supervisory Board members – insider trading

2.7.1. Did members of the Board of Directors inform the Board of Directors and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

2.7.4. Did the Board of Directors develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

Explanation: The management developed and monitor the internal rules for the flow of information and the management of insider information within the Company.

2.8. Internal control systems and risk management

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

Yes

2.8.5.1. Is the Board of Directors or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

Yes

2.8.6. With the involvement of the relevant areas, did the Board of Directors develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

2.8.7. Did the Board of Directors define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

Explanation: According to legal regulations it is the duty of the Chief Executive Director to set up and operate the internal control system at the publicly owned companies.

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

2.9. External Advisor, Auditor

2.9.2. Did the Board of Directors invite the Company's auditor in an advisory capacity to the meetings on financial reports?

Yes

Level of compliance with the Proposals

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

1.3.1.1. Were the Board of Directors and the Supervisory Board represented at the General Meeting?

Yes

Explanation: At the General Meeting, the Board of Directors was represented by the Chairman of the Board of Directors, the Supervisory Board was represented by the Chairman of the Supervisory Board.

1.3.1.2. In the event the Board of Directors and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.

Yes

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there.

Yes

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes

Győr, March 2024

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ITEM 1 ON AGENDA OF GENERAL MEETING

ASSESSMENT OF THE COMPANY’S OPERATION IN 2023

1.e) Discussion and acceptance of the reports on normal annual financial statements and consolidated annual financial statements drawn up as per the International Financial Reporting Standards (IFRS), approval of the statement of financial position and resolution on the allocation of the total profit for the reporting year; and resolution on the acceptance of the Corporate Governance Report

DRAFT RESOLUTIONS OF THE GENERAL MEETING

(Draft) **resolution 1/2024.04.18. of the General Meeting:**

The General Meeting approves the report of the Board of Directors on the Company’s business operations in the financial year 2023 as set forth in the proposal.

(Draft) **resolution 2/2024.04.18. of the General Meeting:**

Based on the figures in the reports on normal and consolidated annual financial statements drawn up as per the International Financial Reporting Standards, on the review by the Supervisory Board and on the report of the auditor, the General Meeting approves the normal and consolidated statement of financial position of Rába Plc. for 2023 as set forth in the proposal and as follows:

A./ the report on normal annual financial statements drawn up as per the International Financial Reporting Standards, as at December 31, 2023, with a corresponding total of assets and liabilities of HUF 25,489,779 thousand and a total comprehensive profit for the year of HUF 661,198 thousand in the statement of financial position;

B./ the report on consolidated annual financial statements drawn up as per the International Financial Reporting Standards, as at December 31, 2023, with a corresponding total of assets and liabilities of HUF 57,948,202 thousand and a total comprehensive profit for the year of HUF 1,183,767 thousand in the statement of financial position.

(Draft) **resolution 3/2024.04.18. of the General Meeting:**

Based on the proposal of the Board of Directors, considering the opinion of the Supervisory Board, the General Meeting resolves that the Company does not pay dividend, and places the profit after taxation into profit reserves.

(Draft) **resolution 4/2024.04.18. of the General Meeting:**

With regard to the preliminary approval by the Supervisory Board, the General Meeting approves the Corporate Governance Report as per the proposal.

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ITEM 2 ON AGENDA OF GENERAL MEETING

THE RENUMERATION REPORT OF THE COMPANY ON THE BUSINESS YEAR 2023

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Remuneration Report of RÁBA Automotive Holding Plc. for the 2023 business year

RÁBA Automotive Holding Plc. ("RÁBA Plc." or "Company", registered seat: 9027 Győr, Martin u. 1., registration No.: 08-10-001532) had the present Remuneration report drafted in accordance with the provisions of the Remuneration Code and Policy, adopted through the resolution of the general meeting of shareholders of the Company No. 6/2021.09.30. and of the provisions of act LXVII of 2019 on Encouraging long-term shareholder engagement and amendments of further regulations for harmonization purposes (the "Law").

The purpose of the Remuneration Report is to provide a comprehensive overview of all of the remuneration established and paid in 2023 for the executives and officials (members of the Board of Directors, members of the Supervisory Board, CEO, deputy CEO) as defined in the Law and established in the 2023 business year or due on the basis of the results of that year, in accordance with the Remuneration Code and Policy in any form.

The Company prepared its Remuneration Report for the year 2021 for the first time pursuant to the Law, consequently this report does not contain any data and comparison pertaining to the previous four years.

Remuneration of Company officials

Members of the Board of Directors of the Company received only and exclusively the monthly remuneration of the fixed amount determined by the resolution of the general meeting of shareholders no. 1/2021.09.30. Members of the Board of Directors received cost reimbursement for travel, accommodation, communications or meal costs incurred in connection with their position on the board or in the interest of the Company only and exclusively in accordance with the provisions of the Remuneration Code and Policy.

Members of the Supervisory Board of the Company received the monthly remuneration of the fixed amount determined by the resolution of the general meeting of shareholders no. 1/2021.09.30., approved by the resolution of the general meeting of Shareholders. Members of the Supervisory Board received no separate remuneration for their membership in the Audit Committee. Members of the Supervisory Board received no cost reimbursement for travel, accommodation, communications or meal costs incurred in connection with their position on the board or in the interest of the Company.

In 2023, the Company paid the remuneration as detailed in Annex 1 of the Report to Company officials.

Remuneration of executives employed by the Company, pursuant to paragraph 208 (1) of the Labour Code

Executives of the Company as per paragraph 208 (1) of the Labour Code, received no share options or other share-based remuneration.

Performance requirements and bonus targets for 2023 were set for executives of the Company as per paragraph 208 (1) of the Labour Code in accordance with the Remuneration Code and Policy. The actual amount of the bonuses was determined subject to the performance indicators.

Executives were paid cost reimbursement and other benefits in accordance with the provisions of the Remuneration Code and Policy and the provisions of the individual employment contracts.

For termination of employment of an indefinite term, in relation to the notice period and severance pay of executives, the Company acted in accordance with the provisions of act I. of 2012 on the Labour Code, other relevant regulations and of the Company's Remuneration Code and Policy.

In 2023, the Company paid the remuneration as detailed in Annex 1 of the Report to Company executives.

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Changes in the performance of the Company and in the remuneration of non-executive employees

The following chart shows the development of the performance of the Company and of the average remuneration of non-executive employees since the first time the Remuneration report was prepared in 2021 (in full-time equivalent).

Business year	EBITDA as per IFRS (million HUF)	Changes in EBITDA as per IFRS compared to the previous business year	Average headcount of non-executive employees (persons)	Changes in average annual per capita income compared to the previous business year for non-executive employees
2021	871	-	31.6	-
2022	836	96.0%	34.4	98.7%
2023	959	114.9%	63.9	92.1%

Implementation of the Remuneration Code and Policy occurred fully in line with its provisions.

The remuneration in 2023 of Company executives and officials was paid in line with the provisions of the adopted Remuneration Code and Policy and its amount and extent, according to the Board of Directors, served the long-term interests and performance of the Company, provided an incentive for efficient operation and contributed to the successful implementation of the Company's business policy, economic and strategic objectives for 2023.

Annexes:

Remuneration of executives and officials (2021-2023)

Győr, March 26, 2024

Béla Hetzmann, Chairman
On behalf of the Board of Directors of Rába Plc

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Annex 1

Remuneration of Company officials and Executives (2021-2022)

Name	Position	Term		Gross salery (HUF)			Remuneration (HUF)			Voluntary pension fund contribution (HUF)			Bonus (HUF)		
		beggining	end / termination	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Hetzmann, Béla	Chairman of the Board of Directors	04.12.2020	19.05.2026	-	-	-	6 854 667	10 800 000	10 800 000	-	-	-	-	-	-
	CEO, Rába Plc.	08.05.2021	indefinite	38 809 523	64 619 999	64 619 999	-	-	-	400 000	4 800 000	4 800 000	0	7 714 286	12 000 000
Lang-Péli, Éva	Member of the Board of Directors	2020.12.04.	19.05.2026	-	-	-	5 261 667	8 400 000	8 400 000	-	-	-	-	-	-
	Deputy CEO, Rába Plc.	15.11.2021	indefinite	3 863 636	34 770 000	46 305 001	-	-	-	-	1 540 000	3 456 000	0	750 000	6 600 000
	Member of the Supervisory Board, Rába Automotive Components Ltd.	15.11.2021	28.12.2028	-	-	-	76 667	600 000	600 000	-	-	-	-	-	-
	Member of the Supervisory Board, Rába Vehicle Ltd.	01.03.2022	13.06.2024	-	-	-	-	400 000	480 000	-	-	-	-	-	-
	Member of the Supervisory Board, Rekard LLC.	01.07.2022	30.06.2027	-	-	-	-	300 000	600 000	-	-	-	-	-	-
dr. Csüllög, Nóra	Member of the Board of Directors	04.12.2020	19.05.2026	-	-	-	2 905 000*	0*	0*	-	-	-	-	-	-
Jakab, László	Member of the Board of Directors	30.09.2021	21.04.2023	-	-	-	2 123 333	8 400 000	2 590 000	-	-	-	-	-	-
Majoros, Csaba	Member of the Board of Directors	04.12.2020	19.05.2026	-	-	-	5 261 667	8 400 000	8 400 000	-	-	-	-	-	--
Mráz, Dániel Emanuel	Member of the Board of Directors	04.12.2020	19.05.2026	-	-	-	5 261 667	8 400 000	8 400 000	-	-	-	-	-	-
Simon, Attila János	Member of the Board of Directors	22.04.2023	19.05.2026	-	-	-	-	-	5 810 000	-	-	-	-	-	-
Dr. Szász, Károly	Member of the Board of Directors	30.09.2021	19.05.2026	-	-	-	2 123 333	8 400 000	8 400 000	-	-	-	-	-	-
Prof. Dr. Palkovics, László	Chairman of the Supervisory Board	25.01.2024	30.04.2027	-	-	-	-	-	7 858 064	-	-	-	-	-	-
Lepsényi, István	Chairman of the Supervisory Board	04.12.2020	24.01.2023	-	-	-	5 261 667	8 400 000	541 936	-	-	-	-	-	-
Dr. Harmath, Zsolt	Member of the Supervisory Board	17.04.2016	30.04.2027	-	-	-	3 982 500	6 000 000	6 000 000	-	-	-	-	-	-
dr. Szabó, Sándor József	Member of the Supervisory Board	04.12.2020	30.04.2027	-	-	-	3 982 500	6 000 000	6 000 000	-	-	-	-	-	-
Váradi, Zoltán	CFO, Rába Plc. Finance director, Rába Axle Ltd.	18.06.2021 18.06.2021	14.11.2021 14.11.2021	12 159 090	-	-	-	-	-	-	-	-	0	2 409 091	-
	Member of the Supervisory Board, Rába Automotive Components Ltd.	18.06.2021	14.11.2021	-	-	-	196 000	-	-	-	-	-	-	-	-

* As from 09.09.2021 have given up their remuneration due for position held at Rába Plc

ITEM 2 ON AGENDA OF GENERAL MEETING

THE RENUMERATION REPORT OF THE COMPANY ON THE BUSINESS YEAR 2023

DRAFT RESOLUTIONS OF THE GENERAL MEETING

(Draft) resolution 5/2024.04.18. of the AGM:

The General Meeting approves the Remuneration report as per the proposal.

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ITEM 3 ON AGENDA OF GENERAL MEETING

REFURBISHMENT OF THE PLANT HALL OF 67,000 SQM IN GYŐR

1. CURRENT STATUS

The building owned by RÁBA Automotive Holding Plc. was built in 1969, using the typical technical solutions of the time. The building has not undergone significant energy modernization, and it is currently considered out-of-date in terms of architecture, building mechanics and building electricity.

The production hall is of strategic importance in the operation of Rába Axle Ltd. (hereinafter referred to as Rába Axle Ltd. or Company), a subsidiary of RÁBA Automotive Holding Plc. The ongoing Rába Modernization Program 2025 is also in line with this strategy, the aim of which is to significantly reduce the material handling routes and make efficient use of space by means that the production capacities scattered at different locations are integrated into a system in accordance with the production technology and relocated to the 67,000 sqm floor area hall. Along with all this, the proper condition of the hall is of particular importance.

Due to the building's non-modernity and obsolescence, its maintainability is a challenge. From the point of view of building operations, there are structural problems in several areas, the roots of which cannot be eliminated by ad hoc repairs.

2. PRESENTATION OF THE PROBLEMS

2.1. Waterproofing problems

When it rains, the rainwater enters the hall at several points of the building shell, which poses a property and accident protection risk. In relation to products, surface corrosion due to soaking can even be a quality problem. The reason for the flooding is that, over the years, the roof has received a new covering in several layers, in stages, made of different materials, with different thermal expansion, which caused cracks to form, and the existing windows are not able to provide adequate waterproofing due to their design.

2.2. Energy problems

In its current state, the thermal insulation of the hall is significantly below today's energy requirements. The cost of the communal heat energy spent on the hall is several hundred million forints, and even with this, the Company cannot always provide an adequate thermal sensation.

The lighting system of the hall, consisting of metal halide lamps, is outdated and below today's standards.

Currently, the heating is provided with outdated fresh air blowers and exhaust fans.

2.3. Risk of accident

The hall has copolite glass. Copolite glasses are cracked and move, and the risk of accidents can only be reduced with regular inspection and maintenance.

3. THE OBJECTIVES OF THE RENOVATION

- ✓ Elimination of problems interfering with operation (leak, broken copolite glass, etc.)
- ✓ Improvement of passive energy indicators (ceiling, wall, doors and windows)
- ✓ Modernization of building mechanical systems (heating, cooling, fresh air supply, waste heat recovery, etc.)
- ✓ Modernization of electrical systems (lighting, reactive power, distribution network)

- ✓ Providing adequate lighting for work
- ✓ Placing solar panels on the roof of the hall

4. CONTENT OF THE RENOVATION

The refurbishment of the manufacturing hall – which has strategic importance for the operation - is being carried out by Rába Futómű Kft.

The Company aims to achieve the planned objectives in several implementation phases over the upcoming years, as follows:

4.1. Phase One: Roof Renovation

As part of the modernization, the skylights will be dismantled, and new thermal and waterproofing insulation will be installed. Centralized controlled skylights will provide illumination, smoke extraction, and natural ventilation. The existing structural framework of the skylights will be reconstructed during the conversion, significantly reducing the material requirements associated with structural works. After the roof renovation, it will be suitable for accomodating solar panels.

4.2. Phase Two: Installation of Solar Panels

Following the planned architectural/structural refurbishment and conversion, the roof structure will be suitable for accommodating solar panels. Based on preliminary studies, installing a solar panel system with an east-west orientation is optimal in terms of investment costs and expected performance. According to preliminary calculations, the expected annual electricity production from the rooftop solar power plant is approximately 5,000 MWh/year.

4.3. Phase Three: Architectural, Engineering, and Electrical Upgrades

As part of the modernization, the Company plans to install heat recovery ventilators, allowing for the supply of fresh air to the entire hall and enabling energy-efficient heating by utilizing the recovered heat from the extracted air. The heating and cooling energy supply for the new ventilation units will be provided by air-to-water heat pumps installed near the ventilation unit housings. The heating for space heating, technological heat requirements, and domestic hot water production will be provided by a new condensing gas boiler plant installed in the hall's heating center. During the modernization, the radiators will be replaced with steel panel radiators equipped with thermostatic valves and hot water radiant panels. Additionally, a compressor waste heat recovery system will be installed to increase heating energy efficiency and reduce utility grid energy consumption.

The hall's lighting system, currently composed of metal halide fixtures, will be replaced with LED technology by the Company.

The side walls and lateral polycarbonate strip will be dismantled, and the hall will receive vertical wall paneling with window strips. The window strips will increase natural lighting and can be used for ventilation during transitional periods, reducing the energy consumption of mechanical ventilation. Modern hall doors suitable for traffic routes and pedestrian doors for pedestrian traffic must also be installed. In addition to the above, partial replacement and refurbishment of the hall's rainwater drainage system will be carried out, addressing ongoing issues.

5. IMPLEMENTATION OF THE FIRST PHASE OF THE RENOVATION

The subject of this agenda item for the General Meeting is the approval of the implementation of the First Phase of the complete renovation as detailed in point 4, namely the roof renovation. The Company informs the Assembly that the implementation of further phases of the renovation will depend on the availability of financial resources.

The Company intends to carry out the roof renovation with the following technical specifications, with a completion deadline no later than July 31, 2025:

5.1. Technical specifications:

- Demolition of existing skylights
- Covering of demolished skylight strips
- Installation of new thermal and waterproofing insulation
- Placement of operable skylights (These will provide smoke extraction and exhaust for used air)
- Installation of fire alarm and smoke extraction system, electrical works.

5.2. The scheduling of the implementation:

	TASK	START	FINISH	DURATION
		19/04/24	31/07/25	469
1	Closing RFQ and sign contract	19/04/24	19/04/24	0
2	Handover of the working area	02/05/24	02/05/24	0
3	Construction works	02/05/24	30/06/25	303
4	Final acceptance	30/06/25	31/07/25	24

6. Selection of the entrepreneur, contract price

The resolution No. 6/2023.11.09. of the General Meeting authorized the Company for the preparation of the execution of the renovation of the sqm 67,000 factory hall as presented in the proposal of the General Meeting on November 9, 2023.

Accordingly, the management of Rába Axle Ltd. announced a closed tender for the execution of the roof renovation of the hall, according to the technical content specified in point 5.1.

Following the evaluation of the first-round bids, the Company provided three bidders with the opportunity in the second round to revise their bid prices given in the first round. All three bidders availed themselves of this opportunity and submitted offers for the First phase of the renovation, i.e., for the same technical content.

The Company's management evaluated the contractor bids and, with the consent of the Board of Directors and the Supervisory Board, based on the bid price, proposes VERBAU Building Industry and Service Ltd. for the execution of the First phase of the renovation, i.e., general roof renovation, at a commitment price of net HUF 6.94 billion + 15% reserve margin.

7. Financing

Considering that the largest subsidiary of the Rába Group, Rába Axle Ltd., successfully participated in the Factory Rescue Program (Gyármentő Program) and received non-repayable support for investments resulting in improved energy efficiency and renewable energy production, Rába Axle Ltd. intends to allocate a portion of this support to the renovation of the roof structure of the hall it leases in the First phase, while the financing of the remaining works will be provided from its own resources.

8. Request for the general meeting's approval

Pursuant to Article 13 (aa) of the Articles of Association, the decision regarding individual investment, asset purchase, asset sale, leasing transaction, or any such transaction exceeding 6 billion forints within the framework of the subsidiary's normal business activities falls within the exclusive competence of the general meeting.

Considering that the budget for the First phase of the renovation exceeds HUF 6 billions according to point 6 of this proposal, the Board of Directors requests the approval of the General Meeting for the implementation of the building modernization according to the parameters set forth in the present proposal.

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ITEM 3 ON AGENDA OF GENERAL MEETING

REFURBISHMENT OF THE PLANT HALL OF 67,000 SQM IN GYŐR

The Supervisory Board, based on Article 24.1. (b) of the Articles of Association and Sections 6.1. and 6.3. of the Supervisory Board's Rules of Procedure, examined the proposal of the Board of Directors and in Resolution No. 6/2024.(III.26.) recommends its acceptance to the General Meeting.

DRAFT RESOLUTIONS OF THE GENERAL MEETING

(Draft) resolution 6/2024.04.18. of the AGM::

The General Meeting, based on the presented proposal, selects VERBAU Építőipari és Szolgáltató Kft. for the execution of the roof renovation works and authorizes Rába Axle Ltd. to conclude the contract with the contractor according to the content and commitment price presented, with the understanding that Rába Axle Ltd.. will finance the investment using its own resources alongside the non-repayable support obtained through the Factory Rescue Program (Gyármentő Program), which can be utilized in the first phase of the renovation.

ITEM 4 ON AGENDA OF GENERAL MEETING
APPROVAL OF PROPERTY SALE

1. PREAMBLE

In the early 2000s, in the course of its restructuring process, Rába Plc. decided to relocate its operational plant located near the city centre to its plant at Martin street 1, Győr, H-9027. After the decision the Raba group progressively moved to its current premises. In 2006, Rába Vehicle Ltd. was the last production unit to leave the area in the city centre. The emptied out buildings were demolished to the level of ground with the exception of one building which was classified as a historical monument.

The utilisation of the area was started by a resolution of the Board of Directors approved in December 2001. Thereafter the ECE project (Árkád) was accomplished. Following the amendment of the Urban Development Plan of 2004, the Engel project was launched under the name of "Városrét". This project comprised the "Tulipán", the "Amarillisz" and the „Dália" buildings.

For several years, the entire area (Városrét) has appeared in Rába Plc's annually updated strategic plans as a property for sale. Neither the Company nor its Subsidiaries are utilising the area concerned by the sale; thus, the sale of the unit would not affect the operation of the Company group in any way.

For many years, Rába Plc.'s shareholders have been paying particular attention to issues related to investment properties. At every general meeting, the question of these properties had been raised, and shareholders had always urged to sell them.

In January 2024, from a real estate development company, Rába Plc. received a definite purchase offer for two areas of the undeveloped area located in the city centre of Győr and called Városrét.

In accordance with the Article 13 (m) of the Articles of Association of Rába Plc., consent to the conclusion of contracts beyond the ordinary business activities of the Company that results in the alienation of any property or transfer to a third party of the rights to own or dispose, equalling to or exceeding a value of HUF 400 million falls under the exclusive competence of the General Meeting.

2. DESCRIPTION OF THE PROPERTY TO BE SOLD

At present the property to be sold is registered by the Land Office under topographical lot No.: **Győr, urban area, 6394/40** with a size of sqm 9,417 and 6394/39 with a size of sqm 54, classified as taken out unbuilt real estate (with a total size of sqm 9,471).

The real estate with cadastral number 6394/40 located within the territory of Győr is encumbered with an easement for the area designated on modification plan No. 499/2012 (for the 20 kV electromos electrical network of Észak-Dunántúli-vízmű), the beneficiary of which is E.On Észak-Dunántúli Áramhálózati Kft.

The property unit for sale is non-utility, green area, with previous buildings above ground level demolished down to floor level.

In accordance with the decision of the Board of Directors, the real estates of a total of sqm 9,471 (sqm 9,417 + sqm 54), under topographical lot No. 6394/40 and 6394/39 is kept in the accountancy register among the IFRS investment properties at its cost of a total value of HUF 7.6 million.

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3. TERMS AND CONDITIONS OF THE SALE

In accordance with the Article 13 (m) of the Articles of association of Rába Plc., consent to the conclusion of contracts beyond the ordinary business activities of the Company that results in the alienation of any property or transfer to a third party of the rights to own or dispose, equalling to or exceeding a value of HUF 400 million falls under the exclusive competence of the General Meeting.

Property valuation

At the request of the Company, the property was appraised by an independent property valuator Grant Thornton Valuation Kft. (Annex 1):

Topographical lot number of the property:	6394/40, 6394/39
Size of plot as per property title deed:	sqm 9,417, sqm 54
Closing day of the valuation:	February 7, 2024
Valuation methods used:	Market comparison method

The valuation was prepared by the valutor in accordance with the generally accepted valuation standards recommended by international property valuation organisations. The Recommendation of the National Bank of Hungary No. 18/2022 (XII.1) on "Management of the real estate-related risks of financial institutions" and the PM Decree No. 25/1997 (VIII.1) on "Methodological principles for determining the collateral value of real estate other than arable land", as multiply amended, have been taken into account.

Main parameters of the planned transaction

The properties with lot numbers 6394/39 and 6394/40 located within the territory of Győr are being collectively put up for sale.

The minimum price per square meter for the properties for sale is uniformly set at net 64,700 HUF/m^2

Encumbrances

The property with lot number 6394/40 within the city limits of Győr is encumbered with an easement relating to the area designated on modification plan No. 499/2012 (for the 20 kV electro-mos electrical network of Észak-Dunántúli-vízmű), with E.On Észak-Dunántúli Áramhálózati Kft. being the beneficiary.

Duties

In connection with the sale of the property, Rába Nyrt. undertakes the following obligations:

- The transfer of the properties free of encumbrances, except for the easement burdening property with cadastral number 6394/40, which the buyer acknowledges.

4. Effect of the property sale on the Company

Strategic impact

The property to be sold is kept among the real estates for sale purposes and it is not necessary for the operation of the Company. The current function of the property is not among the Company's core activities. After completion, the transaction will provide the Company with additional profit and cash for the investments supporting the objectives of Rába Modernization Programme 2025.

Financial impact:

Other revenue:	HUF 612.8 million
Book value (other expenses)	HUF 7.6 million
Cost of sale of tangible assets (EAR):	HUF 5.8 million
Profit impact:	**HUF 599.4 million**
C/F impact:	**HUF 607.0 million**

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5. Property sale process

Sale by auction

The properties with lot numbers 6394/40 and 6394/39 are being sold in total through the EAR Electronic Auction System.

1. Depending on the decision of the General Meeting, the Company will enter into an agreement with MNV Zrt. for the implementation of the transaction via EAR
2. The Company will put the property up for auction in accordance with the terms and conditions of auction and at the price decided by the General Meeting.
3. Based on the authorisation granted by the General Meeting, the Company will sign a contract of sale with the highest bidder.

More information on the operation of the EAR system may be found in the Rules of use of EAR (https://e-arveres.mnv.hu/attachment/0/59189/Fel-haszn%C3%A1l%C3%A1si%20%C3%A9s%20Adatkezel%C3%A9si%20Szab%C3%A1lyzat.pdf).

Main elements of the auction

Put-up price: net HUF 612,773,700 (net HUF/sqm 64,700)

Mode of sale, entitlement to enter into contract of sale: The highest bidder wins the right to enter into a contract for the purchase of the asset being auctioned on EAR.

Auction bond: net HUF 42,894,159 (at least 5% of the gross reserve price)

Bid increment: HUF 1,500,000

Procedure to be followed in the event of a failed action

The auction is considered to have failed if no valid bids were submitted, or if the contract is not signed by the specified time limit, or if MNV Zrt (based on a decision by the Company) announces that the auction has failed for other reasons.

6. Annexes

Annex 1 Report on property valuation

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ITEM 4 ON AGENDA OF GENERAL MEETING

APPROVAL OF PROPERTY SALE

Based on the Article 24.1 (b) of the Articles of Association, as well as on the Articles 6.1 and 6.3 of the Supervisory Board's Rules of Procedure, the Supervisory Board has reviewed the proposals of the Board of Directors and, in its resolution 8/2024.(III.26.) recommends to the General Meeting to approve it.

DRAFT RESOLUTION OF THE GENERAL MEETING

(Draft) resolution 7/2024.04.18. of the GM:

In accordance with the Article 13 (m) of the Articles of Association of the Company, the General Meeting authorizes the Company to sell the property described in the submission and under the conditions as defined in the submission, at a price of HUF/sqm 64,700 and at a price of at least net HUF 612,773,700, through an auction conducted via the Electronic Auction System operated by MNV Zrt. and to sign a contract of sale with the bidder offering the highest purchase price.

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ITEM 5 ON AGENDA OF GENERAL MEETING

MISCELLANEOUS

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Number of voting rights at RÁBA Automotive Holding Plc. at the date of the convocation of the General Meeting to be held on April 18, 2024, on March 18, 2024

RÁBA Automotive Holding Plc. informs the participants of capital markets pursuant to the provisions of Paragraph a) of Subsection (3) of Section 3:272 of Act V of 2013 on the Civil Code about the number of shares and voting rights, as well as about the amount of the Company's share capital at the date of the convocation of the General Meeting.

Composition of the Company's share capital:

Series of shares	Nominal value (HUF/share)	Number of shares issued	Total nominal value (HUF)
	1.000	13,473,446	13,473,446,000
Size of equity		13,473,446	13,473,446,000

Number of voting rights attached to the shares (18.03.2024):

Share series	Number of shares issued	Number of voting shares	Voting right per share	Total number of voting rights	Number of treasury shares
	13,473,446	13,473,446	1	13,473,446	120,681
Total	13,473,446	13,473,446	1	13,473,446	120,681

Győr, March 27, 2024

RÁBA Automotive Holding Plc.